PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

PORT OF HOOD RIVER

Financial Statements

June 30, 2020

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PORT OF HOOD RIVER
June 30, 2020

BOARD OF COMMISSIONERS

NAME	TERM EXPIRES
John Everitt , President	June 30, 2021
Ben Sheppard, Vice President	June 30, 2021
Kristi Chapman, Treasurer	June 30, 2022
David Meriwether, Secretary	June 30, 2021
Hoby Streich	June 30, 2022

All commissioners receive mail at the address listed below.

ADMINISTRATION

Michael McElwee, Executive Director
Fred Kowell, Chief Financial Officer
1000 E. Port Marina Dr.
Hood River, Oregon 97031

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HOOD RIVER COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 17, 2020

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Port of Hood River, as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 is presented for purposes of additional analysis and is 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The listing of board members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2020 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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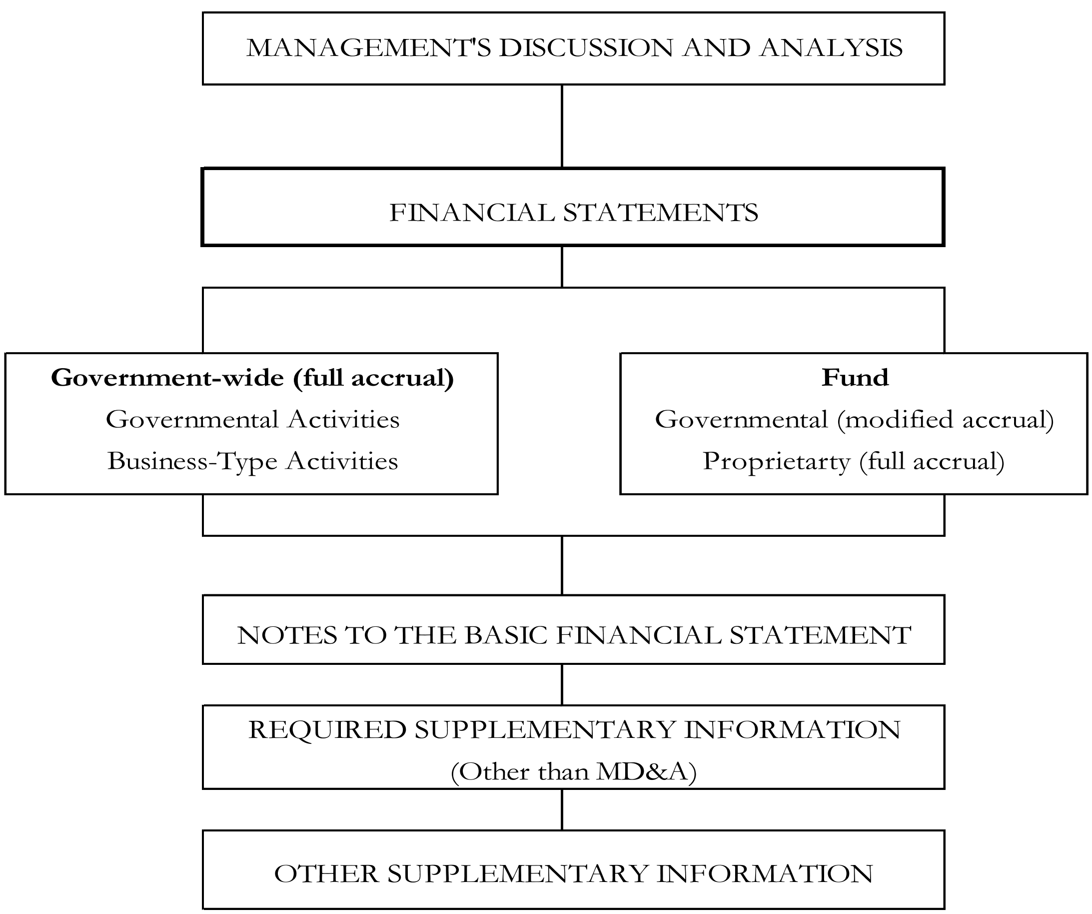
PORT OF HOOD RIVER, OREGON
Management Discussion and Analysis
For the Year Ended June 30, 2020

INTRODUCTION

The Annual Financial Report consists of Management Discussion and Analysis which provides an overview of the financial performance and activities of the Port for the fiscal year ended June 30, 2020. The diagram below depicts the different components of the Annual Financial Report and their respective descriptions from the basic financial statements to those presented at the fund level which depict how the Port's financial performance compared to what was budgeted.

Financial Section Components



GOVERNMENT-WIDE STATEMENTS

The government-wide statements report financial information about the Port taken as a whole using accounting methods similar to those used by private-sector companies. The statement of Net Position includes all the Port's assets and liabilities. All the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when the cash is received or paid. The two government-wide statements report the Port's Net Position and any changes. Net position – the difference between assets and liabilities – is one way to measure the Port's financial health or position.

The government-wide financial statements of the Port are divided into two categories:

Governmental funds – The Port maintains two individual governmental funds as of June 30, 2020. Both are considered major funds and are reported separately in the statement of revenues, expenditures, and changes in fund balances. The two funds are the General Fund and the Bridge Repair and Replacement fund. The General Fund records the transactions related to policy making and strategic planning as it pertains to the Port's mission and values. The General Fund will also include general administration as well as a portion of support services. The Bridge Repair and Replacement fund is a Special Revenue Fund that is used to record capital improvements, planning, inspection and replacement activity associated with the Hood River/White Salmon Interstate Bridge, as well as any debt related activities with the existing bridge.

The Port adopts an annual budget for all its funds. Budgetary comparison schedules are provided to demonstrate compliance with applicable state budgetary rules. These schedules can be found in the Required Supplementary Information section of this report.

Business-type funds – Business type activities are used to distinguish operating revenues and expenses from non-operating items. The Port maintains an enterprise fund called the Revenue Fund which receives the following fees charged to Port customers:

1. Fees – tolls paid by bridge users
2. Lease revenues - industrial, commercial and mix-use tenants.
3. Rent for marina boat slips and airport hangers.
4. Fees for recreational events, parking and programs.

Notes to the financial statements provide additional information that is essential to fully understand the Port's financial statements and position.

Statement of Net Position

Net Position serves as a useful indicator of a government's financial position, especially when viewed over multiple periods of time. In the case of the Port, the total net position is $46,641,219 at the close of this fiscal year. This represents a $2,197,208 increase over the prior fiscal year.

Table 1 below depicts an increase in total assets by $4,462,915 which is primarily attributable to a timing difference between a balloon debt payment of $1,834,630 which was deferred until July 2020, and the refinance of that balloon debt payment of $1,860,534 that occurred before the end of the fiscal year. The remainder of this increase can be attributable to the increase in grants receivables of $908,846 related to construction work on the north apron of the airport as well as the bridge replacement effort regarding the environmental impact process. Capital assets depicted a decrease of ($92,761), net of depreciation. Accounts receivables depicts a decrease of ($24,331) from the prior year related to a charge of $88,020 to the allowance for doubtful accounts related to billings from our tolling system.

