

PORT OF HOOD RIVER

HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024





Port of Hood River, Oregon

Financial Statements

For the fiscal year ended June 30, 2024

Prepared by:

Port of Hood River Staff



Port of Hood River, Oregon
June 30, 2024

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Term Expires</u>
Kristi Chapman, President	June 30, 2027
Heather Gehring, Vice-President	June 30, 2025
Mike Fox, Secretary	June 30, 2025
Tor Bieker, Treasurer	June 30, 2027
Ben Sheppard	June 30, 2025

All Commissioners receive mail at the address listed below.

ADMINISTRATION

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

PORT OF HOOD RIVER
Annual Financial Report
June 30, 2024

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FINANCIAL SECTION

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July 31, 2026

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

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, 2024, 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, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port of Hood River and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government 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 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.

The budgetary comparison information presented as required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, 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.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated July 31, 2026 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.

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2026 on our consideration of the internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.



Tara M Kamp, CPA
Clear Trail CPAs, LLC

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PORT OF HOOD RIVER
MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended June 30, 2024

Our discussion and analysis of the Port of Hood River's financial position provides an overview of the Port's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Port's basic financial statements.

FINANCIAL HIGHLIGHTS

The Port's net position increased \$7,960,818, or 14.19%, as a result of this year's:

- Net position of our governmental activities increased by \$7,337,705 or 47.72%.
- Net position of our business-type activities increased by \$623,113 or 1.53%.
- The total cost of all the Port's programs in 2024 was \$14,405,176; in 2023 this cost was \$10,215,981, a 41% increase.

The primary reason for this large increase in net position was due to grant revenue received for bridge replacement. State and federal grant revenue for the bridge replacement project was approximately \$8.1 million. Investment earnings were also higher in fiscal year 2023-24 compared to the prior year primarily due to higher interest rates.

Expenses were higher primarily due to planning for the new bridge. Other reasons for the increase are discussed below in more detail.

PORT'S ACTIVITIES HIGHLIGHTS

General Fund

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

Bridge Repair Fund

The Bridge Repair Fund is reported as a major fund.

Toll revenue is transferred from the General Fund into the Bridge Repair Fund to pay for repairs and maintenance on the existing bridge. Major repairs for fiscal year 2023-24 include a project to replace wire ropes on the bridge lift span and replacing underwater pier caps. Significant welding to repair the deck grating was also completed in fiscal year 2023-24.

Bridge Replacement Fund

The Port received \$5 million of American Rescue Plan Act (ARPA) grant funds in the last days of fiscal year 2021-22 for planning the replacement bridge across the Columbia River at Hood River. The State of Washington also awarded the Port a \$5 million grant for the project, and the Port was successful in obtaining a \$5 million Better Utilizing Investment to Leverage Development (BUILD) grant from the federal government. Those grants and the expenditures associated with them are now being recorded in the Bridge Replacement Fund.

The Port recognized more than \$8.1 million in grant proceeds for the replacement bridge project in fiscal year 2023-24 and expended a similar amount of money on the project. Also, in fiscal year 2023-24 a new entity was formed, the Hood River White Salmon Bridge Authority (Bridge Authority), and this entity will take over responsibility for building the new bridge.

Bi-State Bridge Fund

In September 2023 the Port increased tolls on the toll bridge. The incremental toll revenue is committed to building a reserve fund for the Bridge Authority so it can borrow money to help finance the new bridge. A new fund, the Bi-State Bridge Fund, was created to record the additional toll revenue and track the payments to the Bridge Authority. An intergovernmental agreement between the Port and the Bridge Authority governs the use of the funds.

Governmental Fund Balances

Other than the Replacement Bridge Fund, the other governmental fund balances increased 12.46% in the General Fund and 4.96% in the Bridge Repair Fund as resources were transferred into the funds from the Revenue Fund.

USING THIS ANNUAL REPORT

This annual report consists of a set of financial statements. The Statement of Net Position and the Statement of Activities provide information concerning the activities of the Port as a whole and present a view of the monetary standing of the Port for the fiscal year end date of June 30, 2024. Fund financial statements provide information on both governmental and proprietary, or business-type funds. A review of these statements will provide information on the Port's revenues, expenditures, capital assets and liabilities and ultimately compare where we were financially when the year started and where we are at the end of the fiscal year.

Reporting the Port as a Whole

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

These statements report the Port's "net position" and how it changed. This allows one to determine the Port's fiscal health, or financial position. Net position represents the difference between what the Port owes and what the Port owns. Increase or decrease in net position, taken

in conjunction with the actual activities undertaken by the Port, determine whether the Port's financial health is increasing or decreasing.

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

- **Governmental Activities** - The General Fund, the Bridge Repair Fund, the Bridge Replacement Fund, and the Bi-State Bridge Fund are the primary areas here. Governmental activities include revenues from property taxes, grants, and resources from Revenue Fund transfers in. It includes a wide variety of expenses, including contracts for service, utilities, supplies, and general administrative costs. In the fund statements, these funds are reported using modified accrual accounting and breaks expenditures into basic services- general government and capital outlay.
- **Business-type (proprietary) Activities** – The Revenue Fund is included here. Most revenues are toll revenue, building lease revenue, and parking fees. Expenses include everything needed to provide those services - personal services, materials and services, and depreciation.

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

Table 1 below shows the Port's net position by Governmental and Business-type Activities and provides a comparison to last year's net position. Overall, the Port's net position increased from \$56,086,936 to \$64,047,754 this year. This increase was primarily due to grant revenue and higher interest earnings.

**TABLE 1 - NET POSITION
AS OF JUNE 30,**

	Governmental Activities		Business-Type Activities		Total All Funds	
			Revenue Fund			
	2024	2023	2024	2023	2024	2023
Current assets	\$ 10,734,285	\$ 6,968,097	\$ 13,151,874	\$ 11,738,290	\$ 23,886,159	\$ 18,706,387
Restricted assets	-	3,592,256	1,365,270	1,611,389	1,365,270	5,203,645
Leases receivable	-	-	4,609,711	5,921,376	4,609,711	5,921,376
Capital assets	15,960,274	9,270,742	32,161,341	32,904,699	48,121,615	42,175,441
Total Assets	26,694,559	19,831,095	51,288,196	52,175,754	77,982,755	72,006,849
Pension related deferrals	71,976	52,389	721,298	825,133	793,274	877,522
OPEB related deferrals	504	466	2,749	8,582	3,253	9,048
Total Deferred						
Outflows of Resources	72,480	52,855	724,047	833,715	796,527	886,570
Current liabilities	3,871,977	4,386,345	4,517,845	3,077,175	8,389,822	7,463,520
Long-term debt	-	-	190,000	1,754,534	190,000	1,754,534
Net pension liability	146,890	93,882	1,472,031	1,478,689	1,618,921	1,572,571
Total OPEB liability	5,753	2,924	35,343	46,333	41,096	49,257
Total Liabilities	4,024,620	4,483,151	6,215,219	6,356,731	10,239,839	10,839,882
Pension related deferrals	26,720	24,248	267,764	381,912	294,484	406,160
OPEB related deferrals	2,097	654	12,849	7,296	14,946	7,950
Lease related deferrals	-	-	4,182,259	5,552,491	4,182,259	5,552,491
Total Deferred						
Inflows of Resources	28,817	24,902	4,462,872	5,941,699	4,491,689	5,966,601
<u>Net Position</u>						
Net investment in capital assets	15,960,274	9,270,742	31,891,341	30,976,165	47,851,615	40,246,907
Restricted - debt service	-	-	94,938	286,300	94,938	286,300
Unrestricted	6,753,328	6,105,155	9,347,873	9,448,574	16,101,201	15,553,729
Total Net Position	\$ 22,713,602	\$ 15,375,897	\$ 41,334,152	\$ 40,711,039	\$ 64,047,754	\$ 56,086,936

Net position increased 14.19%. Unrestricted net position – the portion of that area used to finance day-to-day operation without outside restraints, such as debt covenants, legislation, or other legal requirements, increased 3.52% overall. The net investment in capital assets (the capital asset value minus depreciation and net of any debt associated with the acquisition of capital assets) accounts for 74.71% of the Port’s net position.

