PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

CERTIFIED PUBLIC ACCOUNTANTS
PAULY ROGERS AND CO PC

12700 SW 72nd Ave.
Tigard, OR 97223

PORT OF HOOD RIVER

Financial Statements

June 30, 2022

PORT OF HOOD RIVER

June 30, 2022

BOARD OF COMMISSIONERS

NAME	TERM EXPIRES
Ben Sheppard, President	June 30, 2025
Heather Gehring, Treasurer	June 30, 2025
Kristi Chapman, Vice President	June 30, 2023
Mike Fox, Secretary	June 30, 2025
Hoby Streich	June 30, 2023

All commissioners receive mail at the address listed below.

ADMINISTRATION

Kevin Greenwood, Executive Director
Debbie Smith-Wagar, Chief Financial Officer
1000 E. Port Marina Dr.
Hood River, Oregon 97031

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
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www.paulyrogersandcocpas.com

February 22, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Port of Hood River, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities the business-type activities, and each major fund of the Port of Hood River, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

The Port adopted new Guidance, GASB Statement No. 87 –Leases during the fiscal year under audit. Our opinions are not modified with respects to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Port of Hood River's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.
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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information, as listed in the table of contents, and the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 22, 2023 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Tara M Kamp, CPA

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

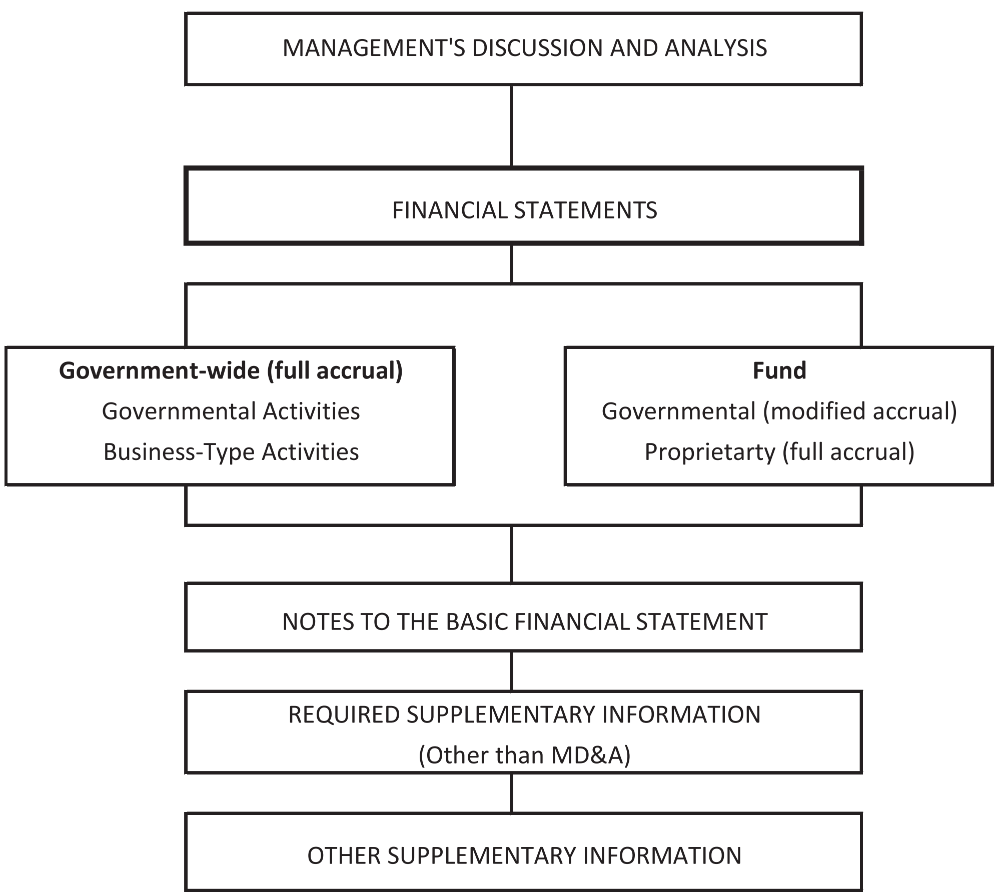
PORT OF HOOD RIVER, OREGON
Management Discussion and Analysis
For the Year Ended June 30, 2022

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, 2022. 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.

PORT OF HOOD RIVER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2022

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, 2022. 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 $51,347,142 at the close of this fiscal year. This represents a $1,104,873 increase over the prior fiscal year.

Table 1 below depicts an increase in total assets by $13,602,005 which is attributable to several factors, one being the receipt of a $5,000,000 BUILD grant from the US Department of Transportation for the bridge replacement effort, along with the implementation of Governmental Accounting Standards Board (GASB) Statement 87, Leases, which added a $6,711,075 lease receivable to our assets. Other factors related to the increase in cash and investments of $577,698 related to the reimbursement of toll revenues losses during COVID that the American Rescue Plan Act (ARPA) provided relief. Capital outlay increased by $820,404 related to capital improvements to the existing bridge to keep it safe and functioning while the bridge replacement effort continues. The remainder is attributable to increases in cashflow related to operations through higher lease revenues and bridge traffic and revenues.

The largest portion of the Port's net position, at 75%, 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 $12,697,117 is unrestricted, meaning it is available for meeting the Port's ongoing obligations. The increase in unrestricted net position of $1,640,143 from last year, is attributable to increases in cash and investments related to operations like higher toll and lease revenues while keeping operating costs stable for 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	
	2022	2021	2022	2021	2022	2021
Current Assets	$ 8,561,542	$ 3,405,205	$ 12,735,155	$ 10,296,292	$ 21,296,697	$ 13,701,497
Restricted Assets	-	-	286,300	286,300	286,300	286,300
Leases Receivable	-	-	6,711,075	-	6,711,075	-
Capital Assets	7,172,861	6,352,457	33,288,398	34,813,072	40,461,259	41,165,529
Total Assets	15,734,403	9,757,662	53,020,928	45,395,664	68,755,331	55,153,326
Total Deferred Outflows of Resources	60,514	131,505	953,106	832,282	1,013,620	963,787
Current Liabilities	5,000,000	-	2,644,359	1,695,777	7,644,359	1,695,777
Long-Term Debt	-	-	1,928,534	2,097,534	1,928,534	2,097,534
Net Pension Liability	71,284	275,249	1,122,756	1,744,724	1,194,040	2,019,973
Total OPEB Liability	2,953	6,869	46,510	42,201	49,463	49,070
Total Liabilities	5,074,237	282,118	5,742,159	5,580,236	10,816,396	5,862,354
Total Deferred Inflows of Resources	53,393	1,705	7,552,020	10,785	7,605,413	12,490
Net Position						
Net Investment in Capital Assets	7,172,861	6,352,457	31,190,864	32,546,538	38,363,725	38,898,995
Restricted - Debt Service	-	-	286,300	286,300	286,300	286,300
Unrestricted	3,494,426	3,252,887	9,202,691	7,804,087	12,697,117	11,056,974
Total Net Position	$ 10,667,287	$ 9,605,344	$ 40,679,855	$ 40,636,925	$ 51,347,142	$ 50,242,269

