PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

CERTIFIED PUBLIC ACCOUNTANTS

PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

PORT OF HOOD RIVER

Financial Statements

June 30, 2021

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PORT OF HOOD RIVER
June 30, 2021

BOARD OF COMMISSIONERS

NAME	TERM EXPIRES
John Everitt , President	June 30, 2021
Ben Sheppard, Vice President	June 30, 2021
Kristi Chapman, Treasurer	June 30, 2023
David Meriwether, Secretary	June 30, 2021
Hoby Streich	June 30, 2023

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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PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

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HOOD RIVER COUNTY, OREGON

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HOOD RIVER COUNTY, OREGON
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November 12, 2021

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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021, 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, have 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is not a required part of the basic financial statements.

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

Other Information

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 Government Auditing Standards, we have also issued our reports dated November 12, 2021 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 12, 2021 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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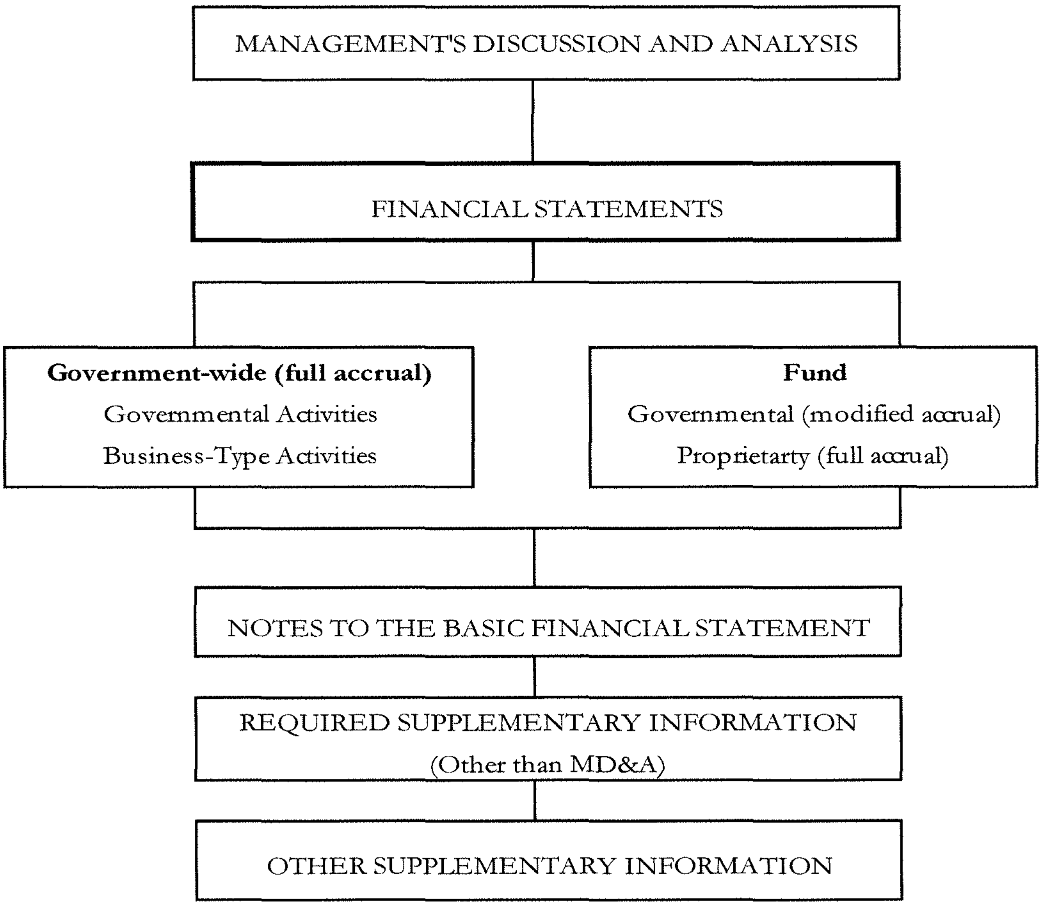
PORT OF HOOD RIVER, OREGON
Management Discussion and Analysis
For the Year Ended June 30, 2021

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, 2021. 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, 2021. 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 $50,242,269 at the close of this fiscal year. This represents a $3,601,050 increase over the prior fiscal year.

Table 1 below depicts an increase in total assets by $1,413,128 which is attributable to several factors, one being an increase in capital outlay of $2,264,345 which is offset by a reduction in current assets of ($851,217). Capital assets increased largely due to the completion of the north apron at the airport amounting to $2,220,147, in the Revenue Fund. Receivables decreased by $1,092,930 due largely to grants related to the airport being reimbursed in the current year for grants accrued in a previous year, as well as tenants paying their off their lease balances.

The largest portion of the Port's net position, at 77%, 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. Finally, the remaining $11,056,974 is unrestricted, meaning it is available for meeting the Port's ongoing obligations. The decrease in unrestricted net position of $948,225 from last year, is attributable to the use of cash and investments for the capital projects incurred during the year.

