

# 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.

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

## LETTER TO MANAGEMENT

January 7, 2021

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, 2021 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 deficiency in the District's internal control to be a significant deficiency.

#### SIGNIFICANT DEFICIENCY

##### **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.

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.*  
The Dalles, Oregon

**HOOD RIVER VALLEY PARK  
AND RECREATION DISTRICT  
Hood River, Oregon  
ANNUAL FINANCIAL REPORT  
For Year Ended June 30, 2021**

ONSTOTT, BROEHL & CYPHERS, P.C.  
Certified Public Accountants  
100 East 4<sup>th</sup> 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, 2021

### MEMBERS OF THE BOARD OF DIRECTORS

Nan Noteboom 3125 Fairwig Road Odell, Oregon 97031	President
Anna Cavaleri 1712 Prospect Avenue Hood River, Oregon 97031	Vice President
Suzanne Cross 406 24 <sup>th</sup> Street Hood River, Oregon 97031	Secretary
Mike McCarthy 8405 Clear Creek Road Parkdale, Oregon 97041	Board Member
Glenna Mahurin 5720 Berry Drive Hood River, Oregon 97031	Board Member

---

### OTHER OFFICERS

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

---

# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>NAMES AND ADDRESSES OF OFFICERS AND MEMBERS OF THE DISTRICT BOARD</b>	Preceding
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	1 - 2
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position- Modified Cash Basis	3
Statement of Activities – Modified Cash Basis	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds – Modified Cash Basis	5
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds – Modified Cash Basis	6
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	7
Notes to Financial Statements	8-15
Other Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Modified Cash Basis::	
General Fund	17
System Development Charge Fund	18
Improvement Fund	19
Debt Service Fund	20
<b>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</b>	21-22

**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.

#### 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 modified cash basis financial statements of the governmental activities, and each major fund, of Hood River Valley Park and Recreation District as of and for the year ended June 30, 2021, 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 the modified cash basis of accounting described in Note 1; this includes 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 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 modified cash basis financial position of the governmental activities, and each major fund, of Hood River Valley Park and Recreation District, as of June 30, 2021, and the respective changes in modified cash basis financial position, for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

### **Change in Accounting Principle and Basis of Accounting**

We draw attention to Note 1 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.

### **Other Matters**

#### *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 modified cash basis basic financial statements. The introductory section and individual budgetary basis fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 7, 2022 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

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

By: Kenneth Onstott  
a Shareholder

January 7, 2022



## **BASIC FINANCIAL STATEMENTS**

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**

Statement of Net Position- Modified Cash Basis

June 30, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$2,488,534
Capital assets (net of accumulated depreciation):	
Land	1,900,325
Buildings and improvements	305,126
Equipment	45,555
Skate park improvements	116,460
Parks and improvements	1,823,720
Trails and improvements	451,981
Construction in progress	<u>3,331</u>
 Total Assets	 <u><u>\$7,135,032</u></u>
 <b>LIABILITIES AND NET POSITION</b>	
Liabilities:	
Payroll taxes withheld	<u>10,309</u>
 Total Liabilities	 <u>10,309</u>
 <b>NET POSITION</b>	
Net investment in capital assets	4,646,498
Restricted for:	
System development	1,368,207
Unrestricted	<u>1,110,018</u>
 Total Net Position	 <u>7,124,723</u>
 Total Liabilities and Net Position	 <u><u>\$7,135,032</u></u>

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

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**

Statement of Activities - Modified Cash Basis

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Capital Grants and Contributions	Governmental Activities
Governmental activities:				
General government	351,144			(\$351,144)
Operations and maintenance - pool facility	499,032	\$190,593		(308,439)
Other operations and maintenance	165,783	75,392		(90,391)
	\$1,015,959	\$265,985	\$0	(749,974)
<b>Total Governmental Activities</b>				
General Revenues:				
Property taxes				943,293
System development charges				362,847
Unrestricted investment earnings				15,824
<b>Total General Revenues</b>				1,321,964
<b>Change in Net Position</b>				571,990
<b>Net Position - July 1, 2020 - (as restated)</b>				6,552,733
<b>Net Position - June 30, 2021</b>				<u>\$7,124,723</u>

