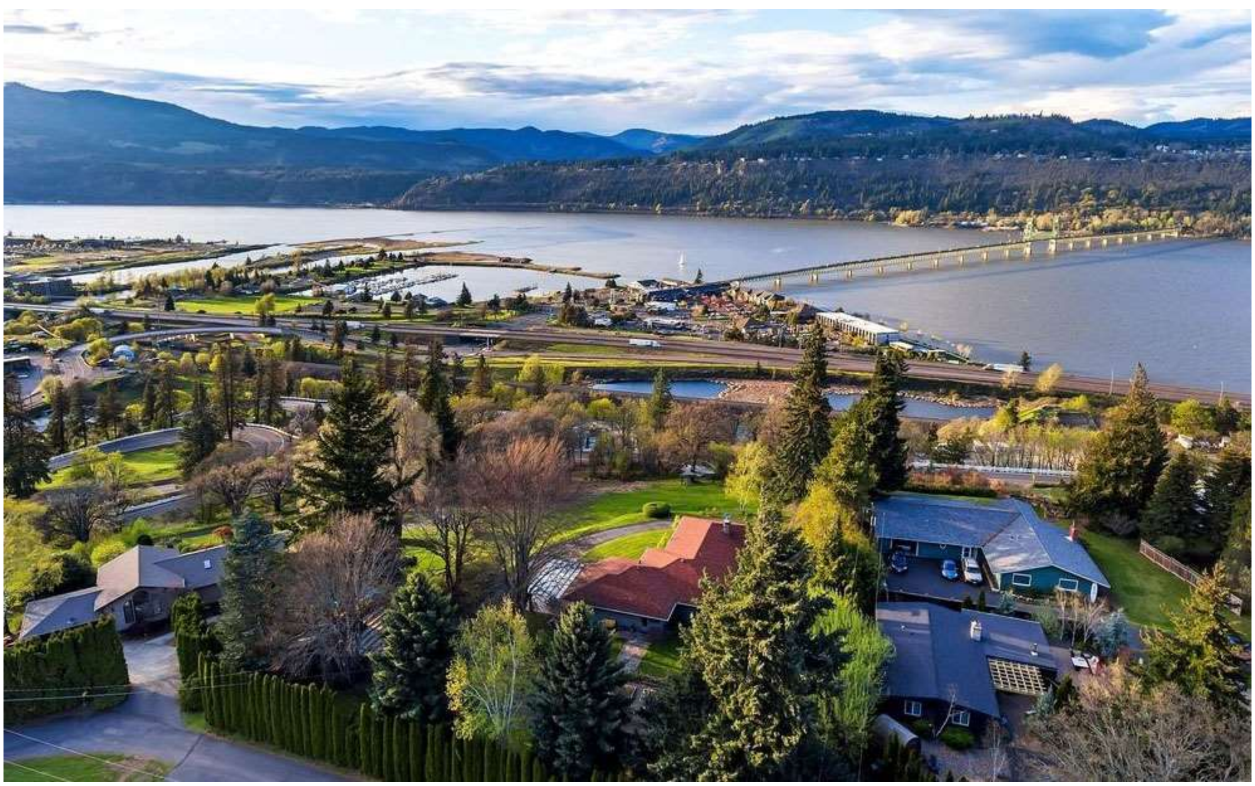
PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



Port of Hood River, Oregon

Financial Statements

For the fiscal year ended June 30, 2023

Prepared by:

Port of Hood River Staff

Port of Hood River, Oregon
June 30, 2023

BOARD OF COMMISSIONERS

Name	Term Expires
Ben Sheppard, President	June 30, 2025
Kristi Chapman, Vice-president	June 30, 2027
Heather Gehring, Treasurer	June 30, 2025
Mike Fox, Secretary	June 30, 2025
Hoby Streich	June 30, 2023

All Commissioners receive mail at the address listed below.

ADMINISTRATION

Kevin Greenwood, Executive Director
Debbie Smith-Wagar, Finance Director
1000 E Port Marina Drive
Hood River, Oregon 97031

PORT OF HOOD RIVER
Annual Financial Report
June 30, 2023

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PAULY, ROGERS, AND CO., P.C.
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December 21, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Port of Hood River
Hood River County, Oregon

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Port of Hood River, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 the business-type activities, and each major fund of the Port of Hood River, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof 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 the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port of Hood River 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 these 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 Port of Hood River'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.
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Auditors' 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 auditors' 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 the Port of Hood River's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Hood River'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, budgetary comparison information and other required supplementary information as noted in the table of contents, 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 the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are 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 other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' 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 21, 2023 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.

Tara M Kamp, CPA

Tara M Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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FINANCIAL SECTION

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PORT OF HOOD RIVER

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended June 30, 2023

Our discussion and analysis of the Port of Hood River's financial position provides an overview of the Port's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Port's basic financial statements.

FINANCIAL HIGHLIGHTS

The Port’s net position increased $4,739,794, or 9.23%, as a result of this year’s:

- Net position of our governmental activities increased by $4,708,610 or 44.14%.
- Net position of our business-type activities increased by $31,184 or 0.77%.
- The total cost of all the Port’s programs in 2023 was $10,215,981; in 2022 this cost was $9,648,348, or 5.8%.

The primary reason for this large increase in net position was due to grant revenue received for bridge replacement. State and federal grant revenue for the bridge replacement project was approximately $3.6 million. Investment earnings were also higher in fiscal year 2022-23 compared to the prior year due to both additional money available to invest and higher interest rates.

PORT'S ACTIVITIES HIGHLIGHTS

General Fund

The Port’s General Fund is primarily used to record property tax collections and expenditures related to policy making and strategic planning as it pertains to the Port’s mission and values. Property taxes are a small percentage of the Port’s overall revenue, so most expenditures in the General Fund are reimbursed from the Revenue Fund.

Bridge Repair Fund

In prior years the Port recorded bridge repair activities in the same fund as bridge replacement activities. In fiscal year 2022-23 those activities were split into two funds. Both funds are reported as major funds.

Toll revenue is transferred into the Bridge Repair Fund to pay for repairs and maintenance on the existing bridge. Major repairs for fiscal year 2022-23 include steel replacement, load analysis and engineering, and approach overlay and joint rehabilitation. A project to replace wire ropes on the bridge lift span began in fiscal year 2022-23, but the majority of the work and cost of the project will be recorded in fiscal year 2023-24.

Bridge Replacement Fund

The Port received $5 million of American Rescue Plan Act (ARPA) grant funds in the last days of fiscal year 2021-22 for planning the replacement bridge across the Columbia River at Hood River.

The State of Washington also awarded the Port a $5 million grant for the project, and the Port was successful in obtaining a Better Utilizing Investment to Leverage Development (BUILD) grant from the federal government. Those grants and the expenditures associated with them are now being recorded in the Bridge Replacement Fund.

The Port recognized more than $3.5 million in grant proceeds for the replacement bridge project in fiscal year 2022-23.

Governmental Fund Balances

Governmental fund balance increased 42.36% as resources were transferred into the funds from the Revenue Fund, but the expenditures will not occur until future years.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements. The Statement of Net Position and the Statement of Activities provide information concerning the activities of the Port as a whole and present a view of the monetary standing of the Port for the fiscal year end date of June 30, 2023. Fund financial statements provide information on both governmental and proprietary, or business-type funds. A review of these statements will provide information on the Port's revenues, expenditures, capital assets and liabilities and ultimately compare where we were financially when the year started and where we are at the end of the fiscal year.

Reporting the Port as a Whole

The Statement of Net Position and the Statement of Activities provide the background information to determine how the Port's financial situation has changed since the previous year. These statements use "accrual-based accounting," which is similar to accounting procedures used in the private sector. Accrual-based accounting records the Port's assets and liabilities according to when they were due, not when they were actually paid or received.

These statements report the Port's "net position" and how it changed. This allows one to determine the Port's fiscal health, or financial position. Net position represents the difference between what the Port owes and what the Port owns. Increase or decrease in net position, taken in conjunction with the actual activities undertaken by the Port, determine whether the Port's financial health is increasing or decreasing.

The financial statements divide the Port's activities into two areas:

- Governmental Activities - The General Fund, Bridge Repair Fund, and the Bridge Replacement Fund are the primary areas here. Governmental activities include revenues from property taxes, grants, and resources from Revenue Fund transfers in. It includes a wide variety of expenses, including contracts for service, utilities, supplies, and general administrative costs. In the fund statements, these funds are reported using modified accrual accounting and breaks expenditures into basic services- general government and capital outlay.

- Business-type (proprietary) Activities – The Revenue Fund is included here. Most revenues come as toll revenue, building lease revenue, and parking fees. Expenses include everything needed to provide those services - personal services, materials and services, and depreciation.

THE PORT'S SITUATION AT THE END OF THE FISCAL YEAR

Table 1 below shows the Port's net position by Governmental and Business-type Activities and provides a comparison to last year's net position. Overall, the Port's net position increased from $51,347,142 to $55,718,051 this year. This increase was primarily due to grant revenue and higher interest earnings.