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

**TABLE 2 - GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEARS ENDING JUNE 30TH**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues						
<i><u>Program revenues</u></i>						
Charges for services - tolls	\$ -	\$ -	\$ 8,541,238	\$ 5,833,527	\$ 8,541,238	\$ 5,833,527
Leases, rents and fees	-	-	3,369,670	3,823,240	3,369,670	3,823,240
Capital grants	8,138,496	3,613,653	471,124	286,200	8,609,620	3,899,853
<i><u>General Government Revenues</u></i>						
Property taxes	95,855	95,626	-	-	95,855	95,626
Interest earnings	428,081	226,115	980,568	820,800	1,408,649	1,046,915
Other sources	4,906	14,893	336,056	241,721	340,962	256,614
Total Revenues	<u>8,667,338</u>	<u>3,950,287</u>	<u>13,698,656</u>	<u>11,005,488</u>	<u>22,365,994</u>	<u>14,955,775</u>
Expenses						
Governmental Activities						
General government	422,464	567,368	-	-	422,464	567,368
Bridge repair and replacement	6,487,419	2,564,612	-	-	6,487,419	2,564,612
<i><u>Business-type Activities</u></i>						
Toll bridge	-	-	2,416,564	2,236,408	2,416,564	2,236,408
Industrial	-	-	1,933,882	1,867,922	1,933,882	1,867,922
Commercial	-	-	355,566	318,993	355,566	318,993
Waterfront industrial	-	-	150,699	260,708	150,699	260,708
Waterfront recreation	-	-	729,656	669,398	729,656	669,398
Marina	-	-	413,513	371,253	413,513	371,253
Airport	-	-	898,016	809,107	898,016	809,107
Administration	-	-	365,171	292,565	365,171	292,565
Maintenance	-	-	187,349	178,052	187,349	178,052
Interest on long-term debt	-	-	44,877	79,595	44,877	79,595
Total Expenses	<u>6,909,883</u>	<u>3,131,980</u>	<u>7,495,293</u>	<u>7,084,001</u>	<u>14,405,176</u>	<u>10,215,981</u>
Transfers	<u>5,580,250</u>	<u>3,890,303</u>	<u>(5,580,250)</u>	<u>(3,890,303)</u>	<u>-</u>	<u>-</u>
Increase in Net Position	7,337,705	4,708,610	623,113	31,184	7,960,818	4,739,794
Beginning Net Position	<u>15,375,897</u>	<u>10,667,287</u>	<u>40,711,039</u>	<u>40,679,855</u>	<u>56,086,936</u>	<u>51,347,142</u>
Ending Net Position	<u>\$ 22,713,602</u>	<u>\$ 15,375,897</u>	<u>\$ 41,334,152</u>	<u>\$ 40,711,039</u>	<u>\$ 64,047,754</u>	<u>\$ 56,086,936</u>

The Port's total revenues increased by \$7.41 million primarily due to higher grant revenue. Total expenses increased by \$4.19 million, mostly due to additional repairs on the existing bridge, along with costs expended on the replacement bridge.

GENERAL BUDGETARY HIGHLIGHTS

- The Port Commission adopted a conservative fiscal year 2023-2024 budget. Due to spending at a level that was even more conservative than budgeted and revenues coming in somewhat higher than budget, the fund balance of the General Fund ended the year \$114,926 higher than was budgeted. The beginning fund balance was also higher than budget leading to an overall fund balance that was \$207,252 higher than budget.

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

CAPITAL ASSETS

At June 30, 2024, the Port had \$47.85 million invested in land, buildings and improvements, the bridge, and equipment. This represents an increase (net of depreciation) of \$7.60 million, primarily due to capitalized planning for the new bridge. The Port also paid off a loan that had financed the purchase of one of its industrial properties (the Luhr Jensen building). Additional information on capital assets is available in Note 2D.

Table 3
Capital Assets at Year-end
Net of Depreciation

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land and const. in progress	\$ 8,276,969	\$ 2,502,891	\$ 11,200,924	\$ 10,984,438	\$ 19,477,893	\$ 13,487,329
Land improvements	-	-	17,498,555	17,140,901	17,498,555	17,140,901
Buildings & improvements	-	-	20,964,830	20,972,671	20,964,830	20,972,671
Bridge & improvements	19,844,702	17,915,700	9,945,779	9,753,784	29,790,481	27,669,484
Equipment	483,991	483,991	884,448	1,015,427	1,368,439	1,499,418
Vehicles	-	-	322,605	322,605	322,605	322,605
Less: accumulated depreciation	(12,645,388)	(11,631,841)	(28,655,800)	(27,285,127)	(41,301,188)	(38,916,968)
NET CAPITAL ASSETS	<u>\$ 15,960,274</u>	<u>\$ 9,270,741</u>	<u>\$ 32,161,341</u>	<u>\$ 32,904,699</u>	<u>\$ 48,121,615</u>	<u>\$ 42,175,440</u>

DEBT OUTSTANDING

As of year-end the Port had total debt outstanding of \$270,000. All of the debt is associated with business-type activities assets. Total debt decreased as the Port paid off a bank loan that was used to finance the purchase of an industrial property and made its regularly scheduled debt service payments. Additional information on long-term debt is available in Note 2F.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Port is involved in a variety of activities that all contribute to the economic health and vitality of the community. The major source of funds for Port operations continues to be the toll bridge, accounting for 71.71% of Port revenues, excluding grants. Lease revenues and other fees decreased due to increased vacancies. Waterfront activities continue to increase as tourism grows in the wake of the pandemic. All Port asset centers (i.e. bridge, industrial/commercial buildings, waterfront, marina, and the airport) continue to provide the Port with significant financial resources which enables diversification of the revenue mix. The Port is considering development opportunities at the Lower Hanel Mill site and is in the final process of developing the site for future industrial uses like warehousing and/or manufacturing.

Challenges facing the Port include the commission's pledge to end reliance on toll revenue for anything other than bridge repair and replacement by July 1, 2026. In prior years the toll revenue was used for economic development and as a resource for the Port's airport and park and recreation areas. As we move toward 2026 other sources of funding will need to be identified to support airport operations, economic development, and parks and recreation.

The Port receives property taxes which are recorded in the General Fund, however these taxes only account for less than 1% of total revenues and are used to fund governmental activities. Capital grants continue to play a vital role in how the Port develops its properties like the airport, bridge, and the remaining undeveloped land on the Hood River waterfront. The 10+ acre property ("Lot 1") is prime light industrial property that represents the last remaining large, developable property on the waterfront. The Port is currently assessing streets and traffic flow in the area using money from an economic development grant.

The following categories are helpful in describing the Port's separate business units:

Bridge – Bridge traffic decreased for the year with 4,119,661 crossings, a 7.7% decrease as compared to the previous year. Bridge repairs that closed the bridge or caused single-lane closures accounted for some of the decrease. A significant weather event in January 2024 reduced traffic in the area for one week as ice and snow closed the major highway that runs through Hood River, Interstate 84, for a few days and caused employers to close businesses during that time as well. On June 27, 2024, a truck towing a large piece of machinery hit the lift span on the bridge, causing it to be closed immediately due to safety concerns. The bridge reopened on June 30, 2024 to passenger cars and trucks only. Repairs were completed in July.

This year saw continued capital improvements to the bridge with the completion of the wire rope rehabilitation on the lift span, replacement of underwater pier caps, and significant deck welding. The tolling system underwent a complete overhaul behind the scenes as the Port's back office system moved from a server-based program to a cloud-based program. The 30-year plan for the bridge continues to be refined as the Port moves toward bridge replacement.

Leased Properties – This year, capital improvements included a partial window replacement on the Luhr Jensen Building and asphalt repaving and HVAC updates to the Halyard Building. Work was completed on a full assessment of all of the Port's buildings to begin development of a long-term capital improvement plan focusing on the Port's income-producing properties.

Lease revenues and other reimbursable fees (i.e., utilities and property taxes) for the industrial and commercial properties were \$2,527,167 reflecting a decrease of \$(223,133) over the prior year. This is mostly due to vacancies and some additional write-offs for uncollectible receivables. Developed property (i.e., industrial and commercial) operating expenses amounted to \$2,358,974 of which \$548,913 was depreciation. Expenses were slightly higher by \$173,059, 7.92%, primarily due to higher wages and utility costs.

Undeveloped Property – There continues to be various discussions on the remaining undeveloped lots at the waterfront. The Port continues to engage the local community as well as incorporate the remaining lots into its Strategic Business Plan which will assist in defining the development options for the remaining parcels. Traffic impacts continue to be a concern for developing the property. The Port received a grant to help pay for traffic mitigation at a main intersection near the undeveloped waterfront property. Undeveloped property expenses amounted to \$150,699,

a decrease of \$41,753 from the prior year. The decrease is due to lower professional services as the Port focuses on the actual needs of the area.

Recreation – The Port continues to program and manage waterfront activities; during peak periods of the summer this area has considerable traffic and use. The recreational usage along the waterfront continues to challenge the Port’s ability to meet public user expectations. The growth in kiteboarding, windsurfing, and the addition of paddle boarding has waterfront users competing against each other for time, access to the water, and space. In May 2023 the Port expanded its paid parking areas to include more of the waterfront along with the boat launch parking lot. This year recreation revenues amounted to \$273,492 which is a decrease of \$57,347 from the prior year, mostly due to less parking revenue being recorded in the Recreation category and more of the parking revenue going to the vacant industrial land department. Recreation expenses amounted to \$729,656 of which \$138,700 was depreciation. Expenses were higher than the prior year by \$60,258, primarily due to higher wages for maintenance staff and higher utilities. The Port is looking for ways to increase other revenues to help support waterfront recreation.

Marina – The marina continues to have a wait list of nearly 100 potential slip renters seeking space in a Marina with a total of 165 slips. The marina has a history of 100% occupancy and this year is no exception. For the year, marina revenues amounted to \$429,369 which is virtually unchanged from the prior year. Cruise ship dockings continued throughout the summer months. Marina expenses were \$413,513, of which \$102,813 was depreciation. Expenses were higher by \$42,260 from the prior year due to higher maintenance and utility costs related to the marina.

