



HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

FINANCIAL REPORT

Year Ended June 30, 2023

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
OFFICERS AND MEMBERS OF THE GOVERNING BODY
June 30, 2023

BOARD OF DIRECTORS

Anna Cavaleri	President
Mike McCarthy	Vice-President
Suzanne Cross	Secretary
Martha Ortega-Verduzco	Director
Nan Noteboom	Director

The above officials can be contacted at the address below.

OFFICERS

Mark Hickok, Director

DISTRICT ADDRESS

1601 May Ave,
Hood River, OR 97031

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hood River Valley Parks and Recreation District
Hood River, Oregon 97301

Report on the Audit of Financial Statements

Opinions

We have audited the modified cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of Hood River Valley Parks and Recreation District (the "District"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash-basis financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of Hood River Valley Parks and Recreation District, as of June 30, 2023, and the respective changes in modified cash-basis financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Funds, for the year then ended in accordance with modified cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter — Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The individual fund schedules of revenues, expenditures and changes in fund balance – budget and actual – modified cash basis for the Improvement, System Development Charges and Recreation funds are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 14, 2023, on our consideration of District’s compliance with certain provisions of laws and regulations including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

December 14, 2023

By:



Bradley G. Bingenheimer, Partner

BASIC FINANCIAL STATEMENTS

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF NET POSITION

MODIFIED CASH BASIS

June 30, 2023

	Governmental Activities	Business-type Activities	Totals
Assets			
Cash and cash equivalents	\$ 2,219,767	\$ 253,970	\$ 2,473,737
Total assets	<u>2,219,767</u>	<u>253,970</u>	<u>2,473,737</u>
Liabilities			
Accounts payable and accrued liabilities	<u>24,544</u>	<u>-</u>	<u>24,544</u>
Total liabilities	<u>24,544</u>	<u>-</u>	<u>24,544</u>
Net position			
Restricted for:			
System development	765,136	-	765,136
Unrestricted	<u>1,430,087</u>	<u>253,970</u>	<u>1,684,057</u>
Total net position	<u>\$ 2,195,223</u>	<u>\$ 253,970</u>	<u>\$ 2,449,193</u>

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF ACTIVITIES

MODIFIED CASH BASIS

Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Disbursement) Receipt and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
Governmental activities:							
General government	442,738	\$ 192,700	\$ -	\$ -	\$ (250,038)	\$ -	\$ (250,038)
Operations and maintenance - pool facility	776,304	139,449	49,510	-	(587,345)	-	(587,345)
Parks and trails	377,487	-	-	212,684	(164,803)	-	(164,803)
Principal and interest on indebtedness	79,448	-	-	-	(79,448)	-	(79,448)
Total governmental activities	1,675,977	332,149	49,510	212,684	(1,081,634)	-	(1,081,634)
Business-type activities:							
Recreation programs	364,025	593,868	-	-	-	229,843	229,843
Total business-type activities	364,025	593,868	-	-	-	229,843	229,843
Totals	\$ 2,040,002	\$ 926,017	\$ 49,510	\$ 212,684	(1,081,634)	229,843	(851,791)
General revenues:							
Taxes:							
Property Taxes					998,755	-	998,755
Interest income					51,658	-	51,658
Miscellaneous					9,711	84,127	93,838
Total general revenues					1,060,124	84,127	1,144,251
Transfers					60,000	(60,000)	-
Change in net position					38,490	253,970	292,460
Net position - beginning of year					8,349,923	-	8,349,923
Retatement					(6,193,190)	-	(6,193,190)
Net position - end of year					\$ 2,195,223	\$ 253,970	\$ 2,449,193