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 $1,104,873, or 2.2%, as compared to the prior year's balance.

Governmental Activities – The change in net position for governmental activities increased $1,061,943, or 11.1%, 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:

- Higher interfund transfers by $815,255
- Lower capital improvements as compared to prior years on the existing bridge.

Business-type Activities - Business type activities generated a slight increase in net position of $42,930. The financial results for this year include an increase of $331,865 in toll revenues or 5.8% over the prior (pandemic) year. We depict increases in lease revenues and fees by $420,298 or 13.4% over the prior year. Lease contract escalations, as well as lower vacancy rates (post-pandemic) have driven higher revenues for our industrial and commercial properties by $327,768, while our recreation on the waterfront increased by $32,843 due to post-pandemic activity. Our Marina and Airport tenants incurred a rate increase that amounted to $59,715 over the prior year as well. Operating grants increased by $470,698 due mostly by the reimbursement of the American Rescue Plan Act for our tolling losses that occurred during the pandemic. Capital grants decreased by $2,471,746 due to the Airport north apron construction being completed in the summer of 2021. Interest earnings showed improvement over the prior year by $42,945, while Other Sources depict a decrease of $604,980 due to mostly to lower levels of other revenues and decreases in the market value of investments. Operating expenses were slightly higher by $350,666 due to payroll, benefits and depreciation contributing to this higher level of costs. Although this didn't happen in every asset center, overall these three cost drivers attributed to the overall increase. Higher levels of payroll and capital improvements in the General Fund and Bridge Repair & Replacement Fund, respectively, drove the change in Transfers by $815,550. Although bridge traffic showed higher activity, 4,381,600 vs 4,085,401 crossings from fiscal year 2022 vs 2021, the number of crossings would have been much higher but due to needed bridge repairs and closures, traffic was impeded from hitting record numbers.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
Revenues	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Program revenues						
Charges for services - Tolls	$ -	$ -	$ 6,020,430	$ 5,688,565	$ 6,020,430	$ 5,688,565
Leases, rents and fees	-	-	3,560,154	3,140,056	3,560,154	3,140,056
Operating grants	561,397	1,351,336	577,698	107,000	1,139,095	1,458,336
Capital grants			77,537	2,549,283	77,537	2,549,283
General Government Revenues						
Property taxes	88,955	87,601	-	-	88,955	87,601
Interest earnings	21,174	18,835	90,301	47,356	111,475	66,191
Other sources	-	-	(244,425)	360,555	(244,425)	360,555
Transfers	2,886,135	2,070,880	(2,886,135)	(2,070,880)	-	-
Total Revenues	3,557,661	3,528,652	7,195,560	9,821,935	10,753,221	13,350,587
Expenses						
Governmental Activities						
General government	592,903	630,323	-	-	592,903	630,323
Bridge repair and replacement	1,902,815	2,317,250	-	-	1,902,815	2,317,250
Interest on long-term debt	-	-	85,053	91,641	85,053	91,641
Business-type Activities						
Toll bridge	-	-	2,450,852	2,279,940	2,450,852	2,279,940
Industrial	-	-	1,666,437	1,602,534	1,666,437	1,602,534
Commercial	-	-	277,628	277,641	277,628	277,641
Waterfront Industrial	-	-	241,704	276,238	241,704	276,238
Waterfront Recreation	-	-	638,439	674,055	638,439	674,055
Marina	-	-	324,372	320,458	324,372	320,458
Airport	-	-	930,408	668,577	930,408	668,577
Administration	-	-	372,339	431,958	372,339	431,958
Maintenance	-	-	165,398	178,922	165,398	178,922
Total Expenses	2,495,718	2,947,573	7,152,630	6,801,964	9,648,348	9,749,537
Increase (decrease) in Net Position	1,061,943	581,079	42,930	3,019,971	1,104,873	3,601,050
Beginning Net Postion	9,605,344	9,024,265	40,636,925	37,616,954	50,242,269	46,641,219
Ending Net Position	$ 10,667,287	$ 9,605,344	$ 40,679,855	$ 40,636,925	$ 51,347,142	$ 50,242,269

Financial Analysis and Outlook:

The Port is involved in a variety of activities that all contribute to the economic health and vitality of the community. The major source of funds for Port operations continues to be the toll bridge, accounting for 63% of Port operating revenues, excluding grants. Lease revenues and other fees showed higher revenues due to rate increases with Marina and Airport tenants, as well as lease contract increases and lower vacancies now that the pandemic is over. Waterfront activities continues to increase as the pandemic as waned. 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 on the waterfront.

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 normally 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 4,381,600 crossings, a 1.7% increase as compared to the previous year. This increase is attributable to the waning impact of the Covid-19 pandemic. Bridge crossings has continued to climb and would have been higher but due to bridge closures for needed repairs and capital improvements. With the installation of the new AET (All Electronic Tolling) system, the Port is able to capture any leakage from "run-throughs" that occur for about 1% of our traffic.

