

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

HOOD RIVER COUNTY, OREGON

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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HOOD RIVER COUNTY TRANSPORTATION DISTRICT  
BOARD OF DIRECTORS AND ADMINISTRATIVE OFFICERS  
FOR THE YEAR ENDED JUNE 30, 2022

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Lara Dunn	Chair	2023
Leti Moretti	Vice Chair	2023
Darrell Roberts	Secretary-Treasurer	2025
Megan Ramey	Director	2025
Meghan Larivee	Director	2025
Greg Pack	Director	2025
Jeff Helfrich	Director	2023

ADMINISTRATIVE OFFICERS

Amy Schlappi	Executive Director
Tiah Mayhew	Office Manager

All addresses (unless otherwise noted) are as follows:  
224 Wasco Loop  
Hood River, OR 97031

**FINANCIAL SECTION**



**FRIEND & REAGAN, P.C.**  
Certified Public Accountants

305 E. Fifth Street  
The Dalles, OR 97058  
phone [541] 296.2000  
fax [541] 296.5636  
[www.friendreagan.com](http://www.friendreagan.com)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Hood River County Transportation District  
The Dalles, Oregon 97058

### **Report on the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the major fund of Hood River County Transportation District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Hood River County Transportation District, as of June 30, 2022, 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.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are

conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the

management's discussion and analysis on pages 9-11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Hood River County Transportation District's basic financial statements. The General Fund budgetary basis fund financial statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund budgetary basis fund financial statement is fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 16, 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.



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For Friend & Reagan, PC  
The Dalles, OR 97058  
December 16, 2022



## **HOOD RIVER COUNTY TRANSPORTATION DISTRICT**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

#### **FOR THE YEAR ENDED JUNE 30, 2022**

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 that ended June 30, 2022. The purpose is to help interpret the financial statements, highlight the major factors and impacts of the District's financial situation, and to explain significant changes from last year to this current year.

#### **FINANCIAL HIGHLIGHTS:**

- Total revenues were \$2,268,461 in 2022 which is an increase of \$55,325 from the prior year. The increase is mainly attributed to the increase in riders and fare revenue. Riders seem to be returning to public transit since the COVID-19 pandemic and choosing to use transit over other transportation modes (i.e. private vehicles). The increase in fuel may have also contributed to the ridership increase for choice transit riders.
- Total expenditures were \$2,322,263 in 2022, this is an increase of \$600,246 from the prior year. This is mainly attributed to the increased cost for preventive maintenance and fuel. Due to supply chain issues the District has been unable to obtain vehicles that were purchased causing the district to utilize vehicles that are past their useful life, resulting in increased repair bills. The crisis in Ukraine has led to an unprecedented increase in the cost of fuel.
- The District's Governmental Activities net position at June 30, 2022 year end was \$4,594,591.

#### **Government-wide Statements:**

The government-wide financial statements are designed to provide an overview of the District's finances, including the District's governmental activities. Local 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.

	June 30,	
	2022	2021
<b>Assets</b>		
Current Assets	1,744,681	1,777,915
Capital Assets	3,101,666	3,276,246
<b>Total Assts</b>	<u>4,846,348</u>	<u>5,054,161</u>
<b>Liabilities</b>		
Current Liabilities	251,757	244,802
Long Term liabilities	-	-
<b>Total Liabilities</b>	<u>251,757</u>	<u>244,802</u>
<b>Deferred Inflows</b>		
Unearned Grant Revenue	-	22,500
<b>Total Deferred Inflows</b>	<u>-</u>	<u>22,500</u>
<b>Net Position</b>		
Net Investment in Capital Assets	3,101,666	3,276,246
Unrestricted	1,492,924	1,510,613
<b>Total Net Position</b>	<u>4,594,591</u>	<u>4,786,859</u>
	June 30,	
	2022	2021
<b>REVENUES</b>		
Program Revenues		
Charges for Services	247,794	81,424
Operating Grants	1,807,244	1,846,805
<b>Total Program Revenues</b>	<u>2,055,039</u>	<u>1,928,229</u>
General Revenues		
Property Taxes	203,181	203,991
Interest Income	4,719	3,220
Miscellaneous	25,295	11,333
Gain (Loss) on Sale	(8,887)	-
<b>Total General Revenues</b>	<u>224,308</u>	<u>218,544</u>
<b>Total Revenues</b>	<u>2,279,347</u>	<u>2,146,773</u>
<b>EXPENSES</b>		
Administration	652,098	-
Public Transportation	1,819,516	1,813,740
<b>Total Expenses</b>	<u>2,471,615</u>	<u>1,813,740</u>
Change in Net Position	(192,268)	333,033
Net Position Beginning	<u>4,786,859</u>	<u>4,453,826</u>
Net Position Ending	<u>4,594,591</u>	<u>4,786,859</u>

### **Fund-Financial Statements:**

The fund financial statements focus on individual parts of the Government, reporting the District's operations in more detail than the government-wide financial statement. 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.

