

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020



12700 SW 72nd Ave.
Tigard, OR 97223

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

**2020-2021
FINANCIAL REPORT**

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

2020-2021
Board of Commissioners

	<u>TERM EXPIRES</u>
Jess Groves, President	6/30/2025
Brad Lorang, Vice President	6/30/2023
Joeinne Caldwell, Secretary-Treasurer	6/30/2025
Dean Bump, Commissioner	6/30/2023
John Stipan, Commissioner	6/30/2023

All Commissioners receive correspondence at the address below

ADMINISTRATION

General Manager and Registered Agent:

Jeremiah Blue
PO Box 307
Cascade Locks, Oregon 97014

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

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January 23, 2023

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, 2020 and 2021, 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, 2021 and 2020, 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.

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 or the Schedule of Changes in Post Employment Liability and Related Ratios for healthcare 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.

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

Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated January 23, 2023 on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large initial "R" and a distinct "R" in the middle.

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

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PORT OF CASCADE LOCKS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2021

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, 2021. 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 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 the cash came 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 4 to 30 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 31 to 35 of this report.

FINANCIAL HIGHLIGHTS

- In the basic financial statements, the assets of the Port exceeded its liabilities at June 30, 2021, of which \$3,471,582 represents the Port's net investment in capital assets with the remaining unrestricted surplus of \$1,488,953 to be used for future operational expenditures.
- The Port's total net position increased by \$413,722, this increase was a result of a revenues increasing while expenses decreased. Non-operating revenues (expenses) and capital contributions consisted of capital contributions in the amount of \$330,736, property taxes of \$4,503, interest income of \$31,989, gain on the sale of capital assets in the amount of \$51,445, interest expense of (\$372,579) and debt service of (\$68,841). This net position increase was offset by prior period adjustments of (\$350,356).
- During the current fiscal year, the Port's long-term debt increased by \$4,750,227. The Port incurred additional debt for construction of Flex 6 building.

Condensed Financial Information

Table 1

Statement of Net Position

	<u>2021</u>	<u>2020</u>
Assets	\$	\$
Current and other assets	3,225,090	1,763,037
Capital Lease Receivable, received in more than one year	293,713	340,047
Depreciable capital assets (net of depreciation)	<u>15,276,909</u>	<u>10,765,931</u>
Total Assets	18,795,712	12,869,015
Deferred Outflows of Resources	<u>569,161</u>	<u>288,799</u>
Total Assets and Pension Related Deferrals	19,364,873	13,157,814
Liabilities		
Current Liabilities	1,242,055	254,357
Noncurrent Liabilities	<u>12,974,394</u>	<u>7,810,997</u>
Total Liabilities	14,216,449	8,065,354
Deferred Inflows of resources	<u>187,889</u>	<u>195,291</u>
Net Position		
Net Investment in Capital Assets	3,471,582	3,710,831
Unrestricted	<u>1,488,953</u>	<u>1,186,338</u>
Total Net Position	<u>4,960,535</u>	<u>4,897,169</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 19,364,873</u>	<u>\$ 13,157,814</u>

Table 2

Statement of Activities

	2021	2020
Operating Revenue	\$	\$
Bridge tolls	2,639,500	2,168,654
Marina and camping fees	-	168,634
Leases, rents and fees	826,029	323,957
Miscellaneous	46,750	85,691
Total Operating Revenues	<u>3,512,279</u>	<u>2,746,936</u>
Operating Expenses		
Personal Service	1,376,524	1,272,484
Materials and services	1,074,310	1,347,189
Insurance	198,041	145,214
Depreciation	426,935	466,425
Total Operating Expenses	<u>3,075,810</u>	<u>3,231,312</u>
Total operating income/(loss)	436,469	(484,376)
Non-Operating Revenues (Expenses)		
Interest Income	31,989	-
Property Taxes	4,503	4,542
Gain/Loss on sale of assets	51,445	184,406
Interest Expense	(372,579)	(39,662)
Debt Service	(68,841)	-
Total Non-Operating Revenues (expenses)	<u>(353,483)</u>	<u>149,286</u>
Income (Loss) before Capital Contributions	82,986	(335,090)
Capital Contributions	330,736	189,750
Change in Net Position	413,722	(145,340)
Net position, beginning of year	4,897,169	5,042,509
Prior period Adjustment	(350,356)	-
Net position, end of year	<u>\$ 4,960,535</u>	<u>\$ 4,897,169</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, total assets exceeded total liabilities by \$4,960,535, on June 30, 2021.