The Port is working towards a major change in its governance by creating a Bi-State Bridge Commission that will oversee bridge operations once a replacement bridge is funded and constructed. The Final Environmental Impact Study required for a bridge replacement effort was completed by the end of this year. 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, an overlay and joint repairs as well as wire rope rehabilitation. The tolling system continues to get improvements like collection interfaces as well as a Registration Hold for vehicles that do not pay a invoice. 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 $66,535. Bridge operating expenses included in the Revenue fund amounted to $2,447,555, including $308,173 in depreciation. Expenses were slightly higher by $170,256 primarily due to professional services costs related to tolling and bridge engineering as well as credit card fees and transponder costs. Bridge Repair & Replacement expenses amounted to $2,321,021 which includes depreciation of $783,540. Expenses are comparable to the prior year, with the reimbursements from the ODOT grant being being lower due to the winding down of the NEPA process.

Leased Properties – This year, $134,151 in capital improvements were made to all industrial and commercial properties. Jensen building improvements and the environmental work was $26,492 while the Halyard building received $19,138 of tenant improvements. The Port Office building and the Marina Office building received tenant improvements amounting to $38,900, while the Big 7 had tenant improvements of $12,489. Wasco, and the Timber Incubator buildings received tenant improvements of $20,584 with the Hanel property receiving land improvements of $15,548. 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 $2,451,624 reflecting an increase of $327,769 over the prior year. This is mostly due to lower vacancies and contractual escalations. Developed property (i.e., Industrial and Commercial) operating expenses amounted to $1,944,065 of which $528,685 was depreciation. Expenses were slightly higher by $63,890, primarily due to higher utility costs and property taxes.

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 $241,704, a decrease of $34,534 from the prior year. The decrease is due to lower professional services related to acquisition activity in the prior 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 $302,834 which is an increase of $43,937 over the prior year, which depicts a 17% increase due to post-pandemic demand with folks coming to the waterfront once the restrictions were lifted. Recreation expenses amounted to $638,439 of which $133,167 was depreciation. Expenses were lower with respect to the prior year by $35,616. This was due to fewer porta-potties and trash bins pickups with the waning of the pandemic restrictions that occurred in the prior year like additional restroom cleanings.

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 $408,262 which is an increase of $34,861 compared to the prior year. Moorage rates were increased by 10% for the year. Cruise ship dockings started back up as the pandemic has waned. Marina expenses were $324,372, of which $76,238 was depreciation. Expenses were more by $3,914 from the prior year, due to higher utility costs related to the marina.

Airport – Airport T-hangar rates saw an increase of 10% for the year as the Port pursues a multi-year increase of airport hangar rates, to bring them in line with comparable airports. This will also allow for more cost recovery by the airport for its operations. Airport revenues were $252,882 which is $24,824 more than the prior year. Capital grants amounted to $77,537 for the remainder of the construction of the north apron project. Expenses amounted to $930,408 of which $610,312 was depreciation. Expenses increased by $261,831 from the prior year, which primarily was attributable to depreciation as the north apron and airport technology and emergency center started being depreciated.

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 Finance Director at 1000 E. Port Marina Drive, Hood River, OR 97031, or via email to dsmith-wagar@portofhoodriver.com.

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

PORT OF HOOD RIVER

STATEMENT OF NET POSITION
JUNE 30, 2022

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and investments	$ 8,557,289	$ 11,655,387	$ 20,212,676
Cash and investments (restricted)	-	286,300	286,300
Receivables (net)	4,253	628,022	632,275
Prepaid expenses	-	261,128	261,128
Supply inventory	-	32,301	32,301
Deposits	-	158,317	158,317
Leases receivable	-	6,711,075	6,711,075
Capital assets, non-depreciable	1,434,097	13,081,345	14,515,442
Capital assets, (net of accumulated depreciation)	5,738,764	20,207,053	25,945,817
Total Assets	15,734,403	53,020,928	68,755,331
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	59,928	943,873	1,003,801
OPEB related deferral	586	9,233	9,819
Total Deferred Outflows of Resources	60,514	953,106	1,013,620
LIABILITIES			
Current Liabilities			
Accounts payables	-	1,357,402	1,357,402
Breezeby outstanding	-	770,663	770,663
Unearned revenue	5,000,000	223,601	5,223,601
Interest payable	-	28,760	28,760
Accrued compensated absences	-	94,933	94,933
Due within one year	-	169,000	169,000
Non-Current Liabilities			
Net pension liability	71,284	1,122,756	1,194,040
Total OPEB liability	2,953	46,510	49,463
Due in more than one year	-	1,928,534	1,928,534
Total Liabilities	5,074,237	5,742,159	10,816,396
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	53,050	835,564	888,614
OPEB related deferral	343	5,381	5,724
Lease related deferrals	-	6,711,075	6,711,075
Total Deferred Inflows of Resources	53,393	7,552,020	7,605,413
NET POSITION			
Net Investment in Capital Assets	7,172,861	31,190,864	38,363,725
Restricted for:			
Debt Service	-	286,300	286,300
Unrestricted	3,494,426	9,202,691	12,697,117
Total Net Position	$ 10,667,287	$ 40,679,855	$ 51,347,142

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the year ended June 30, 2022

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	$ 592,903	$ -	$ 46,209	$ -
Bridge Repair and Replacement	1,902,815	-	515,188	-
Total Governmental Activities	2,495,718	-	561,397	-
Business Type Activities				
Revenue Fund	7,067,577	9,580,584	-	77,537
Interest on Long Term Debt	85,053	-	-	-
Total Business Type Activities	7,152,630	9,580,584	-	77,537
Total Primary Government	$ 9,648,348	$ 9,580,584	$ 561,397	$ 77,537

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
$ (546,694)	$ -	$ (546,694)
(1,387,627)	-	(1,387,627)
(1,934,321)	-	(1,934,321)
-	2,590,544	2,590,544
-	(85,053)	(85,053)
-	2,505,491	2,505,491
(1,934,321)	2,505,491	571,170
88,955	-	88,955
21,174	90,301	111,475
-	333,273	333,273
2,886,135	(2,886,135)	-
2,996,264	(2,462,560)	533,703
1,061,943	42,930	1,104,873
9,605,344	40,636,925	50,242,269
$ 10,667,287	$ 40,679,855	$ 51,347,142