#### **FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS:**

Governmental fund balances totaled \$1,488,339 on June 30, 2022, a decrease of \$14,712 from the prior year. Revenues for the General Fund were \$2,268,461. Expenditures for the General Fund were \$2,322,263. The increase again can largely be attributed to preventative maintenance and fuel expenses.

#### **CAPITAL HIGHLIGHTS:**

On June 30, 2022, the District had \$3,101,666 invested in capital assets net of accumulated depreciation. During the year ended June 30, 2022, the District purchased new buses and other equipment at a total cost of \$74,254. More detailed information about the District's capital assets is presented in the notes to the financial statement.

#### **ECONOMIC FACTORS:**

Operating grants and charges for services revenue are the main source of the District's operating revenue. The District also receives property tax revenue from Hood River County. All expenses for transportation services must be paid for by these sources.

The District did see an increase in passenger counts as the area was slowly opening back up after the height of the global pandemic and additional routes were added. The District was allocated continued funds through the Federal CARES ACT to alleviate some of the hardship that was felt due to the pandemic. The District had a significant increase in preventive maintenance costs as we utilized vehicles that were past their useful life due to the supply chain shortages. The District also saw an increase in staff wages to stay competitive and assist with employee retention.

#### **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

## **BASIC FINANCIAL STATEMENTS**

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2022

(all amounts are in dollars)

**ASSETS:**

Current Assets:

Cash and Cash Equivalents	1,116,140
Accounts Receivable	55,861
Property Taxes Receivable	5,549
Grants Receivable	549,291
Prepaid Expenses	17,840
Total Current Assets	<u>1,744,681</u>

Non-Current Assets:

Non-Depreciable, Land	436,003
Depreciable Capital Assets, net of accumulated depreciation	2,665,664
Total Non-Current Assets	<u>3,101,666</u>

TOTAL ASSETS 4,846,348

**LIABILITIES:**

Current Liabilities:

Accounts Payable	120,066
Accrued Payroll	115,026
Accrued Compensated Absences	16,665

TOTAL LIABILITIES 251,757

**NET POSITION:**

Net Investment in Capital Assets	3,101,666
Unrestricted	1,492,924

TOTAL NET POSITION 4,594,591

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

(all amounts are in dollars)

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>PROGRAM REVENUES</u>			<u>Net Expenses/ Revenues and changes in Net Position</u>
		<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Administration	(652,098)	-	-	-	(652,098)
Public Transportation	(1,819,516)	247,794	1,807,244	-	235,522
<b>TOTAL GOVERNMENTAL ACTIVITIES:</b>	<b>(2,471,615)</b>	<b>247,794</b>	<b>1,807,244</b>	<b>-</b>	<b>(416,576)</b>
<b>General Revenues:</b>					
Property Taxes					203,181
Interest Income					4,719
Miscellaneous					25,295
Gain (Loss) on Sale of Fixed Assets					(8,887)
Total General Revenues					224,308
Change in Net Position					(192,268)
Net Position -- Beginning of the Year					4,786,859
Net Position -- End of the Year					4,594,591

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

BALANCE SHEET -- GOVERNMENTAL FUND

JUNE 30, 2022

(all amounts are in dollars)

	GENERAL FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>		
Current Assets:		
Cash and Cash Equivalents	1,116,140	1,116,140
Accounts Receivable	55,861	55,861
Property Taxes Receivable	5,549	5,549
Grants Receivable	549,291	549,291
Prepaid Expenses	17,840	17,840
Total Current Assets	<u>1,744,681</u>	<u>1,744,681</u>
 TOTAL ASSETS	 <u>1,744,681</u>	 <u>1,744,681</u>
 <b>LIABILITIES:</b>		
Current Liabilities:		
Accounts Payable	120,066	120,066
Accrued Payroll	115,026	115,026
Accrued Compensated Absences	16,665	16,665
Total Current Liabilities	<u>251,757</u>	<u>251,757</u>
 TOTAL LIABILITIES	 <u>251,757</u>	 <u>251,757</u>
 <b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred Property tax Revenue	4,586	4,586
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>4,586</u>	 <u>4,586</u>
 <b>FUND BALANCES:</b>		
Unassigned	1,488,339	1,488,339
 TOTAL LIABILITIES AND FUND BALANCE	 <u>1,744,681</u>	 <u>1,744,681</u>