Table 1
Net Position

	Governmental Activities		Business-Type Activities Revenue Fund		Total All Funds	
	2023	2022	2023	2022	2023	2022
Current assets	$ 6,968,097	$ 8,561,542	$ 11,738,290	$ 12,735,155	$ 18,706,387	$ 21,296,697
Restricted assets	3,592,256	-	1,611,389	286,300	5,203,645	286,300
Leases receivable	-	-	5,921,376	6,711,075	5,921,376	6,711,075
Capital assets	9,270,742	7,172,861	32,904,699	33,288,398	42,175,441	40,461,259
Total Assets	19,831,095	15,734,403	52,175,754	53,020,928	72,006,849	68,755,331
Pension related deferrals	52,389	59,928	825,133	943,873	877,522	1,003,801
OPEB related deferrals	466	586	8,582	9,233	9,048	9,819
Total Deferred Outflows of Resources	52,855	60,514	833,715	953,106	886,570	1,013,620
Current liabilities	4,386,345	5,000,000	3,077,175	2,644,359	7,463,520	7,644,359
Long-term debt	-	-	1,754,534	1,928,534	1,754,534	1,928,534
Net pension liability	93,882	71,284	1,478,689	1,122,756	1,572,571	1,194,040
Total OPEB liability	2,924	2,953	46,333	46,510	49,257	49,463
Total Liabilities	4,483,151	5,074,237	6,356,731	5,742,159	10,839,882	10,816,396
Pension related deferrals	24,248	53,050	381,912	835,564	406,160	888,614
OPEB related deferrals	654	343	7,296	5,381	7,950	5,724
Lease related deferrals	-	-	5,552,491	6,711,075	5,552,491	6,711,075
Total Deferred Inflows of Resources	24,902	53,393	5,941,699	7,552,020	5,966,601	7,605,413
Net Position						
Net investment in capital assets	9,270,742	7,172,861	30,976,165	31,190,864	40,246,907	38,363,725
Restricted - debt service	-	-	286,300	286,300	286,300	286,300
Unrestricted	6,105,155	3,494,426	9,448,574	9,202,691	15,553,729	12,697,117
Total Net Position	$ 15,375,897	$ 10,667,287	$ 40,711,039	$ 40,679,855	$ 56,086,936	$ 51,347,142

Net position increased 9.23%. Unrestricted net position – the portion of that area used to finance day-to-day operation without outside restraints, such as debt covenants, legislation, or other legal requirements, increased 22.50% overall. The net investment in capital assets (the capital asset value minus depreciation and net of any debt associated with the acquisition of capital assets) accounts for 71.76% of the Port's net position.

Table 2 shows the Change in Revenues and Expenses by Governmental and Business-type Activities and provides a comparison to last year's net position.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Program revenues						
Charges for services - tolls	$ -	$ -	$ 5,833,527	$ 6,020,430	$ 5,833,527	$ 6,020,430
Leases, rents and fees	-	-	3,823,240	3,560,154	3,823,240	3,560,154
Operating grants	-	561,397	-	577,698	-	1,139,095
Capital grants	3,613,653	-	286,200	77,537	3,899,853	77,537
General Government Revenues						
Property taxes	95,626	88,955	-	-	95,626	88,955
Interest earnings	226,115	21,174	820,800	90,301	1,046,915	111,475
Other sources	14,893	-	241,721	(244,425)	256,614	(244,425)
Total Revenues	3,950,287	671,526	11,005,488	10,081,695	14,955,775	10,753,221
Expenses						
Governmental Activities						
General government	567,368	592,903	-	-	567,368	592,903
Bridge repair and replacement	2,564,612	1,902,815	-	-	2,564,612	1,902,815
Business-type Activities						
Toll bridge	-	-	2,236,408	2,450,852	2,236,408	2,450,852
Industrial	-	-	1,867,922	1,666,437	1,867,922	1,666,437
Commercial	-	-	318,993	277,628	318,993	277,628
Waterfront industrial	-	-	260,708	241,704	260,708	241,704
Waterfront recreation	-	-	669,398	638,439	669,398	638,439
Marina	-	-	371,253	324,372	371,253	324,372
Airport	-	-	809,107	930,408	809,107	930,408
Administration	-	-	292,565	372,339	292,565	372,339
Maintenance	-	-	178,052	165,398	178,052	165,398
Interest on long-term debt	-	-	79,595	85,053	79,595	85,053
Total Expenses	3,131,980	2,495,718	7,084,001	7,152,630	10,215,981	9,648,348
Transfers	3,890,303	2,886,135	(3,890,303)	(2,886,135)	-	-
Increase (decrease) in Net Position	4,708,610	1,061,943	31,184	42,930	4,739,794	1,104,873
Beginning Net Postion	10,667,287	9,605,344	40,679,855	40,636,925	51,347,142	50,242,269
Ending Net Position	$ 15,375,897	$ 10,667,287	$ 40,711,039	$ 40,679,855	$ 56,086,936	$ 51,347,142

The Port's total revenues increased by $4.20 million primarily due to higher grant revenue. Total expenses increased by $0.57 million, mostly due to inflation.

GENERAL BUDGETARY HIGHLIGHTS

- The Port Council adopted a conservative fiscal year 2022-2023 budget. Due to spending at a level that was even more conservative than budgeted and revenues coming in somewhat higher than budget, the fund balance of the General Fund ended the year $639,527 higher than was budgeted.

Areas of legal appropriations are personal services, materials and services, capital outlay, debt service, and contingency.

CAPITAL ASSETS

At June 30, 2023, the Port had $40.25 million invested in land, buildings and improvements, the bridge, and equipment. This represents an increase (net of depreciation) of $1.88 million, primarily due to capitalized planning for the new bridge. Additional information on capital assets is available in Note 2D.

Table 3
Capital Assets at Year-end
Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and const. in progress	$ 2,502,891	$ 1,434,097	$10,984,438	$13,081,345	$13,487,329	$14,515,442
Land improvements	-	-	17,140,901	14,351,915	17,140,901	14,351,915
Buildings & improvements	-	-	20,972,671	20,581,617	20,972,671	20,581,617
Bridge & improvements	17,915,700	16,051,666	9,753,784	9,753,784	27,669,484	25,805,450
Equipment	483,991	490,991	1,015,428	942,055	1,499,419	1,433,046
Vehicles	-	-	322,605	322,605	322,605	322,605
Less: accumlated depreciation	(11,631,841)	(10,803,893)	(27,285,127)	(25,744,923)	(38,916,968)	(36,548,816)
NET CAPITAL ASSETS	$ 9,270,741	$ 7,172,861	$32,904,700	$33,288,398	$42,175,441	$40,461,259

DEBT OUTSTANDING

As of year-end the Port had total debt outstanding of $1,928,534. All of the debt is associated with business-type activities assets. Total debt decreased as the Port made its regularly-scheduled debt service payments. Additional information on long-term debt is available in Note 2F.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Port is involved in a variety of activities that all contribute to the economic health and vitality of the community. The major source of funds for Port operations continues to be the toll bridge, accounting for 54.6% of Port operating revenues, excluding grants. Lease revenues and other fees showed higher revenues due to rate increases with Marina and Airport tenants, as well as lease contract increases. Waterfront activities continue to increase as tourism grows in the wake of the pandemic. All Port asset centers (i.e. bridge industrial/commercial buildings, waterfront, marina and the airport) continue to provide the Port with significant financial resources which enables diversification of the revenue mix. The Port is considering development opportunities at the Lower Hanel Mill site and is in the final process of developing the site for future industrial uses like warehousing and/or manufacturing.

Challenges facing the Port include the commission's pledge to end reliance on toll revenue for anything other than bridge repair and replacement by 2026. In prior years the toll revenue was used for economic development and as a resource for the Port's park and recreation areas. As we move toward 2026 other sources of funding will need to be identified to support economic development and parks and recreation.

The Port receives property taxes which are recorded in the General Fund, however these taxes only account for less than 1% of total revenues and are used to fund policy and planning costs.

Capital grants continue to play a vital role in how the Port develops its properties like the airport, bridge and the remaining undeveloped land called Lot 1. The 10+ acre property is prime industrial property that represents the last remaining large, developable property on the waterfront. The Port is currently assessing streets and traffic flow in the area using money from an economic development grant.

The following categories are helpful to describe the Port's separate business units:

Bridge – Bridge traffic increased slightly for the year with 4,465,461 crossings, a 1.9% increase as compared to the previous year. In May the bridge went to all electronic tolling (AET) from 10:00 p.m. to 6:00 a.m. every night. Vehicles with electronic transponders didn't notice a change, but drivers paying with cash or credit card can no longer stop at the toll booth. Instead they receive an invoice in the mail with the option to pay online or send payment to the Port.

The Port saw a major change in its governance when the cities of Hood River in Oregon, White Salmon and Bingen in Washington, and the Counties of Hood River in Oregon and Klickitat in Washington joined with the Port to form a Bi-State Bridge Commission (the Hood River White Salmon Bridge Authority) that will oversee construction of the replacement bridge and will be in charge of bridge operations once a replacement bridge is completed. The new Bridge Authority was officially formed on July 1, 2023 following provisions created in Oregon House Bill 4089 and Washington Senate Bill 5558 in 2022.

This year saw continued capital improvements to the bridge deck with many steel improvements along the guard rails, overlay and joint repairs, and work on wire rope rehabilitation. The tolling system is approaching five years since the last major upgrade, so a re-write of the software is included in the budget for the 2023-24 fiscal year. The 30-year plan for the bridge continues to be refined as the Port moves toward bridge replacement.

Leased Properties – This year, capital improvements included rehabilitation of the Portway Avenue stormwater system and improvements to the Halyard building, both on the waterfront. Work also began on a full assessment of all of the Port's buildings to begin development of a long-term capital improvement plan focusing on the Port's income-producing properties.

Lease revenues and other reimbursable fees (i.e., utilities and property taxes) for the industrial and commercial properties were $2,750,300 reflecting an increase of $298,676 over the prior year. This is mostly due to contractual escalations. Developed property (i.e., industrial and commercial) operating expenses amounted to $2,186,915 of which $545,075 was depreciation. Expenses were slightly higher by $242,850, primarily due to higher utility costs and property taxes, along with slightly higher depreciation.