Airport – Airport hangar rates were not increased in 2024 after a 10% increase in 2023. Airport revenues were \$300,248 which is \$18,691 more than the prior year. Capital grants amounted to \$185,807 for the remainder of fuel tank replacement and work on the AWOS system. Expenses amounted to \$898,016 of which \$524,972 was depreciation. Expenses increased by \$88,909 from the prior year, which primarily was attributable to more professional services and maintenance.

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

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

The Budget Committee (five Port commission members and five citizen members) considered a wide range of factors when establishing the budget for the fiscal year ending June 30, 2025. Estimates were made for a range of revenues, including property taxes, toll revenue, lease income, and grants. The committee approved cost-of-living and step increases for all staff. The number of full-time equivalent (FTE) employees did not change. Before construction of the new

bridge can get underway the Port will need to move its administrative offices since the existing building is in the path of the new bridge approach. Planning for this transition is included in the fiscal year 2024-2025 budget. The Port is also considering selling one of its under-performing industrial buildings to free up cash to be invested in other revenue-generating ventures.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

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PORT OF HOOD RIVER

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 3,188,382	\$ 11,734,372	\$ 14,922,754
Cash and investments (restricted)	-	1,365,270	1,365,270
Receivables (net)	7,545,903	849,584	8,395,487
Prepaid expenses	-	282,809	282,809
Supply inventory	-	21,792	21,792
Deposits	-	158,317	158,317
Note receivable	-	105,000	105,000
Leases receivable	-	4,609,711	4,609,711
Capital assets, non-depreciable	8,276,969	11,200,924	19,477,893
Capital assets, (net of accumulated depreciation)	7,683,305	20,960,417	28,643,722
<i>Total Assets</i>	<u>26,694,559</u>	<u>51,288,196</u>	<u>77,982,755</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferral	71,976	721,298	793,274
OPEB related deferral	504	2,749	3,253
<i>Total Deferred Outflows of Resources</i>	<u>72,480</u>	<u>724,047</u>	<u>796,527</u>
LIABILITIES			
<u><i>Current Liabilities</i></u>			
Accounts payables and other liabilities	-	2,858,368	2,858,368
Breezeby outstanding	-	923,350	923,350
Unearned revenue	3,871,977	572,322	4,444,299
Interest payable	-	781	781
Accrued compensated absences	-	83,024	83,024
Due within one year	-	80,000	80,000
<u><i>Non-Current Liabilities</i></u>			
Net pension liability	146,890	1,472,031	1,618,921
Total OPEB liability	5,753	35,343	41,096
Due in more than one year	-	190,000	190,000
<i>Total Liabilities</i>	<u>4,024,620</u>	<u>6,215,219</u>	<u>10,239,839</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related deferral	26,720	267,764	294,484
OPEB related deferral	2,097	12,849	14,946
Lease related deferrals	-	4,182,259	4,182,259
<i>Total Deferred Inflows of Resources</i>	<u>28,817</u>	<u>4,462,872</u>	<u>4,491,689</u>
NET POSITION			
Net Investment in Capital Assets	15,960,274	31,891,341	47,851,615
<i>Restricted for:</i>			
Debt service	-	94,938	94,938
Unrestricted	6,753,328	9,347,873	16,101,201
<i>Total Net Position</i>	<u>\$ 22,713,602</u>	<u>\$ 41,334,152</u>	<u>\$ 64,047,754</u>

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

STATEMENT OF ACTIVITIES
For the year ended June 30, 2024

Functions/Programs		Program Revenues		Net Revenue (Expenses) and Changes in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:	Expenses					
General government	\$ 422,464	\$ -	\$ -	\$ (422,464)	\$ -	\$ (422,464)
Bridge repair	1,268,294	-	-	(1,268,294)	-	(1,268,294)
Bridge replacement	5,219,125	-	8,138,496	2,919,371	-	2,919,371
Total Governmental Activities	6,909,883	-	8,138,496	1,228,613	-	1,228,613
Business Type Activities						
Revenue Fund	7,450,416	11,910,908	471,124	-	4,931,616	4,931,616
Interest on Long Term Debt	44,877	-	-	-	(44,877)	(44,877)
Total Business Type Activities	7,495,293	11,910,908	471,124	-	4,886,739	4,886,739
Total Primary Government	\$ 14,405,176	\$ 11,910,908	\$ 8,609,620	1,228,613	4,886,739	6,115,352
General Revenues:						
				95,855	-	95,855
				428,081	980,568	1,408,649
				4,906	336,056	340,962
Total General Revenues				528,842	1,316,624	1,845,466
Transfers				5,580,250	(5,580,250)	-
Change in net position				7,337,705	623,113	7,960,818
Net Position beginning of year				15,375,897	40,711,039	56,086,936
Net Position end of year				<u>\$ 22,713,602</u>	<u>\$ 41,334,152</u>	<u>\$ 64,047,754</u>

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Funds				
	General	Bridge Repair	Bridge Replacement	Bi-State Bridge Replacement	Total Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 1,171,159	\$ 1,713,209	\$ -	\$ 303,566	\$ 3,187,934
Cash with fiscal agent	448	-	-	-	448
Due from Bridge Replacement Fund	-	3,671,102	-	-	3,671,102
Taxes receivable	2,824	-	-	-	2,824
Grants receivable	-	-	7,543,079	-	7,543,079
<i>Total Assets</i>	<u>\$ 1,174,431</u>	<u>\$ 5,384,311</u>	<u>\$ 7,543,079</u>	<u>\$ 303,566</u>	<u>\$ 14,405,387</u>
<u>LIABILITIES</u>					
Due to Bridge Repair Fund	\$ -	\$ -	\$ 3,671,102	\$ -	\$ 3,671,102
Unearned revenue	-	-	3,871,977	-	3,871,977
<i>Total Liabilities</i>	<u>-</u>	<u>-</u>	<u>7,543,079</u>	<u>-</u>	<u>7,543,079</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	2,180	-	-	-	2,180
<i>Total Deferred Inflows of Resources</i>	<u>2,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,180</u>
<u>FUND BALANCES</u>					
Committed for bridge repair and replacement	-	5,384,311	-	303,566	5,687,877
Unassigned	1,172,251	-	-	-	1,172,251
<i>Total Fund Balances</i>	<u>1,172,251</u>	<u>5,384,311</u>	<u>-</u>	<u>303,566</u>	<u>6,860,128</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 1,174,431</u>	<u>\$ 5,384,311</u>	<u>\$ 7,543,079</u>	<u>\$ 303,566</u>	<u>\$ 14,405,387</u>

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, 2024

Total Fund Balances - Governmental Funds	\$ 6,860,128
Amounts Reported for Governmental Activities in the Statement of Net Position are different because:	
Deferred Outflows of Resources - Pension Related Deferral	71,976
Deferred Outflows of Resources - OPEB Related Deferral	504
The proportionate share of the net pension liability is not reported as a liability in the governmental funds	(146,890)
The total OPEB liability is not reported as a liability in the governmental funds	(5,753)
Deferred Inflows of Resources - Pension Related Deferral	(26,720)
Deferred Inflows of Resources - OPEB Related Deferral	(2,097)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	2,180
Capital assets, net used in Governmental Activities are not financial resources and therefore are not reported in the funds.	<u>15,960,274</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 22,713,602</u></u>

See accompanying notes to the basic financial statements

PORT OF HOOD RIVER

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the year ended June 30, 2024**

	Funds				Total Governmental Funds
	General	Bridge Repair	Bridge Replacement	Bi-State Bridge Replacement	
<u>REVENUES</u>					
Property taxes	\$ 95,634	\$ -	\$ -	\$ -	\$ 95,634
Interest	35,811	250,406	88,416	53,448	428,081
Miscellaneous	-	4,906	-	-	4,906
Income from grants	-	-	8,138,496	-	8,138,496
<i>Total Revenues</i>	<u>131,445</u>	<u>255,312</u>	<u>8,226,912</u>	<u>53,448</u>	<u>8,667,117</u>
<u>EXPENDITURES</u>					
<i>Current</i>					
General government	418,244	-	-	-	418,244
Bridge repair	-	214,523	-	-	214,523
Bridge replacement	-	-	2,510,605	2,708,519	5,219,124
<i>Capital Outlay</i>					
Bridge repair and replacement	-	1,727,155	5,980,242	-	7,707,397
<i>Total Expenditures</i>	<u>418,244</u>	<u>1,941,678</u>	<u>8,490,847</u>	<u>2,708,519</u>	<u>13,559,288</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(286,799)	(1,686,366)	(263,935)	(2,655,071)	(4,892,171)
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating transfers in	416,724	1,940,954	263,935	2,958,637	5,580,250
<i>Total Other Financing Sources (Uses)</i>	<u>416,724</u>	<u>1,940,954</u>	<u>263,935</u>	<u>2,958,637</u>	<u>5,580,250</u>
Net change in Fund Balances	129,925	254,588	-	303,566	688,079
FUND BALANCE - Beginning	<u>1,042,326</u>	<u>5,129,723</u>	<u>-</u>	<u>-</u>	<u>6,172,049</u>
FUND BALANCE - Ending	<u>\$ 1,172,251</u>	<u>\$ 5,384,311</u>	<u>\$ -</u>	<u>\$ 303,566</u>	<u>\$ 6,860,128</u>

