

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Financial Statements

For the Year Ended June 30, 2021

HOOD RIVER COUNTY TRANSPORTATION DISTRICT
June 30, 2021

BOARD OF DIRECTORS

<u>Name</u>	<u>Position</u>
Lara Dunn	Chair
Leti Moretti	Vice Chair
Darrell Roberts	Treasurer/Secretary
Megan Ramey	Director
Meghan Larivee	Director
Greg Pack	Director
Jeff Helfrich	Director

MAILING ADDRESS

Hood River County Transportation District
224 Wasco Loop
Hood River, OR 97031

HOOD RIVER COUNTY TRANSPORTATION DISTRICT
Financial Statements
For the year ended June 30, 2021

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Independent Auditor's Report

Board of Directors
Hood River County Transportation District
Hood River, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Hood River County Transportation 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Hood River County Transportation District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedule presented as Required Supplementary 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, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with Oregon State Regulations, we have also issued our report dated December 15, 2021 on our consideration of Hood River County Transportation District's internal control over financial reporting and on our procedures to address its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is required by Oregon State Regulations.



Richard Winkel, CPA
December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

HOOD RIVER COUNTY TRANSPORTATION DISTRICT
Management's Discussion and Analysis
For the year ended June 30, 2021

Our discussion and analysis of Hood River County Transportation District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Our purposes are to assist users of these financial statements to interpret the information found in the following pages, highlight the major factors and impacts on the District's financial situation, and to explain significant changes from last year to this year. Please read it in conjunction with the District's financial statements beginning on page 6.

FINANCIAL HIGHLIGHTS

- Total revenues were \$2,146,773 in 2021, a decrease from of \$332,530 from the prior year. The majority of the change resulted from decreases in service revenues, which decreased by \$212,284 due to the impact of the COVID-19 pandemic on transportation.
- Total expenditures were \$1,813,740 in 2021, a decrease of \$73,929 from the prior year, primarily related to decreases in materials and services related to lower activity.
- The District's net position increased by \$333,033 during the year ended June 30, 2021.

Government-wide Statements

The government-wide financial statements on pages 6 and 7 are designed to provide an overview of the District's finances. The government-wide statements include the District's governmental activities. Property taxes and grants finance most of these activities. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Net position is the difference between the District's assets and liabilities. Over time, increases or decreases in the District's net position may be an indicator of whether its financial health is improving or deteriorating.

Fund Financial Statements

The fund financial statements on pages 8 and 9 focus on individual parts of the Government, reporting the District's operations in more detail than the government-wide financial statements. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the information in the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

SUMMARY STATEMENT OF NET POSITION

	<u>FY 2021</u>	<u>FY 2020</u>
Assets:		
Cash and investments	\$ 1,383,582	\$ 1,021,367
Other current assets	394,333	123,216
Capital assets, net	<u>3,276,246</u>	<u>3,405,556</u>
Total assets	<u>5,054,161</u>	<u>4,550,139</u>
Current liabilities	<u>244,802</u>	<u>96,313</u>
Deferred outflows of resources	<u>22,500</u>	<u>-</u>
NET POSITION:		
Net investment in capital assets	3,276,246	3,405,556
Unrestricted	<u>1,510,613</u>	<u>1,048,270</u>
Total net position	<u>\$ 4,786,859</u>	<u>\$ 4,453,826</u>

SUMMARY STATEMENT OF ACTIVITIES

	<u>FY 2021</u>	<u>FY 2020</u>
Program revenues:		
Operating grants and contributions	\$ 1,846,805	\$ 1,523,664
Capital grants	-	467,911
Charges for services	<u>81,424</u>	<u>293,708</u>
Total program revenues	1,928,229	2,285,283
General revenues:		
Property taxes	203,991	181,158
Other income	11,333	3,640
Interest income	<u>3,220</u>	<u>9,222</u>
Total general revenues	<u>218,544</u>	<u>194,020</u>
Total revenues	2,146,773	2,479,303
Expenditures:		
Public transportation	<u>1,813,740</u>	<u>1,887,669</u>
Change in net position	333,033	591,634
Net position, beginning of year	<u>4,453,826</u>	<u>3,862,192</u>
Net position, end of year	<u>\$ 4,786,859</u>	<u>\$ 4,453,826</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental fund balances totaled \$1,543,649 at June 30, 2021, an increase of \$491,119 from the prior year. Revenues for the General Fund were \$2,213,136, which was \$54,876 under budget. Expenditures for the General Fund were \$1,722,017, which was \$132,893 under budget.