Undeveloped Property – There continues to be various discussions on the remaining undeveloped lots at the waterfront. The Port continues to engage the local community as well as incorporate the remaining lots into its Strategic Business Plan which will assist in defining the development options for the remaining parcels. Undeveloped property expenses amounted to $241,704, a decrease of $49,252 from the prior year. The decrease is due to lower professional services as the Port assesses the actual needs of the area.

Recreation – The Port continues to program and manage waterfront activities; during peak periods of the summer this area has considerable traffic and use. The recreational usage along the waterfront continues to challenge the Port's ability to meet public user expectations. The growth in kiteboarding, windsurfing, and the addition of paddle boarding has waterfront users competing against each other for time, access to the water, and space. In May 2023 the Port expanded its paid parking areas to include more of the waterfront along with the boat launch parking lot. This year recreation revenues amounted to $387,237 which is an increase of $84,403 over the prior year, which depicts a 28% increase due to a combination of higher parking rates and more areas charging for parking. Recreation expenses amounted to $669,398 of which $136,929 was depreciation. Expenses were higher than the prior year by $30,959, primarily due to higher wages for maintenance staff and higher utilities. The Port will be looking at ways to partner with other local government agencies to leverage resources or consider taxing measures to provide long-term sustainability to its recreation assets.

Marina – The marina continues to have a wait list of 91 potential slip renters, seeking space in a Marina with a total of 165 slips. The marina has a history of 100% occupancy and this year is no exception. For the year, marina revenues amounted to $431,535 which is an increase of $23,273 compared to the prior year. Cruise ship dockings continued throughout the summer months. Marina expenses were $371,253, of which $76,238 was depreciation. Expenses were higher by $46,881 from the prior year due to higher maintenance and utility costs related to the marina.

Airport – Airport T-hangar rates saw an increase of 10% for the year as the Port pursues a multi-year increase of airport hangar rates, to bring them in line with comparable airports. This will also allow for more cost recovery by the airport for its operations. Airport revenues were $281,557 which is $28,675 more than the prior year. Capital grants amounted to $286,200 for the remainder of the construction of the north apron project. Expenses amounted to $809,107 of which $512,521 was depreciation. Expenses decreased by $121,301 from the prior year, which primarily was attributable to less professional services and maintenance.

Economic Factors - The Port has a stable set of resources for ongoing operations and maintenance such as tolls and lease revenues but will face challenges as it reduces the amount of toll revenue available for economic development. The Hood River area continues to see a high demand for housing but also continues to have a limited supply of developable properties, keeping housing prices high which puts a strain on the workforce.

Uncertainties about future economic changes and financial impacts are common throughout the region. To deal with the swings in the economy and to plan for future capital expansion, the Port has routinely set aside resources to meet its financial policies.

The Budget Committee (five Port commission members and five citizen members) considered a wide range of factors when establishing the budget for the fiscal year ending June 30, 2024.

Estimates were made for a range of revenues, including property taxes, toll revenue, lease income, and grants. The committee approved moving one part-time office staff member to full-time and adding one full-time office staff, and cost-of-living and step increases were budgeted for all staff.

Requests for Information

This financial report is designed to provide a general overview of the Port of Hood River's finances for all those with an interest in the Port's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to:

Port of Hood River
Finance Director
1000 E Port Marina Drive
Hood River, Oregon 97031

BASIC FINANCIAL STATEMENTS

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PORT OF HOOD RIVER

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments	$ 6,171,381	$ 10,250,018	$ 16,421,399
Cash and investments (restricted)	3,592,256	1,611,389	5,203,645
Receivables (net)	796,716	786,819	1,583,535
Prepaid expenses	-	286,826	286,826
Supply inventory	-	16,147	16,147
Deposits	-	158,317	158,317
Note receivable	-	240,163	240,163
Leases receivable	-	5,921,376	5,921,376
Capital assets, non-depreciable	2,502,891	10,984,438	13,487,329
Capital assets, (net of accumulated depreciation)	6,767,851	21,920,261	28,688,112
Total Assets	19,831,095	52,175,754	72,006,849
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	52,389	825,133	877,522
OPEB related deferral	466	8,582	9,048
Total Deferred Outflows of Resources	52,855	833,715	886,570
LIABILITIES			
Current Liabilities			
Accounts payables and other liabilities	-	1,237,961	1,237,961
Breezeby outstanding	-	816,360	816,360
Unearned revenue	4,386,345	734,030	5,120,375
Interest payable	-	28,290	28,290
Accrued compensated absences	-	86,534	86,534
Due within one year	-	174,000	174,000
Non-Current Liabilities			
Net pension liability	93,882	1,478,689	1,572,571
Total OPEB liability	2,924	46,333	49,257
Due in more than one year	-	1,754,534	1,754,534
Total Liabilities	4,483,151	6,356,731	10,839,882
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	24,248	381,912	406,160
OPEB related deferral	654	7,296	7,950
Lease related deferrals	-	5,552,491	5,552,491
Total Deferred Inflows of Resources	24,902	5,941,699	5,966,601
NET POSITION			
Net Investment in Capital Assets	9,270,742	30,976,165	40,246,907
Restricted for:			
Debt service	-	286,300	286,300
Unrestricted	6,105,155	9,448,574	15,553,729
Total Net Position	$ 15,375,897	$ 40,711,039	$ 56,086,936

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expenses) and Changes in Net Assets: Governmental Activities	Net Revenue (Expenses) and Changes in Net Assets: Business-Type Activities	Total
Governmental Activities:							
General government	$ 567,368	$ -	$ -	$ -	$ (567,368)	$ -	$ (567,368)
Bridge repair	968,358	-	-	71,250	(897,108)	-	(897,108)
Bridge replacement	1,596,254	-	-	3,542,403	1,946,149	-	1,946,149
Total Governmental Activities	3,131,980	-	-	3,613,653	481,673	-	481,673
Business Type Activities							
Revenue Fund	7,004,406	9,656,767	-	286,200	-	2,938,561	2,938,561
Interest on Long Term Debt	79,595	-	-	-	-	(79,595)	(79,595)
Total Business Type Activities	7,084,001	9,656,767	-	286,200	-	2,858,966	2,858,966
Total Primary Government	$ 10,215,981	$ 9,656,767	$ -	$ 3,899,853	481,673	2,858,966	3,340,639
General Revenues:							
Property taxes					95,626	-	95,626
Earnings on investments					226,115	820,800	1,046,915
Miscellaneous					14,893	241,721	256,614
Total General Revenues					336,634	1,062,521	1,399,155
Transfers					3,890,303	(3,890,303)	-
Change in net assets					4,708,610	31,184	4,739,794
Net Position beginning of year					10,667,287	40,679,855	51,347,142
Net Position end of year					$ 15,375,897	$ 40,711,039	$ 56,086,936

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS	**General**	**Bridge Repair**	**Bridge Replacement**	**Total Governmental Funds**
Cash and investments	$ 1,041,202	$ 5,129,723	$ -	$ 6,170,925
Cash with fiscal agent	456	-	-	456
Taxes receivable	2,627	-	-	2,627
Grants receivable	-	-	794,089	794,089
Restricted cash and investments	-	-	3,592,256	3,592,256
Total Assets	$ 1,044,285	$ 5,129,723	$ 4,386,345	$ 10,560,353
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	$ 1,959	$ -	$ -	$ 1,959
Deferred revenues from grants	-	-	4,386,345	4,386,345
Total Deferred Inflows of Resources	1,959	-	4,386,345	4,388,304
FUND BALANCES				
Committed for bridge repair	-	5,129,723	-	5,129,723
Unassigned	1,042,326	-	-	1,042,326
Total Fund Balances	1,042,326	5,129,723	-	6,172,049
Total Deferred Inflows of Resources and Fund Balances	$ 1,044,285	$ 5,129,723	$ 4,386,345	$ 10,560,353

PORT OF HOOD RIVER

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds	$	6,172,049
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Deferred Outlfows of Resources - Pension Related Deferral		52,389
Deferred Outflows of Resources - OPEB Related Deferral		466
The proportionate share of the net pension liability is not reported as a liability in the governmental funds		(93,882)
The total OPEB liability is not reporteed as a liability in the governmental funds		(2,924)
Deferred Inflows of Resources - Pension Related Deferral		(24,248)
Deferred Inflows of Resources - OPEB Related Deferral		(654)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		1,959
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.		9,270,742
Net Position of Governmental Activites	$	15,375,897

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENAL FUNDS
For the year ended June 30, 2023

	Funds			Total
	General	Bridge Repair	Bridge Replacement	Governmental Funds
REVENUES				
Property taxes	$ 93,669	$ -	$ -	$ 93,669
Interest	17,628	94,283	114,204	226,115
Reimbursements	-	18,730	-	18,730
Income from grants	-	71,250	3,542,403	3,613,653
Total Revenues	111,297	184,263	3,656,607	3,952,167
EXPENDITURES				
Current				
General government	559,488	-	-	559,488
Bridge repair	-	139,552	-	139,552
Bridge replacement	-	-	1,596,255	1,596,255
Capital Outlay				
Bridge repair and replacement	-	695,359	2,237,469	2,932,828
Total Expenditures	559,488	834,911	3,833,724	5,228,123
Excess (Deficiency) of Revenues Over (Under) Expenditures	(448,191)	(650,648)	(177,117)	(1,275,956)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	959,488	2,753,698	177,117	3,890,303
Total Other Financing Sources (Uses)	959,488	2,753,698	177,117	3,890,303
Net change in Fund Balances	511,297	2,103,050	-	2,614,347
FUND BALANCE - Beginning	531,029	3,026,673	-	3,557,702
FUND BALANCE - Ending	$ 1,042,326	$ 5,129,723	$ -	$ 6,172,049