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, 2024**

<i>Net Change in Fund Balances - Total Government Funds</i>	\$	688,079
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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	7,707,397		
Less: Current Year Depreciation	<u>(1,017,864)</u>		6,689,533

Property taxes			220
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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.			(35,894)
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OPEB expense represents the net change in total OPEB liability for the year.			<u>(4,233)</u>
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Change in Net Position of Governmental Activities			<u><u>\$ 7,337,705</u></u>
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PORT OF HOOD RIVER

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	REVENUE FUND
ASSETS	
<u>Current Assets</u>	
Cash and investments	\$ 11,734,372
Accounts receivable (net of allowance for uncollectibles)	849,584
Prepaid expenses	282,809
Inventory	21,792
<u>Non-Current Assets</u>	
Cash and investments (restricted)	1,365,270
Deposits	158,317
Note receivable	105,000
Leases receivable	4,609,711
<u>Capital assets (net of accumulated depreciation)</u>	
Land	8,940,897
Construction in progress	2,260,027
Land improvements	11,117,958
Buildings & improvements	8,111,805
Bridge	1,483,270
Equipment and vehicles	247,384
TOTAL ASSETS	51,288,196
DEFERRED OUTFLOWS OF RESOURCES	
Pension related deferral	721,298
OPEB related deferral	2,749
TOTAL DEFERRED OUTFLOWS OF RESOURCES	724,047
LIABILITIES	
<u>Current Liabilities</u>	
Accounts payable and other current liabilities	2,858,368
Breezeby outstanding	923,350
Unearned revenue	572,322
Interest payable	781
Accrued compensated absences	83,024
FlexLease payable - due within one year	80,000
<u>Non-Current Liabilities</u>	
Net pension liability	1,472,031
Total OPEB liability	35,343
FlexLease payable - due in more than one year	190,000
TOTAL LIABILITIES	6,215,219
DEFERRED INFLOWS OF RESOURCES	
Pension related deferrals	267,764
OPEB related deferral	12,849
Lease related deferrals	4,182,259
TOTAL DEFERRED INFLOWS OF RESOURCES	4,462,872
NET POSITION	
Net investment in capital assets	31,891,341
Restricted - debt service	94,938
Unrestricted	9,347,873
TOTAL NET POSITION	\$ 41,334,152

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
For the year ended June 30, 2024**

	REVENUE FUND
OPERATING REVENUES	
Bridge tolls	\$ 8,541,238
Leases, rents and fees	3,369,670
Total Operating Revenues	<u>11,910,908</u>
OPERATING EXPENSES	
Personnel services	2,612,179
Materials and services	3,213,348
Depreciation expense	1,624,889
Total Operating Expenses	<u>7,450,416</u>
Operating Income	<u>4,460,492</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest income	543,422
Interest related to leases	437,146
Income from other sources	239,937
Interest expense	(44,877)
Gain on disposal of capital assets	96,119
Total Non-operating Revenues (Expenses)	<u>1,271,747</u>
Income before Capital Contributions and Operating Transfers	5,732,239
CAPITAL GRANTS AND TRANSFERS	
Capital grants and contributions	471,124
Operating transfers out	(5,580,250)
Total Capital Contributions and Transfers	<u>(5,109,126)</u>
Change in Net Position	623,113
Total Net Position - Beginning	<u>40,711,039</u>
Total Net Position - Ending	<u><u>\$ 41,334,152</u></u>

See the accompanying notes to the basic financial statements

PORT OF HOOD RIVER
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the year ended June 30, 2024

	REVENUE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 11,870,021
Cash paid to suppliers	(1,594,569)
Cash paid to employees and benefits	(2,632,264)
Net Cash Provided by Operating Activities	<u>7,643,188</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACTIVITIES	
Income from other sources and grants	239,937
Transfers to other funds	(5,580,250)
Net Cash (Used) by Noncapital Financing Activities	<u>(5,340,313)</u>
CASH FLOWS FROM CAPITAL FINANCIAL ACTIVITIES	
Capital grant and contribution monies received	471,124
Interest paid on capital debt	(72,386)
Principal payment on capital debt	(1,658,534)
Acquisition and construction of capital assets	(785,412)
Net Cash (Used) for Capital and Related Financing Activities	<u>(2,045,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment earnings	980,568
Net Cash Provided by Investing Activities	980,568
Net Increase in Cash	1,238,235
CASH AND EQUIVALENTS - BEGINNING OF YEAR	<u>11,861,407</u>
CASH AND EQUIVALENTS - END OF YEAR	<u><u>\$ 13,099,642</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATIONS	
Operating Income	\$ 4,460,492
Adjustments to reconcile operating income to net cash:	
Depreciation	1,624,889
(Increase) Decrease in:	
Accounts receivable	1,384,063
Prepaid expenses	4,017
Inventory	(5,645)
Decrease (Increase) in:	
Accounts payable	1,620,407
Accrued liabilities	(3,510)
Pension items	(16,971)
OPEB items	396
Unearned revenues	(54,718)
Lease items	(1,370,232)
Net Cash Provided by Operating Activities	<u><u>\$ 7,643,188</u></u>

See the accompanying notes to the basic financial statements

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PORT OF HOOD RIVER
Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

D. Budgetary Basis of Accounting

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

The Port reports the following major governmental funds:

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

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

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

The *Bi-State Bridge Replacement Fund* is a special revenue fund. This fund accounts for toll revenue that is committed for the replacement bridge project. In September 2023 the Port increased tolls, and that additional toll revenue was pledged to build reserves to finance construction of the replacement bridge.

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 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 asset or liability (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:

<u>LEVEL OF CONTROL</u>	
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 that 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, 2024.

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 the Statement of Net Position.

2. Receivables and payables

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

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

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

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

3. Inventories

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

4. Prepaid Expenses

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

5. Capital Assets

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for land, buildings, and improvements are capitalized as projects are purchased or constructed. Capital assets other than land and construction in progress are depreciated using the straight-line method over the estimated useful life of the asset.

6. Compensated Absences

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

7. Non-current liabilities

In the government-wide financial statements long-term debt and notes payable are reported as long-term liabilities in the Port's Statement of Net Position.

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

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

8. Net position & fund balance

In the government-wide Statement of Net Position, net investment in capital assets represents total capital assets less accumulated depreciation and capital related debt, net of unspent bond proceeds. Restricted net position represents net position that is not subject solely to the Port's own discretion. The statement of net position reports \$94,938 of restricted net position which is restricted for the Port's future bond debt service. Unrestricted net position represents amounts not included in other categories.

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

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

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

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

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

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

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

9. Deferred outflows/inflows of resources

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

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

10. Retirement Plans

Substantially all of the Port’s employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of PERS, along with additions to and 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 bank balance as of June 30, 2024 maintained by the Port was \$6,626,698. At various times during the fiscal year, bank balances exceeded the FDIC limit but any funds in excess of the FDIC insured limit were covered by collateral pledged by qualified depositories. These depositories are qualified by the Oregon State Treasurer’s office.

	Balance	
	Book	Bank
Checking Account - General	\$ 609,268	\$ 709,887
Checking Account - Payroll	983	983
Money Market	5,915,828	5,915,828
Total Checking Deposits	<u>\$ 6,526,079</u>	<u>\$ 6,626,698</u>

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](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, 2024, the Port held a significant amount of its investments in the LGIP having a carrying amount of \$6,402,139 which approximates fair value. As of June 30, 2024, the fair value of the position in the LGIP is 100.39% 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 \$3,357,483.

