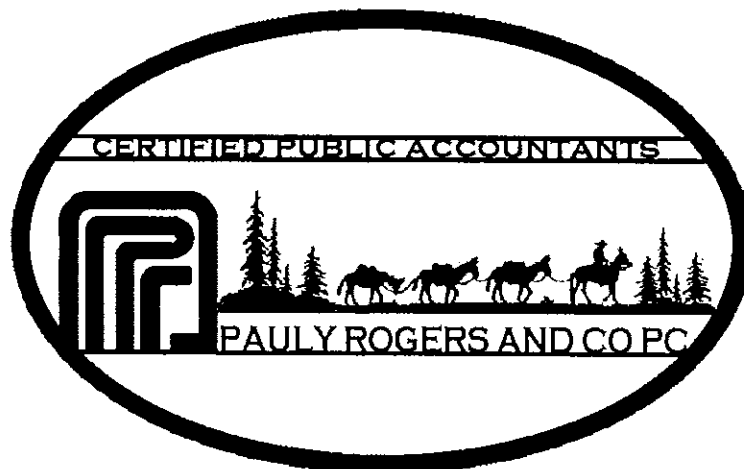


PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



12700 SW 72nd Ave.
Tigard, OR 97223

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

2016-2017
Board of Commissioners

	<u>TERM EXPIRES</u>
Jess Groves, President	6/30/2017
Brad Lorang, Vice President	6/30/2019
Joeinne Caldwell, Secretary-Treasurer	6/30/2017
Dean Bump, Commissioner	6/30/2017
John Stipan, Commissioner	6/30/2019

All Commissioners receive correspondence at the address below

ADMINISTRATION

General Manager and Registered Agent:

Paul Koch
PO Box 307
Cascade Locks, Oregon 97014

This Page Intentionally Left Blank

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Management's Discussion and Analysis	i
<u>BASIC FINANCIAL STATEMENTS</u>	
Proprietary Financial Statements:	
Statements of Net Position	4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Basic Financial Statements	7
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of the Proportionate Share of Net Pension Liability (PERS)	26
Schedule of Contributions (PERS)	26
Schedule of Revenues and Expenditures and Changes In Fund Balance – Budget and Actual – Revenue Fund	27
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of Long Term Debt Transactions	28
Schedule of Property Tax Transactions	29
<u>REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS</u>	
Independent Auditors' Report Required by Oregon State Regulations	30

This Page Intentionally Left Blank



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

November 20, 2017

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Port of Cascade Locks (the Port) as of and for the years ended June 30, 2017 and 2016, and the related notes to the basic financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Port of Cascade Locks, as of June 30, 2017 and 2016, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The District adopted the provisions of GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 77, *Tax Abatement Disclosures* for the year ended June 30, 2017. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements.

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

The budgetary comparison schedule presented as Required Supplementary Information, as listed in the table of contents, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the 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, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 20, 2017 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.

A handwritten signature in black ink that reads "Roy R. Rogers". The signature is written in a cursive style with a large, stylized "R" and "R".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

This Page Intentionally Left Blank

PORT OF CASCADE LOCKS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2017

This discussion and analysis of the Port of Cascade Locks (Port) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the Port financial statements, which follow this section.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Port's basic financial statements. This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and other supplementary information. This report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and also by the Oregon Secretary of State (OSS). The basic financial statements are prepared on the accrual basis, similar to a business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of the statement of net position that include the Port's assets, liabilities, and net position at year-end; statement of activities, which include all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which presents the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the basic financial statements is a section of other supplementary information which further explains and supports the information in the basic financial statements.

Statement of Net Position

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately and may provide a useful indicator of whether the financial position of the Port is improving or deteriorating over time. This statement includes all of the Port's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to the Port's creditors (liabilities). It also provides the basis for evaluating the capital structure of the Port and assessing the liquidity and financial flexibility of the Port.

Statement of Activities

The Statement of Activities presents information showing profitability and credit worthiness as well as how the Port's net position changed during the most recent fiscal year. This statement shows income and expenses from operations, non-operating revenues and expenses, and reconciles the change from one fiscal year to the next. This statement measures the success of the Port's operations over the past year and can be used to determine whether the Port has successfully recovered all its costs through its bridge fees, property leases and other charges.

Statement of Cash Flows

The Statement of Cash Flows is prepared using the direct method and is concerned solely with input and outlay of cash from operating activities, non-capital financing activities, capital and related financing activities and investing activities. This statement includes reconciliation to the Statement of Activities. The primary purpose of this statement is to provide information about the Port's cash receipts and cash payments during the reporting period. It answers such questions as where did the cash come from, what was the cash used for and what was the change in cash balance during the reporting period.

Budgetary Schedule

For financial reporting and operating purposes, management considers the Port's activities as those of a unitary enterprise operation. However, for budgetary and legal purposes these activities are accounted for in a separate schedule prepared on the modified accrual basis of accounting. Also, during the current fiscal year budget modifications were made between categories (personal services, materials & services, and contingency).

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 7 to 25 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Port's budgetary schedules, long-term debt, and property tax transactions. This information can be found on pages 26 to 29 of this report.