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	
	2021	2020	2021	2020	2021	2020
Unrestricted - Current and Other Assets			$ 10,296,292	$ 12,321,147	$ 10,296,292	$12,321,147
General Fund	396,950	306,600			396,950	306,600
Bridge Repair and Replacement Fund	3,008,255	1,924,967			3,008,255	1,924,967
Restricted - Current and Other Assets			286,300	286,300	286,300	286,300
Bridge Repair and Replacement Fund	-	-			-	-
Capital Assets			34,813,072	31,996,209	34,813,072	31,996,209
General Fund	7,000	7,000			7,000	7,000
Bridge Repair and Replacment Fund	6,345,457	6,897,975			6,345,457	6,897,975
Total Assets	9,757,662	9,136,542	45,395,664	44,603,656	55,153,326	53,740,198
Pension related deferrals	130,050	101,776	824,334	645,120	954,384	746,896
OPEB related deferrals	1,455	1,242	7,948	6,783	9,403	8,025
Total Deferred Outflows of Resources	131,505	103,018	832,282	651,903	963,787	754,921
Long-Term Debt			2,266,534	4,265,164	2,266,534	4,265,164
Bridge Repair and Replacement Fund	-	-				
Other Liabilities			1,526,777	2,009,898	3,595,820	3,526,724
Net Pension Liability	275,249	201,104	1,744,724	1,274,738		
Total OPEB Liability	6,869	5,737	42,201	35,247		
General Fund	-	-				
Bridge Repair and Replacement Fund	-	-				
Total Liabilities	282,118	206,841	5,580,236	7,585,047	5,862,354	7,791,888
Pension and OPEB Related Deferral	1,705	8,454	10,785	53,558	12,490	62,012
Total Deferred Inflows of Resources	1,705	8,454	10,785	53,558	12,490	62,012
Net Position						
Net Investment in Capital Assets			32,546,538	27,731,045	38,898,995	34,636,020
General Fund	7,000	7,000				
Bridge Repair and Replacement Fund	6,345,457	6,897,975				
Restricted - Debt Service	-	-	286,300	286,300	286,300	286,300
Unrestricted			7,804,087	9,599,609	11,056,974	11,718,899
General Fund	287,634	227,140				
Bridge Repair and Replacement Fund	2,965,253	1,892,150				
Total Net Position	$ 9,605,344	$ 9,024,265	$ 40,636,925	$ 37,616,954	$ 50,242,269	$46,641,219

PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
TABLE 2 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEARS ENDING JUNE 30TH

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Program revenues						
Charges for services - Tolls			$ 5,688,565	$ 5,337,531	$ 5,688,565	$ 5,337,531
Leases, rents and fees			3,140,056	3,126,963	3,140,056	3,126,963
Operating grants	1,351,336	1,397,655	107,000	97,507	1,458,336	1,495,162
Capital grants			2,549,283	1,389,445	2,549,283	1,389,445
General Government Revenues						
Property taxes	87,601	76,636			87,601	76,636
Interest earnings	18,835	54,580	47,356	173,782	66,191	228,362
Other sources	-	-	360,555	86,710	360,555	86,710
Transfers	2,070,880	809,850	(2,070,880)	(809,850)	-	-
Total Revenues	3,528,652	2,338,721	9,821,935	9,402,088	13,350,587	11,740,809
Expenses						
Governmental Activities						
General government	630,323	540,086			630,323	540,086
Bridge repair and replacement	2,317,250	2,277,714			2,317,250	2,277,714
Interest on long-term debt	-	-	91,641	131,324	91,641	131,324
Business-type Activities						
Toll bridge			2,279,940	2,310,047	2,279,940	2,310,047
Industrial			1,602,534	1,581,568	1,602,534	1,581,568
Commercial			277,641	282,903	277,641	282,903
Waterfront Industrial			276,238	331,458	276,238	331,458
Waterfront Recreation			674,055	578,762	674,055	578,762
Marina			320,458	306,894	320,458	306,894
Airport			668,577	618,263	668,577	618,263
Administration			431,958	408,103	431,958	408,103
Maintenance			178,922	176,479	178,922	176,479
Total Expenses	2,947,573	2,817,800	6,801,964	6,725,801	9,749,537	9,543,601
Increase (decrease) in Net Position	581,079	(479,079)	3,019,971	2,676,287	3,601,050	2,197,208
Beginning Net Postion	9,024,265	9,503,344	37,616,954	34,940,667	46,641,219	44,444,011
Ending Net Position	$ 9,605,344	$ 9,024,265	$ 40,636,925	$ 37,616,954	$ 50,242,269	$ 46,641,219

Statement of Activities

As with the Statement of Net Position, the Port reports its Statement of 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 $3,601,050, or 7.7%, as compared to the prior year's balance.

Governmental Activities – The change in net position for governmental activities increased $581,079, or 6.4%, from the prior year. This increase is primarily due to higher 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 $1,351,336 from a legislative grant of $5 million to complete the final environmental impact study concerning the replacement of the existing bridge.
- Higher interfund transfers by $1,261,030
- Higher personnel and consulting costs as the Port pursued grant opportunities at the state and federal levels for the bridge. .

Business-type Activities - Business type activities generated an increase in net position of $3,019,971, or an 8% increase. The financial results for this year include slight increase in toll revenues during this pandemic year of $351,034 or 6.6% as compared to the prior year. This improvement is due to the easing that the Covid-19 pandemic has had during the year. Although it took most of the year for bridge traffic to come back to pre-pandemic levels, the Port has been fortunate that the stay at home workforce has slowly come back to their work locations. Bridge traffic of 4,085,401 crossings is slightly above prior year numbers by 8,563 or less than 0.2%. Lease revenues from industrial and commercial properties were slightly impacted by the Covid-19 pandemic as some tenants requested to defer or have a few months of lease payments waived. This impact showed a decrease in lease revenues by $107,069 or 4.7%, from the prior year. Recreation was impacted by the Covid pandemic but in a good way. Recreation revenue increased by $98,470 due to strong pent up demand to get out to the waterfront and recreate. Parking fees were up 31% from the prior year. Capital grants of $2,549,283 continued to play an integral role to the Port as $2,513,283 was related to the airport north apron development.

Revenue Fund capital grants, interest earnings, other sources and transfers depicts an increase of $55,720 which was primarily attributable to the increase in Federal Aviation Administration and Oregon Connect VI grants for the north apron development projects offset by interfund transfers of $2,070,880, related primarily to the replacement bridge effort recorded in the Bridge Repair & Replacement fund. Expenditures were mostly flat with a slight increase of $76,163, which primarily is attributable to higher pension and OPEB expenses over the prior year.