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

ASSETS	General	Bridge Repair & Replacement	Total Governmental Funds
Unrestricted Assets			
Cash and Investments	$ 530,459	$ 8,026,673	$ 8,557,132
Cash with Fiscal Agent	157	-	157
Taxes Receivable	2,391	-	2,391
Total Assets	$ 533,007	$ 8,026,673	$ 8,559,680
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	$ 1,978	$ -	$ 1,978
Deferred revenues from grants	-	5,000,000	5,000,000
Total Deferred Inflows of Resources	1,978	5,000,000	5,001,978
FUND BALANCES			
Committed for Bridge Repair & Replacement	-	3,026,673	3,026,673
Unassigned	531,029	-	531,029
Total Fund Balances	531,029	3,026,673	3,557,702
Total Deferred Inflows of Resources and Fund Balances	$ 533,007	$ 8,026,673	$ 8,559,680

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO STATEMENT OF NET POSITION JUNE 30, 2022

Total Fund Balances - Governmental Funds	$	3,557,702
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:		
Deferred Outlfows of Resources - Pension Related Deferral		59,928
Deferred Outflows of Resources - OPEB Related Deferral		586
The proportionate share of the net pension liability is not reported as a liability in the governmental funds		(71,284)
The total OPEB liability is not reporteed as a liability in the governmental funds		(2,953)
Deferred Inflows of Resources - Pension Related Deferral		(53,050)
Deferred Inflows of Resources - OPEB Related Deferral		(343)
Revenues are unavailable in the Governmental Funds if received after 60 days, but accrued in the Statement of Activities as earned.		1,978
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes		1,862
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.		7,172,861
Net Assets of Governmental Activites	$	10,667,287

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENAL FUNDS
For the year ended June 30, 2022

	Funds		Total
	General	Bridge Repair & Replacement	Governmental Funds
REVENUES			
Property taxes	$ 88,955	$ -	$ 88,955
Interest	2,756	18,418	21,174
Income from Grants	46,209	515,188	561,397
Total Revenues	137,920	533,606	671,526
EXPENDITURES			
Current			
General government	651,515	-	651,515
Bridge repair and replacement	-	1,145,864	1,145,864
Capital Outlay			
Bridge repair and replacement	-	1,603,944	1,603,944
Total Expenditures	651,515	2,749,808	3,401,323
Excess (Deficiency) of Revenues Over (Under) Expenditures	(513,595)	(2,216,202)	(2,729,797)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	651,515	2,234,620	2,886,135
Total Other Financing Sources (Uses)	651,515	2,234,620	2,886,135
Net change in Fund Balances	137,920	18,418	156,338
FUND BALANCE - Beginning	393,109	3,008,255	3,401,364
FUND BALANCE - Ending	$ 531,029	$ 3,026,673	$ 3,557,702

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, 2022

Net Change in Fund Balances - Total Government Funds		$	156,338
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	1,603,944		
Less: Current Year Depreciation	(783,540)		820,404
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.			82,387
OPEB expense represents the net change in total OPEB liability for the year.			2,814
Change in Net Assets of Governmental Activities		$	1,061,943

PORT OF HOOD RIVER

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	REVENUE FUND
ASSETS	
Current Assets	
Cash and investments	$ 11,941,687
Accounts receivable (net of allowance for uncollectibles)	628,022
Prepaid expenses	261,128
Inventory	32,301
Non-Current Assets	
Deposits	158,317
Leases receivable	6,711,075
Capital assets (net of accumulated depreciation)	
Land	8,940,897
Land improvements	9,278,246
Buildings & improvements	8,884,577
Bridge	1,661,925
Equipment and vehicles	382,305
Construction in progress	4,140,448
TOTAL ASSETS	53,020,928
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferral	943,873
OPEB related deferral	9,233
TOTAL DEFERRED OUTFLOWS OF RESOURCES	953,106
LIABILITIES	
Current Liabilities	
Accounts payable and other current liabilities	1,357,402
Breezeby Outstanding	770,663
Unearned revenue	223,601
Interest payable	28,760
Accrued compensated absences	94,933
FlexLease payable - due within one year	75,000
Taxable general revenue bond - due within one year	94,000
Non-Current Liabilities	
Net Pension liability	1,122,756
Total OPEB liability	46,510
FlexLease payable - due in more than one year	350,000
Taxable general revenue bond - due in more than one year	1,578,534
TOTAL LIABILITIES	5,742,159
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	835,564
OPEB related deferral	5,381
Lease related deferrals	6,711,075
TOTAL DEFERRED INFLOWS OF RESOURCES	7,552,020
NET POSITION	
Net investment in capital assets	31,190,864
Restricted - Debt Service	286,300
Unrestricted	9,202,691
TOTAL NET POSITION	$ 40,679,855

PORT OF HOOD RIVER

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - PROPRIETARY FUND
For the year ended June 30, 2022

	REVENUE FUND
OPERATING REVENUES	
Bridge tolls	$ 6,020,430
Leases, rents and fees	3,560,154
Total Operating Revenues	9,580,584
OPERATING EXPENSES	
Salaries and wages	1,476,017
Payroll taxes and benefits	812,480
Utilities including communication costs	681,740
Insurance	440,327
Maintenance and supplies	271,824
Other operating expenses	674,987
Professional services including legal	722,990
Property taxes	217,893
Depreciation expense	1,769,319
Total Operating Expenses	7,067,577
Operating Income	2,513,007
NON-OPERATING REVENUES (EXPENSES)	
Interest income	90,301
Income from other sources and grants	333,273
Interest expense	(85,053)
Total Non-operating Revenues (Expenses)	338,521
Income before Capital Contributions and Operating Transfers	2,851,528
CAPITAL GRANTS AND TRANSFERS	
Capital grants and contributions	77,537
Operating transfers out	(2,886,135)
Total Capital Contributions and Transfers	(2,808,598)
Change in Net Position	42,930
Total Net Position - Beginning	40,636,925
Total Net Position - Ending	$ 40,679,855

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2022

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 10,072,294
Cash paid to suppliers	(2,150,430)
Cash paid to employees and benefits	(2,206,429)
Net Cash Provided by Operating Activities	5,715,435
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	333,273
Transfers to other funds	(2,886,135)
Net Cash (Used) by Noncapital Financing Activities	(2,552,862)
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	77,537
Interest paid on capital debt	(86,839)
Principal payment on capital debt	(169,000)
Acquisition and construction of capital assets	(244,645)
Net Cash (Used) for Capital and Related Financing Activities	(422,947)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	90,301
Net Cash Provided by Investing Activities	90,301
Net Increase in Cash	2,829,927
CASH AND EQUIVALENTS - BEGINNING OF YEAR	9,111,760
CASH AND EQUIVALENTS - END OF YEAR	$ 11,941,687
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	$ 2,513,007
Adjustments to reconcile operating income to net cash:	
Depreciation	1,769,319
(Increase) Decrease in:	
Accounts Receivable	427,976
Prepaid Expenses	(18,680)
Inventory	(18,232)
Decrease (Increase) in:	
Accounts Payable	896,243
Accrued Liabilities	(9,609)
Pension Items	83,951
OPEB Items	7,726
Unearned Revenues	63,734
Net Cash Provided by Operating Activities	$ 5,715,435

See 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, 2022.