FINANCIAL HIGHLIGHTS

- In the basic financial statements, the assets of the Port exceeded its liabilities at June 30, 2017 which \$3,730,510, represents the Port's net investment in capital assets with the remaining unrestricted surplus of \$1,437,158, to be used for future operational expenditures.
- The Port's total net position increased by \$395,820, this increase was a result of operating expenses not exceeding operating income, non-operating revenue (expenses), and capital contributions. Non-operating revenues (expenses) and capital contributions consisted of interest earned of \$22,620, capital contributions in the amount of \$31,145, property taxes of \$3,344, loss on the sale of capital assets in the amount of (\$45,484), and interest expense of (\$40,551).
- The Port's financial goal for the fiscal year was to facilitate the economic development of our community in a financially prudent manner, position itself to weather financial uncertainty, and maintain momentum on existing projects.
- During the current fiscal year, the Port's long-term debt decreased by \$39,195. The Port did not incur any additional debt and paid scheduled principal payments of \$39,195.

Condensed Financial Information
Net Position

	June	
	2017	2016
Assets		
Current and other assets	\$ 1,713,925	\$ 1,273,423
Capital Lease Receivable, received in more than one year	287,688	-
Capital assets, net of depreciation	4,630,907	4,568,045
Total Assets	6,632,520	5,841,468
 Deferred Outflows of Resources	 297,225	 38,492
 Liabilities		
Current liabilities	190,009	174,817
Noncurrent liabilities	1,546,310	1,037,620
Total Liabilities	1,736,319	1,212,437
 Deferred Inflows of Resources	 25,758	 45,370
 Net position		
Net investment in capital assets	3,730,510	3,646,009
Unrestricted	1,437,158	976,144
Total net position	\$ 5,167,668	\$ 4,622,153

Table 2
Changes in Net Position

	Year ended June 30,	
	2017	2016
Operating revenue		
Bridge tolls	\$ 2,461,644	\$ 1,795,355
Marina, park and camping income	125,722	120,015
Lease, rents and fees	204,062	135,291
Other	34,478	245,936
Total operating revenues	<u>2,825,906</u>	<u>2,296,597</u>
Operating expenses		
Personal services	961,127	917,426
Materials and services	973,098	934,634
Insurance	146,472	139,101
Depreciation	320,463	484,609
Total operating expenses	<u>2,401,160</u>	<u>2,475,770</u>
Total operating income/(loss)	424,746	(179,173)
Non-operating revenues and expenses		
Interest earned	22,620	8,686
Gain (Loss) on disposal of assets	(45,484)	396,928
Property taxes	3,344	3,301
Interest expensed	(40,551)	(42,424)
Total non-operating revenue and expenses	<u>(60,071)</u>	<u>366,491</u>
Income/(loss) before capital contribution	364,675	187,318
Capital contribution	31,145	17,888
Change in net position	395,820	205,206
Net position, beginning of year	4,622,153	4,439,881
Prior Period Adjustment	149,695	(22,934)
Net position, end of year	<u>\$ 5,167,668</u>	<u>\$ 4,622,153</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Port, assets exceeded liabilities by \$5,167,668, at June 30, 2017.

Cash and investments, which comprise 24 percent of total assets, are available to meet the Port's ongoing obligations to its citizens.

A significant portion of the Port's assets (67 percent) consists of its investment in capital assets (e.g. land, buildings, bridge, vessel, and related equipment). The Port uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Port's long-term debt consists of notes payable used for improvements to the Port's business park and also to finance their Herman Creek Buildings. Current liabilities of the Port consist of accounts payable, accrued expenses and deferred revenue.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Total operating revenues and operating expenses increased when compared to the prior year.

The Port owns and operate the Bridge of the Gods. Bridge tolls of \$2,461,644, were up 37.1% from the prior year.

The Port received capital grants and contributions totaling \$31,145, for several projects.

CAPITAL ASSETS

The Port's investment in capital assets includes land, land improvements, buildings, bridge, vessel, maintenance, office and other equipment and construction in progress. As of June 30, 2017, the Port had invested \$3,730,510, in capital assets, net of depreciation and related debt.

During the year, the Port's investment in capital assets increased by \$62,862, due to purchases and sales of capital assets of \$427,500 and \$142,095 respectively, less depreciation expense of \$320,463. Capital asset purchases included land improvements of \$128,091 and building and improvement additions of \$299,409. Capital asset sales included \$142,095, in land.

BRIDGE OF THE GODS

The Port working in collaboration with the Oregon Department of Transportation and the Washington State Department of Transportation, has adopted a 15-year maintenance and preservation plan for the Bridge of the Gods. The estimated cost over the 15-year plan is estimated at \$77,783,728, million and will be paid in future periods as work is performed. The Port also plans to invest in bridge toll technology estimated at \$300,000 during the June 30, 2019 fiscal year end.

LONG-TERM DEBT

At the end of the current fiscal year, the Port had total long-term debt of \$900,397, consisting of a note payable for debt incurred for Herman Creek Business complex improvements and a note payable for debt incurred for the construction of the Herman Creek Flex Building.

During the current fiscal year, the Port's total debt decreased by \$39,195.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Paul Koch, General Manager, Port of Cascade Locks, P.O. Box 307, Cascade Locks, OR, 97014.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