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 60% 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 the pent up demand for our community to come out to the waterfront and enjoy all the water activities. All Port asset centers (ie. bridge industrial/commercial buildings, waterfront, marina and the airport) continue to provide the Port with significant financial resources which enables diversification of the revenue mix. The Port 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 its properties like the airport, bridge and the remaining undeveloped land called Lot 1. 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 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 increased slightly for the year with 4,085,401 crossings, a .2% increase as compared to the previous year. This increase is attributable to the waning impact of the Covid-19 pandemic. Bridge crossing has continued to climb towards pre-pandemic levels and is coming close to those levels for the 2021 summer season. With the installation of the new AET (all Electronic Tolling) system, the Port is able to capture any leakage from "run-throughs" with about $184,274 being able to capture revenues which would have not occurred without AET.

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, electrical improvements to the lift span, and overlay and joint repairs. The tolling system continues to get improvements like collection interfaces. 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 $49,000. Bridge operating expenses included in the Revenue fund amounted to $2,279,940, including $308,173 in depreciation. Expenses were slightly lower by $30,107 primarily due to lower professional services costs related to bridge engineering. Bridge Repair & Replacement expenses amounted to $2,317,250 which includes depreciation of $768,946. Expenses are comparable to the prior year, with the reimbursements from the ODOT grant being slightly higher than prior years.

Leased Properties – This year, $583,300 in capital improvements were made to all industrial and commercial properties. Jensen building improvements and the environmental work was $29,784, while the Big 7 roof design and interior building improvements amounted to $240,014. The Halyard building received $260,000 of tenant improvements of which the state of Oregon provided $100,000 in lease (rent) relief through a grant for the Halyard building tenant. The Port office building started making interior improvements to adapt to Covid-19 spread that amounted to $26,745. The Timber Incubator building had some HVAC work that amounted to $9,670, while the Hanel property continued to incur development costs of $17,087 to make the property ready for sale. 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 $2,123,855, reflecting a decrease of $107,069 over the prior year. Developed property (i.e., Industrial and Commercial) operating expenses amounted to $1,880,175 of which $495,934 was depreciation. Expenses were relatively flat with $15,704 less than the prior year, primarily due to lower supply costs related to the waning of 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 $276,238, a decrease of $55,220 from the prior year. The decrease is due to lower professional services related to acquisition activity for the year.

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. The Port maintained its pricing for seasonal and daily parking fees at the Event Site as well as maintaining its parking enforcement activity in the area. This year recreation revenues amounted to $258,897 which is an increase of $52,152 over the prior year, which depicts a 25% increase due to the pent up demand related to the Covid-19 restrictions which once lifted, allowed folks to come down to the waterfront. Recreation expenses amounted to $674,055 of which $127,429 was depreciation. Expenses were much higher with respect to the prior year by $95,293. This was due to the use of porta-potties and additional trash bins during peak season in addition to cleaning restrooms.

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 installed a new marina software system during the year which allows staff to handle customer service requests and other functions more readily like billing and wait lists. For the year, marina revenues amounted to $373,401 which is an increase of $12,957 compared to the prior year. Moorage rates increased by CPI for this last year or 1.8%. Cruise ship dockings were impacted by Covid-19 eliminating the increase in moorage revenues. The revenues included $80,530 of assessments for electrical improvements made in prior years. Marina expenses were $320,458, of which $77,781 was depreciation. Expenses were more by $13,564 from the prior year, due to higher staffing costs related to the marina.

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 amounted to $3,383,529 of capital improvements, with grants amounting to $2,513,283 of those costs. 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 contributed towards the airport technology and emergency center that requires a 29% local match in which $1,163,382 of capital improvements included above were incurred with grants included above, reimbursing $480,326 of those costs during the year. Other airport capital projects amounted to $157,380 which included a fuel tank, lights and a AWOS. The FAA closed out the south taxiway project from several years back with a final grant payment of $82,701 being made.

Airport T-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 $228,058 which is $8,735 more than the prior year. Capital grants amounted to $2,455,635 for design and construction of the north apron, the airport technology an emergency center, and the remaining south taxiway project. Expenses amounted to $668,577 of which $358,998 was depreciation. Expenses increased by $50,314 from the prior year, which primarily was attributable to additional maintenance to the grass runway and depreciation from prior year amounts.

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.

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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, 2021

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments	$ 3,401,007	8,825,460	$ 12,226,467
Cash and investments (restricted)	-	286,300	286,300
Receivables (net)	4,198	1,055,998	1,060,196
Prepaid expenses	-	242,448	242,448
Supply inventory	-	14,069	14,069
Deposits	-	158,317	158,317
Capital assets, non-depreciable	144,899	14,205,085	14,349,984
Capital assets, (net of accumulated depreciation)	6,207,558	20,607,987	26,815,545
Total Assets	9,757,662	45,395,664	55,153,326
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	130,050	824,334	954,384
OPEB related deferral	1,455	7,948	9,403
Total Deferred Outflows of Resources	131,505	832,282	963,787
LIABILITIES			
Current Liabilities			
Accounts payables	-	461,159	461,159
Breezeby outstanding	-	699,100	699,100
Unearned revenue	-	223,261	223,261
Interest payable	-	30,546	30,546
Accrued compensated absences	-	104,542	104,542
Toll tickets outstanding	-	8,169	8,169
Non-Current Liabilities			
Net pension liability	275,249	1,744,724	2,019,973
Total OPEB liability	6,869	42,201	49,070
Due within one year	-	169,000	169,000
Due in more than one year	-	2,097,534	2,097,534
Total Liabilities	282,118	5,580,236	5,862,354
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	1,594	10,106	11,700
OPEB related deferral	111	679	790
	1,705	10,785	12,490
NET POSITION			
Net Investment in Capital Assets	6,352,457	32,546,538	38,898,995
Restricted for:			
Debt Service	-	286,300	286,300
Unrestricted	3,252,887	7,804,087	11,056,974
Total Net Position	$ 9,605,344	$ 40,636,925	$ 50,242,269