The largest portion of the Port's net position, at 74%, are invested in capital assets (e.g. bridge, land, buildings, and equipment) and reported net of accumulated depreciation less any outstanding related debt. The Port uses these capital assets to provide services to the public; thus, they do not represent resources available for future spending. Restricted Net position of $286,300 represents cash and investments that are legally restricted for debt service related to the marina flex lease debt and a taxable general revenue bond. The Port issued a taxable general revenue bond of $1,860,534 to replace the balloon payment of an outstanding note payable of $1,837,630 that was deferred until July 2020. Finally, the remaining $12,005,199 is unrestricted, meaning it is available for meeting the Port's ongoing obligations. The increase over last year is attributable to the increase in cash and investments related to the deferred note payable payment and the refinance of that debt.

PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
TABLE 1 - NET POSITION
AS OF JUNE 30,

	Governmental Activities		Business-Type Activities Revenue Fund		Total All Funds	
	2020	2019	2020	2019	2020	2019
Unrestricted - Current and Other Assets			$ 12,321,147	$ 7,968,512	$ 12,321,147	$ 7,968,512
General Fund	306,600	296,643			306,600	296,643
Bridge Repair and Replacement Fund	1,924,967	1,877,476			1,924,967	1,877,476
Restricted - Current and Other Assets			286,300	140,707	286,300	140,707
Bridge Repair and Replacement Fund	-	-			-	-
Capital Assets			31,996,209	31,576,400	31,996,209	31,576,400
General Fund	7,000	7,000			7,000	7,000
Bridge Repair and Replacment Fund	6,897,975	7,410,545			6,897,975	7,410,545
Total Assets	9,136,542	9,591,664	44,603,656	39,685,619	53,740,198	49,277,283
Pension related deferrals	101,776	89,402	645,120	566,062	746,896	655,464
OPEB related deferrals	1,242		6,783	535	1,242	-
Total Deferred Outflows of Resources	103,018	89,402	651,903	566,597	748,138	655,464
Long-Term Debt			4,265,164	2,512,961	4,265,164	2,512,961
Bridge Repair and Replacement Fund	-	-				
Other Liabilities			2,009,898	1,672,896	3,526,724	2,889,371
Net Pension Liability	201,104	161,842	1,274,738	1,025,866		
Total OPEB Liability	5,737	4,027	35,247	24,740		
General Fund	-	-				
Bridge Repair and Replacement Fund	-	-				
Total Liabilities	206,841	165,869	7,585,047	5,236,463	7,791,888	5,402,332
Pension and OPEB Related Deferral	8,454	11,853	53,558	75,086	62,012	86,939
Total Deferred Inflows of Resources	8,454	11,853	53,558	75,086	62,012	86,939
Net Position						
Net Investment in Capital Assets			27,444,745	29,063,439	34,349,720	36,480,984
General Fund	7,000	7,000				
Bridge Repair and Replacement Fund	6,897,975	7,410,545				
Restricted - Debt Service	-	-	286,300	140,707	286,300	140,707
Unrestricted			9,885,909	5,736,521	12,005,199	7,822,320
General Fund	227,140	235,110				
Bridge Repair and Replacement Fund	1,892,150	1,850,689				
Total Net Position	$ 9,024,265	$ 9,503,344	$ 37,616,954	$ 34,940,667	$ 46,641,219	$44,444,011

PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
TABLE 2 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEARS ENDING JUNE 3OTH

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Program revenues						
Charges for services - Tolls			$ 5,337,531	$ 5,908,313	$ 5,337,531	$ 5,908,313
Leases, rents and fees			3,126,963	3,232,159	3,126,963	3,232,159
Operating grants	1,397,655	1,473,192	-	-	1,397,655	1,473,192
Capital grants			1,389,445	312,298	1,389,445	312,298
General Government Revenues						
Property taxes	76,636	73,621			76,636	73,621
Interest earnings	54,580	36,655	173,782	216,791	228,362	253,446
Other sources	-	-	184,217	27,907	184,217	27,907
Transfers	809,850	2,498,672	(809,850)	(2,498,672)	-	-
Total Revenues	2,338,721	4,082,140	9,402,088	7,198,796	11,740,809	11,280,936
Expenses						
Governmental Activities						
General government	540,086	548,525			540,086	548,525
Bridge repair and replacement	2,277,714	2,278,613			2,277,714	2,278,613
Interest on long-term debt	-	11,808	131,324	142,305	131,324	154,113
Business-type Activities						
Toll bridge			2,310,047	1,978,340	2,310,047	1,978,340
Industrial			1,581,568	1,580,149	1,581,568	1,580,149
Commercial			282,903	261,577	282,903	261,577
Waterfront Industrial			331,458	207,811	331,458	207,811
Waterfront Recreation			578,762	578,324	578,762	578,324
Marina			306,894	332,663	306,894	332,663
Airport			618,263	598,661	618,263	598,661
Administration			408,103	163,640	408,103	163,640
Maintenance			176,479	158,467	176,479	158,467
Total Expenses	2,817,800	2,838,946	6,725,801	6,001,937	9,543,601	8,840,883
Increase (decrease) in Net Position	(479,079)	1,243,194	2,676,287	1,196,859	2,197,208	2,440,053
Beginning Net Postion	9,503,344	8,260,150	34,940,667	33,743,808	44,444,011	42,003,958
Ending Net Position	$ 9,024,265	$ 9,503,344	$ 37,616,954	$ 34,940,667	$ 46,641,219	$ 44,444,011

Statement of Activities

As with the Statement of Net Position, the Port reports its financial activities within two activity types; Governmental, which includes the General Fund and the Bridge Repair and Replacement Fund, and Business-type activities, which include the Revenue Fund. As indicated in Table 2 below, total net position of the Port increased by $2,197,208, or 5%, as compared to the prior year's balance.

Governmental Activities – The change in net position for governmental activities decreased ($479,080), or 5%, from the prior year. This decrease is primarily due to lower interfund transfers from the enterprise fund to the governmental funds for bridge planning and reimbursements from a State of Oregon grant, which funded the final environmental impact studies for a replacement bridge effort.

Financial highlights of governmental fund activities for the year include:

- Reimbursements amounting to $1,397,655 from a legislative grant of $5 million to complete the final environmental impact study concerning the replacement of the existing bridge.
- Lower interfund transfers by $1,688,822
- Property taxes continue to increase in line with projections or about 5%.
- Higher investment earnings due to higher reserves.
- Personnel costs decreased slightly by ($8,583) as less staff time was dedicated to the bridge replacement planning and legislative advocacy effort.