STATEMENTS OF NET POSITION

At June 30, 2017 and 2016

	2017	2016
ASSETS:		
Current Assets:		
Cash and investments	\$ 1,640,494	\$ 1,222,253
Accounts receivable	25,847	25,548
Capital Lease Receivable, received within one year	21,904	-
Prepaid expenses	25,680	25,622
Total Current Assets	1,713,925	1,273,423
Noncurrent Assets:		
Capital Lease Receivable, received in more than one year	287,688	-
Capital assets, net		
Land	605,150	676,964
Land improvements	2,102,518	2,103,798
Buildings and improvements	1,459,453	1,259,414
Bridge	285,866	308,855
Vessel	121,137	182,592
Construction equipment	47,857	26,699
Office equipment	8,926	9,723
Total Capital Assets, net	4,630,907	4,568,045
Total Assets	6,632,520	5,841,468
Deferred Outflows of Resources:		
Pension Related Deferrals - PERS	297,225	38,492
Total Assets and Pension Related Deferrals	\$ 6,929,745	\$ 5,879,960
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts payable	\$ 49,987	\$ 53,711
Accrued payroll liabilities	32,224	32,757
Accrued interest payable	5,329	5,869
Deposits Payable	23,958	2,672
Unearned marina revenue	9,268	13,081
Accrued compensated absences	28,516	33,728
Notes payable, due within one year	40,727	32,999
Total Current Liabilities	190,009	174,817
Long Term Liabilities:		
Total Net Pension Liability - PERS	523,867	148,583
Unearned interest revenue	162,773	-
Note payable, due in more than one year	859,670	889,037
Total Long Term Liabilities	1,546,310	1,037,620
Total Liabilities	1,736,319	1,212,437
Deferred Inflows of Resources:		
Pension Related Deferrals - PERS	25,758	45,370
Net Position		
Net investment in capital assets	3,730,510	3,646,009
Unrestricted	1,437,158	976,144
Total Net Position	5,167,668	4,622,153
Total Liabilities and Net Position	\$ 6,929,745	\$ 5,879,960

See accompanying notes to the basic financial statements.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

**STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016**

	2017	2016
OPERATING REVENUES		
Bridge Tolls	\$ 2,461,644	\$ 1,795,355
Marina, park, and camping income	125,722	120,015
Leases, rents and fees	204,062	135,291
Miscellaneous revenue	7,890	231,970
Other	26,588	13,966
Total Operating Revenues	<u>2,825,906</u>	<u>2,296,597</u>
OPERATING EXPENSES		
Salaries and wages	652,777	579,130
Payroll taxes and employee benefits	308,350	338,296
Insurance	146,472	139,101
Promotion and advertising	6,979	17,127
Office expense	10,536	7,937
Grant Expense	66,337	7,486
Information technology	3,565	3,541
Dues & subscriptions	13,339	12,200
Repairs and maintenance	167,229	79,489
Supplies and small tools	26,648	72,986
Utilities and telephone	89,051	90,794
Professional services	60,849	111,096
Contracted services	423,239	389,255
Licenses and fees	40,929	25,905
Depreciation	320,463	484,609
Community services	15,243	25,925
Travel and meetings	39,416	45,566
Leases and rents	4,732	13,354
Taxes	5,006	5,640
Uncollectable Grant Write Off	-	26,276
Miscellaneous	-	57
Total Operating Expenses	<u>2,401,160</u>	<u>2,475,770</u>
Operating Income	424,746	(179,173)
NON OPERATING REVENUES (EXPENSES)		
Interest income	22,620	8,686
Property taxes	3,344	3,301
Gain (Loss) on sale of capital assets	(45,484)	396,928
Interest Expense	(40,551)	(42,424)
Total Non-Operating Revenues (Expenses)	<u>(60,071)</u>	<u>366,491</u>
Income (Loss) Before Capital Contributions	364,675	187,318
CAPITAL CONTRIBUTIONS		
Change in Net Position	395,820	205,206
Beginning Net Position	4,622,153	4,439,881
Prior Period Adjustment	149,695	(22,934)
Ending Net Position	<u>\$ 5,167,668</u>	<u>\$ 4,622,153</u>

See accompanying notes to the basic financial statements.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016**

	2017	2016
Cash Flows From Operating Activities:		
Cash received from customers	\$ 2,696,261	\$ 2,324,940
Cash paid to suppliers and vendors	(1,123,352)	(1,086,268)
Cash paid to employees	(869,933)	(779,877)
Net Cash From Operations	<u>702,976</u>	<u>458,795</u>
Cash Flows From Non-Capital Financing Activities:		
Property taxes	3,344	3,301
Net Cash (Used) By Non-Capital Financing Activities	<u>3,344</u>	<u>3,301</u>
Cash Flows From Capital and Related Financing Activities:		
Principal payment on note payable and capital lease	(21,639)	(31,536)
Sale of capital assets	104,211	373,994
Interest accrued and paid on note payable and capital lease	(41,091)	(42,554)
Capital Contributions	31,145	17,888
Purchase (sale) of property and equipment (net)	(383,325)	(1,127,552)
Decrease in Accumulated Deprecation due to sale	-	(47,674)
Net Cash (Used) By Capital and Related Financing Activities	<u>(310,699)</u>	<u>(857,434)</u>
Cash Flows From Investing Activities:		
Investment Earnings	22,620	8,686
Net Cash Provided (Used) By Investing Activities	<u>22,620</u>	<u>8,686</u>
 Net Increase in Cash and Investments	 418,241	 (386,652)
Balances - Beginning of Year	<u>1,222,253</u>	<u>1,608,905</u>
Balances - End of Year	<u>\$ 1,640,494</u>	<u>\$ 1,222,253</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Activities to Operating Income		
Operating Income	\$ 424,746	\$ (179,173)
Adjustments		
Depreciation	320,463	484,609
(Increase), decrease in accounts receivable	(299)	23,138
(Increase), decrease in leases receivable	(309,592)	-
(Increase), decrease in prepaid expenses	(58)	2,313
Increase, (decrease) in accounts payable	(3,724)	(14,846)
Increase, (decrease) in accrued payroll liabilities	(533)	(1,009)
Increase, (decrease) in pension related activities	96,939	131,957
Increase, (decrease) in accrued compensated absences	(5,212)	6,601
Increase, (decrease) in deposits payable	21,286	2,672
Increase, (decrease) in unearned marina revenue	(3,813)	-
Increase, (decrease) in unearned interest revenue	162,773	2,533
Net Cash From Operations	<u>\$ 702,976</u>	<u>\$ 458,795</u>

See accompanying notes to the basic financial statements.