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Governmental Activities:				
General Government	630,323	$ -	$ -	$ -
Bridge Repair and Replacement	2,317,250	-	1,351,336	-
Total Governmental Activities	2,947,573	-	1,351,336	-
Business Type Activities				
Revenue Fund	6,710,323	8,828,621	107,000	2,549,283
Interest on Long Term Debt	91,641	-	-	-
Total Primary Government	$ 9,749,537	$ 8,828,621	$ 1,458,336	$ 2,549,283

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
$ (630,323)	$ -	$ (630,323)
(965,914)	-	(965,914)
(1,596,237)	-	(1,596,237)
-	4,774,581	4,774,581
-	(91,641)	(91,641)
(1,596,237)	4,682,940	3,086,703
87,601	-	87,601
18,835	47,356	66,191
-	360,555	360,555
2,070,880	(2,070,880)	-
2,177,316	(1,662,968)	514,347
581,079	3,019,971	3,601,050
9,024,265	37,616,954	46,641,219
$ 9,605,344	$ 40,636,925	$ 50,242,269

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PORT OF HOOD RIVER

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bridge Repair & Replacement	Total Governmental Funds
ASSETS			
Unrestricted Assets			
Cash and Investments	$ 392,159	$ 3,008,255	$ 3,400,414
Cash with Fiscal Agent	593	-	593
Taxes Receivable	5,128	-	5,128
Total Assets	$ 397,880	$ 3,008,255	$ 3,406,135
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	$ 4,771	$ -	$ 4,771
Total Deferred Inflows of Resources	4,771	-	4,771
FUND BALANCES			
Committed for Bridge Repair & Replacement	-	3,008,255	3,008,255
Unassigned	393,109	-	393,109
Total Fund Balances	393,109	3,008,255	3,401,364
Total Deferred Inflows of Resources and Fund Balances	$ 397,880	$ 3,008,255	$ 3,406,135

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, 2021

Total Fund Balances - Governmental Funds	$	3,401,364
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Deferred Outlfows of Resources - Pension Related Deferral		130,050
Deferred Outflows of Resources - OPEB Related Deferral		1,455
The proportionate share of the net pension liability is not reported as a liability in the governmental funds		(275,249)
The total OPEB liability is not reporteed as a liability in the governmental funds		(6,869)
Deferred Inflows of Resources - Pension Related Deferral		(1,594)
Deferred Inflows of Resources - OPEB Related Deferral		(111)
Revenues are unavailable in the Governmental Funds if received after 60 days, but accrued in the Statement of Activities as earned.		4,771
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Property taxes		(930)
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.		6,352,457
Net Assets of Governmental Activites	$	9,605,344

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENAL FUNDS
June 30, 2021

	Funds		Total
	General	Bridge Repair & Replacement	Governmental Funds
REVENUES			
Property taxes	$ 87,601	$ -	$ 87,601
Interest	2,748	16,087	18,835
Income from Grants	3,000	1,348,336	1,351,336
Total Revenues	93,349	1,364,423	1,457,772
EXPENDITURES			
Current			
General government	600,465		600,465
Bridge repair and replacement		1,538,121	1,538,121
Capital Outlay			
Bridge repair and replacement		216,428	216,428
Debt Service			
Interest		-	-
Principal payment		-	-
Total Expenditures	600,465	1,754,549	2,355,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	(507,116)	(390,126)	(897,242)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	597,466	1,473,414	2,070,880
Total Other Financing Sources (Uses)	597,466	1,473,414	2,070,880
Net change in Fund Balances	90,350	1,083,288	1,173,638
FUND BALANCE - Beginning	302,759	1,924,967	2,227,726
FUND BALANCE - Ending	$ 393,109	$ 3,008,255	$ 3,401,364

See accompanying notes to the basic financial statements

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, 2021

Net Change in Fund Balances - Total Government Funds		$	1,173,638
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	216,428		
Less: Current Year Depreciation	(768,946)		(552,518)
The pension expense represents the change in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of the pension plan net position available to pay pension benefits.			
Pension expense represents net change in total pension liability for the year.			(39,187)
OPEB expense represents the net change in total OPEB liability for the year.			(854)
Change in Net Assets of Governmental Activities		$	581,079

PORT OF HOOD RIVER

STATEMENT OF POSITION
PROPRIETARY FUND
June 30, 2021

	REVENUE FUND
ASSETS	
Current Assets	
Cash and investments	$ 9,111,760
Accounts receivable (net of allowance for uncollectibles)	1,055,998
Prepaid expenses	242,448
Inventory	14,069
Non-Current Assets	
Deposits	158,317
Capital assets (net of accumulated depreciation)	
Land	8,940,897
Land improvements	9,520,916
Buildings & improvements	9,372,930
Bridge	1,339,731
Equipment and vehicles	374,410
Construction in progress	5,264,188
TOTAL ASSETS	45,395,664
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferral	824,334
OPEB related deferral	7,948
TOTAL DEFERRED OUTFLOWS OF RESOURCES	832,282
LIABILITIES	
Current Liabilities	
Accounts payable and other current liabilities	461,159
Breezeby Outstanding	699,100
Unearned revenue	223,261
Interest payable	30,546
Accrued compensated absences	104,542
Toll tickets outstanding	8,169
FlexLease payable - due within one year	75,000
Taxable general revenue bond - due within one year	94,000
Non-Current Liabilities	
Net Pension liability	1,744,724
Total OPEB liability	42,201
FlexLease payable - due in more than one year	425,000
Taxable general revenue bond - due in more than one year	1,672,534
TOTAL LIABILITIES	5,580,236
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	10,106
OPEB related deferral	679
TOTAL DEFERRED INFLOWS OF RESOURCES	10,785
NET POSITION	
Net investment in capital assets	32,546,538
Restricted - Debt Service	286,300
Unrestricted	7,804,087
TOTAL NET POSITION	$ 40,636,925