Cash and investments, which comprise 16.7 percent of total assets, are available to meet the Port's ongoing obligations to its citizens.

A significant portion of the Port's assets 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 flex building 1, 2, 5, and 6. Current liabilities of the Port consist of accounts payable, accrued expenses and unearned revenue.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Total operating revenues increased from the prior year by \$765,343. This included an increase to bridge tolls, which rebounded to pre-pandemic levels after a decrease due to the pandemic. Leases and rents collected increased, while other revenues decreased.

Operating expenses decreased over the prior year by (\$155,502).

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, 2021, the Port had invested \$3,471,582, in capital assets, net of depreciation and related debt.

BRIDGE OF THE GODS UPDATE

The Port is 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 \$77,841,914 million and will be paid in future periods as work is performed.

LONG-TERM DEBT

At the end of the current fiscal year, the Port had total long-term debt for asset financing of \$11,805,327. New debt of \$4,796,329 was issued for the construction of the Flex 6 lease space. This space was not completed within the fiscal year.

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 Jeremiah Blue, General Manager, Port of Cascade Locks, P.O. Box 307, Cascade Locks, OR, 97014.

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
STATEMENTS OF NET POSITION
At June 30, 2021 and 2020

	2021	2020
ASSETS:		
Current Assets:		
Cash and investments	\$ 3,137,096	\$ 1,356,801
Accounts receivable	6,826	273,719
Capital Lease Receivable, received within one year	5,407	14,775
Prepaid expenses	75,761	117,742
Total Current Assets	<u>3,225,090</u>	<u>1,763,037</u>
Noncurrent Assets:		
Capital Lease Receivable, received in more than one year	293,713	340,047
Capital assets, net		
Land	377,053	399,819
Construction in progress	5,266,982	-
Land improvements	1,026,525	1,261,176
Buildings and improvements	7,695,599	8,145,450
Bridge	789,756	849,146
Vessel	28,277	44,015
Construction equipment	86,979	59,790
Office equipment	5,738	6,535
Total Capital Assets, net	<u>15,276,909</u>	<u>10,765,931</u>
Total Noncurrent Assets	<u>15,570,622</u>	<u>11,105,978</u>
Total Assets	18,795,712	12,869,015
Deferred Outflows of Resources:		
Pension Related Deferrals - PERS	564,095	283,255
OPEB Related Deferrals - Healthcare	5,066	5,544
Total Deferred Outflows	<u>569,161</u>	<u>288,799</u>
Total Assets and Pension Related Deferrals	<u>\$ 19,364,873</u>	<u>\$ 13,157,814</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts payable	\$ 138,758	\$ 9,975
Retainage payable	227,801	-
Accrued payroll liabilities	73,123	121,152
Accrued interest payable	544,583	7,277
Deposits Payable	50,418	18,095
Unearned marina revenue	21,840	16,431
Deferred Events Revenue	6,450	-
Deferred Camping Revenue	21,277	-
Accrued compensated absences	44,294	35,326
Notes payable, due within one year	113,511	46,101
Total Current Liabilities	<u>1,242,055</u>	<u>254,357</u>
Long Term Liabilities:		
Proportionate share of Net Pension Liability - PERS	1,263,848	716,152
Total OPEB Liability - Healthcare	13,611	10,987
Deferred Lease Revenue	5,119	74,859
Note payable, due in more than one year	11,691,816	7,008,999
Total Long Term Liabilities	<u>12,974,394</u>	<u>7,810,997</u>
Total Liabilities	14,216,449	8,065,354
Deferred Inflows of Resources:		
Pension Related Deferrals - PERS	187,889	195,274
OPEB Related Deferrals - Healthcare	-	17
Total Deferred Inflows	<u>187,889</u>	<u>195,291</u>
Net Position		
Net investment in capital assets	3,471,582	3,710,831
Unrestricted	1,488,953	1,186,338
Total Net Position	<u>4,960,535</u>	<u>4,897,169</u>
Total Liabilities and Net Position	<u>\$ 19,364,873</u>	<u>\$ 13,157,814</u>