This Page Intentionally Left Blank

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND THE FINANCIAL REPORTING ENTITY

The Port of Cascade Locks, Oregon (the Port) is a municipal Oregon corporation governed by an elected Board of Commissioners. The daily management is under the supervision of the General Manager, who is appointed by the Board of Commissioners. As required by the Generally Accepted Accounting Principles, all activities of the Port have been included in these basic financial statements.

The basic financial statements include all financial activities, organizations, and functions for which the Board of Commissioners has financial accountability as defined by GASB Statement No. 61. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the Port's basic financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. No organizational units meet the criteria for inclusion as a component unit.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements categorize all primary activities as business-type.

Government-wide financial statements display information about the Port as a whole. These statements focus on the sustainability of the Port as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position, the Statement of Activities, and the Statement of Cash Flows.

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. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. BASIS OF PRESENTATION

The Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, the basic financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting utilizing accounting principles applicable to commercial enterprises. All assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Activities presents increases (revenue) and decreases (expenses) in total Net Position. Under the accrual basis of accounting revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION - CONTINUED

The Port reports the following major fund:

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

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus.

The Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Proprietary Fund Financial Statements are presented on a full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on equity or a fund's net position. All transactions and events that affect the total economic resources (net position) during the period are reported. An economic resources measurement is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred regardless of the timing of related cash inflows and outflows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The principle operating revenues of the enterprise fund are bridge tolls, lease rentals and fees, and operating grants. Operating expenses for enterprises funds include administrative expenses, insurance, repairs, contracted services and depreciation on capital assets.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first then unrestricted resources as they are needed.

E. ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

The Port's 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. Investments are recorded at cost, which approximates fair market value (fair value in pool is the same as pool shares).

Accounts Receivable

Accounts receivable consist primarily of amounts due from grants, leases, rents, bridge tickets, dock fees, and other fees. Management feels that any uncollectible amount is immaterial to the basic financial statements, therefore there is no allowance for doubtful accounts. There was \$25,847 and \$25,548 in accounts receivable at June 30, 2017 and 2016.

Prepaid Expenses

Prepaid expenses are expenses paid in the current year for services intended to be used in the following fiscal year. Prepaid expenses consist of liability insurance, rent, worker's compensation, and other miscellaneous expenses.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Capital Lease Receivable

Capital lease receivable consists of amounts due from sales-type capital leases the Port is involved in as the lessor. Management feels that any uncollectible amount is immaterial to the basic financial statements, therefore there is no allowance for doubtful accounts.

Property Taxes

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th. Under the partial payment schedule, collection dates are November 15, February 15, and May 15 following the lien date. A three percent discount is allowed if full payment is made by November 15 and a two percent discount is allowed if two-thirds payment is made by November 15. Taxes become delinquent if not paid by the due date and interest accrues.

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, (e.g., roads, bridges), are reported in the basic financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 when purchased or constructed. Property, plant and equipment of the Port is depreciated using the straight line method over the following estimated useful lives:

Land improvements	10- 40	years
Buildings	5 - 50	years
Bridge	35 - 47	years
Vessel & improvement	3 - 20	years
Construction and maintenance equipment	5 - 15	years
Office and other equipment	5 - 10	years

Deposits Payable

Deposits payable consist of deposits paid by customers as part of their reservation for the use of the Port's Marina Park Pavilion, Community Center, or Thunder Island Wedding Site to cover any damage or extra cleaning the Port might incur to prepare the venue for the next guest. These deposits are refundable if no damage occurred or no extra cleaning by the Port was necessary.

Unearned Marina Revenues

Unearned marina revenues consist of mooring and other usage fees paid by customers in the beginning of the calendar year to dock their boats at the Port's marina. These amounts are unearned until the time period paid in advance has elapsed.

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. ASSETS, LIABILITIES, AND EQUITY (CONTINUED)

Unearned Interest Revenues

Unearned interest revenues consist of revenues from the Port's capital leases. These amounts are unearned until amortized over the course of the lease.

Accrued Compensated Absences

The Port provides vacation benefits to its regular part-time and full-time employees. Vacation leave accrues during the year with a maximum carryover of 200 hours. Accrued and unused vacation benefits are to be paid upon termination of employment. The expenses are accrued when incurred and the liability is recorded.

F. NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

- *Net Investment in Capital Assets* – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – consists of all other assets that are not included in the other categories previously mentioned.

G. 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 and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense /expenditure) until then. At June 30, 2017 and 2016, there were deferred outflows of \$297,225 and \$38,492 representing pension related deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2017 and 2016, there were deferred inflows of \$25,758 and \$45,370 representing pension related deferrals.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. ACCOUNTING ESTIMATES

The preparation of the basic financial statements in conformity with generally accepted accounting principles 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 date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates

J. 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.

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).

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 identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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 is prepared on a basis consistent with generally accepted accounting principles except, capital outlay is reported as an expenditure rather than capitalized, inventory is expensed when purchased, debt principal repayment is an expenditure when paid, pension costs are not recorded as an expense until paid and depreciation on capital assets is not recorded. The budget process begins in each fiscal year with the elected officials setting the budget priorities. Recommendations are developed, 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.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. BUDGETARY INFORMATION (CONTINUED)

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.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenses of the Revenue fund was within authorized appropriations for the year ended June 30, 2017, except for Materials and Services which was over-expended by \$199,695 and Debt Service which was over-expended by \$6,196.

3. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2017:

<u>Cash and Investments</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Weighted Average Maturity in Months</u>
Cash on hand	\$ 1,100	\$ 1,100	N/A
Demand deposits	127,685	127,685	N/A
LGIP	<u>1,511,709</u>	<u>1,511,709</u>	N/A
Total	<u>\$ 1,640,494</u>	<u>\$ 1,640,494</u>	

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at approved depositories as identified by the Treasury.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2017, \$250,000 of the bank balance was insured by the FDIC, the remaining amount was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](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.

As of June 30, 2017 the Port had the following investments:

Investment Type	Maturity (in months)			
	Fair Value	Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 1,511,709	\$ 1,511,709	\$ -	\$ -
Total Investments	<u>\$ 1,511,709</u>	<u>\$ 1,511,709</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. Exposure to declines in fair values is managed by limiting the weighted average maturity of the investment portfolio to levels required by State statute. The Port does not have a formal policy for interest rate risk.

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 investment or collateral securities in possession of an outside party. The Port does not have a formal policy for custodial credit risk.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

A. CASH AND INVESTMENTS (CONTINUED)

Credit Risk

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies. The investments in U.S. Government Agencies were rated AAA by Standard & Poor's and AAA by Moody's Investor Service. The State Pool is unrated. The Port does not have a formal policy for credit risk.

Oregon Revised Statutes require banker's acceptances to be guaranteed by and carried on the books of a qualified financial institution, eligible for discount by Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations. There were no investments in banker's acceptances at June 30, 2017.

Concentration of Credit Risk

At June 30, 2017, 100% of total investments were in the Oregon State Treasury's Local Government Investment Pool. State statutes do not limit the percentage of investment in the Pool.

B. LONG TERM OBLIGATIONS

The Port has two notes payable to Business Oregon Infrastructure Finance Authority (BO – IFA). The original amount of the first note was \$235,094 for land improvements. Annual payments of \$17,860 are due with interest stated at 5%. The original amount of the second note was \$850,000 for the construction of the Port's Herman Creek Building. Quarterly payments of \$14,058 are due with interest stated at 4.4%

The Port entered into two 3-year capital leases in May 2016 to acquire two trucks. The first lease required a down payment of \$2,532 and has monthly payments of \$284. The second required a down payment of \$5,800 and has monthly payments of \$253.

Note payable and capital lease payable activity for the year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>7/1/16</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/17</u>	<u>Due Within</u> <u>One Year</u>
Note Payable #1 - BO - IFA	\$ 148,354	\$ -	\$ (10,442)	\$ 137,912	\$ 10,965
Note Payable #2 - BO - IFA	773,682	-	(22,557)	751,125	23,566
Capital Lease #1	9,642	-	(3,403)	6,239	3,403
Capital Lease #2	<u>7,914</u>	<u>-</u>	<u>(2,793)</u>	<u>5,121</u>	<u>2,793</u>
Total	<u>\$ 939,592</u>	<u>\$ -</u>	<u>\$ (39,195)</u>	<u>\$ 900,397</u>	<u>\$ 40,727</u>

The interest expense of the notes payable during the current fiscal year was \$40,551.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. LONG TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity for the two notes payable to Business Oregon IFA are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 10,965	\$ 6,896	17,861
2019	11,513	6,347	17,860
2020	12,088	5,772	17,860
2021	12,693	5,167	17,860
2022	13,328	4,533	17,860
2023 - 27	77,325	11,975	89,301
Total Note #1	<u>\$ 137,912</u>	<u>\$ 40,690</u>	<u>\$ 178,602</u>

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2018	\$ 23,566	\$ 32,664	\$ 56,230
2019	24,620	31,610	56,230
2020	25,721	30,511	56,232
2021	26,872	29,358	56,230
2022	28,074	28,156	56,230
2023 - 27	160,368	120,782	281,151
2028 - 32	199,591	81,559	281,151
2033 - 37	248,408	32,743	281,151
2038	13,904	153	14,057
Total Note #2	<u>751,125</u>	<u>387,537</u>	<u>1,138,662</u>
Total Notes Payable	<u>\$ 889,037</u>	<u>\$ 428,227</u>	<u>\$ 1,317,264</u>

Annual debt service requirements to maturity for the two capital leases are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
6/30/2018	\$ 3,403	\$ -	3,403
6/30/2019	2,836	-	2,836
Total Capital Lease #1	<u>\$ 6,239</u>	<u>\$ -</u>	<u>\$ 6,239</u>

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
6/30/2018	\$ 2,793	\$ -	2,793
6/30/2019	2,328	-	2,328
Total Capital Lease #2	<u>\$ 5,121</u>	<u>\$ -</u>	<u>\$ 5,121</u>
Total Capital Lease Payable	<u>\$ 11,360</u>	<u>\$ -</u>	<u>\$ 11,360</u>