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2021

		REVENUE FUND
OPERATING REVENUES		
Bridge tolls	$	5,688,565
Leases, rents and fees		3,140,056
Total Operating Revenues		8,828,621
OPERATING EXPENSES		
Salaries and wages		1,575,524
Payroll taxes and benefits		984,112
Utilities including communication costs		578,233
Insurance		413,354
Maintenance and supplies		289,927
Other operating expenses		646,516
Professional services including legal		539,320
Property taxes		201,516
Depreciation expense		1,481,821
Total Operating Expenses		6,710,323
Operating Income		2,118,298
NON-OPERATING REVENUES (EXPENSES)		
Interest income		47,356
Income from other sources and grants		467,555
Interest expense		(91,641)
Total Non-operating Revenues (Expenses)		423,270
Income before Capital Contributions and Operating Transfers		2,541,568
CAPITAL GRANTS AND TRANSFERS		
Capital grants and contributions		2,549,283
Operating transfers out		(2,070,880)
Total Capital Contributions and Transfers		478,403.00
Change in Net Position		3,019,971
Total Net Position - Beginning		37,616,954
Total Net Position - Ending	$	40,636,925

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2021

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 10,050,651
Cash paid to suppliers	(3,239,350)
Cash paid to employees and benefits	(2,300,098)
Net Cash Provided by Operating Activities	4,511,203
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	467,555
Transfers to other funds	(2,070,880)
Net Cash (Used) by Noncapital Financing Activities	(1,603,325)
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	2,549,283
Interest paid on capital debt	(81,445)
Principal payment on capital debt	(1,998,630)
Issuance of general taxable revenue bond	-
Acquisition and construction of capital assets	(4,298,684)
Net Cash (Used) for Capital and Related Financing Activities	(3,829,476)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	47,356
Net Cash Provided by Investing Activities	47,356
Net (Decrease) in Cash	(874,242)
CASH AND EQUIVALENTS - BEGINNING OF YEAR	9,986,002
CASH AND EQUIVALENTS - END OF YEAR	$ 9,111,760
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	$ 2,118,298
Adjustments to reconcile operating income to net cash:	
Depreciation	1,481,821
(Increase) Decrease in:	
Accounts Receivable	1,092,930
Prepaid Expenses	37,126
Inventory	20,557
Decrease (Increase) in:	
Accounts Payable	(628,167)
Accrued Liabilities	5,750
Pension Items	248,401
OPEB Items	5,387
Unearned Revenues	129,100
Net Cash Provided by Operating Activities	$ 4,511,203

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, 2021.

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, 2021 maintained by the Port was $174,629. 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	$ 110,203	$ 173,629
Checking Accounts - Payroll	1,000	1,000
Total Checking Deposits	$ 111,203	$ 174,629

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, 2021, the Port held most of its investments in the LGIP having a carrying amount of $10,712,175 which approximates fair value. The Port held other agency, banking and energy investments worth $1,683,600.

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	86%	Quoted Market Price, Level 1	$10,712,175	
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	205,042	1.17
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	218,699	3.17
San Bernadino School District	Moody A1	2%	Quoted Market Price, Level 1	202,832	6.08
Port of Morrow	Moody Aa2	4%	Quoted Market Price, Level 1	454,836	6.17
North Clackamas School District	Moody Aa1	2%	Quoted Market Price, Level 1	193,632	6.96
Freddie Mac	Not Rated	2%	Quoted Market Price, Level 1	210,787	8.11
Portland Community College	Moody Aa1	2%	Quoted Market Price, Level 1	197,772	9.96
		100%		$12,395,775	

As of June 30, 2021 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			111,203	111,203
Cash with Fiscal Agents	593		3,321	3,914
Local Government Investment Pool	392,159	3,008,255	7,311,761	10,712,175
Investments (at fair value)	-	-	1,683,600	1,683,600
Total Cash & Investments	$ 392,752	$ 3,008,255	$ 9,111,760	$12,512,767

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

Cash & Investments	$ 392,752	$ 3,008,255	$ 8,825,460	$12,226,467
Cash & Investments - restricted		-	286,300	286,300
Total Cash & Investments	$ 392,752	$ 3,008,255	$ 9,111,760	$12,512,767

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, 2021.

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, 2021 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts Receivables - Trade	$ -	$ 492,724	$ 492,724
Grants Receivables		683,675	683,675
Taxes Receivable	4,198		4,198
Less: Allowance for doubtful accounts		(120,401)	(120,401)
Net Accounts Receivable	$ 4,198	$ 1,055,998	$ 1,060,196

C. Capital Assets

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 75,949	$ 216,428	$ 147,479	$ 144,898
Total capital assets, not being depreciated	75,949	216,428	147,479	144,898
Capital assets being depreciated:				
Bridge & improvements	15,891,226	147,479	-	16,038,705
Electronic toll equipment	182,207	-	-	182,207
Machinery & equipment	7,000	-	-	7,000
Total capital assets being depreciated	16,080,433	147,479	-	16,227,913
Less: Accumulated depreciation for:				
Bridge & improvements	(9,075,816)	(768,119)	-	(9,843,935)
Electronic toll equipment	(175,591)	(827)	-	(176,418)
Total accumulated depreciation	(9,251,407)	(768,946)	-	(10,020,353)
Total capital assets being depreciated, net	6,829,026	(621,467)	-	6,207,560
Governmental activities capital assets, net	$ 6,904,975	$ (405,039)	$ 147,479	$ 6,352,457