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

(all amounts are in dollars)

Total Fund Balance -- Governmental Funds	1,488,339
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,101,666
Tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>4,586</u>
Net Position of Governmental Activities	<u><u>4,594,591</u></u>

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)



HOOD RIVER COUNTY TRANSPORTATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -- GOVERNMENTAL FUND

FOR THE YEAR ENDED JUNE 30, 2022

(all amounts are in dollars)

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES:</b>		
Taxes	206,158	206,158
Intergovernmental Revenue	1,807,244	1,807,244
Charges for Services	247,794	247,794
Interest	4,719	4,719
Miscellaneous	2,545	2,545
	<hr/>	<hr/>
Total Revenues	2,268,461	2,268,461
	<hr/>	<hr/>
<b>EXPENDITURES:</b>		
Current:		
Administration	652,098	652,098
Public Transportation	1,584,943	1,584,943
Capital Outlay	85,222	85,222
	<hr/>	<hr/>
Total Expenditures	2,322,263	2,322,263
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(53,802)	(53,802)
	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES):</b>		
Sale of Fixed Assets	16,341	16,341
Insurance Recoveries	22,749	22,749
	<hr/>	<hr/>
Total Other Financing Sources (Uses):	39,090	39,090
	<hr/>	<hr/>
Change in Fund Balance	(14,712)	(14,712)
	<hr/>	<hr/>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	1,543,649	1,543,649
	<hr/>	<hr/>
<b>PRIOR PERIOD ADJUSTMENT (SEE NOTE 10)</b>	(40,598)	(40,598)
	<hr/>	<hr/>
<b>FUND BALANCE - END OF YEAR</b>	1,488,339	1,488,339
	<hr/>	<hr/>

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -- GOVERNMENTAL FUND TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

(all amounts are in dollars)

Net Change in Fund Balance -- Governmental Funds	(14,712)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	
Current Year Change in Deferred Property Taxes	(2,976)
Capital 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	(223,606)
Plus Capital Asset Additions	74,254
Less Unrecovered Cost of Disposals	<u>(25,228)</u>
Change in Net Position	<u><u>(192,268)</u></u>

(SEE NOTES TO THE BASIC FINANCIAL STATEMENTS)

# HOOD RIVER COUNTY TRANSPORTATION DISTRICT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED JUNE 30, 2022

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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, 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 government 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.

The accounting and reporting policies of Hood River County Transportation District conform to accounting principles generally accepted in the United States of America, as applicable to local governments. The District's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District's accounting policies are described below:

#### **GOVERNMENT-WIDE STATEMENTS:**

In the government-wide Statement of Net Position, the District's activities are presented and reported on the full accrual, economic resource basis, which recognizes all long-term assets and liabilities. 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 District's Net Position is reported in three categories – net investment in capital assets, restricted net position, and unrestricted net position.

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 include

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.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

**FUND FINANCIAL STATEMENTS:**

The accounts of the District are organized 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.

The operations of the District's only fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses. The fund is in the financial statements of this report, under one broad fund type as follows:

**GENERAL 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.

**CASH AND CASH EQUIVALENTS:**

For the purpose of financial reporting, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short term investments with an original maturity of three months or less.

**INVESTMENTS:**

The District's investments consist of monies deposited with the Hood River County Investment Pool (HRCIP), which is not rated. The District's investments 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.

**PROPERTY TAXES:**

Real property taxes are levied and attached as 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.

**ACCOUNTS RECEIVABLE:**

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

**COMPENSATED ABSENCES:**

The District's policies permit employees vacation and compensatory time credits. Accumulated unpaid vacation and compensatory time cannot exceed 176 hours and is accrued as earned at a rate between 3.09 to 6.74 hours per pay period (depending on years of service). Vacation benefits are intended to provide eligible employees with a period of paid rest and relaxation away from work. Accordingly, employees are encouraged to schedule vacations each year, and to use all earned vacation benefits. As such, all accrued compensated absences are considered a current liability by management. Sick leave is not payable upon termination, therefore no liability is reported for accumulated unpaid sick leave.

**PREPAID EXPENSES:**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the basic financial statements.

**CAPITAL ASSETS AND DEPRECIATION:**

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 \$5,000 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

**NET POSITION:**

Net position comprises the various net earnings from operating income, nonoperating revenues and expense, capital contributions, and special items. Net position is classified in the following three components:

**Net Investment in Capital Assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

**Restricted** – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted Net Position** – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**USE OF RESTRICTED/UNRESTRICTED NET POSITION:**

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District’s policy is to apply restricted net position first.