PORT OF HOOD RIVER

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2023

Net Change in Fund Balances - Total Government Funds		$	2,614,347
Amounts Reported for Governmental Activities in the Statement of Activities are are different because:			
Government Funds report Capital Outlays as Expenditures while Governmental Activities report Depreciation Expense to allocate those Expenditures over the life of the assets. This is the amount by which Depreciation exceeded Capital Outlays in the current period.			
Expenditures for Capital Assets	2,932,828		
Less: Current Year Depreciation	(827,948)		2,104,880
Loss on disposal of assets, only recognized in the government-wide statements			(7,000)
Property taxes			1,959
Accounts receivable			(3,838)
The pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay pension benefits.			
Pension expense represents net change in total pension liability for the year.			(1,335)
OPEB expense represents the net change in total OPEB liability for the year.			(403)
Change in Net Assets of Governmental Activities		$	4,708,610

PORT OF HOOD RIVER

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2023

	REVENUE FUND
ASSETS	
Current Assets	
Cash and investments	$ 10,250,018
Accounts receivable (net of allowance for uncollectibles)	786,819
Prepaid expenses	286,826
Inventory	16,147
Non-Current Assets	
Cash and investments (restricted)	1,611,389
Deposits	158,317
Note receivable	240,163
Leases receivable	5,921,376
Capital assets (net of accumulated depreciation)	
Land	8,940,897
Construction in progress	2,043,541
Land improvements	11,444,404
Buildings & improvements	8,657,764
Bridge	1,476,555
Equipment and vehicles	341,538
TOTAL ASSETS	52,175,754
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferral	825,133
OPEB related deferral	8,582
TOTAL DEFERRED OUTFLOWS OF RESOURCES	833,715
LIABILITIES	
Current Liabilities	
Accounts payable and other current liabilities	1,237,961
Breezeby outstanding	816,360
Unearned revenue	734,030
Interest payable	28,290
Accrued compensated absences	86,534
FlexLease payable - due within one year	80,000
Taxable general revenue bond - due within one year	94,000
Non-Current Liabilities	
Net pension liability	1,478,689
Total OPEB liability	46,333
FlexLease payable - due in more than one year	270,000
Taxable general revenue bond - due in more than one year	1,484,534
TOTAL LIABILITIES	6,356,731
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	381,912
OPEB related deferral	7,296
Lease related deferrals	5,552,491
TOTAL DEFERRED INFLOWS OF RESOURCES	5,941,699
NET POSITION	
Net investment in capital assets	30,976,165
Restricted - debt service	286,300
Unrestricted	9,448,574
TOTAL NET POSITION	$ 40,711,039

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the year ended June 30, 2023

	REVENUE FUND
OPERATING REVENUES	
Bridge tolls	$ 5,833,527
Leases, rents and fees	3,823,240
Total Operating Revenues	9,656,767
OPERATING EXPENSES	
Personnel services	2,528,649
Materials and services	2,821,794
Depreciation expense	1,585,707
Total Operating Expenses	6,936,150
Operating Income	2,720,617
NON-OPERATING REVENUES (EXPENSES)	
Interest income	345,205
Interest related to leases	475,595
Income from other sources	241,721
Interest expense	(79,595)
Loss on disposal of capital assets	(68,256)
Total Non-operating Revenues (Expenses)	914,670
Income before Capital Contributions and Operating Transfers	3,635,287
CAPITAL GRANTS AND TRANSFERS	
Capital grants and contributions	286,200
Operating transfers out	(3,890,303)
Total Capital Contributions and Transfers	(3,604,103)
Change in Net Position	31,184
Total Net Position - Beginning	40,679,855
Total Net Position - Ending	$ 40,711,039

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2023

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 9,445,048
Cash paid to suppliers	(2,950,779)
Cash paid to employees and benefits	(2,513,638)
Net Cash Provided by Operating Activities	3,980,631
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	241,721
Transfers to other funds	(3,890,303)
Net Cash (Used) by Noncapital Financing Activities	(3,648,582)
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	286,200
Interest paid on capital debt	(80,065)
Principal payment on capital debt	(169,000)
Acquisition and construction of capital assets	(1,270,264)
Net Cash (Used) for Capital and Related Financing Activities	(1,233,129)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	820,800
Net Cash Provided by Investing Activities	820,800
Net Increase in Cash	(80,280)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	11,941,687
CASH AND EQUIVALENTS - END OF YEAR	$ 11,861,407
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	$ 2,720,617
Adjustments to reconcile operating income to net cash:	
Depreciation	1,585,707
(Increase) Decrease in:	
Accounts receivable	390,739
Prepaid expenses	(25,698)
Inventory	16,154
Decrease (Increase) in:	
Accounts payable	(119,441)
Accrued liabilities	(8,399)
Pension items	21,021
OPEB items	2,389
Unearned revenues	556,126
Lease items	(1,158,584)
Net Cash Provided by Operating Activities	$ 3,980,631

See the accompanying notes to the basic financial statements

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements of the Port of Hood River, Oregon, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Port of Hood River (Port) is a municipal corporation governed by an elected board of commissioners consisting of a president, vice-president, secretary, treasurer, and a fifth commissioner. As required by generally accepted accounting principles in the United States of America, all activities of the Port have been included in these financial statements.

Component units, as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14, 39 and 61, are separate organizations which are included in the reporting entity because of the significance of their operational or financial relationships with the Port. There are no component units reported herein.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on bridge toll revenues and lease income.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include:

1) Charges to customers or applicants for goods, services, or privileges provided,
2) Operating grants and contributions, and
3) Capital grants and contributions, including special assessments.

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

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Port considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes associated with the current fiscal period are recognized as revenues in the current fiscal period if collected within 60 days after year end.

D. Budgetary Basis of Accounting

While the financial position, results of operations, and changes in fund balance or net position is reported on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis of accounting differs from generally accepted accounting principles. The budgetary statements provided as part of required supplementary information and supplementary information elsewhere in this report are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The primary differences between the budgetary basis and GAAP are that capital outlay is expensed when purchased, depreciation and amortization expenses are not reported, property taxes are recognized as revenue based on when they are received instead of when levied, inventory is recorded on the consumption basis, and proceeds of long-term borrowing are recognized as an “other financing source” and principal paid is considered an expenditure when paid.

The Port reports the following major governmental funds:

The *General Fund* is the Port’s primary administration fund. Financial transactions not specifically related to the Port’s other funds are accounted for therein. The major revenue sources are property taxes, interest income and revenues transferred from the Port’s enterprise fund.

The *Bridge Repair Fund* is a special revenue fund. This fund accounts for the revenues and expenditures related to the bridge capital improvements that are made to maintain or extend its structures, surfaces, and integrity of its components into the future. It is financed by transfers received from a portion of the bridge toll revenues and by interest income earned from within the fund.

The *Bridge Replacement Fund* is a special revenue fund. This fund accounts for the revenues and expenditures related to the bridge replacement activities. It is financed primarily by grants. Although this fund is focused on building a capital asset, the Port will not own the bridge when it is completed, so the fund is not a capital projects fund.

The Port reports the following major enterprise fund:

> The *Revenue Fund* is the Port's enterprise fund. This fund was established to account for the revenues and expenses of the Port's operating activities. The primary sources of revenue are the bridge tolls, lease rentals, fees, grant proceeds, and proceeds from the sale of any assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. The principal operating revenues of the enterprise fund are bridge tolls, lease rentals and fees, and operating grants. Operating expenses for the enterprise fund include administrative expenses, maintenance, insurance, and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources for their intended purposes first then unrestricted resources as they are needed. Within unrestricted resources, committed and assigned are considered spent (if available) for their intended purposes before unassigned amounts.

E. Cash and Investments

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

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access, or

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs), or

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for an identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgement exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting period. Actual results could differ from those estimates.

G. Budgets

A budget is prepared for all funds, in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Board of Commissioners may amend the budget prior to adoption; however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

Expenditure budgets are appropriated at the following levels for each fund:

LEVEL OF CONTROL	
Personnel Services	Interfund Transfers
Materials and Services	Debt Service
Capital Outlay	Operating Contingency

Appropriations lapse at the fiscal year-end. Management may amend line items in the budget without Commissioner approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Commissioners approve them due to a need which exists which was not determined at the time the budget was adopted.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2023.

H. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity

1. Deposits and investments – restricted and unrestricted
   The Port's cash and cash equivalents are considered to be cash on hand, checking deposits, short-term investments with original maturities of three months or less from the date of acquisition and investments in securities with existing maturities of eight years or less. Investments are recorded at fair value when a market price is available. Assets whose use is restricted to specific purposes by state law or bond indenture are segregated on statement of net position.

2. Receivables and payables
   Property tax receivables are deemed to be substantially collectable or recoverable through foreclosure. Accordingly, no allowance for doubtful accounts is deemed necessary with regard to property taxes. All other receivables are shown net of an allowance for uncollectable.

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

   Accounts receivable, accordingly, do have an allowance for doubtful accounts that is monitored based upon the payment trends of accounts and their business's ability to pay. If an account depicts financial stress, an agreement is normally renegotiated to keep a past due balance from becoming uncollectible.

   Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Port, reduced by principal payments received.