Capital asset activity for business-type activities for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 8,940,897	$ -	$ -	$ 8,940,897
Construction in progress	4,145,825	4,272,605	3,154,242	5,264,188
Total capital assets, not being depreciated	13,086,722	4,272,605	3,154,242	14,205,085
Capital assets being depreciated:				
Land improvements	11,271,488	2,571,493	-	13,842,981
Buildings & improvements	19,936,476	529,174	-	20,465,650
Bridge & improvements	9,123,418	-	-	9,123,418
Equipment - office	352,326	12,253	-	364,579
Equipment - operations	479,874	13,536	-	493,410
Vehicles	280,256	53,865		334,121
Total capital assets being depreciated	41,443,838	3,180,321	-	44,624,159
Less: Accumulated depreciation for:				
Land improvements	(3,824,418)	(497,647)	-	(4,322,065)
Buildings & improvements	(10,520,203)	(572,517)	-	(11,092,720)
Bridge & improvements	(7,475,514)	(308,173)	-	(7,783,687)
Equipment - office	(152,185)	(47,006)	-	(199,191)
Equipment - operations	(363,872)	(29,701)	-	(393,573)
Vehicles	(198,159)	(26,777)	-	(224,936)
Total accumulated depreciation	(22,534,351)	(1,481,821)	-	(24,016,172)
Total capital assets being depreciated, net	18,909,486	1,698,500	-	20,607,986
Business-type activities capital assets, net	$ 31,996,209	$ 5,971,105	$ 3,154,242	$ 34,813,072

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	768,946	
Revenue Fund		1,481,821
Total Depreciation Expense	$ 768,946	$ 1,481,821

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	$ 14,089,965	$ 19,661,115
Commercial Buildings	196,337	71,942	2,221,003	2,489,282
Airport	1,362,814	10,691,547	1,348,250	13,402,611
Waterfront	2,391,910	2,373,721	958,128	5,723,759
Marina	35,400	89,057	1,848,303	1,972,760
Total Cost	8,940,897	13,842,981	20,465,649	43,249,527
Accumulated Depreciation	-	(4,322,065)	(11,092,720)	(15,414,785)
Total Cost, net	$ 8,940,897	$ 9,520,916	$ 9,372,929	$ 27,834,742

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**
2022	$ 2,317,876
2023	2,349,654
2024	2,243,055
2025	1,048,290
2026	937,424
	$ 8,896,299

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, 2021, are as follows:

	Transfers	
	In	Out
General fund	$ 597,466	
Bridge repair and replacement fund	1,473,414	
Revenue fund		$ 2,070,880
Total	$ 2,070,880	$ 2,070,880

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, 2021 is as follows:

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Placements					
Note Payable- LJS Manufacturing	$ 1,834,630		$ 1,834,630	$ -	$ -
Flexlease - Series 2010E	120,000	-	20,000	100,000	25,000
Flexlease - Series 2013B	450,000	-	50,000	400,000	50,000
Bonds					
Taxable General Revenue Bond	1,860,534	-	94,000	1,766,534	94,000
Total Business-Type Activities	$ 4,265,164	$ -	$ 1,998,630	$ 2,266,534	$ 169,000

Flexlease Payable – Business-Type Activity

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

Year Ending June 30,	Flexlease Series 2010E - Business-Type Activities Principal	Interest	Total Debt Service
2022	$ 25,000	$ 3,850	$ 28,850
2023	25,000	2,750	27,750
2024	25,000	1,650	26,650
2025	25,000	550	25,550
Total	$ 100,000	$ 8,800	$ 108,800

Interest expense during the current fiscal year on the 2010E series Flexlease Loan is $4,840.

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

Year Ending June 30,	Flexlease Series 2013B - Business-Type Activities Principal	Interest	Total Debt Service
2022	$ 50,000	$ 16,725	$ 66,725
2023	50,000	14,625	64,625
2024	55,000	12,263	67,263
2025	55,000	9,788	64,788
2026	60,000	7,200	67,200
2027-2028	130,000	5,850	135,850
	$ 400,000	$ 66,450	$ 466,450

Interest expense during the current fiscal year on the 2013B series Flexlease Loan is $18,588.

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	$ -	$ 94,000	$ 1,766,534	$ 94,000

Interest expense during the current fiscal year on the taxable general revenue bond is $68,213.

	Taxable General Revenue Bond - Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total Debt Service
2022	$ 94,000	$ 66,264	$ 160,264
2023	94,000	62,690	156,690
2024	94,000	59,116	153,116
2025	94,000	55,697	149,697
2026	94,000	51,968	145,968
2027-2030	1,296,534	178,099	1,474,633
Total	$ 1,766,534	$ 473,835	$ 2,240,369

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/Financials/2020-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, 2021 were approximately $260,860 excluding amounts to fund employer specific liabilities. In addition, approximately $103,477 in employee contributions were paid by Port employees in fiscal 2021.

At June 30, 2021, the Port reported a liability of $2,019,973 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2018. 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, 2020, the Port's proportion was .0093 percent. Pension expense for the year ended June 30, 2021 was $287,588.

The rates in effect for the year ended June 30, 2021 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	$ 88,903	$ -
Changes of assumptions	108,406	3,798
Net difference between projected and actual earnings on investments	237,523	-
Changes in proportionate share	145,712	7,902
Differences between employer contributions and employer's proportionate share of system contributions	112,980	-
Total (prior to post-MD contributions)	693,524	11,700
Contributions subsequent to the MD	260,860	-
Total	$ 954,384	$ 11,700

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, 2022.