BUDGETARY HIGHLIGHTS

See the supplemental information for detailed schedules of budget to actual variances for the fiscal year ended June 30, 2021. Total expenditures were under budget for the year.

CAPITAL ASSETS

At June 30, 2021 the District had \$3,276,246 invested in capital assets net of accumulated depreciation. During the year ended June 30, 2021 the District purchased new buses and other equipment at a total cost of \$143,833. More detailed information about the District's capital assets is presented in the notes to the financial statements.

ECONOMIC FACTORS

Operating grant and charges for services revenue are the main source of the District's operating revenue and represent approximately 86% and 4% of total revenues, respectively. The District also receives property tax revenues from Hood River County. All expenses for transportation services must be paid for by these sources.

The world-wide coronavirus pandemic impacted the District's operations by reducing service revenues as routes and passenger counts were reduced. Transit Districts were deemed an essential service and were allocated additional funds through the Initial Federal CARES ACT. The District received an allocation of these funds which helped to offset a larger revenue reduction from the year ended June 30, 2021. The District continues to closely monitor its operations, liquidity and capital resources.

FINANCIAL CONTACT

The District's financial statements are designed to give the public a general overview of the District's accountability. If you have questions about financial matters please contact the District at 224 Wasco Loop, Hood River, OR 97031. The District telephone number is (541) 386-4202.

FINANCIAL SECTION

BASIC FINANCIAL STATEMENTS

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Statement of Net Position

June 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and investments	\$ 1,383,582
Property taxes receivable	10,174
Grants receivable	372,333
Prepaid assets	<u>11,826</u>
Total current assets	1,777,915
Noncurrent assets:	
Land	436,003
Capital assets, net of accumulated depreciation	<u>2,840,243</u>
Total noncurrent assets	<u>3,276,246</u>
Total assets	<u>5,054,161</u>
LIABILITIES	
Current liabilities:	
Accounts payable	170,121
Accrued payroll	44,757
Accrued compensated absences	<u>29,924</u>
Total liabilities	<u>244,802</u>
Deferred outflows:	
Unearned grant revenue	<u>22,500</u>
NET POSITION:	
Net investment in capital assets	3,276,246
Unrestricted	<u>1,510,613</u>
Total net position	<u><u>\$ 4,786,859</u></u>

The accompanying notes are an integral part of these financial statements

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

	<u>Governmental Activities</u>
Public Transportation	<u>\$ 1,813,740</u>
Total expenditures	<u>1,813,740</u>
Program revenues:	
Operating grants and contributions	1,846,805
Charges for services	<u>81,424</u>
Total program revenues	<u>1,928,229</u>
Net program revenues	114,489
General revenues:	
Property taxes	203,991
Other income	11,333
Interest income	<u>3,220</u>
Total general revenues	<u>218,544</u>
Change in net position	333,033
Net Position - beginning of year	<u>4,453,826</u>
Net Position - end of year	<u><u>\$ 4,786,859</u></u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Balance Sheet – Governmental Fund

June 30, 2021

	<u>General Fund</u>
ASSETS:	
Cash and investments	\$ 1,383,582
Property taxes receivable	10,174
Grants receivable	<u>372,333</u>
 Total assets	 <u><u>\$ 1,766,089</u></u>
 LIABILITIES:	
Accounts payable	\$ 170,121
Accrued payroll	<u>44,757</u>
 Total liabilities	 <u>214,878</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred property tax revenue	<u>7,562</u>
 Total deferred inflows of resources	 7,562
 FUND BALANCES:	
Unassigned	<u>1,543,649</u>
 Total fund balances	 <u>1,543,649</u>
 Total liabilities and fund balances	 <u><u>\$ 1,766,089</u></u>