3. Inventories
   The Port's inventory at year end is stated at cost, using the first in first out method.

4. Prepaid Expenses
   Certain payments to vendors reflect costs applicable to a future accounting period(s) and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital Assets

   In accordance with GASB Statement No. 34, the Port has reported all capital assets, which include property, equipment, and infrastructure assets (e.g., roads, bridges), in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Port as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. The useful lives generally range from 5 to 40 years for land and building improvements, 20 to 60 years for bridge and related improvements, and 5 to 15 years for equipment. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 asset lives are not capitalized. Major outlays for land, buildings, and improvements are capitalized as projects are purchased or constructed. Capital assets other than land and construction in progress are depreciated using the straight-line method over the estimated useful life of the asset.

6. Compensated Absences

   It is the Port's policy to permit employees to accumulate earned but unused vacation leave, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements and in the proprietary fund financial statements. The Port allows for a maximum of 240 hours of vacation to be carried forward at the end of a calendar year.

7. Non-current liabilities

   In the government-wide financial statements long-term debt and notes payable are reported as long-term liabilities in the Port's statement of net position.

   In the fund financial statements, governmental fund types recognize bond premiums, or discounts at the time of bond issuance and are either reported as other financing sources or uses. The face amount of debt issued is reported as other financing sources.

   Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Net position & fund balance

   In the government-wide statement of net position, net investment in capital assets represents total capital assets less accumulated depreciation and capital related debt, net of unspent bond proceeds. Restricted net position represents net position that is not subject solely to the Port's own discretion. The statement of net position reports $286,300 of restricted net position which is restricted for the Port's future bond debt service. Unrestricted net position represents amounts not included in other categories.

   In the fund financial statements, fund balance is reported in a classification that is comprised of a hierarchy based on the extent to which the Port is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The Port reports fund balances in the following categories:

Nonspendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.

Restricted fund balance has externally enforceable limitations imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.

Committed fund balance is self-imposed limitations at the highest level of decision-making authority (Board of Commissioners). The Board of Commissioners approval is required to commit resources or to rescind the commitment. This is done by vote and/or passing a resolution.

Assigned fund balance represents limitations imposed by management and/or Board of Commissioners that do not meet the criteria to be classified as restricted or committed. Assigned fund balance requests are submitted to the Executive Director and/or the Board of Commissioners for approval.

Unassigned fund balance represents the residual net resources in excess of the other classifications. The general fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

It is the policy of the Port that resources are to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

9. Deferred outflows/inflows of resources
Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. These include deferrals related to the PERS pension plan and the Port's OPEB are also reported as deferred outflows on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. The Port has only one type of item which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category, property taxes. Accordingly, the item, *unavailable revenue,* is only reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Port also has three items which arise under full accrual accounting in the statement of net position: deferrals related to the PERS pension plan, the Port's OPEB, and the Port's leases receivable.

10. Retirement Plans

Substantially all of the Port's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to, deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash and investments

Deposits with financial institutions

The Port's deposits are held in a qualified bank depository meeting the requirements specified by the Oregon State Treasurer's office, as well as the Port's investment policy.

Being a qualified bank depository provides an additional level of collateral to mitigate the level of custodial risk that may be present when deposits exceed the $250,000 level of insured funds by the Federal Depository Insurance Corporation (FDIC). The level of custodial risk relates to the level of insurance a financial institution will provide if financial difficulties were to occur that would affect Port deposits. The amount of collateral a financial institution will pledge as security for the deposits and the level of creditworthiness of the financial institution.

The bank balance as of June 30, 2023 maintained by the Port was $1,441,439. At various times during the fiscal year, bank balances exceeded the FDIC limit but any funds in excess of the FDIC insured limit were covered by collateral pledged by qualified depositories. These depositories are qualified by the Oregon State Treasurer's office.

	Balance	
	Book	**Bank**
Checking Account - General	$ 1,541,304	$ 1,440,439
Checking Account - Payroll	1,000	1,000
Total Checking Deposits	$ 1,542,304	$ 1,441,439

Investments
Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7 like external investment pool and is not registered with the U. S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued.

The LGIP seeks to exchange shares at $1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at $1.00 per share, it is possible to lose money by investing in the pool. The fair value of the Port's position is the same as the value of the Port's pool shares. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:
http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx. If the link has expired please contact the Oregon Short Term Fund directly.

At June 30, 2023, the Port held most of its investments in the LGIP having a carrying amount of $17,402,814 which approximates fair value. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as report in the Oregon Short Term Fund audited financial statements. The Port held other agency, banking and energy investments worth $2,677,595.

Current investment ratings and weighted average maturities depicted as follows:

Investment Type	Credit Quality	Type of Issuer	Fair Value Activity Level	Fair Value	Weighted Avg to Maturity in Years
LGIP	Not Rated	87%	Quoted Market Price, Level 1	$ 17,402,814	
Port of Portland	S&P AA-	1%	Quoted Market Price, Level 1	200,000	0.00
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	194,688	1.17
Federal Home Loan Bank	Moody Aaa	1%	Quoted Market Price, Level 1	194,706	1.67
ExxonMobil	Moody AA2	1%	Quoted Market Price, Level 1	192,652	1.72
Federal Farm Credit Bank	Moody AAA	1%	Quoted Market Price, Level 1	191,722	2.90
Marion County School District	Moody Aa1	1%	Quoted Market Price, Level 1	180,594	2.96
California State University	Moody AA2	1%	Quoted Market Price, Level 1	177,622	3.25
California State GO	Moody Aa2	1%	Quoted Market Price, Level 1	185,110	3.25
Port of Oakland	Moody A1	0%	Quoted Market Price, Level 1	88,990	3.83
San Bernadino School District	Moody A1	1%	Quoted Market Price, Level 1	176,516	4.08
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	190,332	4.17
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	190,332	4.17
North Clackamas School District	Moody Aa1	1%	Quoted Market Price, Level 1	169,782	4.96
Freddie Mac	Not Rated	1%	Quoted Market Price, Level 1	180,781	6.11
Portland Community College	Moody Aa1	1%	Quoted Market Price, Level 1	163,768	6.96
		100%		$ 20,080,409	

As of June 30, 2023 the Port held the following cash and investments:

	General Fund	Special Revenue Funds	Enterprise Fund	Total Fair Value
Cash on Hand	$ -	$ -	$ 1,875	$ 1,875
Checking Deposits			1,542,304	1,542,304
Cash with Fiscal Agent	456	-	-	456
Local Government Investment Pool	1,041,202	8,721,979	7,639,633	17,402,814
Investments (at fair value)	-	-	2,677,595	2,677,595
Total Cash & Investments	$ 1,041,658	$ 8,721,979	$ 11,861,407	$21,625,044

The cash and investments are reflected in the financial statements as follows:

	General Fund	Special Revenue Funds	Enterprise Fund	Total Fair Value
Cash & Investments	$ 1,041,658	$ 5,129,723	$ 10,250,018	$16,421,399
Cash & Investments - restricted	-	3,592,256	1,611,389	5,203,645
Total Cash & Investments	$ 1,041,658	$ 8,721,979	$ 11,861,407	$21,625,044

Fair value of financial assets and liabilities:

The Port estimates the fair value of its monetary assets and liabilities based upon the existing interest rates related to such assets and liabilities compared to the current market rates of interest for instruments of a similar nature and degree of risk. The Port estimates that all of its monetary assets and liabilities approximate fair value as of June 30, 2023.

Custodial credit risk
Custodial credit risk is the risk that in the event of failure of the bank and/or counterparty, the Port will not be able to recover the value of its deposit and investments or collateral securities in possession of an outside party.

Credit risk
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The State Treasurer's investment pool account is unrated as to credit risk.

Interest rate risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Concentration of credit risk
Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The Port has a formal policy that places a limit on the amount that it may invest in any one issuer and mitigates the other types of investment risk through analysis of the securities it will purchase that will align with its Investment policy both in maturity, investment quality, capital needs and safekeeping. The LGIP investment represents 86.7% of the Port's total investments.

B. Receivables

Accounts receivable consist of amounts due for grants, rents, taxes and other fees. The balances for governmental and business-type activities on June 30, 2023 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts receivables - trade	$ -	$ 806,879	$ 806,879
Grants receivable	794,089	338,737	1,132,826
Taxes receivable	2,627	-	2,627
Interest receivable	-	15,738	15,738
Less: Allowance for doubtful accounts	-	(374,535)	(374,535)
Net accounts receivable	$ 796,716	$ 786,819	$ 1,583,535

C. Leases Receivable

The Port adopted GASB 87 for the year ended June 30, 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Port has multiple leases for various industrial, commercial, and airport property. The receivable and deferred inflow activity for the current year is as follows:

Business-Type Activities	Receivable Outstanding June 30,2022	Additions	Reductions	Receivable Balance June 30,2023
Industrial Properties				
Big 7, interest at 7.5%, monthly principal and interest payments of $22,746, due 2025	$ 407,375	$ -	$ 337,238	$ 70,137
Halyard, interest at 7.5%, monthly principal and interest payments of $26,066, due 2035	2,562,907	-	124,808	2,438,099
Hanel Lower Mills, interest at 7.5%, monthly principal and interest payments of $2,810, due 2023	24,518	-	24,518	-
Jensen Building, interest at 7.5%, monthly principal and interest payments of $31,717, due 2031	867,049	337,761	333,753	871,057
Maritime Building, interest at 7.5%, monthly principal and interest payments of $26,067, due 2029	1,699,480	-	191,855	1,507,625
Timber Incubator Building, 7.5% interest, monthly principal and interest payments of $3,561, due 2027	24,096	160,752	61,758	123,090
Wasco Building, interest at 7.5%, monthly principal and interest payments of $15,176, due 2027	757,385	-	129,730	627,655
Commercial				
Marina Office Building #1, interest at 7.5%, monthly principal and interest payments of $1,625 due 2024	24,376	31,493	35,759	20,110
Marina Office Building #2, interest from 0.03% to 7.5%, monthly principal and interest payments of $3,649, due 2028	207,840	-	41,778	166,062
Airport				
Various leases, interest at 7.5%, monthly principal and interest payments of $4,511, due 2026	136,049	6,107	44,615	97,541
Total Business-Type Activities	$ 6,711,075	$ 536,113	$ 1,325,812	$ 5,921,376