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	66%	Quoted Market Price, Level 1	\$ 6,402,139	
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	199,242	0.17
Federal Home Loan Bank	Moody Aaa	2%	Quoted Market Price, Level 1	199,466	0.67
ExxonMobil	Moody AA2	2%	Quoted Market Price, Level 1	196,694	0.72
Federal Farm Credit Bank	Moody AAA	2%	Quoted Market Price, Level 1	194,236	1.90
San Bernadino County	Moody A1	5%	Quoted Market Price, Level 1	487,515	2.21
Marion County School District	Moody Aa1	2%	Quoted Market Price, Level 1	186,748	1.96
California State	Moody Aa2	3%	Quoted Market Price, Level 1	340,182	2.25
California State University	Moody AA2	2%	Quoted Market Price, Level 1	183,286	2.34
California State GO	Moody Aa2	2%	Quoted Market Price, Level 1	188,990	2.25
Port of Oakland	Moody A1	1%	Quoted Market Price, Level 1	87,264	2.83
San Bernadino School District	Moody A1	2%	Quoted Market Price, Level 1	181,844	3.08
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	192,472	3.17
Port of Morrow	Moody Aa2	2%	Quoted Market Price, Level 1	192,472	3.17
North Clackamas School District	Moody Aa1	2%	Quoted Market Price, Level 1	175,444	3.96
Freddie Mac	Not Rated	2%	Quoted Market Price, Level 1	184,276	5.11
Portland Community College	Moody Aa1	2%	Quoted Market Price, Level 1	167,352	5.96
		<u>100%</u>		<u>\$ 9,759,622</u>	

As of June 30, 2024 the Port held the following cash and investments:

	General Fund	Special Revenue Funds	Enterprise Fund	Total Fair Value
Cash on Hand	\$ -	\$ -	\$ 1,875	\$ 1,875
Checking Deposits	-	-	610,251	610,251
Money Market	-	-	5,915,828	5,915,828
Cash with Fiscal Agent	448	-	-	448
Local Government Investment Pool	1,171,159	2,016,775	3,214,205	6,402,139
Investments (at fair value)	-	-	3,357,483	3,357,483
Total Cash & Investments	<u>\$ 1,171,607</u>	<u>\$ 2,016,775</u>	<u>\$ 13,099,642</u>	<u>\$ 16,288,024</u>

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

Cash & Investments	\$ 1,171,607	\$ 2,016,775	\$ 11,734,372	\$ 14,922,754
Cash & Investments - restricted	<u>-</u>	<u>-</u>	<u>1,365,270</u>	<u>1,365,270</u>
Total Cash & Investments	<u>\$ 1,171,607</u>	<u>\$ 2,016,775</u>	<u>\$ 13,099,642</u>	<u>\$ 16,288,024</u>

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, 2024.

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 65.6% of the Port's total investments.

B. Receivables

Accounts receivable consist of amounts due for grants, rents, taxes and other fees. The balances for governmental and business-type activities on June 30, 2024 are as follows:

	Type of Activities		
	Governmental	Business	Total
Accounts receivables - trade	\$ -	\$ 1,526,829	\$ 1,526,829
Grants receivable	7,543,079	34,664	7,577,743
Taxes receivable	2,824	-	2,824
Interest receivable	-	21,405	21,405
Less: Allowance for doubtful accounts	-	(733,314)	(733,314)
Net accounts receivable	\$ 7,545,903	\$ 849,584	\$ 8,395,487

C. Leases Receivable

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

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

<u>Business-Type Activities</u>	<u>Receivable Outstanding June 30,2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Receivable Balance June 30,2024</u>
Industrial Properties				
Big 7, interest at 7.5%, monthly principal and interest payments of \$22,746, due 2025	\$ 70,137	\$ 32,166	\$ 51,681	\$ 50,622
Halyard, interest at 7.5%, monthly principal and interest payments of \$26,066, due 2035	2,438,099	-	134,495	2,303,604
Jensen Building, interest at 7.5%, monthly principal and interest payments of \$31,717, due 2031	871,057	-	344,330	526,727
Maritime Building, interest at 7.5%, monthly principal and interest payments of \$26,067, due 2029	1,507,625	-	206,743	1,300,882
Timber Incubator Building, 7.5% interest, monthly principal and interest payments of \$3,561, due 2027	123,090	146,726	58,690	211,126
Wasco Building, interest at 7.5%, monthly principal and interest payments of \$15,176, due 2027	627,655	-	627,655	-
Commercial				
Marina East, interest at 7.5%, monthly principal and interest payments of \$1,625 due 2024	20,110	40,622	26,667	34,065
Marina West, interest from 0.03% to 7.5%, monthly principal and interest payments of \$3,649, due 2028	166,062	-	54,654	111,408
Airport				
Various leases, interest at 7.5%, monthly principal and interest payments of \$4,511, due 2026	97,541	-	26,264	71,277
<i>Total Business-Type Activities</i>	<u>\$ 5,921,376</u>	<u>\$ 219,514</u>	<u>\$1,531,179</u>	<u>\$ 4,609,711</u>

	Deferred Inflows			Deferred Inflows
	Outstanding			Balance
<u>Business-Type Activities</u>	<u>June 30,2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,2024</u>
Industrial Properties				
Big 7, interest at 7.5%, monthly principal and interest payments of \$22,746, due 2025	\$ 80,832	\$ 32,166	\$ 63,922	\$ 49,076
Halyard, interest at 7.5%, monthly principal and interest payments of \$26,066, due 2035	2,269,912	-	193,183	2,076,729
Jensen Building, interest at 7.5%, monthly principal and interest payments of \$31,717, due 2031	809,108	-	337,393	471,715
Maritime Building, interest at 7.5%, monthly principal and interest payments of \$26,067, due 2029	1,416,928	-	236,155	1,180,773
Timber Incubator Building, 7.5% interest, monthly principal and interest payments of \$3,561, due 2027	112,876	146,726	64,217	195,385
Wasco Building, interest at 7.5%, monthly principal and interest payments of \$15,176, due 2027	588,809	-	588,809	-
Commercial				
Marina East, interest at 7.5%, monthly principal and interest payments of \$1,625 due 2024	18,798	40,622	26,250	33,170
Marina West, interest from 0.03% to 7.5%, monthly principal and interest payments of \$3,649, due 2028	163,807	-	52,869	110,938
Airport		-	-	
Various leases, interest at 7.5%, monthly principal and interest payments of \$4,511, due 2026	91,421	-	26,948	64,473
<i>Total Business-Type Activities</i>	<u>\$ 5,552,491</u>	<u>\$ 219,514</u>	<u>\$1,589,746</u>	<u>\$ 4,182,259</u>

Future maturities are as follows:

Industrial Leases Receivable				
Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2025	\$ 640,106	\$ 306,486	\$ 946,592	\$ 693,965
2026	626,634	260,214	886,848	643,223
2027	642,430	212,150	854,580	610,665
2028	502,829	168,559	671,388	463,903
2029	516,449	131,059	647,508	445,671
2030-2034	1,237,085	334,178	1,571,263	971,365
2035	227,429	7,166	234,595	144,886
	<u>\$ 4,392,962</u>	<u>\$ 1,419,812</u>	<u>\$ 5,812,774</u>	<u>\$ 3,973,678</u>

Commercial Leases Receivable				
Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2025	\$ 42,120	\$ 2,207	\$ 44,327	\$ 42,498
2026	41,898	1,460	43,358	41,638
2027	42,689	669	43,358	41,638
2028	18,765	37	18,802	18,334
	<u>\$ 145,472</u>	<u>\$ 4,373</u>	<u>\$ 149,845</u>	<u>\$ 144,108</u>

Airport Leases Receivable				
Year Ending June 30,	Principal	Interest	Total Future Payments	Related Deferred Inflows
2025	26,923	4,433	31,356	25,789
2026	29,013	2,343	31,356	25,789
2027	15,341	337	15,678	12,895
	<u>\$ 71,277</u>	<u>\$ 7,113</u>	<u>\$ 78,390</u>	<u>\$ 64,473</u>

D. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 2,502,891	\$ 7,707,397	\$ 1,933,319	\$ 8,276,969
<i>Total capital assets, not being depreciated</i>	<u>2,502,891</u>	<u>7,707,397</u>	<u>1,933,319</u>	<u>8,276,969</u>
<i>Capital assets being depreciated:</i>				
Bridge & improvements	17,915,700	1,933,319	4,317	19,844,702
Electronic toll equipment	483,991	-	-	483,991
<i>Total capital assets being depreciated</i>	<u>18,399,692</u>	<u>1,933,319</u>	<u>4,317</u>	<u>20,328,693</u>
<i>Less: Accumulated depreciation for:</i>				
Bridge & improvements	(11,410,657)	(973,925)	4,317	(12,380,265)
Electronic toll equipment	(221,184)	(43,939)	-	(265,123)
<i>Total accumulated depreciation</i>	<u>(11,631,841)</u>	<u>(1,017,864)</u>	<u>4,317</u>	<u>(12,645,388)</u>
<i>Total capital assets being depreciated, net</i>	<u>6,767,851</u>	<u>915,455</u>	<u>8,634</u>	<u>7,683,305</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 9,270,742</u>	<u>\$ 8,622,852</u>	<u>\$ 1,941,953</u>	<u>\$ 15,960,274</u>