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, 2021 and 2020**

	2021	2020
OPERATING REVENUES		
Bridge Tolls	\$ 2,639,500	\$ 2,168,654
Marina, park, and camping income	-	168,634
Leases, rents and fees	826,029	323,957
Miscellaneous revenue	46,750	85,691
Total Operating Revenues	<u>3,512,279</u>	<u>2,746,936</u>
OPERATING EXPENSES		
Salaries and wages	787,724	850,188
Payroll taxes and employee benefits	588,800	422,296
Insurance	198,041	145,214
Promotion and advertising	10,940	15,649
Office expense	11,316	8,019
Grant Expense	-	9,731
Information technology	67,333	11,371
Dues & subscriptions	17,321	20,750
Repairs and maintenance	158,210	151,343
Supplies and small tools	54,287	19,173
Utilities and telephone	94,673	98,345
Professional services	244,923	333,756
Contracted services	249,767	478,397
Licenses and fees	40,944	40,598
Depreciation	426,935	466,425
Community services	80,769	71,961
Travel and meetings	22,651	69,621
Education	5,670	-
Leases and rents	11,787	12,580
Taxes	3,719	5,895
Total Operating Expenses	<u>3,075,810</u>	<u>3,231,312</u>
Operating Income	436,469	(484,376)
NON OPERATING REVENUES (EXPENSES)		
Interest income	31,989	-
Property taxes	4,503	4,542
Gain (Loss) on sale of capital assets	51,445	184,406
Interest Expense	(372,579)	(39,662)
Debt Service	(68,841)	-
Total Non-Operating Revenues (Expenses)	<u>(353,483)</u>	<u>149,286</u>
Income (Loss) Before Capital Contributions	82,986	(335,090)
CAPITAL CONTRIBUTIONS		
Change in Net Position	413,722	(145,340)
Beginning Net Position	4,897,169	5,042,509
Prior Period Adjustment	(350,356)	-
Ending Net Position	<u>\$ 4,960,535</u>	<u>\$ 4,897,169</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, 2021 and 2020**

	2021	2020
Cash Flows From Operating Activities:		
Cash received from customers	\$ 3,830,593	\$ 2,481,541
Cash paid to suppliers and vendors	(1,101,587)	(1,667,545)
Cash paid to employees	(1,153,029)	(1,088,919)
Net Cash From Operations	<u>1,575,977</u>	<u>(274,923)</u>
Cash Flows From Non-Capital Financing Activities:		
Property taxes	4,503	4,542
Net Cash (Used) By Non-Capital Financing Activities	<u>4,503</u>	<u>4,542</u>
Cash Flows From Capital and Related Financing Activities:		
Principal payments on note payable and capital lease (net)	4,681,386	4,348,727
Sale of capital assets	51,445	184,406
Interest accrued and paid on note payable and capital lease	164,727	(36,281)
Capital Contributions	330,736	189,750
Retainage Payable	227,801	-
(Purchase), sale of property and equipment (net)	(5,288,269)	(5,732,978)
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>167,826</u>	<u>(1,046,376)</u>
Cash Flows From Investing Activities:		
Investment Earnings	31,989	-
Net Cash Provided (Used) By Investing Activities	<u>31,989</u>	<u>-</u>
Net Increase in Cash and Investments	1,780,295	(1,316,757)
Balances - Beginning of Year	<u>1,356,801</u>	<u>2,673,558</u>
Balances - End of Year	<u>\$ 3,137,096</u>	<u>\$ 1,356,801</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Activities to Operating Income		
Operating Income	\$ 436,469	\$ (484,376)
Adjustments		
Depreciation	426,935	466,425
(Increase), decrease in accounts receivable	266,893	(241,451)
(Increase), decrease in accrued interest receivable	-	10,313
(Increase), decrease in leases receivable	55,702	186,027
(Increase), decrease in prepaid expenses	41,981	(69,737)
Increase, (decrease) in accounts payable	128,783	(105,405)
Increase, (decrease) in accrued payroll liabilities	(48,029)	65,985
Increase, (decrease) in PERS and OPEB related activities	262,556	115,842
Increase, (decrease) in accrued compensated absences	8,968	1,738
Increase, (decrease) in deposits payable	32,323	(34,896)
Increase, (decrease) in unearned marina revenue	5,409	(982)
Increase, (decrease) in unearned events revenue	6,450	-
Increase, (decrease) in unearned camping revenue	21,277	-
Increase, (decrease) in deferred lease revenue	(69,740)	(184,406)
Net Cash From Operations	<u>\$ 1,575,977</u>	<u>\$ (274,923)</u>