The accompanying notes are an integral part of these financial statements

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds**

For the Year Ended June 30, 2021

	<u>General Fund</u>
REVENUES:	
Property tax income	\$ 206,607
Services	81,424
Grant income	1,869,305
Interest income	3,220
Other income	<u>52,580</u>
Total revenues	<u>2,213,136</u>
EXPENDITURES:	
Current:	
Personnel services	949,613
Materials and services	628,571
Capital outlay	<u>143,833</u>
Total expenditures	<u>1,722,017</u>
Change in fund balances	<u>491,119</u>
Fund balance, beginning of year	<u>1,052,530</u>
Fund balance, end of year	<u><u>\$ 1,543,649</u></u>

The accompanying notes are an integral part of these financial statements

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Reconciliation of Balance Sheet – Governmental Funds to Statement of Net Position

June 30, 2021

Fund balance	\$	1,543,649
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,276,246
Prepaid assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		11,826
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		7,562
Grant revenues are recognized when earned and not deferred in the governmental funds		(22,500)
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.		<u>(29,924)</u>
Net position	\$	<u>4,786,859</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2020

Total changes in fund balances – Governmental Funds	\$	491,119
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Deferred property tax revenues		(2,616)
Deferred grant revenues		(22,500)
Capital asset and prepaid asset additions are reported in the governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense.		
Less depreciation expense		(231,896)
Plus capital outlay expense		143,833
Plus gain on sale of capital assets		9,253
Less proceeds from sale of capital assets		(50,500)
Plus change in prepaid asset		(4,160)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		<u>500</u>
Change in net position	\$	<u>333,033</u>

The accompanying notes are an integral part of these financial statements

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements

June 30, 2021

1. Summary of Significant Accounting Policies

Reporting Entity

Hood River County Transportation District (the “District”) is a subdivision of state government and functions as a local unit under the direction of a seven-member elected board of directors. The District was formed on July 1, 1993 and organized under the provisions of Oregon Revised Statutes (ORS) Chapter 267 to provide transportation services in Hood River County. Under ORS 267, the District is authorized to levy taxes and charge fares to fund the operations of the District and issue general obligation bonds and revenue bonds.

The District is a primary government. The reporting entity consists of the primary government, any organization for which the primary government is financially accountable, and any other organizations that, because of the nature and significance of their relationship with the primary government, may not be excluded from the financial reporting entity.

All significant activities have been included in the basic financial statements. The District is financially independent of other state and local governmental units. Based on these criteria, the District is not a component unit of another entity, nor is any other entity required to be included in the financial statements of the District.

Measurement Focus and Basis of Accounting

All financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 of the governmental activities of the District in one column using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities reports the District’s activities by function. The District’s sole function is Hood River County transportation services. The statement of activities demonstrates the degree to which the expenses of each function 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 those who use or directly benefit from transportation services and 2) grants and contributions that are restricted to meeting the operating requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. Expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

Fund Financial Statements

Separate fund financial statements are also provided for governmental funds. Major governmental funds are reported as separate columns in the fund financial statements.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements – Continued

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum level of funds is maintained consistent with legal and managerial requirements.

The fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Non-grant revenues are recognized when they become measureable and available as net current assets. Measureable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this period, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred. Capital outlay is an expenditure when purchased and debt service is an expenditure when paid.

Fund Accounting

The District has the following major fund:

- The General Fund accounts for all activities except those required to be accounted for in other funds. The principal revenue sources are grants, charges for services, property taxes, and interest.

Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or regulations of other governments. Net position is classified in the following three categories:

Net investment in capital assets – consists of capital assets net of accumulated depreciation, reduced by the outstanding borrowings of any debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – consists of net position with constraints placed on them by entities outside of the District.

Unrestricted net position – all other net positions that do not meet either of the criteria above.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements – Continued

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Fund Equity

Fund balances are classified as nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts constrained to specific purpose by their providers (such as grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds constrained to specific purposes by a government itself, using its highest level of decision-making authority (Board of Directors); to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level authority action to remove or change the constraint.
- Assigned fund balance represents amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, assignments are approved by the Board of Directors.
- Unassigned fund balance represents amounts that are available for any purpose; these amounts are reported only in the General Fund.