Capital asset activity for business-type activities for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 8,940,897	\$ -	\$ -	\$ 8,940,897
Construction in progress	2,043,541	805,707	589,221	2,260,027
<i>Total capital assets, not being depreciated</i>	<u>10,984,438</u>	<u>805,707</u>	<u>589,221</u>	<u>11,200,924</u>
<i>Capital assets being depreciated:</i>				
Land improvements	17,140,901	363,148	5,494	17,498,555
Buildings & improvements	20,972,671	97,136	104,977	20,964,830
Bridge & improvements	9,753,784	191,995	-	9,945,779
Equipment - office	453,469	-	44,786	408,683
Equipment - operations	561,958	27,148	113,341	475,765
Vehicles	322,605	-	-	322,605
<i>Total capital assets being depreciated</i>	<u>49,205,388</u>	<u>679,427</u>	<u>268,598</u>	<u>49,616,217</u>
<i>Less: Accumulated depreciation for:</i>				
Land improvements	(5,696,496)	(689,196)	5,095	(6,380,597)
Buildings & improvements	(12,314,907)	(631,817)	93,699	(12,853,025)
Bridge & improvements	(8,277,229)	(185,280)	-	(8,462,509)
Equipment - office	(291,216)	(56,227)	42,081	(305,362)
Equipment - operations	(457,190)	(32,762)	113,341	(376,611)
Vehicles	(248,089)	(29,607)	-	(277,696)
<i>Total accumulated depreciation</i>	<u>(27,285,127)</u>	<u>(1,624,889)</u>	<u>254,216</u>	<u>(28,655,800)</u>
<i>Total capital assets being depreciated, net</i>	<u>21,920,261</u>	<u>(945,462)</u>	<u>14,382</u>	<u>20,960,417</u>
<i>Business-type activities capital assets, net</i>	<u>\$ 32,904,699</u>	<u>\$ (139,755)</u>	<u>\$ 603,603</u>	<u>\$ 32,161,341</u>

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

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>
Bridge Repair Fund	\$ 1,017,864	\$ -
Revenue Fund	-	1,624,889
Total Depreciation Expense	<u>\$ 1,017,864</u>	<u>\$ 1,624,889</u>

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	\$ 985,249	\$ 14,238,606	\$ 20,178,291
Commercial Buildings	196,337	71,942	2,316,981	2,585,260
Airport	1,362,814	13,587,686	1,618,543	16,569,043
Waterfront	2,391,910	2,498,864	945,797	5,836,571
Marina	35,400	354,814	1,844,903	2,235,117
Total Cost	8,940,897	17,498,555	20,964,830	47,404,282
Accumulated Depreciation	-	(6,380,597)	(12,853,025)	(19,233,622)
Total Cost, net	<u>\$ 8,940,897</u>	<u>\$ 11,117,958</u>	<u>\$ 8,111,805</u>	<u>\$ 28,170,660</u>

E. Interfund receivables, payables, and transfers

The composition of interfund transfers to the General, Bridge Repair, Bridge Replacement, and Bi-State Bridge Replacement funds to cover their fund expenses at June 30, 2024, are as follows:

	Transfers	
	In	Out
General Fund	\$ 416,724	\$ -
Bridge Repair Fund	1,940,954	-
Bridge Replacement Fund	263,935	-
Bi-State Bridge Fund	2,958,637	
Revenue Fund	-	5,580,250
Total	<u>\$ 5,580,250</u>	<u>\$ 5,580,250</u>

The Bridge Replacement Fund's primary cash flow is reimbursable grants. Since the fund has limited cash available, the Bridge Repair Fund has provided cash to pay vendors prior to reimbursement requests. At June 30, 2024 the Bridge Replacement Fund owed the Bridge Repair Fund \$3,671,102. That interfund liability will be eliminated when grant funds are received.

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, 2024 is as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings and Placements					
Flexlease - Series 2010E	\$ 50,000	\$ -	\$ 25,000	\$ 25,000	\$ 25,000
Flexlease - Series 2013B	300,000	-	55,000	245,000	55,000
Bonds					
Taxable General Revenue Bond	1,578,534	-	1,578,534	-	-
Total Business-Type Activities	\$ 1,928,534	\$ -	\$ 1,658,534	\$ 270,000	\$ 80,000

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:

<u>Year Ending June 30,</u>	<u>Flexlease Series 2010E - Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2025	\$ 25,000	\$ 550	\$ 25,550
Total	<u>\$ 25,000</u>	<u>\$ 550</u>	<u>\$ 25,550</u>

Interest expense during the current fiscal year on the 2010E series Flexlease Loan was \$1,650.

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

Flexlease Series 2013B - Business-Type Activities			
Year Ending June 30,	Total		
	Principal	Interest	Debt Service
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
	<u>\$ 245,000</u>	<u>\$ 22,838</u>	<u>\$ 267,838</u>

Interest expense during the current fiscal year on the 2013B series Flexlease Loan was \$12,263.

Taxable General Revenue Bond – Business-Type Activity

In March 2020 the Port decided to refinance a loan used to purchase an industrial property on the waterfront, the Luhr Jensen building.

The taxable general revenue bond had semi-annual payments due on January and July 15th every year with a fixed rate of interest rate of 3.75%. Among other covenants, bridge tolls were pledged for repayment. During the 2023-2024 budget process the decision was made to pay off the loan. All outstanding principal and interest were paid in January 2024.

Interest expense during the current fiscal year on the taxable general revenue bond was \$31,211.

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.

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.

- 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 one 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, 2021 actuarial valuation, which became effective July 1, 2023. 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, 2024 were approximately \$309,137 excluding amounts to fund employer specific liabilities. In addition, approximately \$102,983 in employee contributions were paid by Port employees in fiscal 2024.

At June 30, 2024, the Port reported a net pension liability of \$1,618,921 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability, was determined by an actuarial valuation dated December 31, 2021. 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, 2023 and 2022, the Port's proportion was 0.0086% and 0.0103%, respectively. Pension expense for the year ended June 30, 2024 was \$18,922.

The rates in effect for the year ended June 30, 2024 were:

- (1) Tier 1/Tier 2 – 18.70%
- (2) OPSRP general services – 17.03%

Deferred inflows/outflows are as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 79,170	\$ (6,419)
Changes of assumptions	143,815	(1,072)
Net difference between projected and actual earnings on investments	29,099	-
Changes in proportionate share	115,070	(199,140)
Differences between employer contributions and employer's proportional share of system	116,983	(87,853)
Total (prior to post-MD contributions)	484,137	(294,484)
Contributions subsequent to the MD	309,137	-
Total	<u>\$ 793,274</u>	<u>\$ (294,484)</u>

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, 2025.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 94,474
2026	28,486
2027	(86,613)
2028	133,763
2029	(4,617)
Total	<u>\$ 165,493</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2024. Oregon PERS produces an independently audited Annual Comprehensive Financial Report which can be found at:

oregon.gov/pers/Documents/Financials/ACFR/2023-ACFR.pdf

Actuarial Valuations – The employer contribution rates effective July 1, 2023 through June 30, 2025 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) and (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, 2021
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Projected payroll growth	3.40 percent
Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disable Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5%	32.5%	27.5%
Real Estate	9.0%	16.5%	12.5%
Private Equity	17.5%	27.5%	20.0%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

Source: June 30, 2023 PERS ACFR; p. 125

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Global Equity	27.50%	7.07%
Private Equity	25.50%	8.83%
Core Fixed Income	25.00%	4.50%
Real Estate	12.25%	5.83%
Master Limited Partnerships	0.75%	6.02%
Infrastructure	1.50%	6.51%
Hedge Fund of Funds - Multistrategy	1.25%	6.27%
Hedge Fund of Funds - Hedge	0.63%	6.48%
Hedge Fund of Funds - Macro	5.62%	4.83%
<i>Assumed Inflation- Mean</i>		2.35%

Source: June 30, 2023 PERS ACFR; p. 92

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

Sensitivity of the Port’s proportionate share of the net pension liability to changes in the discount rate – The following presents the Port’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the Port’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-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	\$ 2,674,153	\$ 1,618,921	\$ 735,804

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, 2023 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 created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

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

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

Contributions – Employees of the Port pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month on January 1, 2022) will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly contribution, Tier1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSRP will have 0.75 percent 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, 2024.

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 from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the Port currently contributes 0.53% of annual covered OPERF payroll and 0.45% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. Consistent with GASB Statement 75,

the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year of all employers. The Port's contributions to RHIA for the years ended June 30, 2022, 2023, and 2024 are \$285, \$240, and \$0 respectively, which equaled the required contributions each year. As of June 30, 2024, 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, 2023 using entry age normal Actuarial Cost Method. The Single Employer OPEB Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement.