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 15^{th}. Under the partial payment schedule, the first one-third of taxes are due November 15^{th}, the second one-third on February 15^{th}, and the remaining one-third on May 15^{th}. A three percent discount is allowed if full payment is made by November 15^{th}, and a two percent discount is allowed if two-thirds payment is made by November 15^{th}. 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.

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

3. Inventories

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

4. Prepaid Expenses

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

5. Capital Assets

In accordance with GASB Statement No. 34, the Port has reported all capital assets, which include property, equipment and infrastructure assets (e.g., roads, bridges), in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Port as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of two years. The useful lives generally range from 5 to 40 years for land and building improvements, 20 to 60 years for bridge and related improvements, and 5 to 15 years for equipment. Such assets are recorded 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 position & fund balance*

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

In the fund financial statements, fund balance is reported in a classification that is comprised of a hierarchy based on the extent to which the Port is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The 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 assets 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 assets 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 three items which arise under full accrual accounting in the statement of net position: deferrals related to the PERS pension plan, the Port's OPEB, and the Port's leases receivable.

10. *Retirement Plans*

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

NOTE 2 – DETAILED NOTES ON ALL FUNDS

A. Cash and investments

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

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

The bank balance as of June 30, 2022 maintained by the Port was $390,032. 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	$ 314,761	$ 389,032
Checking Accounts - Payroll	1,000	1,000
Total Checking Deposits	$ 315,761	$ 390,032

Investments

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

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

At June 30, 2022, the Port held most of its investments in the LGIP having a carrying amount of $17,218,832 which approximates fair value. As of June 30, 2022, the fair value of the position in the LGIP is 98.98% of the value of the pool shares as report in the Oregon Short Term Fund audited financial statements. The Port held other agency, banking and energy investments worth $2,959,000.

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	85%	Quoted Market Price, Level 1	$ 17,218,832	
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	201,120	0.17
Port of Portland	S&P AA-	1%	Quoted Market Price, Level 1	196,570	1.00
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	201,193	2.17
Federal Home Loan Bank	Moody Aaa	1%	Quoted Market Price, Level 1	197,357	2.67
ExxonMobil	Moody AA2	1%	Quoted Market Price, Level 1	199,039	2.72
Federal Farm Credit Bank	Moody AAA	1%	Quoted Market Price, Level 1	198,257	3.90
Marion County School District	Moody Aa1	1%	Quoted Market Price, Level 1	185,860	3.96
California State University	Moody AA2	1%	Quoted Market Price, Level 1	183,053	4.25
California State GO	Moody Aa2	1%	Quoted Market Price, Level 1	192,440	4.25
Port of Oakland	Moody A1	0%	Quoted Market Price, Level 1	90,692	4.83
San Bernadino School District	Moody A1	1%	Quoted Market Price, Level 1	184,020	5.08
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	201,308	5.17
Port of Morrow	Moody Aa2	1%	Quoted Market Price, Level 1	201,308	5.17
North Clackamas School District	Moody Aa1	1%	Quoted Market Price, Level 1	171,824	5.96
Freddie Mac	Not Rated	1%	Quoted Market Price, Level 1	184,731	7.11
Portland Community College	Moody Aa1	1%	Quoted Market Price, Level 1	170,228	7.96
		100%		$ 20,177,832	

As of June 30, 2022 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			315,761	315,761
Cash with Fiscal Agents	157	-	3,351	3,508
Local Government Investment Pool	530,459	8,026,673	8,661,700	17,218,832
Investments (at fair value)	-	-	2,959,000	2,959,000
Total Cash & Investments	$ 530,616	$ 8,026,673	$ 11,941,687	$20,498,976

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

Cash & Investments	$ 530,616	$ 8,026,673	$ 11,655,387	$20,212,676
Cash & Investments - restricted	-	-	286,300	286,300
Total Cash & Investments	$ 530,616	$ 8,026,673	$ 11,941,687	$20,498,976

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, 2022.
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, rents, taxes and other fees. The balances for governmental and business-type activities on June 30, 2022 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts Receivables - Trade	$ -	$ 761,884	$ 761,884
Grants Receivables	-	52,537	52,537
Taxes Receivable	4,253	-	4,253
Less: Allowance for doubtful accounts	-	(186,399)	(186,399)
Net Accounts Receivable	$ 4,253	$ 628,022	$ 632,275

C. Leases Receivable

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

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

Business-Type Activities	Outstanding June 30, 2021	Additions	Reductions	Balance June 30,2022
Industrial Properties				
Big 7, interest at 7.5%, monthly principal and interest payments of $22,746, due 2022 to 2025	$ -	$ 641,763	$ 234,388	$ 407,375
Halyard, interest at 7.5%, monthly principal and interest payments of $26,066, due 2035	-	2,639,781	76,874	2,562,907
Hanel Lower Mills, interest at 7.5%, monthly principal and interest payments of $2,810, due 2023	-	55,140	30,622	24,518
Jensen Building, interest at 7.5%, monthly principal and interest payments of $31,302, due 2022-2028	-	1,106,614	239,565	867,049
Maritime Building, interest at 7.5%, monthly principal and interest payments of $26,067, due 2029	-	1,877,509	178,029	1,699,480
Timber Incubator Building, 7.5% interest, monthly principal and interest payments of $3,561, due 2023	-	62,437	38,341	24,096
Wasco Building, interest at 7.5%, monthly principal and interest payments of $15,176, due 2027	-	877,754	120,369	757,385
Commercial				
DMV Building, interest from 0.03% to 7.5%, monthly principal and interest payments of $3,649, due 2025-2028	-	248,284	40,444	207,840
Marina Office Building	-	40,264	15,888	24,376
Airport				
Various leases, interest at 7.5%, monthly principal and interest payments of $4,511, due 2026	-	177,783	41,734	136,049
Total Business-Type Activities	$ -	$ 7,727,329	$1,016,254	$6,711,075