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
2022	$ 176,191
2023	201,882
2024	178,002
2025	115,938
2026	9,810
Thereafter	-
Total	$ 681,823

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 5, 2021. Oregon PERS produces an independently audited ACFR which can be found at:

https://sos.oregon.gov/audits/Documents/2020-42.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, 2018 rolled forward to June 30, 2020 measurement date
Experience Study Report	2018, Published July 24, 2019
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:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, wit job category adjustments and set-backs as described in the valutaion. **Disabled retirees:** Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

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	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Portfolio	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

Source: June 30, 2020 PERS ACFR; p. 102)

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	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event Driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
Assumed Inflation- Mean		*2.50%*

Source: June 30, 2020 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement date of June 30, 2020 and 2019 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	$ 2,999,493	$ 2,019,973	$ 1,198,600

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, 2021.

Retirement Health Insurance Account

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

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

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Port currently contributes 0.50% 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, 2019, 2020 and 2021 are $7,548, $255, and $0, respectively, which equaled the required contributions each year. As of June 30, 2021, the Port's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued to the government wide statements.

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

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

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 – 2.21%
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, 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

Balance as of June 30, 2020	$ 40,984
Changes for the Year:	
Service Cost	3,523
Interest	1,554
Economic/Demographic Gains/Losses	-
Changes of Assumptions or Other Input	3,216
Benefit Payments	(207)
Net Change for the Year	8,086
Balance as of June 30, 2021	$ 49,070

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 2.21 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2021	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 53,129	$ 49,070	$ 45,219

June 30, 2021	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 43,356	$ 49,070	$ 55,789

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 1,693	$ -
Changes of assumptions	6,950	(790)
Total (prior to post-measurement date contributions)	$ 8,643	$ (790)
Contributions made subsequent to the measurement date	760	-
Total deferred outflows (inflows) of resources	$ 9,403	$ (790)

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
2022	$ 1,716
2023	1,918
2024	2,129
2025	1,695
2026	396
Thereafter	-
Total	$ 7,854

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

There are no contingent liabilities with the Port.

E. Property Tax Limitations

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

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

F. Tax Abatements

As of June 30, 2021, 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, 2021 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. The COVID pandemic has impacted Port revenues negatively as traffic reductions occurred due to customers working from home and employment impacts to their work schedules. However under the American Relief Act passed by Congress in November 2020, the Port received partial relief from tolling losses during this pandemic. A payment of $577,698 occurred on July 9, 2021. This relief significantly helped the tolling losses that occurred from the impact of the pandemic to the community.

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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, 2021

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
2021	0.01%	$ 2,019,973	$ 1,632,810	123.7%	75.8%
2020	0.01%	1,475,842	1,587,107	93.0%	80.2%
2019	0.01%	1,187,708	1,288,432	92.2%	82.1%
2018	0.01%	1,024,309	1,262,404	81.1%	83.1%
2017	0.01%	1,189,375	1,241,215	95.8%	80.5%
2016	0.01%	474,231	1,182,892	40.1%	91.9%
2015	0.01%	(201,797)	1,144,446	-17.6%	103.0%
2014	0.01%	454,314	990,120	45.9%	92.0%

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

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
2021	$ 260,860	$ 260,860	$ -	$ 1,875,945	13.9%
2020	254,914	254,914	-	1,632,810	15.6%
2019	212,174	212,174	-	1,587,107	13.4%
2018	170,841	170,841	-	1,288,432	13.3%
2017	138,374	138,374	-	1,262,404	11.0%
2016	134,541	134,541	-	1,241,215	10.8%
2015	88,721	88,721	-	1,182,892	7.5%
2014	85,873	85,873	-	1,144,446	7.5%

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

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, 2021

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, 2021	$ 49,070	$ 1,875,945	2.6%	July 1, 2019
June 30, 2020	40,984	1,632,810	2.5%	July 1, 2019
June 30, 2019	28,767	1,587,107	1.8%	July 1, 2017
June 30, 2018	26,109	1,288,432	2.0%	July 1, 2017

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

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

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
2021	$ 40,984	$ 3,523	$ 1,554	$ -	$ 3,216	$ (207)	$ 49,070
2020	28,767	2,424	1,195	2,609	6,622	(633)	40,984
2019	26,109	2,388	1,020	-	(725)	(25)	28,767
2018	24,667	2,494	774	-	(1,802)	(24)	26,109

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

PORT OF HOOD RIVER

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

GENERAL FUND
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts Budgetary	Variance with Final Budget
	Original	Final	Basis	Positive (Negative)
REVENUES				
Property Taxes	$ 75,000	$ 75,000	$ 87,601	$ 12,601
Investment Earnings	7,000	7,000	2,748	(4,252)
Grants	-	-	3,000	3,000
Total Revenues	82,000	82,000	93,349	11,349
EXPENDITURES				
Current Operating:				
Personal Services	189,600	189,600	172,216	17,384
Materials & Services	548,150	548,150	428,249	119,901
Total Expenditures	737,750	737,750	600,465	137,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	(655,750)	(655,750)	(507,116)	148,635
OTHER FINANCING SOURCES (USES)				
Transfers in	662,750	662,750	597,466	(65,284)
Total Other Financing Sources (Uses)	662,750	662,750	597,466	(65,284)
Net Change in Fund Balance	7,000	7,000	90,350	83,351
Fund Balance - Beginning	300,000	300,000	302,759	2,759
Fund Balance - Ending	$ 307,000	$ 307,000	$ 393,109	$ 86,110