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

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
 Balance Sheet - Modified Cash Basis  
 Governmental Funds  
June 30, 2021

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$769,851	\$0	\$1,368,207	\$350,476	\$2,488,534
Total Assets	\$769,851	\$0	\$1,368,207	\$350,476	\$2,488,534
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accrued payroll	\$10,309				\$10,309
Total Liabilities	10,309	0	0	0	10,309
<b>DEFERRED INFLOWS OF RESOURCES</b>					
	0				0
<b>FUND BALANCES</b>					
Fund Balances:					
Restricted to:					
System development			1,368,207		1,368,207
Assigned to - capital improvements				350,476	350,476
Unassigned	759,542				759,542
Total Fund Equity	759,542	0	1,368,207	350,476	2,478,225
Total Liabilities, Deferred Inflows of Resources, and Fund Equity	\$769,851	\$0	\$1,368,207	\$350,476	

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds

4,646,498

Net position of governmental activities

\$7,124,723

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds - Modified Cash Basis  
Year Ended June 30, 2021

	General Fund	Debt Service Fund	System Development Charge Fund	Improvement Fund	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$943,293				\$943,293
Pool receipts	190,593				190,593
Interest on investments	10,556		\$5,268		15,824
System development charges			362,847		362,847
Donations and other	75,392				75,392
	<u>1,219,834</u>	<u>0</u>	<u>368,115</u>	<u>0</u>	<u>1,587,949</u>
Total Revenues					
<b>EXPENDITURES</b>					
Current:					
General administration	342,871		7,643		350,514
Operations and maintenance - pool facility	441,921				441,921
Other operations and maintenance	108,438				108,438
Capital outlay			90,098	75,217	165,315
	<u>893,230</u>	<u>0</u>	<u>97,741</u>	<u>75,217</u>	<u>1,066,188</u>
Total Expenditures					
Revenues Over (Under) Expenditures	<u>326,604</u>	<u>0</u>	<u>270,374</u>	<u>(75,217)</u>	<u>521,761</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	5,699			20,000	25,699
Operating transfers out	(20,000)	(5,699)			(25,699)
	<u>(14,301)</u>	<u>(5,699)</u>	<u>0</u>	<u>20,000</u>	<u>0</u>
Total Other Financing Sources (Uses)					
Revenues and Other Sources (Uses) Over (Under) Expenditures	312,303	(5,699)	270,374	(55,217)	521,761
FUND BALANCE - July 1, 2020 - (as restated)	<u>447,239</u>	<u>5,699</u>	<u>1,097,833</u>	<u>405,693</u>	<u>1,956,464</u>
FUND BALANCE - June 30, 2021	<u>\$759,542</u>	<u>\$0</u>	<u>\$1,368,207</u>	<u>\$350,476</u>	<u>\$2,478,225</u>

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

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
 Reconciliation of the Statement of Revenues, Expenditures and  
 Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities - Modified Cash Basis  
Year Ended June 30, 2021

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

Net change in fund balances - total governmental funds		\$521,761
<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	\$165,315	
Depreciation expense	<u>(115,086)</u>	<u>50,229</u>
Change in net position of governmental activities		<u><u>\$571,990</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, 2021

## 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.

As discussed later, these financial statements are presented 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 (GAAP). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting.

### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the 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 program 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 using the modified cash basis of accounting. Revenues are recorded when received and expenses are recorded when paid. As discussed later in these notes to the financial statements, capital assets are recorded as stated in the notes.

# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenues are recognized when received and expenses are recorded when paid. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statement of net position or fund balance sheet, events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such balances might include certain receivables, payables, capital assets and related depreciation, and long-term liabilities arising from cash transactions or events.

The District reports the following major governmental funds:

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

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

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

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

Non-major funds:

None

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition.



# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements

June 30, 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

### Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life extending beyond a single reporting period. Such assets are stated at historical cost, or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The District's policy is to capitalize material interest costs as part of the cost of capital assets based on the borrowing costs incurred. Such costs were not considered material in 2021.

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

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

### Fund Equity

The District's government-wide financial statements report net position into three different classifications. The classifications are net investment in capital assets, restricted, and unrestricted net position.

The District's fund balances are maintained under the current GASB Standards. These standards establish fund balance classifications for governmental funds. In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following classifications describe the relative strength of the spending constraints:

# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

Notes to Financial Statements  
June 30, 2021

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

- 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.

### Property Taxes

Property taxes are levied and become a lien as of July 1. Property taxes are assessed in October and tax payments are due November 15<sup>th</sup>. Under the partial payment schedule, the first one-third of taxes are due November 15<sup>th</sup>, the second one-third on February 15<sup>th</sup>, and the remaining one-third on May 15<sup>th</sup>. A three percent discount is allowed if full payment is made by November 15 and a two percent discount is allowed if two-thirds payment is made by November 15. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date. Uncollected property taxes are not recorded as a receivable under the modified cash basis of accounting.

### 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 in bank	\$221,624
Cash with Hood River County	<u>2,266,910</u>
Total cash and cash equivalents	<u>\$2,488,534</u>

# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

## Notes to Financial Statements

June 30, 2021

At June 30, 2021 the District's investment balance was as follows:

	<u>Carrying Amount</u>	<u>Reported Amount/ Fair Value</u>
Cash with Hood River County	<u>\$ 2,266,910</u>	<u>\$ 2,266,910</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, 2021, the carrying amount of the District's deposits was \$221,624 and the bank balance was \$226,776. Of the bank balance, all was covered by federal depository insurance. Investments in external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

### **Investments**

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

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

### **Concentration of Credit Risk**

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

### **Interest Rate Risk**

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

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
Notes to Financial Statements  
June 30, 2021

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued**

**Capital assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balances July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances June 30, 2021</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$2,308,905	\$15,149		\$2,324,054
Construction in progress	<u>3,331</u>			<u>3,331</u>
Total capital assets not being depreciated	<u>2,312,236</u>	<u>15,149</u>	<u>0</u>	<u>2,327,385</u>
Capital assets, being depreciated:				
Buildings and improvements	2,042,362	16,960		2,059,322
Equipment	117,192	30,906		148,098
Skate park improvements	423,889			423,889
Parks and improvements	2,251,404	102,299		2,353,703
Trails and improvements	<u>50,638</u>			<u>50,638</u>
Total capital assets being depreciated	<u>4,885,485</u>	<u>150,165</u>	<u>0</u>	<u>5,035,650</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,698,657)	(55,539)		(1,754,196)
Equipment	(92,777)	(9,766)		(102,543)
Skate park improvements	(289,082)	(18,347)		(307,429)
Parks and improvements	(501,434)	(28,549)		(529,983)
Trails and improvements	<u>(19,501)</u>	<u>(2,885)</u>		<u>(22,386)</u>
Total accumulated depreciation	<u>(2,601,451)</u>	<u>(115,086)</u>	<u>0</u>	<u>(2,716,537)</u>
Total capital assets, being depreciated, net	<u>2,284,034</u>	<u>35,079</u>	<u>0</u>	<u>2,319,113</u>
Governmental activities capital assets, net	<u>\$4,596,270</u>	<u>\$50,228</u>	<u>\$0</u>	<u>\$4,646,498</u>

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

Governmental activities:	
General administration	\$630
Operations and maintenance - pool facility	57,111
Other operations and maintenance	<u>57,345</u>
Total depreciation expense - governmental activities	<u>\$115,086</u>

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
Notes to Financial Statements  
June 30, 2021