Future maturities are as follows:

Year Ending June 30,	Industrial Leases Receivable Principal	Interest	Total Future Payments
2023	$ 1,028,960	$ 440,296	$ 1,469,256
2024	885,430	366,366	1,251,796
2025	657,208	308,494	965,702
2026	642,170	261,061	903,231
2027	692,020	211,209	903,229
2028-2032	1,661,932	551,520	2,213,452
2033-2035	775,090	85,088	860,178
Total	$ 6,342,810	$ 2,224,034	$ 8,566,844

Year Ending June 30,	Commercial Leases Receivable Principal	Interest	Total Future Payments
2023	$ 59,155	$ 3,394	$ 62,549
2024	48,897	1,593	50,490
2025	44,585	621	45,206
2026	31,824	20	31,844
2027	31,834	10	31,844
2028	15,921	-	15,921
Total	$ 232,216	$ 5,638	$ 237,854

Year Ending June 30,	Airport Leases Receivable Principal	Interest	Total Future Payments
2023	$ 39,800	$ 8,830	$ 48,630
2024	24,996	6,360	31,356
2025	26,937	4,419	31,356
2026	29,028	2,328	31,356
2027	15,288	390	15,678
Total	$ 136,049	$ 22,327	$ 158,376

Deferred inflow of resources mirror the principal payment maturities described above.

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Construction in progress	$ 144,898	$ 1,603,944	$ 314,745	$ 1,434,097
Total capital assets, not being depreciated	144,898	1,603,944	314,745	1,434,097
Capital assets being depreciated:				
Bridge & improvements	16,038,705	12,960	-	16,051,665
Electronic toll equipment	182,207	301,784	-	483,991
Machinery & equipment	7,000	-	-	7,000
Total capital assets being depreciated	16,227,912	314,744	-	16,542,657
Less: Accumulated depreciation for:				
Bridge & improvements	(9,843,935)	(782,713)	-	(10,626,648)
Electronic toll equipment	(176,418)	(827)	-	(177,245)
Total accumulated depreciation	(10,020,353)	(783,540)	-	(10,803,893)
Total capital assets being depreciated, net	6,207,559	(468,796)	-	5,738,764
Governmental activities capital assets, net	$ 6,352,457	$ 1,135,148	$ 314,745	$ 7,172,861

Capital asset activity for business-type activities for the year ended June 30, 2022 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	5,264,188	146,816	1,270,556	4,140,448
Total capital assets, not being depreciated	14,205,085	146,816	1,270,556	13,081,345
Capital assets being depreciated:				
Land improvements	13,842,981	508,934	-	14,351,915
Buildings & improvements	20,465,650	115,967	-	20,581,617
Bridge & improvements	9,123,418	630,366	-	9,753,784
Equipment - office	364,579	27,566	-	392,145
Equipment - operations	493,410	56,500	-	549,910
Vehicles	334,121	29,052	40,568	322,605
Total capital assets being depreciated	44,624,159	1,368,385	40,568	45,951,976
Less: Accumulated depreciation for:				
Land improvements	(4,322,065)	(751,604)	-	(5,073,669)
Buildings & improvements	(11,092,720)	(604,320)	-	(11,697,040)
Bridge & improvements	(7,783,687)	(308,172)	-	(8,091,859)
Equipment - office	(199,191)	(47,403)	-	(246,594)
Equipment - operations	(393,573)	(28,865)	-	(422,438)
Vehicles	(224,936)	(28,955)	40,568	(213,323)
Total accumulated depreciation	(24,016,172)	(1,769,319)	40,568	(25,744,923)
Total capital assets being depreciated, net	20,607,987	(400,934)	-	20,207,053
Business-type activities capital assets, net	$ 34,813,072	$ (254,118)	$ 1,270,556	$ 33,288,398

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	$ 783,540	$ -
Revenue Fund	-	1,769,319
Total Depreciation Expense	$ 783,540	$ 1,769,319

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

Properties	**Land**	**Land Improvements**	**Buildings**	**Total**
Industrial Buildings	$ 4,954,436	$ 726,942	$ 14,132,508	$ 19,813,886
Commercial Buildings	196,337	71,942	2,268,883	2,537,162
Airport	1,362,814	11,028,917	1,373,795	13,765,526
Waterfront	2,391,910	2,435,056	958,128	5,785,094
Marina	35,400	89,057	1,848,303	1,972,760
Total Cost	8,940,897	14,351,914	20,581,617	43,874,428
Accumulated Depreciation	-	(5,073,669)	(11,697,040)	(16,770,709)
Total Cost, net	$ 8,940,897	$ 9,278,245	$ 8,884,577	$ 27,103,719

E. 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, 2022, are as follows:

	Transfers In	Transfers Out
General fund	$ 651,515	$ -
Bridge repair and replacement fund	2,234,620	-
Revenue fund	-	2,886,135
Total	$ 2,886,135	$ 2,886,135

F. Long-term debt

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

Business-Type Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings and Placements					
Flexlease - Series 2010E	$ 100,000	$ -	$ 25,000	$ 75,000	$ 25,000
Flexlease - Series 2013B	400,000	-	50,000	350,000	50,000
Bonds					
Taxable General Revenue Bond	1,766,534	-	94,000	1,672,534	94,000
Total Business-Type Activities	$ 2,266,534	$ -	$ 169,000	$ 2,097,534	$ 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:

	Flexlease Series 2010E - Business-Type Activities		
Year Ending June 30,	Principal	Interest	Total Debt Service
2023	$ 25,000	$ 2,750	$ 27,750
2024	25,000	1,650	26,650
2025	25,000	550	25,550
Total	$ 75,000	$ 4,950	$ 79,950

Interest expense during the current fiscal year on the 2010E series Flexlease Loan is $3,850.