See notes to financial statements

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

BALANCE SHEET
 MODIFIED CASH BASIS
 GOVERNMENTAL FUNDS
 June 30, 2023

	General	Improvement	System Development Charge	Total
Assets				
Cash and cash equivalents	\$ 1,084,155	\$ 370,476	\$ 765,136	\$ 2,219,767
Total assets	<u>\$ 1,084,155</u>	<u>\$ 370,476</u>	<u>\$ 765,136</u>	<u>\$ 2,219,767</u>
Liabilities and fund balances				
Liabilities				
Payroll liabilities	\$ 24,544	\$ -	\$ -	\$ 24,544
Total liabilities	<u>24,544</u>	<u>-</u>	<u>-</u>	<u>24,544</u>
Fund balance				
Restricted:				
System development	-	-	765,136	765,136
Assigned for:				
Parks	-	370,476	-	370,476
Unassigned	<u>1,059,611</u>	<u>-</u>	<u>-</u>	<u>1,059,611</u>
Total fund balances	<u>1,059,611</u>	<u>370,476</u>	<u>765,136</u>	<u>2,195,223</u>
Total liabilities and fund balances	<u>\$ 1,084,155</u>	<u>\$ 370,476</u>	<u>\$ 765,136</u>	<u>\$ 2,219,767</u>

See notes to financial statements

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURE AND
CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
Year Ended June 30, 2023

	General	Improvement	System Development Charge	Total
Revenues				
Property taxes	\$ 998,755	\$ -	\$ -	\$ 998,755
Charges for services	332,149	-	-	332,149
System development charges	-	-	212,684	212,684
Intergovernmental	49,510	-	-	49,510
Interest	48,351	-	3,307	51,658
Miscellaneous	9,711	-	-	9,711
Total revenues	<u>1,438,476</u>	<u>-</u>	<u>215,991</u>	<u>1,654,467</u>
Expenditures				
Current				
General government	442,738	-	-	442,738
Operations and maintenance - pool facility	776,304	-	-	776,304
Parks and trails	158,288	-	1,890	160,178
Capital outlay	26,603	50,000	140,706	217,309
Debt service	-	-	79,448	79,448
Total expenditures	<u>1,403,933</u>	<u>50,000</u>	<u>222,044</u>	<u>1,675,977</u>
Excess (deficiency) of revenues over expenditures	<u>34,543</u>	<u>(50,000)</u>	<u>(6,053)</u>	<u>(21,510)</u>
Other financing (uses)				
Transfers in	60,000	35,000	-	95,000
Transfers out	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>
Total other financing (uses)	<u>25,000</u>	<u>35,000</u>	<u>-</u>	<u>60,000</u>
Net change in fund balances	59,543	(15,000)	(6,053)	38,490
Fund balances at beginning of year	<u>1,000,068</u>	<u>385,476</u>	<u>771,189</u>	<u>2,156,733</u>
Fund balances at end of year	<u>\$ 1,059,611</u>	<u>\$ 370,476</u>	<u>\$ 765,136</u>	<u>\$ 2,195,223</u>

See notes to financial statements

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

MODIFIED CASH BASIS

Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 927,700	\$ 927,700	\$ 998,755	\$ 71,055
Charges for services	402,548	402,548	332,149	(70,399)
Intergovernmental	-	-	49,510	49,510
Interest	5,000	5,000	48,351	43,351
Miscellaneous	2,000	2,000	9,711	7,711
	<u>1,337,248</u>	<u>1,337,248</u>	<u>1,438,476</u>	<u>101,228</u>
Expenditures				
Personnel services	816,971	831,971	816,737	15,234
Materials & services	456,342	571,574	560,593	10,981
Capital outlay	15,000	27,000	26,603	397
Contingency	35,700	35,700	-	35,700
	<u>1,324,013</u>	<u>1,466,245</u>	<u>1,403,933</u>	<u>62,312</u>
Excess (deficiency) of revenues over expenditures	<u>13,235</u>	<u>(128,997)</u>	<u>34,543</u>	<u>163,540</u>
Other financing sources (uses)				
Transfers in	60,000	60,000	60,000	-
Transfers out	(35,000)	(35,000)	(35,000)	-
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net change in fund balance	38,235	(103,997)	59,543	163,540
Fund balance at beginning of year	<u>750,000</u>	<u>940,000</u>	<u>1,000,068</u>	<u>60,068</u>
Fund balance at end of year	<u>\$ 788,235</u>	<u>\$ 836,003</u>	<u>\$ 1,059,611</u>	<u>\$ 223,608</u>

See notes to financial statements

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
STATEMENT OF FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2023

	<u>Recreation</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 253,970
 Total assets	 <u>253,970</u>
 Net position	
Unrestricted	 <u>253,970</u>
 Total net position	 <u>\$ 253,970</u>