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance 7/1/16	Adjustments	Additions	Deletions	Balances 6/30/17
Business-type activities					
Capital assets not being depreciated					
Land	\$ 676,964	\$ -	\$ 70,281	\$ (142,095)	\$ 605,150
Total capital assets not being depreciated	676,964	-	70,281	(142,095)	605,150
Capital assets being depreciated					
Land improvements	4,235,658	-	128,091	-	4,363,749
Buildings and improvements	2,094,979	-	299,409	-	2,394,388
Bridge	1,830,896	-	-	-	1,830,896
Vessel	4,167,540	-	-	-	4,167,540
Construction equipment	187,650	27,639	-	-	215,289
Office equipment	132,549	-	-	-	132,549
Total capital assets being depreciated	12,649,272	27,639	427,500	-	13,104,411
Accumulated Depreciation					
Land improvements	2,131,860	-	129,371	-	2,261,231
Buildings and improvements	835,565	-	99,370	-	934,935
Bridge	1,522,041	-	22,989	-	1,545,030
Vessel	3,984,948	-	61,455	-	4,046,403
Construction equipment	160,951	-	6,481	-	167,432
Office equipment	122,826	-	797	-	123,623
Total accumulated depreciation	8,758,191	-	320,463	-	9,078,654
Total capital assets being depreciated, net	3,891,081				4,025,757
Business-type activities capital assets, net	\$ 4,568,045				\$ 4,630,907

During the year ended June 30, 2017, the Port sold three plots of land with a total cost of \$142,095. One was sold directly and two via a sales-type capital lease. Items in the adjustments column are the addition of capital assets purchased in prior years, which are treated as a prior period adjustment in these financial statements (see Note 5D).

The Port has various property leases, most are accounted for as operating leases. Costs of properties leased operationally are included in the above capital asset detail.

D. LONG TERM RECEIVABLES

The Port entered into a sales-type capital lease with Thunder Island Brewing Company in March 2016 for two plots of land with a combined historical cost of \$138,154. The total amount to be received from both principal payments and interest is \$199,839. Payments began in December 2016.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. LONG TERM RECEIVABLES (CONTINUED)

The port entered into a sales-type lease with JDV Investments in January 2017 for one plot of land with a historical cost of \$3,941. The total amount to be received from both principal payments and interest is \$120,570. Payments began in February 2017.

Capital lease receivable activity for payments received for the year ended June 30, 2017, was as follows:

	Balance 7/1/16	Additions	Payments Received	Balance 6/30/17	To Be Received Within One Year
Capital Lease Receivable #1	\$ 199,839	\$ -	\$ (5,829)	\$ 194,010	\$ 9,992
Capital Lease Receivable #2	-	120,570	(4,988)	115,582	11,912
Total	<u>\$ 199,839</u>	<u>\$ 120,570</u>	<u>\$ (10,817)</u>	<u>\$ 309,592</u>	<u>\$ 21,904</u>

Capital lease receivable activity for interest revenue recognized for the year ended June 30, 2017, was as follows:

	Unearned Revenue Balance 7/1/16	Additions	Interest Recognized	Unearned Revenue Balance 6/30/17
Capital Lease Receivable #1	\$ 56,286	\$ -	\$ (1,642)	\$ 54,644
Capital Lease Receivable #2	-	112,750	(4,621)	108,129
Total	<u>\$ 56,286</u>	<u>\$ 112,750</u>	<u>\$ (6,263)</u>	<u>\$ 162,773</u>

E. OPERATING LEASES

The Port entered into a 5-year lease with IKON office solutions for a copier machine in January 2012. There were monthly payments of \$120 which expired this year in January 2017 and the lease has not been renewed. Expense for the lease for the year ended June 30, 2017 was \$3,717.

The port has a lease with the Union Pacific Railroad Company for a parking area and access road. The rent for the year increases 3% annually with no projected ending date that is cancelable by either party at any time. Expense for the lease for the year ended June 30, 2017 was \$10,946.

4. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

If the link is expired please contact Oregon PERS for this information.

- 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 under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:
Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

- 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, 2013 actuarial valuation, which became effective July 1, 2015. 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, 2017 were \$16,130, excluding amounts to fund employer specific liabilities. In addition approximately \$29,291 in employee contributions were paid by the Port during 2016-17.

PENSION ASSET OR LIABILITY

At June 30, 2017, the Port reported a net pension liability of \$523,867 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. 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. At June 30, 2016, the Port's proportion was .003 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 17,332	\$ -
Changes in assumptions	111,728	-
Net difference between projected and actual earnings on pension plan investments	103,494	-
Net changes in proportionate share and differences between Port contributions and proportionate share of contributions	<u>48,541</u>	<u>(25,758)</u>
Subtotal - Amortized Deferrals (below)	281,095	(25,758)
Port's contributions subsequent to measurement date	<u>16,130</u>	<u>-</u>
Net deferred outflow (inflow) of resources	<u>\$ 297,225</u>	<u>\$ (25,758)</u>

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

FUNDING POLICY

Subtotal amounts related to pension as deferred outflows of resources, \$281,095, and deferred inflows of resources, (\$25,758), net to \$255,337 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2018	\$ 46,435
2019	46,435
2020	84,660
2021	67,030
2022	10,777
Thereafter	-
Total	<u>\$ 255,337</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 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

ACTUARIAL VALUATIONS

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent (reduced from 2.75%)
Investment rate of return	7.50 percent (reduced from 7.75%)
Projected salary increase	3.50 percent overall payroll growth; salaries for individuals are assumed to grow at 3.50 percent plus assumed rates of merit/longevity increases based on service (reduced from 3.75%). For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB (changed from Scale AA), with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females; changed from 65% for males and 90% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table (changed from static combined disabled mortality sex-distinct table).

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 2014 Experience Study which is reviewed for the four-year period ending December 31, 2014.