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.

Cash and Investments

The District has defined cash and cash equivalents to include cash on hand, demand deposits and short term investments with original maturities of three months or less. State statutes prescribe authorized investments. Temporary investments are insured, registered, or held by the District or its agency in the District's name. Short-term highly liquid investments are recorded at amortized cost. Investments with a maturity at time of purchase of more than one year are valued at fair value. The District uses quoted market prices to determine fair value of investments. Realized gains and losses as well as the change in fair value of investments are recorded as a component of investment income.

Property Taxes

Real property taxes are levied and attached as an enforceable lien on property as of July 1 of each fiscal year. Real property taxes may be paid in full by November 15 with a 3% discount, or paid in three equal payments on November 15, February 15, and May 15. Hood River County, Oregon, makes all assessments of property value and levies and collects property taxes for all levying districts within the County. The District considers all property taxes to be fully collectible and therefore, no allowance for uncollectible property taxes has been made.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

1. Summary of Significant Accounting Policies (continued)

Receivables

Accounts receivable consists of fares invoiced for services rendered prior to year end that have not been received. No provision for uncollectible fares is considered necessary. Receivables also consist of revenue earned for operating grants for qualifying expenditures the District has incurred.

Capital Assets

Capital assets, which include property, plant and equipment, are stated at historical cost on the government-wide financial statements. The District defines capital assets as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Donated assets are recorded at their 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 the useful life of the asset are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Multi-modal facility	40 years
Vehicles and buses	10 years
Office equipment	3-7 years

Compensated Absence Payable

The District's policies permit employees vacation and compensatory time credits. Accumulated unpaid vacation and compensatory time cannot exceed limits established by the Board of Directors and is accrued as earned.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense). Actual results could differ from those estimates.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

2. Stewardship, Compliance and Accountability

The District is subject to the budget requirements of state law. The resolution authorizing appropriations of each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, debt service, interfund transactions, operating contingency and unappropriated balance are the levels of control established by resolution. The detail budget document, however, is required to contain more specific detailed information for the above-mentioned expenditure categories.

The budget is adopted and appropriations are made no later than June 30th. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget requires hearings before the public, publication in newspapers, and approval by the Board of Directors. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of controls. Such transfers require the approval of the Board of Directors.

Expenditures cannot legally exceed the appropriation levels. Appropriations lapse at the end of each fiscal year. Expenditures of the various funds shown in the financial statements were within authorized appropriation levels.

3. Cash and Investments

Cash and investments of the District consisted of the following at June 30, 2021:

Hood River County Investment Pool	\$	648,696
Checking account		334,675
Savings account		400,103
Petty cash		<u>108</u>
Total	\$	<u><u>1,383,582</u></u>

Deposits

The insurance and collateral requirements for deposits are established by banking regulations and Oregon law. Federal Deposit Insurance Corporation (FDIC) insurance of \$250,000 applies to total deposits at each financial institution. When balances exceed \$250,000, ORS 295.002 requires the bank depository to enter into an agreement described in ORS 295.008(2)(b) and to deposit securities pursuant to ORS 295.015(1). The Oregon State Treasurer's Office facilitates these agreements and maintains a list of qualified depositories. Well capitalized depository banks must pledge securities with a value of at least 10 percent of their quarter-end public fund deposits, unless otherwise directed by the Oregon State Treasurer. Adequately capitalized or undercapitalized bank depositories are required to pledge collateral valued at 110 percent of their uninsured public fund deposits. The securities are held by a custodian for the benefit of the State of Oregon. Any balances in excess of the FDIC insurance plus 10 percent are considered exposed to custodial credit risk. Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will be unable to recover deposits or collateral securities in the hands of an outside party. At June 30, 2021, all deposits per the bank statements were fully collateralized.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

3. Cash and Investments (continued)

Investments

Oregon Revised Statutes 294.035 authorizes the District to invest in general obligations of the U.S. government and its agencies, bankers' acceptances, commercial paper rated A-2 or better by Standard & Poor's Corporation or P-2 by Moody's Investors Service, and the State of Oregon Local Government Investment Pool (LGIP), among others.