Discount Rate per Year – 3.65%

General Inflation Rate per year - 2.4%

Salary Scale per year – 3.4%

Health Care cost Trends:

Year	Trend
2023	6.75%
2024	6.50%
2025	5.75%
2026	5.25%
2027-2028	5.00%
2029	4.75%
2030-2031	4.50%
2032	4.25%
2033-2045	4.00%
2046-2064	4.25%
2065-2071	4.00%
2072+	3.75%

Mortality rates were based on rates adopted by the Oregon Public Employees Retirement System (PERS) for its December 31, 2022 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, 2022	<u>\$ 49,463</u>
Changes for the Year:	
Service Cost	4,572
Interest	1,153
Changes of Assumptions or Other Input	(4,621)
Benefit Payments	<u>(1,310)</u>
Net Change for the Year	<u>(206)</u>
Balance as of June 30, 2023	<u>\$ 49,257</u>
Balance as of June 30, 2023	<u>\$ 49,257</u>
Changes for the Year:	
Service Cost	3,999
Interest	1,829
Economic/Demographic Gains/Losses	(3,753)
Changes of Assumptions or Other Input	(7,036)
Benefit Payments	<u>(3,200)</u>
Net Change for the Year	<u>(8,161)</u>
Balance as of June 30, 2024	<u>\$ 41,096</u>

Sensitivity of the Total Other Post-Employment Benefit Liability to Changes in Discount and Trend Rates – The following presents the total other post-employment benefit liability (TOL), calculated using the discount rate of 3.65 percent, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption:

June 30, 2024	1%	Current	1%
	<u>Decrease</u>	<u>Discount Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 44,029	\$ 41,096	\$ 38,270
June 30, 2024	1%	Current	1%
	<u>Decrease</u>	<u>Trend Rate</u>	<u>Increase</u>
Total OPEB Liability	\$ 36,942	\$ 41,096	\$ 45,828

At June 30, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 319	\$ (6,083)
Changes of assumptions	2,868	(8,863)
Total (prior to post-measurement date contributions)	3,187	(14,946)
Contributions made subsequent to the measurement date	66	-
Total deferred outflows (inflows) of resources	<u>\$ 3,253</u>	<u>\$ (14,946)</u>

Deferred outflows of resources related to OPEB of \$66 relating to the Port's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflow or inflow of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (1,566)
2026	(2,865)
2027	(2,718)
2028	(1,871)
2029	(1,610)
Thereafter	(1,129)
Total	<u>\$ (11,759)</u>

C. Risk Management

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

D. Contingent Liability

There are no contingent liabilities with the Port.

E. Property Tax Limitations

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

An additional limit reduces the amount of operating property tax revenues available. The reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting

future tax value growth of each property assessed value to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases, as well as new bond issues.

F. Related Party Transactions

A Port Commissioner owns the local equipment and power-tool supply store. The supplier charges the Port the same amount as all other customers. The Port paid the supplier \$22,951 in fiscal year 2024 for parts and equipment. At June 30, 2024 the Port owed the supplier \$789.

G. Subsequent Events

Bridge Accident

On June 27, 2024, a piece of heavy equipment being towed by a truck crossing the bridge hit overhead beams on the lift span. The bridge was closed immediately for safety reasons. The bridge reopened to passenger cars and trucks on June 30, 2024, but remained closed to larger vehicles until repairs were made. The bridge was closed from 7:00 p.m. to 7:00 a.m. each night from July 8, 2024 until July 20, 2024. On July 20, 2024 the bridge reopened to all traffic.

Loss to the Port is estimated at \$1.4 million. The Port expects the truck's insurance carrier to cover \$1.0 million of the loss.

AET

On April 1, 2025, the Port closed the toll booth on the bridge and switched to all electronic tolling (AET). Initial costs include severance pay for the toll takers who were laid off, new signage, and a contract with a third party to print and mail invoices. The switch to AET is expected to save money in the long term.

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REQUIRED SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

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
2024	0.01%	\$ 1,618,921	\$ 1,966,783	82.3%	81.7%
2023	0.01%	1,572,571	1,777,232	88.5%	84.5%
2022	0.01%	1,194,040	1,875,945	63.7%	87.6%
2021	0.01%	2,019,973	1,632,810	123.7%	75.8%
2020	0.01%	1,475,842	1,587,107	93.0%	80.2%
2019	0.01%	1,187,708	1,288,432	92.2%	82.1%
2018	0.01%	1,024,309	1,262,404	81.1%	83.1%
2017	0.01%	1,189,375	1,241,215	95.8%	80.5%
2016	0.01%	474,231	1,182,892	40.1%	91.9%
2015	0.01%	(201,797)	1,144,446	-17.6%	103.0%

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

SCHEDULE OF CONTRIBUTIONS

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's Covered Payroll	Contributions as a percent of covered payroll
2024	\$ 309,137	\$ 309,137	\$ -	\$ 1,816,529	17.0%
2023	305,869	305,869	-	1,966,783	15.6%
2022	277,380	277,380	-	1,777,232	15.6%
2021	260,860	260,860	-	1,875,945	13.9%
2020	254,914	254,914	-	1,632,810	15.6%
2019	212,174	212,174	-	1,587,107	13.4%
2018	170,841	170,841	-	1,288,432	13.3%
2017	138,374	138,374	-	1,262,404	11.0%
2016	134,541	134,541	-	1,241,215	10.8%
2015	88,721	88,721	-	1,182,892	7.5%

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

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

SCHEDULE OF THE TOTAL OPEB LIABILITY

	(a)	(b)	(b/c) TOL as a percentage of	
Fiscal Year End Date	Total OPEB Liability (TOL)	Covered Payroll	Covered Payroll	Valuation Date
June 30, 2024	\$ 41,096	\$ 2,009,707	2.0%	July 1, 2023
June 30, 2023	49,257	1,966,783	2.5%	July 1, 2021
June 30, 2022	49,463	1,777,232	2.8%	July 1, 2021
June 30, 2021	49,070	1,875,945	2.6%	July 1, 2019
June 30, 2020	40,984	1,632,810	2.5%	July 1, 2019
June 30, 2019	28,767	1,587,107	1.8%	July 1, 2017
June 30, 2018	26,109	1,288,432	2.0%	July 1, 2017

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

PORT OF HOOD RIVER

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

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
2024	\$ 49,257	\$ 3,999	\$ 1,829	\$ (3,753)	\$ (7,036)	\$ (3,200)	\$ 41,096
2023	49,463	4,572	1,153	-	(4,621)	(1,310)	49,257
2022	49,070	4,117	1,167	(6,658)	2,527	(760)	49,463
2021	40,984	3,523	1,554	-	3,216	(207)	49,070
2020	28,767	2,424	1,195	2,609	6,622	(633)	40,984
2019	26,109	2,388	1,020	-	(725)	(25)	28,767
2018	24,667	2,494	774	-	(1,802)	(24)	26,109

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

PORT OF HOOD RIVER

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

**GENERAL FUND
For the year ended June 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 90,000	\$ 90,000	\$ 95,634	\$ 5,634
Investment earnings	15,000	15,000	35,811	20,811
Total Revenues	105,000	105,000	131,445	26,445
EXPENDITURES				
<i>Current Operating:</i>				
Personal services	326,289	326,289	149,743	176,546
Materials and services	373,550	373,550	268,501	105,049
Total Expenditures	699,839	699,839	418,244	281,595
Excess (Deficiency) of Revenues Over (Under) Expenditures	(594,839)	(594,839)	(286,799)	308,041
OTHER FINANCING SOURCES (USES)				
Transfers in	609,839	609,839	416,724	(193,115)
Total Other Financing Sources (Uses)	609,839	609,839	416,724	(193,115)
Net Change in Fund Balance	15,000	15,000	129,925	114,926
Fund Balance - Beginning	950,000	950,000	1,042,326	92,326
Fund Balance - Ending	\$ 965,000	\$ 965,000	\$ 1,172,251	\$ 207,252

PORT OF HOOD RIVER

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

**BRIDGE REPAIR FUND
For the year ended June 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 100,000	\$ 100,000	\$ 250,406	\$ 150,406
Miscellaneous	-	-	4,906	4,906
Total Revenues	100,000	100,000	255,312	155,312
EXPENDITURES				
<i>Current Operating:</i>				
Personal services	100,845	100,845	87,988	12,857
Materials and services	186,000	186,000	126,535	59,465
Capital outlay	3,670,000	3,670,000	1,727,155	1,942,845
Contingency	500,000	500,000	-	500,000
Total Expenditures	4,456,845	4,456,845	1,941,678	2,515,167
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,356,845)	(4,356,845)	(1,686,366)	2,670,479
OTHER FINANCING SOURCES (USES)				
Transfers in	1,156,845	1,156,845	1,940,954	784,109
Total Other Financing Sources (Uses)	1,156,845	1,156,845	1,940,954	784,109
Net Change in Fund Balance	(3,200,000)	(3,200,000)	254,588	3,454,588
Fund Balance - Beginning	5,500,000	5,500,000	5,129,723	(370,277)
Fund Balance - Ending	\$ 2,300,000	\$ 2,300,000	\$ 5,384,311	\$ 3,084,311

PORT OF HOOD RIVER

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

**BRIDGE REPLACEMENT FUND
For the year ended June 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 2,000	\$ 2,000	\$ 88,416	\$ 86,416
Income from grants	8,575,000	8,575,000	8,138,496	(436,504)
Total Revenues	8,577,000	8,577,000	8,226,912	(350,088)
EXPENDITURES				
<u>Current Operating:</u>				
Personal services	127,000	127,000	38,272	88,728
Materials and services	343,000	2,643,000	2,472,333	170,667
Capital outlay	8,952,000	6,652,000	5,980,242	671,758
Total Expenditures	9,422,000	9,422,000	8,490,847	931,153
Excess (Deficiency) of Revenues Over (Under) Expenditures	(845,000)	(845,000)	(263,935)	581,065
OTHER FINANCING SOURCES (USES)				
Transfers in	845,000	845,000	263,935	(581,065)
Total Other Financing Sources (Uses)	845,000	845,000	263,935	(581,065)
Net Change in Fund Balance	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