Business-Type Activities	Deferred Inflows Outstanding June 30,2022	Additions	Reductions	Deferred Inflows Balance June 30,2023
Industrial Properties				
Big 7, interest at 7.5%, monthly principal and interest payments of $22,746, due 2025	$ 407,375	$ -	$ 326,543	$ 80,832
Halyard, interest at 7.5%, monthly principal and interest payments of $26,066, due 2035	2,562,907	-	292,995	2,269,912
Hanel Lower Mills, interest at 7.5%, monthly principal and interest payments of $2,810, due 2023	24,518	-	24,518	-
Jensen Building, interest at 7.5%, monthly principal and interest payments of $31,717, due 2031	867,049	337,761	395,702	809,108
Maritime Building, interest at 7.5%, monthly principal and interest payments of $26,067, due 2029	1,699,480	-	282,552	1,416,928
Timber Incubator Building, 7.5% interest, monthly principal and interest payments of $3,561, due 2027	24,096	160,752	71,972	112,876
Wasco Building, interest at 7.5%, monthly principal and interest payments of $15,176, due 2027	757,385	-	168,576	588,809
Commercial				
Marina Office Building #1, interest at 7.5%, monthly principal and interest payments of $1,625 due 2024	24,376	31,493	37,071	18,798
Marina Office Building #2, interest from 0.03% to 7.5%, monthly principal and interest payments of $3,649, due 2028	207,840	-	44,033	163,807
Airport				
Various leases, interest at 7.5%, monthly principal and interest payments of $4,511, due 2026	136,049	6,107	50,735	91,421
Total Business-Type Activities	$ 6,711,075	$ 536,113	$ 1,694,697	$ 5,552,491

Future maturities are as follows:

Industrial Leases Receivable

Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2024	$ 896,946	$ 391,650	$ 1,288,596	$ 993,896
2025	739,193	329,130	1,068,323	792,035
2026	730,510	275,341	1,005,851	733,354
2027	787,221	218,631	1,005,852	733,354
2028	502,829	168,559	671,388	463,903
2029-2033	1,469,472	436,508	1,905,980	1,223,853
2034-2035	511,492	35,895	547,387	338,072
	$ 5,637,663	$ 1,855,714	$ 7,493,377	$ 5,278,467

Commercial Leases Receivable

Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2024	$ 61,958	$ 1,994	$ 63,952	$ 60,221
2025	44,625	528	45,153	43,143
2026	31,829	20	31,849	31,696
2027	31,838	10	31,848	31,696
2028	15,922	1	15,923	15,848
	$ 186,172	$ 2,553	$ 188,725	$ 182,604

Airport Leases Receivable

Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2024	$ 26,264	$ 6,388	$ 32,652	$ 26,948
2025	26,923	4,433	31,356	25,789
2026	29,013	2,343	31,356	25,789
2027	15,341	337	15,678	12,894
2028-2030	$ 97,541	$ 13,501	$ 111,042	$ 91,420

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 1,434,097	$ 2,932,829	$ 1,864,035	$ 2,502,891
Total capital assets, not being depreciated	1,434,097	2,932,829	1,864,035	2,502,891
Capital assets being depreciated:				
Bridge & improvements	16,051,665	1,864,035	-	17,915,700
Electronic toll equipment	483,991	-	-	483,991
Machinery & equipment	7,000	-	7,000	-
Total capital assets being depreciated	16,542,657	1,864,035	7,000	18,399,692
Less: Accumulated depreciation for:				
Bridge & improvements	(10,626,648)	(784,009)	-	(11,410,657)
Electronic toll equipment	(177,245)	(43,939)	-	(221,184)
Total accumulated depreciation	(10,803,893)	(827,948)	-	(11,631,841)
Total capital assets being depreciated, net	5,738,764	1,036,087	7,000	6,767,851
Governmental activities capital assets, net	$ 7,172,861	$ 3,968,916	$ 1,871,035	$ 9,270,742

Capital asset activity for business-type activities for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 8,940,897	$ -	$ -	$ 8,940,897
Construction in progress	4,140,448	1,183,359	3,280,266	2,043,541
Total capital assets, not being depreciated	13,081,345	1,183,359	3,280,266	10,984,438
Capital assets being depreciated:				
Land improvements	14,351,915	2,889,210	100,224	17,140,901
Buildings & improvements	20,581,617	391,054	-	20,972,671
Bridge & improvements	9,753,784	-	-	9,753,784
Equipment - office	392,145	61,324	-	453,469
Equipment - operations	549,910	25,584	13,536	561,958
Vehicles	322,605	-	-	322,605
Total capital assets being depreciated	45,951,976	3,367,172	113,760	49,205,388
Less: Accumulated depreciation for:				
Land improvements	(5,073,669)	(662,917)	40,090	(5,696,496)
Buildings & improvements	(11,697,040)	(617,867)	-	(12,314,907)
Bridge & improvements	(8,091,859)	(185,370)	-	(8,277,229)
Equipment - office	(246,594)	(44,622)	-	(291,216)
Equipment - operations	(422,438)	(40,165)	5,413	(457,190)
Vehicles	(213,323)	(34,766)	-	(248,089)
Total accumulated depreciation	(25,744,923)	(1,585,707)	45,503	(27,285,127)
Total capital assets being depreciated, net	20,207,053	1,781,465	68,257	21,920,261
Business-type activities capital assets, net	$ 33,288,398	$ 2,964,824	$ 3,348,523	$ 32,904,699

Depreciation using the straight-line method was charged to functions/programs of the primary government as follows:

	Governmental Activities	*Business-Type Activities*
Bridge Repair Fund	$ 827,948	$ -
Revenue Fund	-	1,585,707
Total Depreciation Expense	$ 827,948	$ 1,585,707

The Port has various leased properties (see above for lease receivable details). Costs of leased properties (also included in the above capital asset detail) are as follows:

Properties	Land	Land Improvements	Buildings	Total
Industrial Buildings	$ 4,954,436	$ 951,348	$ 14,162,507	$ 20,068,291
Commercial Buildings	196,337	71,942	2,326,598	2,594,877
Airport	1,362,814	13,301,169	1,677,135	16,341,118
Waterfront	2,391,910	2,461,628	958,128	5,811,666
Marina	35,400	354,814	1,848,303	2,238,517
Total Cost	8,940,897	17,140,901	20,972,671	47,054,469
Accumulated Depreciation	-	(5,696,496)	(12,314,907)	(18,011,403)
Total Cost, net	$ 8,940,897	$ 11,444,405	$ 8,657,764	$ 29,043,066

E. Interfund receivables, payables, and transfers

The composition of interfund transfers to the General, Bridge Repair, and Bridge Replacement Funds to cover their fund expenses at June 30, 2023, are as follows:

	Transfers	
	In	Out
General Fund	$ 959,488	$ -
Bridge Repair Fund	2,753,699	-
Bridge Replacement Fund	159,582	-
Revenue Fund	-	3,872,769
Total	$ 3,872,769	$ 3,872,769

F. Long-term debt

In the following table, long-term debt information is presented with respect to governmental and business-type activities. The table below presents current year changes in those obligations and the current portions due for each issue. Each issuance of debt is defined below as well as their annual debt service requirements to maturity. The long-term debt activity for the year ended June 30, 2022 is as follows:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Placements					
Flexlease - Series 2010E	$ 75,000	$ -	$ 25,000	$ 50,000	$ 25,000
Flexlease - Series 2013B	350,000	-	50,000	300,000	55,000
Bonds					
Taxable General Revenue Bond	1,672,534	-	94,000	1,578,534	94,000
Total Business-Type Activities	$ 2,097,534	$ -	$ 169,000	$ 1,928,534	$ 174,000

Flexlease Payable – Business-Type Activity

The Port has entered into two financing agreements with the Special Districts Association of Oregon Flexlease Program to finance the expansion of the Port's marina and to upgrade its electrical infrastructure with associated dock improvements. The Flexlease program issued Certificates of Participation Series 2010E and 2013B, totaling $290,000 and $770,000, respectively. The interest rates for the 2010E and 2013B series are fixed for each series and range from 1.5% to 4.4% and 2.0% to 3.90%, respectively. Revenues as well as special assessments from the expanded and improved marina are expected to fund the debt service for each series. Upon the event of default, the Trustee shall not have the right to declare the unpaid principal components of the installment payments due and payable, but can initiate whatever action necessary under law. Events of Default – failure to pay installment payments or make false statements in the official statement, and not comply with disclosure requirement. There are no acceleration clauses. Annual debt service requirements to maturity of the 2010E Flexlease payable is as follows:

	Flexlease Series 2010E - Business-Type Activities		
Year Ending June 30,	**Principal**	**Interest**	**Total Debt Service**
2024	$ 25,000	$ 1,650	$ 26,650
2025	25,000	550	25,550
Total	$ 50,000	$ 2,200	$ 52,200

Interest expense during the current fiscal year on the 2010E series Flexlease Loan was $2,750.