See accompanying notes to the basic financial statements.

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**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.

**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)

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.

Capital Lease Receivable

Capital lease receivable consists of amounts due from sales-type capital leases the Port is involved in as the lessor. When the sale of property occurs, the capital asset is removed from the Port's records and a capital lease receivable is recognized. Management feels that any uncollectible amount is immaterial to the basic financial statements, therefore there is no allowance for doubtful accounts.

Accrued Interest Receivable

Accrued interest receivable consists of interest earned on sales-type capital leases the Port is involved in as the lessor which have not yet been received. The entirety of this balance arises from a capital lease entered into in FY 2017-2018 with Gorges Brewing LLC which was expected to be paid in full in 2019-2020. Since the lessee did not make any payments in the 2019-2020 fiscal year and with restaurant closures due to the onset of COVID-19, the Port entered into a new agreement with Gorges Brewing in which the interest is paid over 20 years (see Note 4.)

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

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)

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.

Deferred Lease Revenues

Deferred Lease 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. There were no restricted amounts at June 30, 2021 and 2020.
- *Unrestricted* – consists of all other assets that are not included in the other categories previously mentioned.

G. 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, 2021 and 2020, there were deferred outflows representing PERS pension related deferrals and OPEB related deferrals for Healthcare reported in the Statements of Net Position.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES (CONTINUED)

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, 2021 and 2020, there were deferred inflows representing PERS pension related deferrals and representing OPEB related deferrals for Healthcare.

H. 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 basic financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

I. 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.

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.

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

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.

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 were within authorized appropriations for the year ended June 30, 2021.

3. CASH AND INVESTMENTS

Cash and investments were comprised of the following at June 30, 2021 and 2020:

<u>Cash and Investments</u>	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 1,100	\$ 1,100
Demand deposits	822,348	53,667
LGIP	2,313,648	1,302,034
Total	<u>\$ 3,137,096</u>	<u>\$ 1,356,801</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. The total bank balance per the bank statements as of June 30, 2021 and 2020 was \$2,955,721 and \$385,946, respectively, of which \$250,000 was covered by federal depository insurance or collateralized by the Oregon Public Funds Collateralization Program (PFCP).

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, 2021 and 2020, none of the bank balances were exposed to custodial credit risk.

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

3. 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, 2021 the Port had the following investments:

Investment Type	Fair Value	Maturity (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 2,313,648	\$ 2,313,648	\$ -	\$ -
Total Investments	\$ 2,313,648	\$ 2,313,648	\$ -	\$ -

As of June 30, 2020 the Port had the following investments:

Investment Type	Fair Value	Maturity (in months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 1,302,034	\$ 1,302,034	\$ -	\$ -
Total Investments	\$ 1,302,034	\$ 1,302,034	\$ -	\$ -

Interest Rate Risk - Investments

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. There are no investments held that have a maturity date beyond 3 months.