Business-type Activities - Business type activities generated $2,676,287, or an 8% increase in the Port's net position. The financial results for this year include an decrease in toll revenues of $570,782 or 10% as compared to the prior year. This reduction is due to the Covid-19 pandemic and pulling toll collectors from the toll booth for six weeks while the Port re-engineered the tolling function for a Covid-19 pandemic. The Port did not charge tolls during a six week period while Port staff implemented a License Plate Recognition system to allow for billing of tolls without toll collectors in the booth. Bridge traffic of 4,076,838 crossings is a decrease of 334,998 from the prior year or 8% less. Fewer trips were due to the Covid-19 pandemic with customers making fewer trips from home. Lease revenues from industrial and commercial properties showed the impact of the Covid-19 pandemic as some tenants requested to defer or have waived their monthly lease payments for a few months due to the Covid-19 impact to their businesses. This impact showed a decrease in lease revenues by $105,196 or 4%, from the prior year. Recreation related revenue decreased slightly by ($10,365) due to lower street parking fees, due to fewer people coming out to recreate due to the pandemic. Capital grants continued to play an integral role to the Port as $1,389,445 was related to the airport north apron development.

Revenue Fund revenues including interest, capital grants and transfers depicts an increase of $2,203,292 which was primarily attributable to the increase in Federal Aviation Administration and Oregon Connect VI grants for the north apron development projects. Grants along with the timing difference related to the defeasance of the note payable and the refinancing of the debt is the reason for this increase. Expenditures increased by $723,864. This increase is attributable to higher operating and maintenance costs for the bridge of $331,707, as well as an increase in Waterfront industrial property of $123,647 related to professional services for the possible acquisition of land. In addition, pension and OPEB accrued expenses increased from prior year in an amount of $152,545 and other miscellaneous administrative supply costs were higher due to Covid-19 as compared to prior years.

Financial Analysis and Outlook:

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 63% of Port operating revenues, excluding grants. Lease revenues and other fees were impacted to some extent due to the coronavirus but were mitigated by a combination of restructured leases for renewals and fee increases for paid parking, marina slips, and hangar spaces at the airport. These assets continue to provide the Port with significant financial resources which enables diversification of the revenue mix. The Port has a 95% occupancy rate as the year ended and additional development opportunities may further expand the Port's leasable space. The Port purchased the property formerly known as the Lower Hanel Mill and is in the final process of developing the site for future industrial uses like warehousing and manufacturing. This will partially offset the leasable square footage lost from the sale of the Expo building.

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 properties, including the airport upgrade of the north apron and the environmental impact. The Port receives an operating grant from the Oregon State Marine Board that assists in funding Marina operations. Over the years the Port has incorporated extensive public outreach and community involvement to guide the development of the waterfront and especially the 10+ acre property known locally as "Lot 1". Lot 1 is prime industrial property that represents the last remaining large, developable property on the waterfront. The Port will continue to work with the community in planning for the property and expects to finalize the conceptual design and layout, as well as target markets for sale or lease of the developed properties. This will help determine the proper sizing for utilities and other infrastructure that will need to be put in place. Ultimately, examination of these costs will assist in the determination of the appropriate kind and amount of public subsidy that will be needed in attaining the return on investment that is satisfactory to the Port Commission.

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

Bridge – The bridge traffic decreased slightly for the year with 4,076,838 crossings, a 7.6% decrease as compared to the previous year. This decrease is attributable to the impact of the Covid-19 pandemic. The traffic was tracking above prior year traffic but dropped by 30% in mid-March as the county/state was informed to stay at home. Although traffic has come back, it is still about 10% lower than the prior year. From March 17^{th} to the end of April, the Port did not charge tolls to customers crossing the bridge. Due to the coronavirus, the Port was required to pull its toll collectors who were using

(PPE) personal protective equipment and provide the PPE to first responders and the healthcare workers. With no toll collectors to collect cash tolls, the Port eliminated electronic tolling (Breezeby) for those customers during this time. On May 1st the Port implemented All Electronic tolling (AET) which uses license plate recognition technology that allows the toll to be billed to a customer's residence that is on their vehicle registration. Due to the extra ongoing cost of looking up a license plate number and customer address, as well as the postage and supply cost, the Port charged customers who did not pay their toll online, an administrative charge of $3 to recover the additional cost related to a license plate lookup. During this time the Port started back up Breezeby, for those customers who use a transponder in their vehicle to cross the bridge. On June 1st, the Port was allowed to have our toll collectors back in the toll facility as first responders and the local healthcare industry had enough PPE in their inventory. This improved customer service, collections and the Port was able to use less of the AET system that was implemented.

The Port continues its work on the Final Environmental Impact Study required for a bridge replacement effort. This effort includes outreach to all the affected communities so that when the funding phase of this effort occurs, barriers to completion as well as the multitude of other issues have been addressed such that support for the bridge replacement effort will be fulfilled.

This year saw continued capital improvements to the bridge deck with numerous welding days, many steel improvements along the guard rails, the replacement of the toll facility outer shell and the tolling system. The 30-year plan for the bridge continues to be refined as the Port moves toward bridge replacement. This dual long-range strategy has determined that tolls must continue to be studied to allow the development of reserves as well as the long-term replacement of the existing bridge. During this year, the Port continued to upgrade and replace elements of the tolling system hardware and software amounting to $122,229. Bridge operating expenses included in the Revenue fund amounted to $2,310,047, including $308,173 in depreciation. Expenses were higher by $331,707 primarily due to higher personnel costs, postage and supplies and professional services related to tolling. Bridge Repair & Replacement expenses amounted to $2,277,714 which includes depreciation of $741,525. Expenses are comparable to the prior year, with the reimbursements from the ODOT grant being slightly lower than prior years.

Leased Properties – This year, $413,949 in capital improvements were made to all industrial and commercial properties. Jensen building improvements and the environmental work related to the property were $108,242. The Big 7 roof design and interior building improvements amounted to $26,731. The Port office received a backup generator, a pathway to the main waterfront trial, and some minor interior improvements that amounted to $72,806. The Marina office building had some exterior work performed to the outer shell that amounted to $7,091, while the Wasco facility received a major tenant improvement costing $84,822. The Hanel property continues to incur development costs to make the property ready for sale in parcels. The capital improvements that were made amounted to $114,257. All of these capital improvements were made to ensure continued demand for these facilities as well as to maintain the level of tenant occupancy and satisfaction necessary to fulfill job development and small business growth within the Port district.

Lease revenues and other reimbursable fees (i.e., utilities and property taxes) for the industrial and commercial properties were $2,230,924, reflecting a decrease of $119,804 over the prior year. Developed property (i.e., Industrial and Commercial) operating expenses amounted to $1,864,471 of which $499,985 was depreciation. Expenses were $22,746 more than the prior year, primarily due to higher staffing costs related to the coronavirus.

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 it's Strategic Plan which will assist in defining the development options for the remaining parcels. Undeveloped property expenses amounted to $331,458, an increase of $123,647 from the prior year. The increase is due to professional services related to the possible acquisition of land and the costs related to stormwater infrastructure.