**NOTE 2 – DETAILED NOTES ON ALL FUNDS – continued**

**Interfund Transfers**

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

	Transfer In		
Transfer Out:	General	Improvement	Total
General		\$20,000	\$20,000
Debt Service	\$5,699		5,699
	\$5,699	\$20,000	\$25,699

**NOTE 3 – OTHER INFORMATION**

**Restated Net Position and Fund Balances**

Net position and fund balances have been restated due to the District changing its method of accounting to the modified cash basis of accounting. Accordingly, the beginning net position/fund balances were restated to eliminate receivables, payables, prepaid expenses, accrued payroll and deferred inflows of resources. These amounts are not recorded under the modified cash basis of accounting. The effects of these changes are shown below:

**Government-Wide Effect**

Net Position at June 30, 2020, as previously reported	\$6,557,863
Eliminations:	
Accounts receivable	(76,748)
Prepaid expenses	(4,931)
Accounts payable	27,878
Accrued payroll expenses	34,929
Other	13,742
	13,742
Net Position at June 30, 2020, as restated	\$6,552,733

# HOOD RIVER VALLEY PARK AND RECREATION DISTRICT

## Notes to Financial Statements

June 30, 2021

### **Fund Financial Effect**

Governmental Fund Balances at June 30, 2020, as previously reported	\$1,906,875
Eliminations:	
Property taxes receivable	(59,856)
Accounts receivable	(16,893)
Prepaid expenses	(4,931)
Accounts payable	27,878
Accrued payroll	34,929
Deferred inflows of resources	54,719
Other	<u>13,743</u>
Governmental Fund Balances at June 30, 2020, as restated	<u><u>\$1,956,464</u></u>

### **Risk Management**

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

### **Employee Retirement Plan**

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

Total contributions for the fiscal year ended June 30, 2021, were \$16,690 by the District and \$21,326 by employees. The Board of Directors has the authority to establish or amend the District's retirement plan.

### **Subsequent Events**

Subsequent events were evaluated through January 14, 2022, which is the date the financial statements were available to be issued. In August, 2020, the District entered into two identical option agreements of \$36,000 each to purchase property. Option payments were completed in the current fiscal year. Purchase price, if exercised will be \$765,000 each, due at closing.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**OTHER INFORMATION**



**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 General Fund - Modified Cash Basis  
Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Property taxes	\$804,681	\$943,293	\$138,612
General admission	187,992	103,836	(84,156)
Innovative revenues	14,250	15,916	1,666
Lessons	43,696	27,300	(16,396)
Merchandise sales	21,274	16,905	(4,369)
Interest on investments	10,000	10,556	556
Rentals	68,194	36,370	(31,824)
Grants	1,500	60,390	58,890
Miscellaneous	2,500	5,268	2,768
<b>Total Revenues</b>	<b>1,154,087</b>	<b>1,219,834</b>	<b>65,747</b>
<b>EXPENDITURES</b>			
Personal Services:			
Payroll expenses	736,830	566,007	170,823
<b>Total Personal Services</b>	<b>736,830</b>	<b>566,007</b>	<b>170,823</b>
Materials and Services:			
Advertising	1,000	364	636
Audit services	11,600	12,000	(400)
Bank charges	600	395	205
Chemicals, gasses and fuel	19,801	15,198	4,603
Credit card and processing fees	5,548	5,378	170
Covid relief expenses	0	43,883	(43,883)
Dues and fees	12,099	12,119	(20)
Furniture and equipment	3,500	2,816	684
Insurance - workers compensation and liability	22,825	16,870	5,955
Legal services	5,000	1,873	3,127
Meetings and conferences	2,500	158	2,342
Merchandise purchases	12,688	2,055	10,633
Office expenses	5,000	3,305	1,695
Professional fees	25,000	25,200	(200)
Programming	2,000	0	2,000
Promotional and marketing	6,700	10,654	(3,954)
Rent or lease	2,500	240	2,260
Repairs and maintenance	91,391	53,192	38,199
Staff wellness	2,000	804	1,196
Stationery and printing	1,200	875	325
Subcontractors	7,000	3,163	3,837
Supplies	16,000	15,488	512
Taxes, licenses and fees	0	562	(562)
Tools	1,500	1,891	(391)
Travel and training	11,200	3,081	8,119
Uniforms	4,850	1,951	2,899
Utilities	138,755	93,708	45,047
<b>Total Materials and Services</b>	<b>412,257</b>	<b>327,223</b>	<b>85,034</b>
Capital Outlay	5,000	0	5,000
Contingency	35,700	0	35,700
<b>Total Expenditures</b>	<b>1,189,787</b>	<b>893,230</b>	<b>296,557</b>
Revenues Over (Under) Expenditures	(35,700)	326,604	362,304
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	5,700	5,699	1
Operating transfers out	(20,000)	(20,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(14,300)</b>	<b>(14,301)</b>	<b>1</b>
Revenues and Other (Uses) Over (Under) Expenditures	(50,000)	312,303	362,305
FUND BALANCE - July 1, 2020	225,000	447,239	222,239
FUND BALANCE - June 30, 2021	<u>\$175,000</u>	<u>\$759,542</u>	<u>\$584,544</u>