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, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	$ 45,000	$ 45,000	$ 16,087	$ (28,913)
Income from Grant	1,444,300	1,444,300	1,348,336	(95,964)
Other Income/Financing	3,400,000	3,400,000	-	(3,400,000)
Total Revenues	4,889,300	4,889,300	1,364,423	(3,524,877)
EXPENDITURES				
Current Operating:				
Personal Services	290,100	290,100	269,647	20,453
Materials & Services	1,435,700	1,455,700	1,268,474	187,226
Capital Outlay	4,090,000	4,070,000	216,428	3,853,572
Debt Service	109,100	109,100	-	109,100
Contingency	500,000	500,000	-	500,000
Total Expenditures	6,424,900	6,424,900	1,754,549	4,670,351
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,535,600)	(1,535,600)	(390,126)	1,145,474
OTHER FINANCING SOURCES (USES)				
Transfers in	2,715,300	2,715,300	1,473,414	(1,241,886)
Total Other Financing Sources (Uses)	2,715,300	2,715,300	1,473,414	(1,241,886)
Net Change in Fund Balance	1,179,700	1,179,700	1,083,288	(96,412)
Fund Balance - Beginning	1,041,000	1,041,000	1,924,967	883,967
Fund Balance - Ending	$ 2,220,700	$ 2,220,700	$ 3,008,255	$ 787,555

PORT OF HOOD RIVER

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

REVENUE FUND
For the Year Ended June 30, 2021

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Toll Bridge	$ 5,859,000	$ 5,859,000	5,688,565	$ (170,435)
Industrial Buildings	2,523,800	2,523,800	1,991,123	(532,677)
Commercial Buildings	203,250	203,250	132,732	(70,518)
Waterfront Industrial Land	103,300	103,300	155,845	52,545
Waterfront Recreation	200,100	200,100	258,897	58,797
Marina	371,100	371,100	373,401	2,301
Airport	233,500	233,500	228,058	(5,442)
Investment Earnings	150,000	150,000	96,852	(53,148)
Income from Grants and Other Sources	10,982,800	10,982,800	3,016,838	(7,965,962)
Total Revenues	20,626,850	20,626,850	11,942,311	(8,684,539)
EXPENDITURES				
Personal Services	2,538,500	2,538,500	2,299,407	239,093
Materials & Services	3,867,900	3,940,900	2,668,865	1,272,035
Capital Outlay	12,646,900	12,572,900	4,352,260	8,220,640
Debt Service	2,392,100	2,393,100	2,078,136	314,964
Contingency	500,000	500,000	-	500,000
Total Expenditures	21,945,400	21,945,400	11,398,668	10,546,732
Revenues Over (Under) Expenditures	(1,318,550)	(1,318,550)	543,643	1,862,193
OTHER FINANCING SOURCES (USES)				
Property sales	734,400	734,400	-	(734,400)
Operating Transfers Out	(2,732,150)	(2,732,150)	(2,070,880)	661,270
Total Other Financing Sources (Uses)	(1,997,750)	(1,997,750)	(2,070,880)	(73,130)
Net Change in Fund Balance	(3,316,300)	(3,316,300)	(1,527,237)	1,789,063
Fund Balance - Beginning	10,350,000	10,350,000	10,702,930	352,930
Fund Balance - Ending	$ 7,033,700	$ 7,033,700	$ 9,175,693	$ 2,141,993
Reconciliation to Net Position				
Capital Assets, Net			34,813,072	
Net Pension Liability			(1,744,724)	
Investment asset gains			49,496	
Pension Related Deferrals			814,228	
Total OPEB Liability			(42,201)	
OPEB Related Deferrals			7,269	
Accrued Interest payable			(30,546)	
Long Term Debt			(2,266,534)	
Deferred Revenue			(6,727)	
Accrued Payroll			(27,559)	
Accrued Compensated Absences			(104,542)	
Net Position			$ 40,636,925	
			(0)	
			$ 40,636,925	

PORT OF HOOD RIVER

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Federal Grantor/Program Title	Federal CFDA #	Agency or Pass-Through Number		Expenditures
Department of Treasury				
Coronavirus Relief Fund (CARES Act)	21.019	Oregon Department of Administrative Services		$ 128,436
Total Coronavirus Relief Fund (CARES Act)				128,436
Department of Transportation				
Airport Improvement Program	20.106	DOT-FA17NM-0024		214,622
	20.106	DOT-FA19NM-0022		32,466
	20.106	DOT-FA20NM-0026		2,319,325
Total Airport Improvement Program			(1)	2,566,413
TOTAL FEDERAL AWARDS				$ 2,694,849

(1) Denotes major program

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED
BY OREGON STATE REGULATIONS

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November 12, 2021

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, 2021, and have issued our report thereon dated November 12, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statues as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**
- **Programs funded from outside sources.**

In connection with our testing nothing came to our attention that caused us to believe the Port of Hood River was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

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.

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

GRANT COMPLIANCE REVIEW

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November 12, 2021

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tara M Kamp, CPA

Tara M. Kamp, CPA
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November 12, 2021

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

We have audited the Port of Hood River's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2021. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of compliance.

Opinion on Each Major Federal Program

In our opinion, the Port of Hood River complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tara M Kamp, CPA

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

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Noncompliance material to financial statements noted?	☐ yes	☒ no
Any GAGAS audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	☐ yes	☒ no

FEDERAL AWARDS

Internal control over major programs:		
Material weakness(es) identified?	☐ yes	☒ no
Significant deficiency(s) identified that are not considered to be material weaknesses?	☐ yes	☒ none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	☐ yes	☒ no

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2021

IDENTIFICATION OF MAJOR PROGRAMS

CFDA NUMBER	NAME OF FEDERAL PROGRAM CLUSTER
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$750,000		
Auditee qualified as low-risk auditee?	☐ yes	☒ no	

SECTION II – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE NOTED

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE NOTED

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.