Recreation – The Port continues to program and manage waterfront activities, which during peak periods of the summer 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. Last summer the Port increased seasonal and daily parking fees at the Event Site to assist in securing additional law enforcement activity in the area. This year recreation revenues amounted to $206,745 which was a decrease of $10,365 over the prior year. Recreation expenses amounted to $578,762 of which $134,208 was depreciation. Expenses were flat with respect to the prior year. Event revenues were impacted due to the Covid-19 as the public came to the waterfront but in fewer numbers as compared to the prior year.

Marina – The marina continues to have a wait list of more than 78 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. The Port has finished the remaining electrical work on the docks and continues to make repairs to several docks adjoining the boathouse portion of the marina. For the year, marina revenues amounted to $360,444 which is an increase of $1,615 compared to the prior year. Although moorage rates increased by 6%, cruise ship dockings were impacted by Covid-19 eliminating the increase in moorage revenues. The revenues included $84,671 of assessments for electrical improvements made in prior years. Marina expenses were $306,894, of which $78,758 was depreciation. Expenses were less by $25,769 from the prior year, due to lower maintenance costs due to activity.

Airport – The north apron development to the airport is funded by both a FAA grant and a state Connect VI grant. The north apron rehabilitation incurred $1,241,082 of capital improvements, while the environmental assessment for the north apron incurred $16,887. This project is funded by a FAA grant which initially required a 10% match by the Port but the match was eventually funded by the CARES Act. The State of Oregon also contributed towards the airport technology and emergency center that requires a 29% local match in which $935,703 was incurred this year and is reflected in the total capital improvements above. This project will be complete in the 1st quarter of next year.

Airport hangar rates saw an increase of 6% 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 $219,323 which is $6,243 more than the prior year. Capital grants amounted to $1,389,445 for environmental assessment, design and engineering for the north apron as well as funding for the commercial technology area. Expenses amounted to $618,263 of which $338,756 was depreciation. Expenses increased by $19,602 from the prior year, which primarily was attributable to additional maintenance to the grass runway and lighting around the airport.

Economic Factors - The Port has a stable set of resources for ongoing operations and maintenance such as tolls and lease revenues. Since property taxes are such a small percentage of the revenue mix, a recession does not have the same impact to the Port's resources as it would otherwise have with other tax-dependent agencies. Additionally, the Hood River area continues to see a high demand for housing but also continues to have a limited supply of developable properties, thereby keeping the recessionary impact to property values from occurring at significant levels. Employment and job growth continue at a moderate pace and the Port continues to focus its strategic decisions on how best to stimulate job growth in the community and surrounding area.

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 Port will update its Strategic Business Plan in the coming year and will integrate its key financial policies regarding reserves, debt coverage, and revenue diversification in the update.

Request for Information – The Port's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the Port's finances and to demonstrate the Port's accountability. If you have questions about this report or need additional information, please contact the Port's Chief Financial Officer at 1000 E. Port Marina Drive, Hood River, OR 97031, or via email to fkowell@portofhoodriver.com.

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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PORT OF HOOD RIVER

STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments	$ 2,227,374	9,699,702	$ 11,927,076
Cash and investments (restricted)	-	286,300	286,300
Receivables (net)	4,193	2,148,928	2,153,121
Prepaid expenses	-	279,574	279,574
Supply inventory	-	34,626	34,626
Deposits	-	158,317	158,317
Capital assets, non-depreciable	75,949	13,086,722	13,162,671
Capital assets, (net of accumulated depreciation)	6,829,026	18,909,487	25,738,513
Total Assets	9,136,542	44,603,656	53,740,198
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	101,776	645,120	746,896
OPEB related deferral	1,242	6,783	8,025
Total Deferred Outflows of Resources	103,018	651,903	754,921
LIABILITIES			
Current Liabilities			
Accounts payables	-	1,089,326	1,089,326
Breezeby outstanding	-	592,027	592,027
Unearned revenue	-	201,234	201,234
Interest payable	-	20,350	20,350
Accrued compensated absences	-	98,792	98,792
Toll tickets outstanding	-	8,169	8,169
Non-Current Liabilities			
Net pension liability	201,104	1,274,738	1,475,842
Total OPEB liability	5,737	35,247	40,984
Due within one year	-	1,998,630	1,998,630
Due in more than one year	-	2,266,534	2,266,534
Total Liabilities	206,841	7,585,047	7,791,888
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	8,278	52,477	60,755
OPEB related deferral	176	1,081	1,257
	8,454	53,558	62,012
NET POSITION			
Net Investment in Capital Assets	6,904,975	27,444,745	34,349,720
Restricted for:			
Debt Service	-	286,300	286,300
Unrestricted	2,119,290	9,885,909	12,005,199
Total Net Position	$ 9,024,265	$ 37,616,954	$ 46,641,219

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	540,086	$ -	$ -	$ -
Bridge Repair and Replacement	2,277,714	-	1,397,655	-
Interest on Long Term Debt	-	-	-	-
Total Governmental Activities	2,817,800	-	1,397,655	-
Business Type Activities				
Revenue Fund	6,594,477	8,464,494	97,507	1,389,445
Interest on Long Term Debt	131,324	-	-	-
Total Primary Government	$ 9,412,277	$ 8,464,494	$ 1,495,162	$ 1,389,445

General Revenues:
- Property taxes
- Earnings on investments
- Miscellaneous
- Transfers

Total General Revenues

Change in net assets

Net Position beginning of year

Net Position end of year

See accompanying notes to the basic financial statements

Net Revenue (Expenses) and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
$ (540,086)	$ -	$ (540,086)
(880,059)	-	(880,059)
-	-	-
(1,420,145)	-	(1,420,145)
-	3,356,969	3,356,969
-	(131,324)	-
(1,420,145)	3,225,645	1,805,500
76,636	-	$ 76,636
54,580	173,782	228,362
-	86,710	86,710
809,850	(809,850)	-
941,066	(549,357)	391,708
(479,079)	2,676,287	2,197,208
9,503,344	34,940,667	44,444,011
$ 9,024,265	$ 37,616,954	$ 46,641,219

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	**General**	**Bridge Repair & Replacement**	**Total Governmental Funds**
Unrestricted Assets			
Cash and Investments	$ 301,810	$ 1,924,967	$ 2,226,777
Cash with Fiscal Agent	597	-	597
Taxes Receivable	5,128	-	5,128
Total Assets	$ 307,535	$ 1,924,967	$ 2,232,502
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	4,776	-	4,776
Total Deferred Inflows of Resources	4,776	-	4,776
FUND BALANCES			
Committed for Bridge Repair & Replacement	-	1,924,967	1,924,967
Unassigned	$ 302,759	-	302,759
Total Fund Balances	302,759	1,924,967	2,227,726
Total Liabilities and Fund Balances	$ 307,535	$ 1,924,967	$ 2,232,502