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

	Flexlease Series 2013B - Business-Type Activities		
Year Ending June 30,	**Principal**	**Interest**	**Total Debt Service**
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	65,000	4,388	69,388
2028	65,000	1,463	66,463
	$ 350,000	$ 49,726	$ 399,726

Interest expense during the current fiscal year on the 2013B series Flexlease Loan is $16,725.

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	$ 1,766,534	$ -	$ 94,000	$ 1,672,534	$ 94,000

Interest expense during the current fiscal year on the taxable general revenue bond is $63,776.

Year Ending June 30,	Taxable General Revenue Bond - Business-Type Activities Principal	Interest	Total Debt Service
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	94,000	48,394	142,394
2028-2030	1,202,534	129,704	1,332,238
Total	$ 1,672,534	$ 407,571	$ 2,080,105

NOTE 3 – OTHER INFORMATION

A. Oregon Public Employees Retirement System (PERS)

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at www.oregon.gov/pers/Documents/CAFR/2021-ACFR.pdf.

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

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

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

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

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

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

i) Pension Benefits. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

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

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2022 were approximately $277,380 excluding amounts to fund employer specific liabilities. In addition, approximately $93,616 in employee contributions were paid by Port employees in fiscal 2022.

At June 30, 2022, the Port reported a net pension liability of $1,194,040 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2019. 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, 2021 and 2020, the Port's proportion was 0.0099 percent and 0.0093 percent, respectively. Pension expense for the year ended June 30, 2022 was $128,721 for the General Fund and $2,027,422 for business type activities.

The rates in effect for the year ended June 30, 2022 were:

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 111,770	-
Changes of assumptions	298,904	3,142
Net difference between projected and actual earnings on investments	-	883,939
Changes in proportionate share	206,515	1,533
Differences between employer contributions and employer's proportional share of system	109,232	
Total (prior to post-MD contributions)	726,421	888,614
Contributions subsequent to the MD	277,380	-
Total	$ 1,003,801	$ 888,614

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, 2023.

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
2023	$ 28,486
2024	3,899
2025	(60,959)
2026	(173,476)
2027	39,857
Total	$ (162,193)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 25, 2022. Oregon PERS produces an independently audited CAFR which can be found at:

https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2022, 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, 2019
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent (reduced from 2.50 percent)
Investment rate of return	6.90 percent (reduced from 7.20 percent)
Projected payroll growth	3.40 percent (reduced from 3.50 percent)
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with *Moro* decision, blend based on service.
Mortality	**Healthy retirees and beneficiaries:** Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active members:** Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, 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, 2019.

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, 2021 PERS ACFR; p. 104

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

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

Source: June 30, 2021 PERS ACFR; p. 74

Discount Rate – The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan, a reduction approved by the Board from 7.20 percent in the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Port's proportionate share of the net pension liability	$ 2,344,810	$ 1,194,040	$ 231,264

Changes Subsequent to the Measurement Date

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

There are no changes subsequent to the June 30, 2021 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

Deferred Compensation Plan

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

OPSRP Individual Account Program (OPSRP IAP)

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

Pension Benefits – Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of the five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, 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. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning $2,500 or more per month (increased to $2,535 per month on January 1, 2021) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly contribution, Tier1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 precent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The Port did have employees that chose to make voluntary optional contributions to their IAP accounts for the year ended June 30, 2022.

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, 2020, 2021, and 2022 are $255, $320, and $285 respectively, which equaled the required contributions each year. As of June 30, 2022, the Port's net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued to the government wide statements.

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

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

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

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

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

Actuarial Methods and Assumptions – The Port engaged an actuary to perform an evaluation as of July 1, 2020 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 – 2.16%
General Inflation Rate per year - 2.4%
Salary Scale per year – 3.4%

Health Care cost Trends:

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

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

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

Disability rates were not used.

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

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

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

Changes in Total OPEB Liability

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

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 2.16 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2022	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 52,850	$ 49,463	$ 46,200

June 30, 2022	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$ 44,639	$ 49,463	$ 54,954

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 1,235	$ (5,403)
Changes of assumptions	7,274	(321)
Total (prior to post-measurement date contributions)	8,509	(5,724)
Contributions made subsequent to the measurement date	1,310	-
Total deferred outflows (inflows) of resources	$ 9,819	$ (5,724)

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
2023	$ 1,139
2024	1,350
2025	916
2026	(383)
2027	(237)
Total	$ 2,785

C. Risk Management

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

D. Contingent Liability

There are no contingent liabilities with the Port.

E. Property Tax Limitations

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

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

F. Tax Abatements

As of June 30, 2022, 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, 2022 for any program covered under GASB 77.

G. Related Party Transactions

A Port Commissioner owns the local equipment and power-tool supply store. The supplier charges the Port the same amount as all other customers. The Port paid the supplier $63,653 in fiscal year 2022 for parts and equipment. At June 30, 2022 the Port owed the supplier $129.

H. Subsequent Events

For the fiscal year ending June 30, 2023, the Port has separated the Special Revenue fund called the Bridge Repair & Replacement fund into the Bridge Repair fund (existing bridge) and the Bridge Replacement fund (for a new bridge).

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

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
2022	0.01%	$ 1,194,040	$ 1,875,945	63.7%	87.6%
2021	0.01%	2,019,973	1,632,810	123.7%	75.8%
2020	0.01%	1,475,842	1,587,107	93.0%	80.2%
2019	0.01%	1,187,708	1,288,432	92.2%	82.1%
2018	0.01%	1,024,309	1,262,404	81.1%	83.1%
2017	0.01%	1,189,375	1,241,215	95.8%	80.5%
2016	0.01%	474,231	1,182,892	40.1%	91.9%
2015	0.01%	(201,797)	1,144,446	-17.6%	103.0%
2014	0.01%	454,314	990,120	45.9%	92.0%

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

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
2022	$ 277,380	$ 277,380	$ -	$ 1,777,232	15.6%
2021	260,860	260,860	-	1,875,945	13.9%
2020	254,914	254,914	-	1,632,810	15.6%
2019	212,174	212,174	-	1,587,107	13.4%
2018	170,841	170,841	-	1,288,432	13.3%
2017	138,374	138,374	-	1,262,404	11.0%
2016	134,541	134,541	-	1,241,215	10.8%
2015	88,721	88,721	-	1,182,892	7.5%
2014	85,873	85,873	-	1,144,446	7.5%