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
MODIFIED CASH BASIS
PROPRIETARY FUNDS
Year Ended June 30, 2023

	Recreation
Operating revenues	
Charges for services	\$ 593,868
Miscellaneous	84,127
Total operating revenues	677,995
Operating expenses	
Recreation program	354,202
Capital outlay	9,823
Total operating expenses	364,025
Operating income	313,970
Income before contributions and transfers	313,970
Transfers out	(60,000)
Change in fund net position	253,970
Fund net position - beginning of year	-
Fund net position - end of year	\$ 253,970

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

STATEMENT OF CASH FLOWS

MODIFIED CASH BASIS

PROPRIETARY FUNDS

Year Ended June 30, 2023

	<u>Recreation</u>
Cash flows from operating activities	
Receipts from customers	\$ 677,995
Payments to employees	<u>(354,202)</u>
Net cash provided by operating activities	<u>323,793</u>
Cash flows from noncapital financing activities	
Transfers out	<u>(60,000)</u>
Net cash provided by noncapital financing activities	<u>(60,000)</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	<u>(9,823)</u>
Net cash used in capital and related financing activities	<u>(9,823)</u>
Net increase in cash and investments	253,970
Cash and investments - beginning of year	<u>-</u>
Cash and investments - end of year	<u>\$ 253,970</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income	\$ 313,970
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Capital outlay	<u>9,823</u>
Net cash provided by operating activities	<u>\$ 323,793</u>

See notes to financial statements

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

The Hood River Valley Parks and Recreation District (the “District”) is an Oregon municipal corporation that provides parks and recreation programs to citizens within the District limits. The District is 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 Mayor and Board of Directors. The chief administrative officer is the District Director.

The accompanying financial statements present all activities 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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation- government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and other nonexchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized, except for the following modifications:

Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;

Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and

Liabilities for cash or cash equivalents held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a result of the use of this modified cash basis of accounting, certain transactions are not presented in the financial statements. For example, accounts receivable for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not presented as well as long-term liabilities such as debt and compensated absences.

Basis of presentation- government-wide financial statements

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. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The fund financial statements are presented on the modified cash basis of accounting.

The District reports the following major governmental funds:

General – The General fund accounts for the financial resources of the District that are not accounted for in any other fund. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for general government operations, public safety, highways and streets, and culture and recreation.

Improvement – This fund accounts for major capital expenditures for parks and recreation improvements.

System Development Charges – This fund accounts for fees received from the permits issued by the District and County for new dwellings within the District. The proceeds from these charges are for development of recreation facilities within the District.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation – fund financial statements (continued)

The District reports the following major proprietary funds:

Recreation – This fund accounts for the provision of recreation services to the residents of the District. Activities of the fund include administration, operations, and maintenance of recreation activities. The primary source of revenue is user fees and charges.

Further, certain activity occurs during the year involving transfers of resources between funds involving cash or cash equivalents. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

If the District utilized the basis of accounting recognized as generally accepted in the United States of America, the fund financial statements for the governmental funds would use the modified accrual basis of accounting, and the fund financial statements for the enterprise funds would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The District's policy, although not in accordance with accounting principles generally accepted in the United States of America, is acceptable under Oregon Law (ORS 294.333), which leaves the selection of the method of accounting to the discretion of the municipal corporation.

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified cash basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The District begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The Board of Directors adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the department and program level, along with transfers and contingencies when activity could be identified as such, and personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for other activity in funds.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policies and budgetary control (continued)

Budget amounts shown in the financial statements may have been revised since the original budget amounts were adopted. The Board of Directors must authorize all appropriation transfers and supplementary budgetary appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

Net position

Government-wide and proprietary fund statements

On the statement of net position, equity is classified as net position and displayed in two components:

Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net position that does not meet the definition of “restricted”.

Restricted resources in government-wide and proprietary fund financial statements

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance

Governmental fund balance

Governmental fund balance is reported within one of the fund balance categories listed below:

Non-spendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Committed – Fund balance amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board of Directors has granted authority to assign fund balance amounts. Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Directors has by resolution authorized the District Director to assign fund balance. The Board of Directors may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, the constraints upon resources resulting from assignments are more easily removed or modified.