Annual debt service requirements for the 2013B Flexlease loan is as follows:

	Flexlease Series 2013B - Business-Type Activities		
Year Ending June 30,	**Principal**	**Interest**	**Total Debt Service**
2024	$ 55,000	$ 12,263	$ 67,263
2025	55,000	9,788	64,788
2026	60,000	7,200	67,200
2027	65,000	4,388	69,388
2028	65,000	1,463	66,463
	$ 300,000	$ 35,101	$ 335,101

Interest expense during the current fiscal year on the 2013B series Flexlease Loan was $14,625.

Taxable General Revenue Bond – Business-Type Activity

The Port decided to refinance the balloon payment due on the note payable with a taxable general revenue bond. At the point in time of this refinancing the borrower did not know of the lender's decision to request a deferment of the balloon payment until July 2020. This would allow the property in which the note payable was originally initiated to payback the taxable general revenue bond over a ten (10) year period. Upon the event of default, the Bank may exercise any remedy available for an Event of Default, subject to the requirements of the Master Declaration, or at law but shall not be subject to acceleration. No remedy shall be exclusive. The Bank may waive any Series of Event of Default, but no such waiver shall extend to a subsequent series Event of Default. If Event of Default occurs due to failure to pay when due any principal, interest or other amount that is required to be paid, then the interest rate under the bond may be increased at the option of the Bank to an interest rate five percentage points (5%) in excess of the interest rate otherwise applicable to the bond payable but can initiate whatever action necessary under law. Events of Default – failure to pay installment payments or make false statements in the official statement, and not comply with disclosure requirement.

The taxable general revenue bond has semi-annual payments due on January and July 15th every year with a fixed rate of interest rate of 3.75%.

Annual debt service requirements for the Taxable General Revenue Bond is as follows:

	Taxable General Revenue Bond - Business-Type Activities		
Year Ending June 30,	**Principal**	**Interest**	**Total Debt Service**
2024	$ 94,000	$ 59,116	$ 153,116
2025	94,000	55,697	149,697
2026	94,000	51,968	145,968
2027	94,000	48,394	142,394
2028	94,000	44,821	138,821
2029-2030	1,108,534	84,884	1,193,418
Total	$ 1,578,534	$ 344,881	$ 1,923,415

Interest expense during the current fiscal year on the taxable general revenue bond was $62,690.

NOTE 3 – OTHER INFORMATION

A. Oregon Public Employees Retirement System (PERS)

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf.

a) **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

   i) Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated either by a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

ii) Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

iii) Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

iv) Benefit Changes after Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA is 2%.

b) **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

i) Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.
A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member

reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

ii) Death Benefits. Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

iii) Disability Benefits. A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

iv) Benefit Changes after Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were approximately $305,869 excluding amounts to fund employer specific liabilities. In addition, approximately $99,967 in employee contributions were paid by Port employees in fiscal 2023.

At June 30, 2023, the Port reported a net pension liability of $1,572,571 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2020. The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2022 and 2021, the Port's proportion was 0.0099% and 0.0093%, respectively. Pension expense for the year ended June 30, 2022 was $22,356.

The rates in effect for the year ended June 30, 2023 were:

(1) Tier 1/Tier 2 – 19.55%
(2) OPSRP general services – 15.72%

Deferred inflows/outflows are as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 76,336	$ (9,807)
Changes of assumptions	246,745	(2,254)
Net difference between projected and actual earnings on investments	-	(281,145)
Changes in proportionate share	183,329	-
Differences between employer contributions and employer's proportional share of system	65,243	(112,954)
Total (prior to post-MD contributions)	571,653	(406,160)
Contributions subsequent to the MD	305,869	-
Total	$ 877,522	$ (406,160)

The amount of contributions subsequent to measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2024.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	$ 94,474
2025	28,486
2026	(86,613)
2027	133,763
2028	(4,617)
Total	$ 165,493

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited CAFR which can be found at:

https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Projected payroll growth	3.40 percent
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with *Moro* decision, blend based on service.
Mortality	**Healthy retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valutaion. **Disabled retirees:** Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Source: June 30, 2022 PERS ACFR; p. 104

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund of Funds - Hedge	0.63%	5.31%
Hedge Fund of Funds - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation- Mean		*2.40%*

Source: June 30, 2022 PERS ACFR; p. 74

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Port's proportionate share of the net pension liability to changes in the discount rate – The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-perentage-point higher (7.90 percent) than the current rate.

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Port's proportionate share of the net pension liability	$ 2,788,818	$ 1,572,571	$ 554,628

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based upon the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the Port for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement; unforeseeable emergency; or by requesting a de minimus distribution from inactive accounts valued less than $5,000. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the Port.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A crested the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits – Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of the five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, or 20 year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions – Employees of the Port pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning $2,500 or more per month (increased to $3,333 per month on January 1, 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly contribution, Tier1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 precent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The Port did have employees that chose to make voluntary optional contributions to their IAP accounts for the year ended June 30, 2023.

Retirement Health Insurance Account

Plan Description – As a member of the Oregon Public Employees Retirement System (OPERS) the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The Plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 dollars or the total monthly cost of Medicare companion health insurance premium coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of $60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance form OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Port currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year of all employers. The Port's contributions to RHIA for the years ended June 30, 2021, 2022, and 2023 are $320, $285, and $240 respectively, which equaled the required contributions each year. As of June 30, 2023, the Port's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued to the government wide statements.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700, OR 97281-3700.

http://www.oregon.gov/pers/EMP/Pages/GASB.aspx

B. Post-Employment Benefits Other Than Pensions (OPEB)

Plan Description – A program is provided for the availability for retirees and their spouses to purchase healthcare insurance at the same group rates as the Port pays for its active employees. No plan has been established to account for this activity. Since the former employees' service has caused this benefit to be available, generally accepted accounting principles requires that the costs of these services be calculated and shown as a cost of operations and/or as a liability for providing a future benefit in the financial statements. Disclosure of the liability is mandatory.

Funding Policy – The benefits from this program are paid by the Port on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the Port to fund these benefits in advance.

Actuarial Methods and Assumptions – The Port engaged an actuary to perform an evaluation as of July 1, 2021 using entry age normal, level percent of salary Actuarial Cost Method. The Single Employer OPEB Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement.

Discount Rate per Year – 3.54%
General Inflation Rate per year - 2.4%
Salary Scale per year – 3.4%

Health Care cost Trends:

Year	Trend
2021	2.75%
2022	5.50%
2023-2024	5.00%
2025-2027	4.75%
2028-2038	4.50%
2039-2066	4.25%
2067-2071	4.00%
2072	3.75%

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2020 actuarial valuation of retirement benefits.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

Disability rates were not used.

Retirement rates were based on Oregon PERS assumptions. Annual rates are based on age, Tier 1/Tier 2, OPSRP, duration of service, and employment classification.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The Port does not pay for any explicit retiree OPEB under GASB 75.

Changes in Total OPEB Liability

Balance as of June 30, 2021	$ 49,070
Changes for the Year:	
Service Cost	4,117
Interest	1,167
Economic/Demographic Gains/Losses	(6,658)
Changes of Assumptions or Other Input	2,527
Benefit Payments	(760)
Net Change for the Year	393
Balance as of June 30, 2022	$ 49,463

Balance as of June 30, 2022	$ 49,463
Changes for the Year:	
Service Cost	4,572
Interest	1,153
Changes of Assumptions or Other Input	(4,621)
Benefit Payments	(1,310)
Net Change for the Year	(206)
Balance as of June 30, 2023	$ 49,257

Sensitivity of the Total Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates – The following presents the total other post-employment benefit liability (TOL), calculated using the discount rate of 3.54 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2023	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 52,770	$ 49,257	$ 45,917

June 30, 2023	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 44,610	$ 49,257	$ 54,527

At June 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflow of Resources		Deferred Inflow of Resources	
Differences between expected and actual experience	$	777	$	(4,146)
Changes of assumptions		5,071		(3,804)
Total (prior to post-measurement date contributions)		5,848		(7,950)
Contributions made subsequent to the measurement date		3,200		-
Total deferred outflows (inflows) of resources	$	9,048	$	(7,950)

Deferred outflows of resources related to OPEB of $3,200 relating to the Port's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflow or inflow of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount	
2024	$	478
2025		44
2026		(1,255)
2027		(1,108)
2028		(261)
Total	$	(2,102)

C. Risk Management

The Port is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance. There have been no settlements in the past four fiscal years that exceeded insurance coverage.

D. Contingent Liability

There are no contingent liabilities with the Port.

E. Property Tax Limitations

The State of Oregon has a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to $10 to each $1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation debt.

An additional limit reduces the amount of operating property tax revenues available. The reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property assessed value to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases, as well as new bond issues.

F. Related Party Transactions

A Port Commissioner owns the local equipment and power-tool supply store. The supplier charges the Port the same amount as all other customers. The Port paid the supplier $19,031 in fiscal year 2023 for parts and equipment. At June 30, 2023 the Port owed the supplier $80.

G. Subsequent Events

On July 1, 2023, the Hood River White Salmon Bridge Authority (Authority) was formed. This new government entity will take over responsibility for constructing the new bridge across the Columbia River at Hood River to replace the existing, nearly 100-year-old, bridge. The Authority will own the replacement bridge. The Port will continue to oversee the expenditure of existing grants in the Port's name, but all future grants will be in the Authority's name. The Port has recorded construction in progress (CIP) in its governmental activities in the amount of $2,296,727 that will be transferred to the Authority in the future.