**FUND BALANCE:**

In the fund financial statements, Governmental Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) defines the different types of fund balance that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the five fund balance components listed below:

**Nonspendable** – Includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

**Restricted** – Consists of amounts that can only be used for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

**Committed** – Consists of amounts that can only be used for the specific purposes determined by a formal action of the District’s highest level of decision-making authority, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.

**Assigned** – Consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Board of Directors, or their designee.

**Unassigned** – Residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

**USE OF FUND BALANCE COMPONENTS:**

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

**USE OF ESTIMATES:**

The preparation of financial statements in accordance with generally accepted accounting principals 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.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The budget is prepared on the current resources, modified-accrual basis of accounting for each fiscal year July 1 to June 30.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the Board enacts the resolutions to adopt the budget, make appropriations, and declare the ad valorem tax levy for all funds. The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, debt service, interfund transfers and operating contingency. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent an over-expenditure. 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 level of controls. Such transfers require the approval of the Board of Directors.

Expenditures cannot legally exceed the appropriation levels. Appropriations for all funds lapse at the end of the fiscal year.

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS:**

The General Fund materials and services appropriation shows an excess of

expenditures over appropriations of \$34,568.

**DEFICIT FUND BALANCES:**

The District has no instances whereby any of its funds had a deficit fund balance as of June 30, 2022.

**3. CASH AND INVESTMENTS:**

The District's cash and investments (recorded at cost) are categorized as follows:

Checking and Savings Accounts	\$	217,334
Hood River County Treasurer		<u>898,806</u>
	\$	<u>1,116,140</u>

**DEPOSITS:**

**Custodial Credit Risk—Deposits** – Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP, a multiple financial institution collateral pool created by the Office of the State Treasurer.) To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected. At June 30, 2022, the District did not have any deposits exposed to custodial credit risk or a formal policy to address this type of risk.

**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, 2022 were amounts deposited with the Hood River County Investment Pool (HRCIP), which is not rated.

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 the pool shares.

The District's position in the Pool at June 30, 2022 is stated at cost which approximates the fair value.

**Foreign Currency Risk** – Oregon Revised Statutes prohibit investments that are not U.S. Dollar-denominated; therefore, the District is not exposed to this risk.

**Custodial Credit Risk—Investments** – Custodial credit risk for investments is the risk



that, in the event of failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. At June 30, 2022, the District did not have any investments exposed to custodial credit risk or a formal policy designed to address this type of risk.

*Credit Risk—Investments* – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District’s investments are unrated.

*Concentration of Credit Risk—Investments* – Concentration of credit risk is the risk of loss attributed to the magnitude of an entity’s investment in a single issuer. There are no investments in any one issuer that represent five percent or more of the District’s total investments. At June 30, 2022, The District did not have a formal policy designed to address this type of risk.

*Interest Rate Risk—Investments* – Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. At June 30, 2022, the District did not have a formal policy designed to limit this type of risk.

**4. CAPITAL ASSETS:**

The following is a summary of property, plant, and equipment accounts, and related accumulated depreciation for the year-ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Non-Depreciable				
Land	\$ 436,003	\$ -	\$ -	\$ 436,003
Depreciable				
Vehicles and Equipment	1,746,846	38,094	(275,608)	1,509,332
Buildings & Improvements	2,996,978	36,160	-	3,033,138
Subtotal	<u>5,179,827</u>	<u>74,254</u>	<u>(275,608)</u>	<u>4,978,473</u>
Accumulated Depreciation				
Vehicles and Equipment	(1,036,223)	(123,969)	250,380	(909,812)
Buildings & Improvements	(867,358)	(99,637)	-	(966,995)
Subtotal	<u>(1,903,580)</u>	<u>(223,606)</u>	<u>250,380</u>	<u>(1,876,807)</u>
<b>TOTAL CAPITAL ASSETS</b>	<b>\$ <u>3,276,246</u></b>	<b>\$ <u>(149,352)</u></b>	<b>\$ <u>(25,228)</u></b>	<b>\$ <u>3,101,666</u></b>

Depreciation expense of \$223,606 is recorded as a program expense in the accompanying Statement of Activities for the year ended June 30, 2022.