PORT OF HOOD RIVER

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

BI-STATE BRIDGE FUND
For the year ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 53,448	\$ 53,448
EXPENDITURES				
<u>Current Operating:</u>				
Materials and services	3,600,000	3,600,000	2,708,519	891,481
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,600,000)	(3,600,000)	(2,655,071)	944,929
OTHER FINANCING SOURCES (USES)				
Transfers in	3,600,000	3,600,000	2,958,637	(641,363)
Net Change in Fund Balance	-	-	303,566	303,566
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ 303,566	\$ 303,566

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SUPPLEMENTARY INFORMATION

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PORT OF HOOD RIVER

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

**REVENUE FUND
For the year ended June 30, 2024**

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Toll bridge	\$ 10,046,000	\$ 10,046,000	\$ 8,720,158	\$ (1,325,842)
Industrial buildings	2,779,600	2,779,600	2,360,965	(418,635)
Commercial buildings	228,350	228,350	166,202	(62,148)
Waterfront industrial land	126,700	126,700	246,570	119,870
Waterfront recreation	319,200	319,200	273,530	(45,670)
Marina	514,900	514,900	429,369	(85,531)
Airport	294,000	294,000	300,248	6,248
Investment income	100,000	100,000	543,422	443,422
Investment valuation gain	-	-	61,817	61,817
Income from grants and other sources	1,366,750	1,366,750	465,654	(901,096)
Total Revenues	15,775,500	15,775,500	13,567,935	(2,207,565)
EXPENDITURES				
Personal services	3,083,800	3,083,800	2,618,248	465,552
Materials and services	3,919,348	3,919,348	3,213,348	706,000
Capital outlay	3,289,901	3,289,901	895,412	2,394,489
Debt service	1,735,500	1,735,500	1,730,920	4,580
Contingency	500,000	500,000	-	500,000
Total Expenditures	12,528,549	12,528,549	8,457,928	4,070,621
Revenues Over (Under) Expenditures	3,246,951	3,246,951	5,110,007	1,863,056
OTHER FINANCING SOURCES (USES)				
Property sales	-	-	5,000	5,000
Transfers out	(6,211,684)	(6,211,684)	(5,580,250)	631,434
Total Other Financing Sources (Uses)	(6,211,684)	(6,211,684)	(5,575,250)	636,434
Net Change in Fund Balance	(2,964,733)	(2,964,733)	(465,243)	2,499,490
Fund Balance - Beginning	10,600,000	10,600,000	11,001,891	401,891
Fund Balance - Ending	\$ 7,635,267	\$ 7,635,267	\$ 10,536,648	\$ 2,901,381
Reconciliation to Net Position				
Capital Assets, Net			32,161,341	
Net Pension Liability			(1,472,031)	
Pension Related Deferrals			453,534	
Total OPEB Liability			(35,343)	
OPEB Related Deferrals			(10,100)	
Accrued Interest payable			(781)	
Long Term Debt			(270,000)	
Deferred Note Receivable and Grant			139,644	
Deferred Revenues			(24,514)	
Accrued Payroll			(61,222)	
Accrued Compensated Absences			(83,024)	
Net Position			\$ 41,334,152	

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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PORT OF HOOD RIVER

SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
For the Year Ended June 30, 2024

<u>Federal Grantor/Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Agency or Pass-Through Number</u>	<u>Pass-Through Agency</u>	<u>Expenditures</u>	<u>Passthrough to Subrecipients</u>
U.S. Department of the Treasury Passed through State Agencies:					
Coronavirus State and Local Fiscal Recovery Funds	21.027	8220	Department of Administrative Services	\$ 153,017	-
U.S. Department of Transportation Direct:					
BUILD Grant	20.933	693JJ32240008	NA	4,245,733	-
Federal Aviation Administration Direct:					
Airport Improvement Program	20.106	3-41-0026-017-2022	NA	9,523	-
TOTAL FEDERAL AWARDS				<u>\$ 4,408,273</u>	<u>\$ -</u>

PORT OF HOOD RIVER
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of the Port of Hood River under programs of the federal government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Port, it is not intended and does not present the financial position, changes in net position, or cash flow of the Port.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting. Expenditures reported on this schedule are recognized following the cost principles in 2 CFR 200, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

The Port has elected not to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS**

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July 31, 2026

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, 2024, and have issued our report thereon dated July 31, 2026. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial 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:

1. During our testing of bids/quotes, we noted an instance for a vendor where the Port did not perform bidding or quoting procedures. We recommend that the Port performs and documents bids/quotes in accordance with ORS279, ORS279A, ORS279B and ORS279C.
2. During our review of the 2024-2025 budget, we noted that the Port did not make estimates for prior year delinquent tax collections.
3. During our review of the 2024-2025 budget, we noted that the Port did not separate amounts for principal and interest for each debt obligation.

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.

We noted matters involving the internal control structure and its operations that we consider to be material weaknesses under standards established by the American Institute of Certified Public Accountants, which we noted in the Schedule of Findings and Questioned Costs.

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.

A handwritten signature in cursive script that reads "Tara M Kamp, CPA".

Tara M Kamp, CPA
Clear Trail CPAs, LLC

GRANT COMPLIANCE REVIEW

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July 31, 2026

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund of the Port of Hood River as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated July 31, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, therefore material weaknesses may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses noted as FS-2024-01 and FS-2024-02.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings and Questioned Costs.

Entity's Responses to Findings

The entity's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Tara M Kamp, CPA
Clear Trail CPAs, LLC

July 31, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Port of Hood River's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2024. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Port of Hood River complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the

Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items SA-2024-03 and SA-2024-04. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Port of Hood Rivers's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, therefore material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the entity's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Tara M Kamp, CPA
Clear Trail CPAs, LLC

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(s) identified that are not considered
to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Any GAGAS audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? ☐ yes ☒ no

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(s) identified that are not considered
to be material weaknesses? ☐ yes ☒ none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the Uniform Guidance? ☐ yes ☒ no

PORT OF HOOD RIVER
HOOD RIVER COUNTY, OREGON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

IDENTIFICATION OF MAJOR PROGRAMS

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM CLUSTER</u>
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20.933	BUILD Grant
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Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

SECTION II – FINANCIAL STATEMENT FINDINGS

FS-2024-01

CONDITION: During our testing we noted that reimbursement grant revenue was incorrectly recorded as unavailable revenue during the fiscal year. The Port made subsequent corrections.

CRITERIA: Reimbursement grants are considered earned when the corresponding expenditure occurs.

EFFECT: Without controls in place to ensure grant revenue is recorded in accordance with Generally Accepted Accounting Principles, there exists the possibility of a material misstatement to the financial statements.

CAUSE: The grant proceeds were requested later than they should have been, and because the proceeds were received more than 60 days after the end of the year the revenue was recorded as unavailable in the financial statements.

RECOMMENDATION: We recommend grant revenues are recorded in accordance with generally accepted accounting principles.

MANAGEMENT'S RESPONSE: The grant request process has been updated to make grant reimbursement requests in a timely manner, and the year-end checklist has been updated to include a review of unavailable revenue.

FS-2024-02

CONDITION: During our testing of the Schedule of Expenditures of Federal Awards (SEFA) we noted an instance where the federal expenditures were allocated to the incorrect fiscal year. The Port made subsequent corrections.

CRITERIA: The expenditures reported on the SEFA should be only attributable to the year under audit.

EFFECT: Without controls in place to ensure the SEFA is accurate, there exists the possibility of a material misstatement to the financial statements.

CAUSE: The Port was changing to new accounting software at June 30, 2024 and coded some invoices to the wrong fiscal year.

RECOMMENDATION: We recommend the SEFA is reviewed for accuracy at year end and only expenditures attributable to the year under audit are reported.

MANAGEMENT’S RESPONSE: The year-end checklist has been updated to include a review of cutoff.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SA-2024-03

FEDERAL PROGRAM : BUILD Grant 20.933

CONDITION: During our testing of the SF-270 report, we found that the report was inaccurate because the associated expenditures and subsequent reimbursements were adjusted after it was originally filed, and the report was not subsequently amended to reflect those changes.

CRITERIA: The SF-270 report should be refiled if changes are made after initially filed.

EFFECT: Without accurate reporting, the Port can be found out of compliance by the federal agency.

CAUSE: The dates were incorrect on the report due to an expenditure being recorded incorrectly.

RECOMMENDATION: We recommend the SF-270 reports are re-filed if needed.

MANAGEMENT’S RESPONSE: Additional controls are in place to make sure the expenditures are recorded correctly and reports will be reviewed if any changes are made to expenditures.

SA-2024-04

FEDERAL PROGRAM : BUILD Grant 20.933

CONDITION: During our testing of the reporting requirements for the grant, we noted the Port did not file the SF-425 for the fiscal year.

CRITERIA: The SF-425 report is required to be submitted.

EFFECT: Without submitting required reports, the Port can be found out of compliance by the federal agency.

CAUSE: The Port was relying on a contractor to prepare and file the reports.

RECOMMENDATION: We recommend the SF-425 is filed.

MANAGEMENT’S RESPONSE: The Port recognizes the filing of grant reports is its responsibility and has added a grant calendar to make sure that all reports are filed timely.