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds	$	2,227,726
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Deferred Outlfows of Resources - Pension Related Deferral		101,776
Deferred Outflows of Resources - OPEB Related Deferral		1,242
The proportionate share of the net pension liability is not reported as a liability in the governmental funds		(201,104)
The total OPEB liability is not reporteed as a liability in the governmental funds		(5,737)
Deferred Inflows of Resources - Pension Related Deferral		(8,278)
Deferred Inflows of Resources - OPEB Related Deferral		(176)
Revenues are unavailable in the Governmental Funds if received after 60 days, but accrued in the Statement of Activities as earned.		4,776
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		(935)
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.		6,904,975
Net Position of Governmental Activites	$	9,024,265

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENAL FUNDS
June 30, 2020

	Funds		Total
	General	Bridge Repair & Replacement	Governmental Funds
REVENUES			
Property taxes	$ 76,636	$ -	$ 76,636
Interest	7,090	47,490	54,580
Income from Grants	-	1,397,655	1,397,655
Total Revenues	83,726	1,445,145	1,528,871
EXPENDITURES			
Current			
General government	522,159	-	522,159
Bridge repair and replacement	-	1,530,159	1,530,159
Capital Outlay			
Bridge repair and replacement	-	228,953	228,953
Debt Service			
Interest	-	-	-
Principal payment	-	-	-
Total Expenditures	522,159	1,759,112	2,281,271
Excess (Deficiency) of Revenues Over (Under) Expenditures	(438,433)	(313,967)	(752,400)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	448,392	361,458	809,850
Total Other Financing Sources (Uses)	448,392	361,458	809,850
Net change in Fund Balances	9,959	47,491	57,450
FUND BALANCE - Beginning	292,800	1,877,476	2,170,276
FUND BALANCE - Ending	$ 302,759	$ 1,924,967	$ 2,227,726

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, 2020

Net Change in Fund Balances - Total Government Funds		$ 57,450
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	228,953	
Less: Current Year Depreciation	(741,523)	(512,570)
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.		(23,459)
The OPEB expense represents the net change in total OPEB liability for the year.		(500)
Change in Net Position of Governmental Activities		$ (479,079)

See 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, 2020

	REVENUE FUND
OPERATING REVENUES	
Bridge tolls	$ 5,337,531
Leases, rents and fees	3,126,963
Total Operating Revenues	8,464,494
OPERATING EXPENSES	
Salaries and wages	1,485,987
Payroll taxes and benefits	804,058
Utilities including communication costs	563,428
Insurance	388,463
Maintenance and supplies	291,153
Other operating expenses	657,001
Professional services including legal	745,317
Property taxes	201,146
Depreciation expense	1,457,924
Total Operating Expenses	6,594,477
Operating Income	1,870,017
NON-OPERATING REVENUES (EXPENSES)	
Interest income	173,782
Income from other sources and grants	184,217
Interest expense	(131,324)
Total Non-operating Revenues (Expenses)	226,675
Income before Capital Contributions and Operating Transfers	2,096,692
CAPITAL GRANTS AND TRANSFERS	
Capital grants and contributions	1,389,445
Operating transfers out	(809,850)
Total Capital Contributions and Transfers	579,595
Change in Net Position	2,676,287
Total Net Position - Beginning	34,940,667
Total Net Position - Ending	$ 37,616,954

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2020

		REVENUE FUND
OPERATING REVENUES		
Bridge tolls	$	5,337,531
Leases, rents and fees		3,126,963
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Other operating expenses		657,001
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Property taxes		201,146
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CAPITAL GRANTS AND TRANSFERS		
Capital grants and contributions		1,389,445
Operating transfers out		(809,850)
Total Capital Contributions and Transfers		579,595
Change in Net Position		2,676,287
Total Net Position - Beginning		34,940,667
Total Net Position - Ending	$	37,616,954

PORT OF HOOD RIVER

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2020

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 7,731,690
Cash paid to suppliers	(2,785,952)
Cash paid to employees and benefits	(2,115,511)
Net Cash Provided by Operating Activities	2,830,227
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	184,217
Transfers to other funds	(809,850)
Net Cash (Used) by Noncapital Financing Activities	(625,633)
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	1,389,445
Interest paid on capital debt	(110,974)
Principal payment on capital debt	(108,331)
Issuance of general taxable revenue bond	1,860,534
Acquisition and construction of capital assets	(1,877,733)
Net Cash (Used) for Capital and Related Financing Activities	1,152,941
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	173,782
Net Cash Provided by Investing Activities	173,782
Net (Decrease) in Cash	3,531,317
CASH AND EQUIVALENTS - BEGINNING OF YEAR	6,454,685
CASH AND EQUIVALENTS - END OF YEAR	$ 9,986,002
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	$ 1,870,017
Adjustments to reconcile operating income to net cash:	
Depreciation	1,457,925
(Increase) Decrease in:	
Accounts Receivable	(884,516)
Prepaid Expenses	(58,580)
Inventory	(23,815)
Decrease (Increase) in:	
Accounts Payable	142,951
Accrued Liabilities	21,989
Pension Items	148,687
OPEB Items	3,857
Unearned Revenues	151,712
Net Cash Provided by Operating Activities	$ 2,830,227

See the accompanying notes to the basic financial statements

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 sixty 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 when received instead of when levied, inventory is expended as purchased, 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 and Replacement Fund* is the Port's special revenue fund. This fund accounts for the revenues and expenditures related to the bridge capital improvements that are made to maintain, extend or replace its structures, surfaces, and integrity of its components into the future. It is financed by debt and transfers received from a portion of the bridge toll revenues and by interest income earned from within the 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, 2020.

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 four years after the tax due date.

Accounts receivables 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.

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 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. Property, plant and equipment of the Port 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 assets & fund balance*

The government-wide statement of net position reports $286,300 of restricted net position which is restricted for the Port's future bond debt service. 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 classifications of fund balances are Nonspendable, Restricted, Committed, Assigned and Unassigned. Nonspendable and Restricted fund balances represent the restricted classifications and Committed, Assigned, and Unassigned represent the unrestricted classifications.

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*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has two items that qualify for reporting in this category. 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. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue,* is reported in only in the governmental funds balance sheet. The governmental funds report unavailable revenue from one source: property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. The Port also has two items which arise under full accrual accounting in the Statement of Net Position, which are the deferrals related to the PERS pension plan and the Port's OPEB.

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, 2020 maintained by the Port was $797,998. 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 Accounts - General	$ 808,092	$ 786,998
Checking Accounts - Payroll	1,000	1,000
Total Checking Deposits	$ 809,092	$ 787,998

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. We intend to measure these investments at book value since it approximates fair value. 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, 2020, the Port held most of its investments in the LGIP having a carrying amount of $10,279,498 which approximates fair value. The Port held other agency, banking and energy investments worth $1,122,314.