In a related action, the Port's board of commissioners approved a toll increase that took effect September 1, 2023. Passenger vehicle tolls increased from $2.00 to $3.50 for cash/credit card payments and from $1.00 to $1.75 for automated BreezeBy payments. The incremental increase is committed for the new bridge.

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REQUIRED SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Port's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	0.01%	$ 1,572,571	$ 1,777,232	88.5%	84.5%
2022	0.01%	1,194,040	1,875,945	63.7%	87.6%
2021	0.01%	2,019,973	1,632,810	123.7%	75.8%
2020	0.01%	1,475,842	1,587,107	93.0%	80.2%
2019	0.01%	1,187,708	1,288,432	92.2%	82.1%
2018	0.01%	1,024,309	1,262,404	81.1%	83.1%
2017	0.01%	1,189,375	1,241,215	95.8%	80.5%
2016	0.01%	474,231	1,182,892	40.1%	91.9%
2015	0.01%	(201,797)	1,144,446	-17.6%	103.0%
2014	0.01%	454,314	990,120	45.9%	92.0%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's Covered Payroll	Contributions as a percent of covered payroll
2023	$ 305,869	$ 305,869	$ -	$ 1,966,783	15.6%
2022	277,380	277,380	-	1,777,232	15.6%
2021	260,860	260,860	-	1,875,945	13.9%
2020	254,914	254,914	-	1,632,810	15.6%
2019	212,174	212,174	-	1,587,107	13.4%
2018	170,841	170,841	-	1,288,432	13.3%
2017	138,374	138,374	-	1,262,404	11.0%
2016	134,541	134,541	-	1,241,215	10.8%
2015	88,721	88,721	-	1,182,892	7.5%
2014	85,873	85,873	-	1,144,446	7.5%

The amounts presented for each fiscal year were actuarial determined at 12/31 and rolled forward to the measurement date.

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF THE TOTAL OPEB LIABILITY

Fiscal Year End Date	(a) Total OPEB Liability (TOL)	(b) Covered Payroll	(b/c) TOL as a percentage of Covered Payroll	Valuation Date
June 30, 2023	$ 49,257	$ 1,966,783	2.5%	July 1, 2021
June 30, 2022	49,463	1,777,232	2.8%	July 1, 2021
June 30, 2021	49,070	1,875,945	2.6%	July 1, 2019
June 30, 2020	40,984	1,632,810	2.5%	July 1, 2019
June 30, 2019	28,767	1,587,107	1.8%	July 1, 2017
June 30, 2018	26,109	1,288,432	2.0%	July 1, 2017

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023

SCHEDULE OF THE TOTAL OPEB LIABILITY (CONTINUED)

Year ended June 30,	Beginning Total OPEB Liability	Service Cost	Interest on Total OPEB Liability	Economic/ Demographic Gains or Losses	Changes of Assumption or Other Input	Benefit Payments	Ending Total OPEB Liability
2023	$ 49,463	$ 4,572	$ 1,153	$ -	$ (4,621)	$ (1,310)	$ 49,257
2022	49,070	4,117	1,167	(6,658)	2,527	(760)	49,463
2021	40,984	3,523	1,554	-	3,216	(207)	49,070
2020	28,767	2,424	1,195	2,609	6,622	(633)	40,984
2019	26,109	2,388	1,020	-	(725)	(25)	28,767
2018	24,667	2,494	774	-	(1,802)	(24)	26,109

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL FUND
For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 88,500	$ 88,500	$ 93,669	$ 5,169
Investment earnings	8,000	8,000	17,628	9,628
Grants	2,000	2,000	-	(2,000)
Total Revenues	98,500	98,500	111,297	12,797
EXPENDITURES				
Current Operating:				
Personal services	378,800	378,800	189,570	189,230
Materials and services	672,950	672,950	369,918	303,032
Total Expenditures	1,051,750	1,051,750	559,488	492,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	(953,250)	(953,250)	(448,191)	505,060
OTHER FINANCING SOURCES (USES)				
Transfers in	961,250	961,250	959,488	(1,762)
Total Other Financing Sources (Uses)	961,250	961,250	959,488	(1,762)
Net Change in Fund Balance	8,000	8,000	511,297	503,298
Fund Balance - Beginning	394,800	394,800	531,029	136,229
Fund Balance - Ending	$ 402,800	$ 402,800	$ 1,042,326	$ 639,527

PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

BRIDGE REPAIR FUND
For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget
	Original	Final	Basis	Positive (Negative)
REVENUES				
Investment earnings	$ 25,000	$ 25,000	$ 94,283	$ 69,283
Income from grants	-	-	71,250	71,250
Reimbursements	-	-	18,730	18,730
Total Revenues	25,000	25,000	184,263	159,263
EXPENDITURES				
Current Operating:				
Personal services	106,700	106,700	94,371	12,329
Materials and services	241,000	241,000	45,181	195,819
Capital outlay	2,475,000	2,475,000	695,359	1,779,641
Contingency	500,000	500,000	-	500,000
Total Expenditures	3,322,700	3,322,700	834,911	2,487,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,297,700)	(3,297,700)	(650,648)	2,647,052
OTHER FINANCING SOURCES (USES)				
Transfers in	2,822,700	2,822,700	2,753,698	(69,002)
Total Other Financing Sources (Uses)	2,822,700	2,822,700	2,753,698	(69,002)
Net Change in Fund Balance	(475,000)	(475,000)	2,103,050	2,578,050
Fund Balance - Beginning	2,925,000	2,925,000	3,026,673	101,673
Fund Balance - Ending	$ 2,450,000	$ 2,450,000	$ 5,129,723	$ 2,679,723

PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

BRIDGE REPLACEMENT FUND
For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	$ 500	$ 500	$ 114,204	$ 113,704
Income from grants	4,697,500	4,697,500	3,542,403	(1,155,097)
Total Revenues	4,698,000	4,698,000	3,656,607	(1,041,393)
EXPENDITURES				
Current Operating:				
Personal services	210,200	210,200	88,397	121,803
Materials and services	635,800	1,635,800	1,507,858	127,942
Capital outlay	4,100,000	3,100,000	2,237,469	862,531
Total Expenditures	4,946,000	4,946,000	3,833,724	1,112,276
Excess (Deficiency) of Revenues Over (Under) Expenditures	(248,000)	(248,000)	(177,117)	70,883
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	177,117	(172,883)
Total Other Financing Sources (Uses)	350,000	350,000	177,117	(172,883)
Net Change in Fund Balance	102,000	102,000	-	(102,000)
Fund Balance - Beginning	4,900,000	4,900,000	-	(4,900,000)
Fund Balance - Ending	$ 5,002,000	$ 5,002,000	$ -	$ (5,002,000)

SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

REVENUE FUND
For the year ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Toll bridge	$ 6,820,000	$ 6,820,000	$ 5,833,527	$ (986,473)
Industrial buildings	2,426,800	2,426,800	2,810,965	384,165
Commercial buildings	171,250	171,250	308,220	136,970
Waterfront industrial land	169,800	169,800	150,247	(19,553)
Waterfront recreation	272,200	272,200	330,839	58,639
Marina	418,000	418,000	417,885	(115)
Airport	260,200	260,200	281,557	21,357
Investment income	100,000	100,000	345,205	245,205
Investment valuation loss	-	-	(193,503)	(193,503)
Income from grants and other sources	1,527,500	1,527,500	480,538	(1,046,962)
Total Revenues	12,165,750	12,165,750	10,765,480	(1,400,270)
EXPENDITURES				
Personal services	3,004,700	3,004,700	2,503,824	500,876
Materials and services	3,650,900	3,650,900	2,821,791	829,109
Capital outlay	3,752,600	3,752,600	1,270,269	2,482,331
Debt service	251,500	251,500	249,065	2,435
Contingency	500,000	500,000	-	500,000
Total Expenditures	11,159,700	11,159,700	6,844,949	4,314,751
Revenues Over (Under) Expenditures	1,006,050	1,006,050	3,920,531	2,914,481
OTHER FINANCING SOURCES (USES)				
Property sales	9,000	9,000	-	(9,000)
Transfers out	(4,133,950)	(4,133,950)	(3,890,303)	243,647
Total Other Financing Sources (Uses)	(4,124,950)	(4,124,950)	(3,890,303)	234,647
Net Change in Fund Balance	(3,118,900)	(3,118,900)	30,228	3,149,128
Fund Balance - Beginning	11,500,000	11,500,000	10,971,663	(528,337)
Fund Balance - Ending	$ 8,381,100	$ 8,381,100	$ 11,001,891	$ 2,620,791
Reconciliation to Net Position				
Capital Assets, Net			32,904,699	
Net Pension Liability			(1,478,689)	
Pension Related Deferrals			443,224	
Total OPEB Liability			(46,333)	
OPEB Related Deferrals			1,286	
Accrued Interest payable			(28,290)	
Long Term Debt			(1,928,534)	
Deferred Revenue			(24,475)	
Accrued Payroll			(47,206)	
Accrued Compensated Absences			(86,534)	
Net Position			$ 40,711,039	

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

PAULY, ROGERS, AND CO., P.C.
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December 21, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Port of Hood River as of and for the year ended June 30, 2023, and have issued our report thereon dated December 21, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the Port of Hood River 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 for the following:

- During our review of the 2023-2024 fiscal year budget process, we noted that the budget officer did not make estimates for Prior Year delinquent tax collections.

- During our review of the 2023-2024 fiscal year budget process, we noted that the budget officer did not separate amounts for principle and interest payments for debt obligation in each fund

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of internal control over financial reporting.

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

Tara M Kamp, CPA

Tara M. Kamp, CPA
PAULY, ROGERS AND CO., P.C.

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