5. **LEASES:**  
As of June 30, 2022 the District had no noncancelable leases subject to GASB 87 and, as such, no right to use asset and no lease liability has been accrued on the District's financial statements.
6. **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 567(b) immediately upon hire and the District matches employee deferrals up to 3% of annual compensation. The District Board of Directors has the authority to establish or amend the plan's provisions and contribution requirements. During the year ended June 30, 2022 the District contributed \$7,613 to the Plan. In the prior 2 years the District contributed \$2,854 and \$4,396. Employees contributed a total of \$12,912 for the year ended June 30, 2022.
7. **RISK MANAGEMENT:**  
The District purchases commercial insurance policies to insure against most hazards. There have been no significant reductions in the District's insurance coverage, in any risk category, from coverage in the prior year. No losses were incurred during the prior three years ended June 30, 2022 that exceeded the District's insurance coverage.
8. **COMMITMENTS AND 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.
9. **SUBSEQUENT EVENTS:**  
Subsequent events have been evaluated through the date of this financial statement with management. The date of this financial statement is also the issuance date. Management is not aware of any additional subsequent events requiring recognition or disclosure in the financial statements.
10. **PRIOR PERIOD ADJUSTMENT:**  
The District recorded a prior period adjustment in the current year to properly account for unearned grant revenue and prepaid expenses prior to July 1, 2021 in the Fund Statements. The effects of this restatement are as follows:

Governmental Funds:	General Fund	Total
July 1, 2021 Fund Balance -- Originally Reported	1,543,649	1,543,649
Prior Period Adjustment:		
Prepaid Expenses Adjustment	11,826	11,826
Accrued Compensated Absences	(29,924)	(29,924)
Unearned Grants Adjustment	(22,500)	(22,500)
Total Prior Period Adjustment	(40,598)	(40,598)
July 1, 2021 Fund Balance -- Restated	\$ 1,503,051	\$ 1,503,051

OTHER INFORMATION

HOOD RIVER COUNTY TRANSPORTATION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE -- GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<b><u>REVENUES:</u></b>				
Taxes	200,000	200,000	206,158	6,158
Intergovernmental Revenue	2,489,797	2,185,289	1,807,244	(378,045)
Charges for Services	180,000	180,000	247,794	67,794
Interest	-	-	4,719	4,719
Miscellaneous	45,000	65,000	2,545	(62,455)
<b>TOTAL REVENUES:</b>	<u>2,914,797</u>	<u>2,630,289</u>	<u>2,268,461</u>	<u>(361,828)</u>
<b><u>EXPENDITURES:</u></b>				
<b>Current:</b>				
Personnel Services	1,317,387	1,647,386	1,310,878	336,508
Materials & Services	691,269	891,595	926,163	(34,568)
Capital Outlay	863,500	231,902	85,222	146,680
Operating Contingency	62,641	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>2,934,797</u>	<u>2,770,883</u>	<u>2,322,263</u>	<u>448,620</u>
Excess of Revenues Over (Under) Expenditures	(20,000)	(140,594)	(53,802)	86,792
<b><u>OTHER FINANCING SOURCES (USES):</u></b>				
Sale of Fixed Assets	-	-	16,341	16,341
Insurance Recoveries	-	-	22,749	22,749
<b>TOTAL OTHER FINANCING SOURCES (USES):</b>	<u>-</u>	<u>-</u>	<u>39,090</u>	<u>39,090</u>
Net Change in Fund Balance	(20,000)	(140,594)	(14,712)	125,882
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>1,410,091</u>	<u>1,543,649</u>	<u>1,543,649</u>	<u>-</u>
<b>Prior Period Adjustment (See Note 10)</b>	-	-	(40,598)	(40,598)
<b>FUND BALANCE - END OF YEAR</b>	<u>1,390,091</u>	<u>1,403,055</u>	<u>1,488,339</u>	<u>85,284</u>

OTHER REQUIRED REPORTS



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

We have audited the basic financial statements of Hood River County Transportation District as of and for the year ended June 30, 2022, and have issued our report thereon dated December 16, 2022. 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 County 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 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, 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.**
- Authorized investment of surplus funds (ORS 294).**
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe Hood River County Transportation 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 follows:

- 1) Expenditures exceeded appropriations as indicated in the notes to the financial statements.

- 2) The District budgeted a negative operating contingency amount in the board resolution adopting the 2022-23 budget.
- 3) The District should be appropriating by organizational unit or program according to Oregon Budget Law rather than using PS, MS, and CO expenditure classifications.

**ORS 162-10-0230 Internal Control**

In planning and performing our audit, we considered Hood River County Transportation District's internal control over financial reporting 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 Hood River County Transportation 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. However, we have reported to the District's Board of Directors other matters regarding internal controls in a separate letter to management, both dated December 16, 2022.

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



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For FRIEND & REAGAN, PC  
The Dalles, Oregon  
December 16, 2022