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	90%	Quoted Market Price, Level 1	$10,279,498	
General Electric	Moody Aa1	2%	Quoted Market Price, Level 1	204,060	0.21
Exxon Mobil	Moody Baa1	2%	Quoted Market Price, Level 1	203,716	0.72
Portland OR Urban Renewal	Moody Aa1	2%	Quoted Market Price, Level 1	179,858	4.96
Portland OR Urban Renewal	Moody Aa3	1%	Quoted Market Price, Level 1	112,553	0.96
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	204,230	2.17
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	217,897	4.17
		100%		$11,401,812	

As of June 30, 2020 the Port held the following cash and investments:

	General Fund	Special Revenue Fund	Enterprise Fund	Total Fair Value
Cash on Hand			$ 1,875	$ 1,875
Checking Deposits			809,092	809,092
Cash with Fiscal Agents	$ 597		-	597
Local Government Investment Pool	301,810	$ 1,924,967	8,052,721	10,279,498
Investments (at fair value)	-	$ -	1,122,314	1,122,314
Total Cash & Investments	302,407	1,924,967	9,986,002	12,213,376

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

	General Fund	Special Revenue Fund	Enterprise Fund	Total Fair Value
Cash & Investments	$ 302,407	$ 1,924,967	$ 9,699,702	$11,927,076
Cash & Investments - restricted		-	286,300	286,300
Total Cash & Investments	$ 302,407	$ 1,924,967	$ 9,986,002	$12,213,376

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, 2020.

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 90% of the Port's total investments.

B. Receivables

Accounts receivables consist of amounts due for grants, leases, rents, taxes and other fees. The balances for governmental and business-type activities on June 30, 2020 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts Receivables - Trade	$ -	$ 550,519	$ 550,519
Grants Receivables	-	1,718,810	1,718,810
Taxes Receivable	5,128	-	5,128
Less: Allowance for doubtful accounts	-	(120,401)	(120,401)
Net Accounts Receivable	$ 5,128	$ 2,148,928	$ 2,154,055

C. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 311,391	228,953	464,395	$ 75,949
Total capital assets, not being depreciated	311,391	228,953	464,395	75,949
Capital assets being depreciated:				
Bridge & improvements	15,426,830	464,395	-	15,891,225
Electronic toll equipment	182,207	-	-	182,207
Machinery & equipment	7,000	-	-	7,000
Total capital assets being depreciated	15,616,038	464,395	-	16,080,433
Less: Accumulated depreciation for:				
Bridge & improvements	(8,335,119)	(740,697)	-	(9,075,816)
Electronic toll equipment	(174,765)	(826)	-	(175,591)
Total accumulated depreciation	(8,509,884)	(741,523)	-	(9,251,407)
Total capital assets being depreciated, net	7,106,154	(277,128)	-	6,829,026
Governmental activities capital assets, net	7,417,545	(48,175)	464,395	6,904,975

Capital asset activity for business-type activities for the year ended June 30, 2020 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	2,978,678	1,797,316	630,169	4,145,825
Total capital assets, not being depreciated	11,919,575	1,797,316	630,169	13,086,722
Capital assets being depreciated:				
Land improvements	10,850,996	420,492	-	11,271,488
Buildings & improvements	19,726,798	209,678	-	19,936,476
Bridge & improvements	9,123,418	-	-	9,123,418
Equipment - office	352,326	-	-	352,326
Equipment - operations	429,211	50,663	-	479,874
Vehicles	250,503	29,753		280,256
Total capital assets being depreciated	40,733,252	710,586	-	41,443,838
Less: Accumulated depreciation for:				
Land improvements	(3,357,231)	(467,187)	-	(3,824,418)
Buildings & improvements	(9,928,161)	(592,042)	-	(10,520,203)
Bridge & improvements	(7,167,341)	(308,173)	-	(7,475,514)
Equipment - office	(107,884)	(44,301)	-	(152,185)
Equipment - operations	(344,303)	(19,569)	-	(363,872)
Vehicles	(171,506)	(26,653)	-	(198,159)
Total accumulated depreciation	(21,076,426)	(1,457,925)	-	(22,534,351)
Total capital assets being depreciated, net	19,656,825	(747,339)	-	18,909,486
Business-type activities capital assets, net	$ 31,576,400	$ 1,049,977	$ 630,169	$ 31,996,209

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

	Governmental Activities	*Business-Type Activities*
Bridge Repair and Replacement Fund	741,523	
Revenue Fund		$ 1,457,925
Total Depreciation Expense	$ 741,523	$ 1,457,925

The Port has various leased properties all accounted for as operating leases. 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	616,714	13,568,341	19,139,491
Commercial Buildings	196,337	71,942	2,213,454	2,481,733
Airport	1,362,814	8,203,430	1,348,250	10,914,494
Waterfront	2,391,910	2,290,345	958,128	5,640,383
Marina	35,400	89,057	1,848,303	1,972,760
Total Cost	8,940,897	11,271,488	19,936,476	40,148,861
Accumulated Depreciation	-	(3,824,418)	(10,520,203)	(14,344,621)
Total Cost, net	$ 8,940,897	$ 7,447,070	$ 9,416,273	$ 25,804,240

Minimum future rentals receivable on non-cancelable operating leases for the five succeeding fiscal years and thereafter are as follows:

Years Ended June 30,	**Minimum Future Rentals**
2021	$ 1,862,905
2022	1,697,126
2023	1,590,100
2024	1,347,918
2025	634,154
	$ 7,132,204

D. Interfund receivables, payables, and transfers

The composition of interfund transfers to the General and Bridge Repair and Replacement fund to cover their fund expenses at June 30, 2020, are as follows:

	Transfers In		Transfers Out	
General fund	$	448,392		
Bridge repair and replacement fund		361,458		
Revenue fund			$	809,850
Total	$	809,850	$	809,850

E. 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, 2020 is as follows:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Placements					
Note Payable- LJS Manufacturing	$ 1,877,961	$ -	$ 43,331	$ 1,834,630	$ 1,834,630
Flexlease - Series 2010E	140,000	-	20,000	120,000	20,000
Flexlease - Series 2013B	495,000	-	45,000	450,000	50,000
Bonds					
Taxable General Revenue Bond	-	1,860,534	-	1,860,534	94,000
Total Business-Type Activities	$ 2,512,961	$ 1,860,534	$ 108,331	$ 4,265,164	$ 1,998,630

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 clasuses. 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
2021	$ 20,000	$ 4,840	$ 24,840
2022	25,000	3,850	28,850
2023	25,000	2,750	27,750
2024-2026	50,000	2,200	52,200
Total	$ 120,000	$ 13,640	$ 133,640

Interest expense during the current fiscal year on the 2010E series Flexlease Loan is $5,670.

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
2021	$ 50,000	$ 18,588	$ 68,588
2022	50,000	16,725	66,725
2023	50,000	14,625	64,625
2024-2028	300,000	35,100	335,100
	$ 450,000	$ 85,038	$ 535,038

Interest expense during the current fiscal year on the 2013B series Flexlease Loan is $20,206.