The only investments held by the District at June 30, 2021 were amounts deposited with the Hood River County Investment Pool (HRCIP), which is not rated. The District's investment in the HRCIP is carried at cost, which approximates fair value. Authorized investments are prescribed in Oregon Revised Statutes. The HRCIP is not SEC registered. Hood River County, including the investment pool, is audited annually in compliance with Oregon Revised Statutes.

The investments in the HRCIP have the general characteristics of a demand deposit account, in that any participating entity may withdraw cash at any time without prior notice and the fair value of the position of the pool is the same as the value of pool shares.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the risk that its fair value will decline if interest rates rise. The District's investment policy is currently to invest in money market deposit accounts (demand accounts that do not meet the definition of investment for investment disclosure purposes) and the Hood River County Investment Pool.

Credit Risk. The District has no policy regarding credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no policy regarding credit risk. The District participates in the Hood River County Investment Pool, which is not rated. Authorized Pool investments are prescribed in the Oregon Revised Statutes. The Hood River County Investment Pool is not SEC registered. Hood River County, including the pool, is audited annually in compliance with Oregon Revised Statutes.

The investments in the Hood River County Investment Pool have the general characteristic of a demand deposit account, in that any participating entity may withdraw cash at any time without prior notice or penalty and the fair value of the position in the pool is the same as the value of pool shares.

Custodial Credit Risk – Investments. Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of an investment or collateral securities in the possession of an outside party. Deposits not already covered by the FDIC are collateralized by the Oregon Public Funds Collateralization Program (PFCP). Oregon Revised Statutes and District policy require depository institutions to maintain on deposit, with the collateral pool manager, securities having a value not less than 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. Currently all banks are required to post 100% collateral.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

4. Capital Assets

The following is a summary of changes in capital assets during the fiscal year:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Land	\$ 436,003	\$ -	\$ -	\$ 436,003
Buildings and improvements	2,971,988	24,990	-	2,996,978
Vehicles and equipment	<u>1,743,075</u>	<u>118,843</u>	<u>(115,072)</u>	<u>1,746,846</u>
Total depreciable capital assets	4,715,063	143,833	(115,072)	4,743,824
Less: accumulated depreciation				
Buildings and improvements	(770,019)	(97,339)	-	(867,358)
Vehicles and equipment	<u>(975,491)</u>	<u>(134,557)</u>	<u>73,825</u>	<u>(1,036,223)</u>
Total accumulated depreciation	<u>(1,745,510)</u>	<u>(227,464)</u>	<u>73,825</u>	<u>(1,903,581)</u>
Net depreciable capital assets	<u>2,969,553</u>	<u>(88,063)</u>	<u>(41,247)</u>	<u>2,840,243</u>
Net capital assets	<u>\$ 3,405,556</u>	<u>\$ (88,063)</u>	<u>\$ (41,247)</u>	<u>\$ 3,276,246</u>

Depreciation expense of \$227,464 is recorded as a program expense in the accompanying Statement of Activities for the year ended June 30, 2021.

5. Retirement Plan

The District has adopted a deferred compensation plan and a matching and contribution plan under sections 457(b) and 401(a) of the Internal Revenue Code (IRC), respectively. The plan is administered by AIG Valic. Employees who complete one year of service and whose compensation is at least \$5,000 per year are eligible to participate in the plan. Eligible employees may elect to defer eligible compensation subject to limits established by IRC section 457(b) immediately upon hire and the District matches employee deferrals up to 3% of annual compensation. During the year ended June 30, 2021 the District contributed \$2,854 to the Plan.

6. 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; injuries to employees; and natural disasters for which the District participates in the Special District Association of Oregon.

No losses were incurred during the prior three years ended June 30, 2021 that exceeded the District's insurance coverage.

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

Notes to Financial Statements - Continued

June 30, 2021

7. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

8. Subsequent Events

The District has evaluated for subsequent events through December 15, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

Subsequent to year-end, the District has continued to be negatively impacted by the effects of the world-wide coronavirus pandemic. The District is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the District's financial position is not known.