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
System Development Charge Fund - Modified Cash Basis  
Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Investment earnings	\$11,000	\$5,268	(\$5,732)
License, fees, & permits	232,944	362,847	129,903
Total Revenues	<u>243,944</u>	<u>368,115</u>	<u>124,171</u>
<b>EXPENDITURES</b>			
Materials and services:			
Bank charges	300	390	(90)
Legal and professional fees	50,000	7,253	42,747
Total Materials and Services	<u>50,300</u>	<u>7,643</u>	<u>42,657</u>
Capital outlay	<u>1,186,777</u>	<u>90,098</u>	<u>1,096,679</u>
Total Expenditures	<u>1,237,077</u>	<u>97,741</u>	<u>1,181,993</u>
Revenues Over (Under) Expenditures	(993,133)	270,374	1,263,507
FUND BALANCE - July 1, 2020	<u>993,133</u>	<u>1,097,833</u>	<u>104,700</u>
FUND BALANCE - June 30, 2021	<u><u>\$0</u></u>	<u><u>\$1,368,207</u></u>	<u><u>\$1,368,207</u></u>

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual  
Improvement Fund - Modified Cash Basis  
Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES - Miscellaneous</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>EXPENDITURES</b>			
Materials and Services - Tools	50,000		50,000
Capital outlay	<u>383,000</u>	<u>75,217</u>	<u>307,783</u>
Total Expenditures	<u>433,000</u>	<u>75,217</u>	<u>357,783</u>
Revenues Over (Under) Expenditures	(433,000)	(75,217)	357,783
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Revenues and Other Sources Over (Under) Expenditures	(413,000)	(55,217)	357,783
FUND BALANCE - July 1, 2020	<u>413,000</u>	<u>405,693</u>	<u>(7,307)</u>
FUND BALANCE - June 30, 2021	<u><u>\$0</u></u>	<u><u>\$350,476</u></u>	<u><u>\$350,476</u></u>

**HOOD RIVER VALLEY PARK AND RECREATION DISTRICT**  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balance - Budget and Actual  
 Debt Service Fund - Modified Cash Basis  
Year Ended June 30, 2021

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>OTHER FINANCING (USES)</b>			
Transfers out	(\$5,700)	(\$5,699)	\$1
FUND BALANCE - July 1, 2020	<u>5,699</u>	<u>5,699</u>	<u>0</u>
FUND BALANCE - June 30, 2021	<u>\$ (1)</u>	<u>\$0</u>	<u>\$ 1</u>

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

# Onstott, Broehl & Cyphers, P. C.

Certified Public Accountants

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

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

## OFFICES

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

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

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

We have audited the basic financial statements of the Hood River Park and Recreation District as of and for the year ended June 30, 2021 and have issued our report thereon dated January 7, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

### 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 no instances of noncompliance with Oregon Local Budget Law

### 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*  
January 7, 2022