Note Payable – Business-Type Activity

The Port has an installment note payable with LJS Manufacturing, Inc. for the purchase of a commercial building at the Port's waterfront industrial park. The note is secured by the commercial building. The original amount of the note was $2,250,000 and interest is fixed at 5%. Monthly payments of $12,079 are due until May 21, 2020, when the entire unpaid balance is due. If the installment payment is not completed by the 14th day from the due date the holder of the note may request the acceleration of the remaining balance. It's a note payable with no remedies other than accelerating the outstanding balance and any legal fees paid by borrower. The lender wanted to defer the final balloon payment scheduled for May 21, 2020 to July 15, 2020. The Port agreed to this deferment. On March 18, 2020, the Port refinanced the note payable with a taxable general revenue bond described below. The annual debt service requirement through to maturity with regard to the note payable is as follows:

Business-Type Activities	Balance	Additions	Reductions	Balance	One Year
Note Payable	$ 1,877,961	$ -	$ 43,331	$ 1,834,630	$ 1,834,630

Interest expense during the current fiscal year on the LJS note payable is $85,087.

	Note Payable - Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total Debt Service
2021	$ 1,834,630	$ -	$ 1,834,630
Total	$ 1,834,630	$ -	$ 1,834,630

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%

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Taxable General Revenue Bond		$ 1,860,534	$ -	$ 1,860,534	$ 94,000

Interest expense during the current fiscal year on the taxable general revenue bond is $20,350.

Year Ending June 30,	Taxable General Revenue Bond - Business-Type Activities Principal	Interest	Total Debt Service
2021	$ 94,000	$ 57,260	$ 151,260
2022	94,000	65,364	159,364
2023	94,000	63,601	157,601
2024	94,000	60,076	154,076
2025	94,000	56,551	150,551
2026-2030	$ 1,390,534	$ 227,014	1,617,548
Total	$ 1,860,534	$ 529,867	$ 2,390,401

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 Comprehensive Annual Financial Report which can be found at www.oregon.gov/pers/Documents/CAFR/2019-CAFR.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 will vary based on the amount of the annual benefit.

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, 2017 actuarial valuation, which became effective July 1, 2019. 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, 2020 were approximately $254,914 excluding amounts to fund employer specific liabilities. In addition, approximately $96,778 in employee contributions were paid by Port employees in fiscal 2020.

At June 30, 2020, the Port reported a liability of $1,475,842 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2017. 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, 2019, the Port's proportion was .0085 percent. Pension expense for the year ended June 30, 2020 was $172,145.

The rates in effect for the year ended June 30, 2020 were:

(1) Tier 1/Tier 2 – 19.13%
(2) OPSRP general services – 14.02%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 81,388	-
Changes of assumptions	200,215	-
Net difference between projected and actual earnings on investments	-	41,839
Changes in proportionate share	81,051	18,225
Differences between employer contributions and employer's proportionate share of system contributions	129,328	691
Total (prior to post-MD contributions)	491,982	60,755
Contributions subsequent to the MD	254,914	-
Total	$ 746,896	$ 60,755

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, 2021.

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
2021	$ 196,808
2022	67,572
2023	90,818
2024	67,646
2025	8,383
Thereafter	
Total	$ 431,227

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2020. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/PERS/Documents/Financial/CAFR/2019-CAFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, 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, 2017 rolled forward to June 30, 2019 measurement date
Experience Study Report	2016, Published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years aand OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Inflation rate	2.5 percent

Investment rate of return	7.2 percent
Projected payroll growth	3.5 percent overall payroll growth
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:** RP-2014 Health annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. **Active members:** RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. **Disabled retirees:** RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which is reviewed for the four-year period ending December 31, 2016.

Discount Rate – The discount rate used to measure the total pension liability was 7.2 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.

Assumed Asset Allocation:

Asset Class/Strategy	**Low Range**	**High Range**	**OIC Target**
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	0.0%	12.5%	12.5%
Opportunity Portfolio *	0.0%	3.0%	0.0%
Total			100.0%

* Opportunity Portfolio may invest up to 3% of total plan net position.

Source: June 30, 2019 PERS CAFR; p. 100)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 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 (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Intermediate-Term Bonds	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed Inflation- Mean		*2.50%*

Source: June 30, 2019 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2019 and 2018 was 7.20 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 7.2 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 (6.2 percent) or 1-perentage-point higher (8.2 percent) than the current rate.

	1% Decrease (6.2%)	Discount Rate (7.2%)	1% Increase (8.2%)
Port's proportionate share of the net pension liability	$ 2,363,430	$ 1,475,842	$ 733,053

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, rollever 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. The Port did not make any optional contributions to member IAP accounts for the year ended June 30, 2020.

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 b 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 0.50% of annual covered OPERF payroll and 0.43% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Port's contributions to RHIA for the years ended

June 30, 2018, 2019 and 2020 are $6,001, $7,548 , and $255, respectively, which equaled the required contributions each year.

At June 30, 2020, the Port's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on 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

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. 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.

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, 2019 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 - 3.50%
General Inflation Rate per year - 2.5%
Salary Scale per year – 3.5%

Health Care cost Trends:

Year	Trend	Year	Trend
2019	15.75%	2032-2038	5.75%
2020	6.00%	2039-2050	5.50%
2021	5.25%	2051-2059	5.25%
2022-2024	5.00%	2060-2065	5.00%
2025-2026	4.75%	2066-2068	4.75%
2027-2030	5.00%	2069-2071	4.50%
2031	5.25%	2072+	4.25%

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2018 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, 2018	$ 26,109
Changes for the Year:	
Service Cost	2,388
Interest	1,020
Changes of Assumptions or Other Input	(725)
Benefit Payments	(25)
Net Change for the Year	2,658
Balance as of June 30, 2019	$ 28,767

Balance as of June 30, 2019	$ 28,767
Changes for the Year:	
Service Cost	2,424
Interest	1,195
Economic/Demographic Gains/Losses	2,609
Changes of Assumptions or Other Input	6,622
Benefit Payments	(633)
Net Change for the Year	12,217
Balance as of June 30, 2020	$ 40,984

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 3.50 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2020	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 44,594	$ 40,984	$ 37,621

June 30, 2020	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 36,291	$ 40,984	$ 46,490

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 2,151	$ -
Changes of assumptions	5,460	(1,257)
Benefit payments	207	-
Total (prior to post-measurement date contributions)	$ 7,818	$ (1,257)
Contributions made subsequent to the measurement date	207	-
Total deferred outflows (inflows) of resources	$ 8,025	$ (1,257)

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
2021	$ 1,152
2022	1,152
2023	1,354
2024	1,565
2025	1,131
Thereafter	-
Total	$ 6,354

C. Risk Management

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

D. Contingent Liability

The Port was notified in January, 2018 by a waterfront area landowner that a storm water drain pipe that runs under the landowner's building appears to be broken and damaging the landowner's property. The drain pipe runs from the east under other waterfront properties and buildings westerly to the landowner's property, and then runs northwest from the landowner's property to the Columbia River.

The City of Hood River conveyed the landowner's property to the Port in 1967. In 1968 the Port and City amended the 1967 deed language to address respective responsibilities of the Port and City if the drain pipe under landowner's property causes damage to the property or needs to be repaired or relocated. In 1968, the Port also sold landowner's property to the landowner.