Unassigned – the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

Restricted resources in governmental fund financial statements

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

As the basic financial statements are presented on the cash basis, uncollected property taxes are not reported. Property taxes are recorded as revenues when received.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who use, or directly benefit from services or privileges provided by a given function or segment (e.g., licenses and permits), and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other taxes and fees, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the public works funds are water and sewer charges to customers for services. Operating expenses for the enterprise fund include personal services, materials and services, and capital outlay expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Recent accounting pronouncements

In May of 2020, GASB issued statement No. 96, Subscription-Based Information Technology Arrangements. Under this statement, a government generally should recognize a right-to-use asset— an intangible asset— and a corresponding subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. This pronouncement was effective for fiscal years beginning after June 15, 2022. Management has chosen not to present these as subscription-based information technology arrangement, instead expensing the associated outlays as incurred.

NOTE 3 – CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents at June 30, 2023 are as follows:

Deposits with financial institutions	\$ 987,045
Cash on hand	351
State of Oregon Local Government Investment Pool	<u>1,486,341</u>
	<u>\$ 2,473,737</u>

The District maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each financial institution.

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in Governmental Accounting Standards Board 40 – *Deposits and investments*. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the District's deposits. As of June 30, 2023, none of the District's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the District's position in the LGIP is the same as the value of the pool shares. The LGIP is not rated for credit quality.

Credit risk: Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the District's investments are in the State of Oregon State and Local Investment Pool.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

State of Oregon Local Government Investment Pool (LGIP) (continued)

Interest Rate Risk: The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 4 – RESTRICTED NET POSITION

As of June 30, 2023, the District had \$765,136 in net position restricted by enabling legislation for park system development charges as well as \$370,476 in net position restricted for capital improvements.

NOTE 5 – INTERFUND TRANSACTIONS

The interfund transfers during the year ended June 30, 2023 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 60,000	\$ 35,000
Improvement	35,000	-
Recreation	-	60,000
	<u> </u>	<u> </u>
Total	<u>\$ 95,000</u>	<u>\$ 95,000</u>

The District routinely makes transfers between the General fund and Improvement fund, primarily to fund future major capital purchases. In addition, the Recreation fund transferred money to the General fund for cost of administration during the year.

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS

As a result of using the modified cash basis of accounting, long-term obligations are not reported as liabilities in the basic financial statements but are disclosed below.

Changes in governmental activities long-term obligations for the year ended June 30, 2023 are as follows:

Governmental activities	Outstanding Balance			Outstanding Balance	
	July 1, 2022	Increase	Decrease	June 30, 2023	Due Within One Year
Direct placement					
U.S. Bank FF&C 2021	681,818	-	68,182	613,636	68,182

Long-term debt obligations

U.S. Bank FF&C Financing Agreement 2021 – In 2021, the District entered into a financing agreement with U.S. Bank in the amount of \$750,000, to finance the purchase of future park sites. Annual payments of \$68,182 plus interest of 1.65% per annum are required.

Future maturities

At June 30, 2023, the future maturities of long-term obligations for governmental activities are as follows:

Fiscal Year	Ending			
	June 30, 2023	Principal	Interest	Total
2024	\$ 68,182	\$ 9,563	\$ 77,745	
2025	68,182	8,438	76,620	
2026	68,182	7,313	75,495	
2027	68,182	6,188	74,370	
2028	68,182	5,063	73,245	
2029-2032	272,726	3,938	276,664	
Total	\$ 613,636	\$ 40,503	\$ 654,139	

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – DEFINED CONTRIBUTION PLAN

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

Contributions for the fiscal year ended June 30, 2023, were \$23,712. The Board of Directors has the authority to establish or amend the District's retirement plan.

NOTE 8 – BEGINNING BALANCE RESTATEMENT

The District elected to present the financial statements using the modified cash basis of accounting method, without presenting amounts for capital assets, for the year ended June 30, 2023. As a result, beginning balances were restated as follows:

Beginning net position - governmental activities	\$ 8,349,923
Net investment in capital assets previously reported	<u>(6,193,190)</u>
Beginning net position - governmental activities (restated)	<u>\$ 2,156,733</u>

NOTE 9 – SUBSEQUENT EVENT

On July 3, 2023, the district purchased a house in the Hood River Community for \$855,000 for the purpose of gaining an access easement on a portion of premises. Work on this easement has since been completed. The district intends to sell the remainder of this property.