REQUIRED SUPPLEMENTARY INFORMATION

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

**Schedule of Revenues, Expenditures and
Changes in Fund Balance – Budget and Actual
General Fund**

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Positive (Negative)
REVENUES:				
Property tax income	\$ 129,500	\$ 190,000	\$ 206,607	\$ 16,607
Services	230,000	67,212	81,424	14,212
Grant income	2,472,341	1,945,800	1,869,305	(76,495)
Interest income	-	-	3,220	3,220
Other income	40,000	65,000	52,580	(12,420)
Total revenues	<u>2,871,841</u>	<u>2,268,012</u>	<u>2,213,136</u>	<u>(54,876)</u>
EXPENDITURES:				
Personnel services	1,090,034	985,257	949,613	35,644
Materials and services	849,419	679,653	628,571	51,082
Capital outlay	592,000	190,000	143,833	46,167
Total expenditures	<u>2,531,453</u>	<u>1,854,910</u>	<u>1,722,017</u>	<u>132,893</u>
Change in fund balances	<u>340,388</u>	<u>413,102</u>	<u>491,119</u>	<u>78,017</u>
Fund balance, beginning of year	<u>975,144</u>	<u>1,021,367</u>	<u>1,052,530</u>	<u>31,163</u>
Fund balance, end of year	<u>\$ 1,315,532</u>	<u>\$ 1,434,469</u>	<u>\$ 1,543,649</u>	<u>\$ 109,180</u>

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

**Independent Auditor's Report
Required by Oregon State Regulations**

To the Board of Directors
Hood River Transportation District
Hood River, Oregon

We have audited the accompanying basic financial statements of Hood River Transportation District (the District) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 15, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether Hood River Transportation 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 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 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
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)
- Authorized investment of surplus funds (ORS Chapter 294)

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email: rwinkel@winkelcpa.com

In connection with our testing nothing came to our attention that caused us to believe Hood River Transportation District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including 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.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered Hood River Transportation District's internal control over financial reporting as a basis for designing our audit 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 Hood River Transportation District internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified.

This report is intended for the information of Hood River Transportation District's board of directors and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink that reads "Richard Winkel, CPA". The signature is written in a cursive, slightly slanted style.

Richard Winkel, CPA
December 15, 2021



Oregon Secretary of State – Audits Division

Summary of Revenues and Expenditures

Please refer to instructions on next page.

A. Municipal corporation information

Municipality name: _____

Address line 1: _____ Reporting period: From _____

Address line 2: _____ To _____

City, state, ZIP: _____ Report type: _____

Check if new address: Opinion issued: _____

If this is the final report, please enter the last date of operations: _____ Basis of accounting: _____

B. Financial statement audit – Reported deficiencies

<p>1. Regarding internal controls over financial reporting, how many significant deficiencies and material weaknesses were reported? _____</p> <p>2. Of those control deficiencies reported, how many resulted in the following: Accounting errors/Misstatements: _____ Noncompliance: _____</p>	<p>3. How were deficiencies communicated? Check all that apply.</p> <p><input type="checkbox"/> Report issued in accordance with Government Auditing Standards</p> <p><input type="checkbox"/> Communication in accordance with Statements on Auditing Standards AU-C 265 "Communicating Internal Control Related Matters Identified in an Audit"</p> <p><input type="checkbox"/> Other (specify communication): _____</p> <p><input type="checkbox"/> No deficiencies</p> <p>Per OAR 162-010-0230, a copy must be filed with Secretary of State.</p>
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C. Summary of revenues and expenditures

Revenues and/or receipts		Expenditures and/or disbursements	
a. Revenues from government-wide statement of activities:		a. Expenditures from government-wide statement of activities:	
b. Fiduciary fund additions:		b. Fiduciary fund deductions:	
c. Gross revenues subtotal (a + b):		c. Gross expenditures subtotal (a + b):	
d. Revenues of component units:		d. Component unit expenditures reported with primary government:	
e. Taxes, assessments and other collections to be distributed to other governments:		e. Turnovers to other municipal corporations:	
f. Exempt revenue subtotal (d + e):		f. Exempt expenditures subtotal (d + e):	
g. Net revenues (c – f):		g. Net expenditures (c – f):	

D. Filing fee:

E. Submitted by

Auditor name: _____ Municipal license number: _____

Firm name: _____ Date: _____

Municipal contact name, title: _____ Municipal phone: _____

Submit: Click the "Submit" button on the right to submit this form via email. Save a copy for your records.