After the landowner notified the Port of the drain pipe issue, the landowner hired engineers to analyze the drain pipe and property damage issues. Based on their engineer studies, the landowner has claimed the Port and/or City are liable for landowner property damages and related costs. The Port and City have analyzed the drain pipe condition, which is hampered by a large amount of sediment being in the drain pipe and the pipe in the vicinity of the tenant has collapsed. The Port has reviewed the historical information related to the drain pipe and those property documents where the drain pipe is located.

As of the date of this report, per communication from the Port's attorney, there is sufficient information to determine that the drain pipe is owned by the City of Hood River, however, there is insufficient information to determine the cost to repair the drain pipe at the location and any liability exposure the Port may have. It is the City's initial review that the entire infrastructure of storm line be rebuilt since the current infrastructure is past its useful life. It is impossible to determine at this point in time whether the Port will be responsible to pay, separately or with the City contribution, for pipe replacement at the landowner's property or for the entire line replacement. If the Port is required to pay costs itself, to replace and relocate the entire underground pipe system those costs could have a significant financial impact to the Port.

Currently, issues related to the placement and the affect the pipe has on the landowner's property, and legal issue affecting the Port, the City, the landowner and possibly other property owners, are being evaluated to determine the nature and extent of legal obligations and Port financial exposure.

There are no other 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. Tax Abatements

As of June 30, 2020, the Port of Hood River potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on information available from the county as of the date of issuance of these financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2020 for any program covered under GASB 77.

G. COVID 19

The COVID-19 outbreak in the United States has caused disruption through mandated and voluntary closure of government and business activities. These developments are expected to impact Port revenues. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, the Port expects this matter to negatively affect its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

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PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

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
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.

These schedules are 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.

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
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.

These schedules are 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, 2020

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, 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, 2020

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
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, 2020

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget
	Original	Final	Basis	Positive (Negative)
REVENUES				
Property Taxes	$ 71,800	$ 71,800	76,636	$ 4,836
Investment Earnings	6,300	6,300	7,090	790
Grants	3,500	3,500	-	(3,500)
Total Revenues	81,600	81,600	83,726	2,126
EXPENDITURES				
Current Operating:				
Personal Services	185,200	185,200	145,793	39,407
Materials & Services	577,850	577,850	376,366	201,484
Total Expenditures	763,050	763,050	522,159	240,891
Excess (Deficiency) of Revenues Over (Under) Expenditures	(681,450)	(681,450)	(438,433)	243,018
OTHER FINANCING SOURCES (USES)				
Transfers in	687,750	687,750	448,392	(239,358)
Total Other Financing Sources (Uses)	687,750	687,750	448,392	(239,358)
Net Change in Fund Balance	6,300	6,300	9,959	3,660
Fund Balance - Beginning	288,800	288,800	292,800	4,000
Fund Balance - Ending	$ 295,100	$ 295,100	$ 302,759	$ 7,660

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

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

BRIDGE REPAIR AND REPLACEMENT FUND
For the Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget
	Original	Final	Basis	Positive (Negative)
REVENUES				
Investment Earnings	18,000	18,000	47,490	29,490
Income from Grant	2,060,800	2,060,800	1,397,655	(663,145)
Total Revenues	2,078,800	2,078,800	1,445,145	(633,655)
EXPENDITURES				
Current Operating:				
Personal Services	276,400	279,400	268,774	10,626
Materials & Services	2,030,700	2,027,700	1,261,384	766,316
Capital Outlay	488,000	488,000	228,954	259,046
Debt Service	-	-	-	-
Contingency	500,000	500,000	-	500,000
Total Expenditures	3,295,100	3,295,100	1,759,112	1,535,988
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,216,300)	(1,216,300)	(313,967)	902,333
OTHER FINANCING SOURCES (USES)				
Transfers in	2,715,300	2,715,300	361,458	(2,353,842)
Total Other Financing Sources (Uses)	2,715,300	2,715,300	361,458	(2,353,842)
Net Change in Fund Balance	1,499,000	1,499,000	47,491	(1,451,509)
Fund Balance - Beginning	1,874,000	1,874,000	1,877,476	3,476
Fund Balance - Ending	$ 3,373,000	$ 3,373,000	$ 1,924,967	$ (1,448,033)

PORT OF HOOD RIVER

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

REVENUE FUND
For the Year Ended June 30, 2020

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Toll Bridge	$ 6,272,500	$ 6,272,500	5,337,531	$ (934,969)
Industrial Buildings	1,905,500	1,905,500	2,050,309	144,809
Commercial Buildings	195,050	195,050	180,615	(14,435)
Waterfront Industrial Land	197,400	197,400	109,527	(87,873)
Waterfront Recreation	215,600	215,600	206,745	(8,855)
Marina	350,250	350,250	360,444	10,194
Airport	230,600	230,600	219,323	(11,277)
Investment Earnings	150,000	150,000	167,332	17,332
Income from Grants and Other Sources	16,886,350	16,886,350	3,434,195	(13,452,155)
Total Revenues	26,403,250	26,403,250	12,066,021	(14,337,229)
EXPENDITURES				
Personal Services	2,393,900	2,393,900	2,114,015	279,885
Materials & Services	3,169,300	3,218,300	2,846,508	371,792
Capital Outlay	17,677,500	17,628,500	1,886,072	15,742,428
Debt Service	2,550,250	2,550,250	219,305	2,330,945
Contingency	500,000	500,000	-	500,000
Total Expenditures	26,290,950	26,290,950	7,065,900	19,225,050
Revenues Over (Under) Expenditures	112,300	112,300	5,000,122	4,887,822
OTHER FINANCING SOURCES (USES)				
Property sales	1,129,000	1,129,000	-	(1,129,000)
Operating Transfers Out	(3,403,050)	(3,403,050)	(809,850)	2,593,200
Total Other Financing Sources (Uses)	(2,274,050)	(2,274,050)	(809,850)	1,464,200
Net Change in Fund Balance	(2,161,750)	(2,161,750)	4,190,272	6,352,022
Fund Balance - Beginning	7,245,500	7,247,500	6,512,658	(734,842)
Fund Balance - Ending	$ 5,083,750	$ 5,085,750	$ 10,702,930	$ 5,617,180
Reconciliation to Net Position				
Capital Assets, Net			31,996,209	
Net Pension Liability			(1,274,738)	
Accrued Interest receivable			7,807	
Investment asset gains			6,450	
Pension Related Deferrals			592,642	
Total OPEB Liability			(35,247)	
OPEB Related Deferrals			5,702	
Accrued Interest payable			(20,350)	
Long Term Debt			(4,265,164)	
Deferred revenue			(495)	
Accrued Compensated Absences			(98,792)	
Net Position			$ 37,616,954	

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX
www.paulyrogersandcocpas.com

November 17, 2020

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, 2020, and have issued our report thereon dated November 17, 2020. 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)**

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.

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.