Discount Rate – The discount rate used to measure the total pension liability was 7.50 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.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS (CONTINUED)

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		2.75%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. DEFINED BENEFIT PENSION PLAN (CONTINUED)

ACTUARIAL VALUATIONS (CONTINUED)

Sensitivity of the Port's proportionate share of the net pension liability to changes in the discount rate – The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	(6.50%)	(7.50%)	(8.50%)
Port's proportionate share of the net pension liability (asset)	\$ 845,871	\$ 523,867	\$ 254,728

Changes Subsequent to the Measurement Date:

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on 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.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016. The actuarial effect of this change on the net pension liability has not yet been determined.

As reflected in the December 31, 2014 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions passed by the 2013 Oregon Legislature, which increased the benefits projected to be paid by Employers compared to those previously developed and consequently increased plan liabilities. The employers' projected long-term contribution effort reflects the estimated impact of the Moro Decision. Following the completion of the December 31, 2014 actuarial valuation, the PERS Board adopted several assumption changes, including lowering the investment return assumption from 7.75% to 7.50%.

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online at the below website, or by contacting PERS at the following address: PO BOX 23700 Tigard, OR 97281-3700.
<http://www.oregon.gov/pers/EMP/Documents/GASB/2014/GASB-Disclosure-Information.pdf>

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

5. OTHER INFORMATION

A. RISK MANAGEMENT

There is exposure to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Commercial insurance is carried to minimize the exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

B. COMMITMENTS AND CONTINGENCIES

On March 10, 2010, the Port received a letter from the State of Oregon stating that the Port has an indemnity obligation to the State under a lease agreement with the Division of State Lands. It involves a lease which was effective from August 1, 1991 and involved a dock on the Willamette River. This area is now subject to an environmental super fund action involving many parties along the Willamette River and significant damages. The Port's liability exposure at this time appears to be limited. It also appears the Port has insurance coverage that may apply to the claim. This matter may take several years to resolve. The Port has researched insurance coverage and is prepared to proceed based upon the final outcome when required to do so by the State. At this time the amount and results of this claim are unknown.

The Port owns and operates the Bridge of the Gods. The Port has adopted an \$8.249 million ten year maintenance and repair plan for the Bridge of the Gods working in cooperation with WSDOT and ODOT. Future appropriations will fund this maintenance and repair plan as work is performed.

The Port has commitments of approximately \$1.245 million for infrastructure at their business park. These commitments will be funded by future property sales and paid for in future periods as the work is performed.

C. PROPERTY TAX LIMITATION

The State of Oregon has a state voter-approved 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 \$10.00 for each \$1,000 of property market value. Local government taxes of the Port currently do not exceed the \$10.00 rate limit; however, this limitation may affect the availability of future tax revenues for the Port. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional state voter-approved limit reduces the amount of operating property tax revenues available. This 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 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 and new bond issues.

D. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$10,083 was made in order to correctly account for two acquired vehicles which are capital leases but were recorded as operating leases in the prior year. Capital assets of \$27,639 were added along with a long-term liability of \$17,556, resulting in a gain of \$10,083 which should have been recorded in the prior year.

A second prior period adjustment of \$139,612 was made to record the gain on the sale of land via a sales-type capital lease receivable that was made in the prior year but was not recorded. The value of the lease (\$199,839) less the cost of the land (\$3,941) and unearned interest (\$56,286) resulted in a gain of \$139,612.

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

5. OTHER INFORMATION (CONTINUED)

D. PRIOR PERIOD ADJUSTMENT (CONTINUED)

The two adjustments total \$149,695, which is recorded in the Statement of Activities.

E. SUBSEQUENT EVENTS

On July 11, 2017, the Port entered into an agreement for a line of credit with a limit of \$1,888,000. The funds have been received by the Port, but no repayments have been made against the debt. The line of credit matures in July 2020.

On September 2, 2017 a wildfire that came to be known as the Eagle Creek Fire was ignited along the Eagle Creek Trail three miles southwest of the Cascade Locks and quickly spread due to the dry and windy conditions at the time. Due to their close proximity to the fire, several structures owned and run by the Port, including the Bridge of the Gods' toll booth, were within the mandatory evacuation zone and were forced to be abandoned by the Port until the evacuation was lifted two and a half weeks later. While the Port suffered no direct loss to its property, the closing of the toll booth due to the evacuation order and the closing of Interstate 84 (westbound for two weeks, eastbound for three) led to a direct loss of bridge tolls and facilities usage revenue. Further losses and reductions in revenue are expected in the 2017-2018 fiscal year and beyond, as many trails and campgrounds that draw people to the Cascade Locks will remain closed for the foreseeable future.

F. TAX ABATEMENTS

As of June 30, 2017, the Port of Cascade Locks potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2017 for any program covered under GASB 77.

This Page Intentionally Left Blank

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

At June 30, 2017

PERS

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) Entity's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2017	0.003 %	\$ 523,867	\$ 533,019	98.3 %	80.5 %
2016	0.003	148,583	645,106	23.0	91.9
2015	0.003	(59,373)	542,444	(10.9)	103.6
2014	0.003	133,668	758,054	17.6	92.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

SCHEDULE OF CONTRIBUTIONS

Year	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
2017	\$ 16,130	\$ 16,130	-	\$ 488,177	3.3 %
2016	30,480	30,480	-	533,019	5.7
2015	32,481	32,481	-	645,106	5.0
2014	37,222	37,222	-	542,444	6.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented

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

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY BASIS
For the Year Ended June 30, 2017**