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

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, 2022

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, 2022	$ 49,463	$ 1,777,232	2.8%	July 1, 2021
June 30, 2021	49,070	1,875,945	2.6%	July 1, 2019
June 30, 2020	40,984	1,632,810	2.5%	July 1, 2019
June 30, 2019	28,767	1,587,107	1.8%	July 1, 2017
June 30, 2018	26,109	1,288,432	2.0%	July 1, 2017

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

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2022

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
2022	$ 49,070	$ 4,117	$ 1,167	$ (6,658)	$ 2,527	$ (760)	$ 49,463
2021	40,984	3,523	1,554	-	3,216	(207)	49,070
2020	28,767	2,424	1,195	2,609	6,622	(633)	40,984
2019	26,109	2,388	1,020	-	(725)	(25)	28,767
2018	24,667	2,494	774	-	(1,802)	(24)	26,109

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

PORT OF HOOD RIVER

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

GENERAL FUND
For the year ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 84,300	$ 84,300	$ 88,955	$ 4,655
Investment Earnings	7,000	7,000	2,756	(4,244)
Grants	2,000	2,000	46,209	44,209
Total Revenues	93,300	93,300	137,920	44,620
EXPENDITURES				
Current Operating:				
Personal Services	286,700	286,700	178,769	107,931
Materials & Services	563,850	563,850	472,746	91,104
Total Expenditures	850,550	850,550	651,515	199,035
Excess (Deficiency) of Revenues Over (Under) Expenditures	(757,250)	(757,250)	(513,595)	243,656
OTHER FINANCING SOURCES (USES)				
Transfers in	764,250	764,250	651,515	(112,735)
Total Other Financing Sources (Uses)	764,250	764,250	651,515	(112,735)
Net Change in Fund Balance	7,000	7,000	137,920	130,921
Fund Balance - Beginning	394,800	394,800	393,109	(1,691)
Fund Balance - Ending	$ 401,800	$ 401,800	$ 531,029	$ 129,230

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Investment Earnings	$ 25,000	$ 25,000	$ 18,418	$ (6,582)
Income from Grant	3,544,000	3,544,000	515,188	(3,028,812)
Other Income/Financing	1,100,000	1,100,000	-	(1,100,000)
Total Revenues	4,669,000	4,669,000	533,606	(4,135,394)
EXPENDITURES				
Current Operating:				
Personal Services	309,800	309,800	267,664	42,136
Materials & Services	1,108,000	1,108,000	878,200	229,800
Capital Outlay	4,665,000	4,665,000	1,603,944	3,061,056
Debt Service	78,500	78,500	-	78,500
Contingency	500,000	500,000	-	500,000
Total Expenditures	6,661,300	6,661,300	2,749,808	3,911,492
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,992,300)	(1,992,300)	(2,216,202)	(223,902)
OTHER FINANCING SOURCES (USES)				
Transfers in	2,617,300	2,617,300	2,234,620	(382,680)
Total Other Financing Sources (Uses)	2,617,300	2,617,300	2,234,620	(382,680)
Net Change in Fund Balance	625,000	625,000	18,418	(606,582)
Fund Balance - Beginning	2,760,400	2,760,400	3,008,255	247,855
Fund Balance - Ending	$ 3,385,400	$ 3,385,400	$ 3,026,673	$ (358,727)

PORT OF HOOD RIVER

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

REVENUE FUND
For the year ended June 30, 2022

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES				
Toll Bridge	$ 6,249,000	$ 6,249,000	$ 6,020,430	$ (228,570)
Industrial Buildings	2,597,850	2,597,850	2,313,054	(284,796)
Commercial Buildings	159,850	159,850	138,570	(21,280)
Waterfront Industrial Land	134,000	134,000	144,751	10,751
Waterfront Recreation	213,000	213,000	302,634	89,634
Marina	382,300	382,300	408,262	25,962
Airport	261,000	261,000	252,882	(8,118)
Investment Earnings	100,000	100,000	90,301	(9,699)
Income from Grants and Other Sources	5,194,900	5,194,900	782,163	(4,412,737)
Total Revenues	15,291,900	15,291,900	10,453,047	(4,838,853)
EXPENDITURES				
Personal Services	2,714,400	2,714,400	2,195,957	518,443
Materials & Services	3,557,000	3,657,000	3,009,761	647,239
Capital Outlay	7,140,100	7,037,600	311,171	6,726,429
Debt Service	593,100	595,600	254,053	341,547
Contingency	500,000	500,000	-	500,000
Total Expenditures	14,504,600	14,504,600	5,770,942	8,733,658
Revenues Over (Under) Expenditures	787,300	787,300	4,682,105	3,894,805
OTHER FINANCING SOURCES (USES)				
Property sales	734,400	734,400	-	(734,400)
Operating Transfers Out	(3,381,550)	(3,381,550)	(2,886,135)	495,415
Total Other Financing Sources (Uses)	(2,647,150)	(2,647,150)	(2,886,135)	(238,985)
Net Change in Fund Balance	(1,859,850)	(1,859,850)	1,795,970	3,655,820
Fund Balance - Beginning	9,527,000	9,527,000	9,175,693	(351,307)
Fund Balance - Ending	$ 7,667,150	$ 7,667,150	$ 10,971,663	$ 3,304,513
Reconciliation to Net Position				
Capital Assets, Net			33,288,397	
Net Pension Liability			(1,122,756)	
Investment asset losses			(240,882)	
Pension Related Deferrals			108,309	
Total OPEB Liability			(46,510)	
OPEB Related Deferrals			3,852	
Accrued Interest payable			(28,760)	
Long Term Debt			(2,097,534)	
Deferred Revenue			(23,601)	
Accrued Payroll			(37,390)	
Accrued Compensated Absences			(94,933)	
Net Position			$ 40,679,855	

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED

BY OREGON STATE REGULATIONS

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(503) 620-2632 (503) 684-7523 FAX
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February 22, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Port of Hood River as of and for the year ended June 30, 2022, and have issued our report thereon dated February 22, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

- The Budget did not make estimates of delinquent tax collections in accordance with ORS294.361(2)
- The Budget did not separate principal and interest payments in accordance with ORS294.388(6)

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.