Within 30 days of delivering the audit report to the municipal corporation, one copy of this summary must be filed with the Secretary of State, Audits Division, and one copy must be delivered to the municipal corporation. If deficiencies are communicated in a separate letter or in a report issued in accordance with *Government Auditing Standards*, a copy of that communication must also be filed. (OAR 162-010-0230)

Instructions

Section A: Municipal corporation information

Type information or use drop-down menu to complete this section. Indicate new address by checking the box.

- **Report type:** Select Audit or Review
- **Opinion issued:** Select from unmodified, qualified, adverse, or disclaimer. If any opinion unit received other than unmodified, please identify that opinion type.
- **Basis of accounting:** Identify whether GAAP, cash, or modified cash basis statements are presented.

Section B: Financial statement audit – Reported deficiencies

B.1. How many significant deficiencies and material weaknesses were communicated?
 Include the total number of *material weaknesses* and *significant deficiencies* reported in accordance with AU-C 265, ORS 297.466, and OAR 162-010-0230. Do not count “other matters” communicated.
 If none were reported, insert a zero.

B.2. Of those control deficiencies reported, how many resulted in accounting errors/misstatements or noncompliance?
 Most deficiencies relate to internal controls over financial reporting. Some control deficiencies might also directly result in accounting errors and misstatements or non-compliance. If any of the findings communicated resulted in accounting errors and misstatements or noncompliance, indicate the number of deficiencies included in the total for B.1 that also pertain to those categories.

B.3. How were deficiencies communicated?
 Select the format used to communicate deficiencies to those charged with governance. Check all that apply. If no material weaknesses or significant deficiencies were communicated select No Deficiencies.
NOTE: If deficiencies are communicated (including other matters), the auditor shall file a copy of the communication with the Secretary of State within 30 days of delivering the report to the municipal corporation. (OAR 162-010-0230)

Section C: Summary of revenues and expenditures

Revenues/receipts and expenditures/disbursements information is derived from amounts reported for government-wide and fiduciary activities and on the basis of accounting used in the audited or reviewed financial statements.

Section D: Filing fee

The filing fee is based on net expenditures; section C, line g. Enter the fee based on the chart below:

Net expenditures over	Net expenditures do not exceed	Fee
\$ 0	\$ 50,000	\$ 20
\$ 50,000	\$ 150,000	\$ 40
\$ 150,000	\$ 500,000	\$ 150
\$ 500,000	\$ 1,000,000	\$ 200
\$ 1,000,000	\$ 5,000,000	\$ 250
\$ 5,000,000	\$ 10,000,000	\$ 300
\$ 10,000,000	\$ 50,000,000	\$ 350
\$ 50,000,000		\$ 400

**ORS 297.485(1):
 Net expenditures and/or disbursements**

The filing fee shall be determined by the total **expenditures** made by the municipal corporation for any and all purposes during the calendar or fiscal year audited, except that **expenditures** for principal of bonded debt, principal of short-term loans, principal of warrants redeemed which were issued during prior audit periods, transfers or loans between funds and turnovers of taxes or other trust moneys to other municipal corporations shall not be included in the **total expenditures** upon which the amount of the fee is based.

Section E: Submitted by

Include the name of the licensed municipal auditor who performed the engagement and is submitting this form. Also include their title, firm name, and date this summary form was completed.

To submit:

- Click the “Submit” button on page one to submit this form via email
- Save and email the completed form to municipalfilings.sos@oregon.gov or
- Print a hardcopy and mail to: Audits Division, 255 Capitol St NE, Ste 500, Salem, Oregon 97310-0720