<u>REVENUE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Bridge tolls	\$ 2,500,000	\$ 2,500,000	\$ 2,461,644	\$ (38,356)
Marina and camping fees	107,000	107,000	125,722	18,722
Rentals and land leases	176,980	176,980	214,879	37,899
Interest income	7,000	7,000	16,357	9,357
Grants	128,750	128,750	31,145	(97,605)
Property taxes	3,040	3,040	3,344	304
Fireworks	6,000	6,000	14,715	8,715
Other income	2,000	2,000	19,763	17,763
Total Revenue	<u>2,930,770</u>	<u>2,930,770</u>	<u>2,887,569</u>	<u>(43,201)</u>
EXPENDITURES:				
Personnel services	980,218	1,028,301 (1)	869,400	158,901
Materials and services	811,925	853,538 (1)	1,053,233	(199,695)
Capital outlay	1,513,668	1,602,733 (1)	564,118	1,038,615
Debt service	74,090	74,090 (1)	80,286	(6,196)
Contingency	205,869	72,108 (1)	-	72,108
Total Expenditures	<u>3,585,770</u>	<u>3,630,770</u>	<u>2,567,037</u>	<u>1,063,733</u>
Excess of Revenues Over, (Under) Expenditures	(655,000)	(700,000)	320,532	1,020,532
Other Financing Sources, (Uses)				
Loan Proceeds	2,000,000	2,000,000	-	(2,000,000)
Proceeds from Sale of Capital Assets	17,028	17,028	84,850	67,822
Total Other Financing Sources, (Uses)	<u>2,017,028</u>	<u>2,017,028</u>	<u>84,850</u>	<u>(1,932,178)</u>
Net Change in Fund Balance	1,362,028	1,317,028	405,382	(911,646)
Beginning Fund Balance	1,090,000	1,090,000	1,171,202	81,202
Ending Fund Balance	<u>\$ 2,452,028</u>	<u>\$ 2,407,028</u>	\$ 1,576,584	<u>\$ (830,444)</u>

(1) Appropriation Level

RECONCILIATION TO NET POSITION:

Net Pension Liability	(523,867)
Deferred Outflows	297,225
Deferred Inflows	(25,758)
Capital Assets	4,630,907
Accrued Compensated Absences	(28,516)
Accrued Interest	(5,329)
Capital Lease Recievable	309,592
Unearned Interest Revenue	(162,773)
Long-Term Debt	(900,397)
TOTAL NET Position	<u>\$ 5,167,668</u>

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT
June 30, 2017

Year	OECCD Loan L00005		Herman Creek Flex Bldg 525194		Nissan Truck - Black		Nissan Truck - Silver	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017 - 18	\$ 10,965	\$ 6,896	\$ 23,566	\$ 32,664	\$ 3,403	\$ -	\$ 2,793	\$ -
2018 - 19	11,513	6,347	24,620	31,610	2,836	-	2,328	-
2019 - 20	12,088	5,772	25,721	30,511	-	-	-	-
2020 - 21	12,693	5,167	26,872	29,358	-	-	-	-
2021 - 22	13,328	4,533	28,074	28,156	-	-	-	-
2022 - 23	13,994	3,866	29,330	26,900	-	-	-	-
2023 - 24	14,694	3,167	30,642	25,588	-	-	-	-
2024 - 25	15,428	2,432	32,012	24,218	-	-	-	-
2025 - 26	16,200	1,660	33,444	22,786	-	-	-	-
2026 - 27	17,010	850	34,940	21,290	-	-	-	-
2027 - 28	-	-	36,503	19,727	-	-	-	-
2028 - 29	-	-	38,136	18,094	-	-	-	-
2029 - 30	-	-	39,842	16,388	-	-	-	-
2030 - 31	-	-	41,624	14,606	-	-	-	-
2031 - 32	-	-	43,486	12,744	-	-	-	-
2032 - 33	-	-	45,431	10,799	-	-	-	-
2033 - 34	-	-	47,463	8,767	-	-	-	-
2034 - 35	-	-	49,587	6,644	-	-	-	-
2035 - 36	-	-	51,805	4,426	-	-	-	-
2036 - 37	-	-	54,122	2,108	-	-	-	-
2037 - 38	-	-	13,904	153	-	-	-	-
Total:	\$ 137,912	\$ 40,690	\$ 751,125	\$ 387,537	\$ 6,239	\$ -	\$ 5,121	\$ -

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the Year Ended June 30, 2017

Tax Year	Original Levy or Balance Uncollected 7/1/2016	Deduct Discounts	Adjustments To Rolls	Add Interest	Cash Collections by County Treasurer	Uncollected Balance 6/30/2017
Current:						
2016-17	3,437	87	(8)	2	3,270	74
Prior:						
2015-16	63	-	(3)	2	24	38
2014-15	35	-	(2)	2	11	24
2013-14	22	-	(3)	2	7	14
2012-13	13	-	(1)	2	6	8
Prior	20	-	(2)	1	1	18
Total Prior	153	-	(11)	9	49	102
Total Taxes	3,590	87	(19)	11	3,319	176

Reconciliation To Revenue

Cash Collections by County Treasurer Above
Other Taxes

3,319
25

Total Tax Revenues

3,344

**PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

Independent Auditors' Report Required by Oregon State Regulations

This Page Intentionally Left Blank



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

November 20, 2017

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Port of Cascade Locks as of and for the year ended June 30, 2017, and have issued our report thereon dated November 20, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic 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 the basic 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 which included, 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.**
- **Programs funded from outside sources**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Port of Cascade Locks 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 as follows:

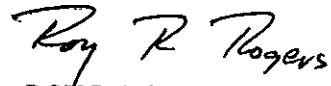
1. Expenditures of the various funds were within authorized appropriations, except as noted on page 12.

OAR 162-10-0230 Internal Control

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

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated November 20, 2017.

This report is intended solely for the information and use of the Commission members 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 "Roy R. Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.