SUPPLEMENTARY INFORMATION

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
MODIFIED CASH BASIS
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Revenues				
System development charges	\$ 341,750	\$ 341,750	\$ 212,684	\$ (129,066)
Interest	1,400	1,400	3,307	1,907
Total revenues	<u>343,150</u>	<u>343,150</u>	<u>215,991</u>	<u>(127,159)</u>
Expenditures				
SDC program	<u>1,018,150</u>	<u>1,018,150</u>	<u>222,044</u>	<u>796,106</u>
Total expenditures	<u>1,018,150</u>	<u>1,018,150</u>	<u>222,044</u>	<u>796,106</u>
Net change in fund balance	(675,000)	(675,000)	(6,053)	668,947
Fund balance at beginning of year	<u>675,000</u>	<u>675,000</u>	<u>771,189</u>	<u>96,189</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 765,136</u>	<u>\$ 765,136</u>

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT
IMPROVEMENT - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
MODIFIED CASH BASIS
Year Ended June 30, 2023

	Budget		Actual	Variance
	Original	Final		
Expenditures				
Operating expenditures	\$ 50,000	\$ 50,000	\$ -	50,000
Capital outlay	<u>320,000</u>	<u>320,000</u>	<u>50,000</u>	<u>270,000</u>
Total expenditures	<u>370,000</u>	<u>370,000</u>	<u>50,000</u>	<u>270,000</u>
Excess (deficiency) of revenues over expenditures	<u>(370,000)</u>	<u>(370,000)</u>	<u>(50,000)</u>	<u>270,000</u>
Other financing sources (uses)				
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Total other financing sources (uses)	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net change in fund balance	(335,000)	(335,000)	(15,000)	270,000
Fund balance at beginning of year	<u>335,000</u>	<u>335,000</u>	<u>385,476</u>	<u>50,476</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 370,476</u>	<u>\$ 320,476</u>

HOOD RIVER VALLEY PARKS AND RECREATION DISTRICT

RECREATION - ENTERPRISE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 MODIFIED CASH BASIS
 Year Ended June 30, 2023

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 553,728	\$ 553,728	\$ 593,868	\$ 40,140
Miscellaneous	-	-	84,127	84,127
Total revenues	<u>553,728</u>	<u>553,728</u>	<u>677,995</u>	<u>124,267</u>
Expenditures				
Recreation programs	<u>358,728</u>	<u>358,728</u>	<u>364,025</u>	<u>(5,297)</u>
Total expenditures	<u>358,728</u>	<u>358,728</u>	<u>364,025</u>	<u>(5,297)</u>
Excess (deficiency) of revenues over expenditures	<u>195,000</u>	<u>195,000</u>	<u>313,970</u>	<u>118,970</u>
Other financing sources (uses)				
Transfers out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	135,000	135,000	253,970	118,970
Fund balance at beginning of year	<u>(135,000)</u>	<u>(135,000)</u>	<u>-</u>	<u>135,000</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,970</u>	<u>\$ 253,970</u>

COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Board of Directors
Hood River Valley Parks and Recreation District
Hood River, Oregon

We have audited the basic financial statements of Hood River Valley Parks and Recreation District (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

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, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing nothing came to our attention that caused us to believe the 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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

Board of Directors
Hood River Valley Parks and Recreation District
Independent Auditor's Report
Required by Oregon State Regulations
December 14, 2023

Budgets legally required (ORS Chapter 294)

In the detail budget document for the fiscal year ending June 30, 2023, the historical amounts for General fund the year ended June 30, 2021 did not agree actual amounts per the audited financial statements.

Appropriations for the System Development Charges fund did not separately segregate debt service from other expenditures in the appropriation resolution.

Expenditures in excess appropriations occurred in the Recreation fund in the amount of \$5,297.

OAR 162-010-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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.

Restriction of Use

This report is intended solely for the information and use of the Board of Directors and management of Hood River Valley Parks and Recreation District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

December 14, 2023

By:



Brad Bingenheimer, Partner