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

3. CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Investments

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.

Credit Risk - Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from U.S. Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk - Investments

At June 30, 2021 and 2020, 100% of total investments were in the Oregon State Treasury's Local Government Investment Pool. State statutes do not limit the percentage of investments in the Pool.

4. 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. During the fiscal 2019-2020, Thunder Island Brewing Company paid off the remainder of their obligation; as of June 20, 2020 the Port has been fully paid.

The port entered into a sales-type capital lease with JDV Investments in January 2018 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. During fiscal 2020-2021, JDV Investments paid off the remainder of their obligation; as of June 20, 2021 the Port has been fully paid.

The port entered into a sales-type capital lease with Gorge Brewing, Inc. in June 2018 for one plot of land with a historical cost of \$3,800. The amount to be received is \$275,000 in principal plus interest of 3.75% per annum. The entire amount owed was required to be paid in one lump sum payment by June 1, 2020. As a result of the COVID-19 pandemic the tenant did not make the scheduled payment and the Port entered into negotiations with Gorges Brewing, Inc. Gorge Brewing elected to pay off their remaining capital lease during fiscal 2021-2022. (See Note 15).

Capital lease receivable activity for payments received for the year ended June 30, 2021, was as follows:

	Balance 7/1/20	Additions	Payments Received	Balance 6/30/21	To Be Received Within One Year
JDV	\$ 79,822	\$ -	\$ 79,822	\$ -	\$ -
Gorges Brewing, Inc.	275,000	28,267	4,147	299,120	5,407
Total	<u>\$ 354,822</u>	<u>\$ 28,267</u>	<u>\$ 83,969</u>	<u>\$ 299,120</u>	<u>\$ 5,407</u>

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

4. LONG TERM RECEIVABLES (CONTINUED)

Capital lease receivable activity for payments received for the year ended June 30, 2020, was as follows:

	Balance 7/1/2019	Additions	Payments Received	Balance 6/30/20	To Be Received Within One Year
Thunder Island Brewing Co.	\$ 174,026	\$ -	\$ 174,026	\$ -	\$ -
JDV	91,822	-	12,000	79,822	14,775
Gorges Brewing, Inc.	275,000	-	-	275,000	-
Total	\$ 540,848	\$ -	\$ 186,026	\$ 354,822	\$ 14,775

Capital lease receivable activity for interest revenue recognized for the year ended June 30, 2021, was as follows:

	Deferred Revenue Balance 7/1/20	Additions	Interest Recognized	Deferred Revenue Balance 6/30/21
JDV	\$ 74,859	\$ -	\$ (74,859)	\$ -
Gorges Brewing, Inc.	-	-	-	-
Total	\$ 74,859	\$ -	\$ (74,859)	\$ -

Capital lease receivable activity for interest revenue recognized for the year ended June 30, 2020, was as follows:

	Deferred Revenue Balance 7/1/2019	Additions	Interest Recognized	Deferred Revenue Balance 6/30/20
Thunder Island Brewing Co.	\$ 49,016	\$ -	\$ (49,016)	\$ -
JDV	85,949	-	(11,090)	74,859
Gorges Brewing, Inc.	124,300	-	(124,300)	-
Total	\$ 259,265	\$ -	\$ (184,406)	\$ 74,859

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

5. 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%. If any Event of Default occurs on either of these notes, the outstanding balance shall, at the option of the State, become immediately due and payable.

The Port entered into an agreement in July 2017 for a secured line-of-credit with the Oregon Business Development Department with a total available balance of \$1,888,000. As collateral, the Port has assigned to a Trustee its real property located at 170 NE Herman Creek Lane and 50 NE Herman Creek Lane. Repayments on the line of credit are not due until the line of credit is exhausted. In fiscal year 2018-2019, the Port drew the remaining balance of \$353,076. The total balance due on this line-of-credit at June 30, 2021 and 2020 is \$1,888,000 for both years. At the time of this report, the associated interest rate equals 1.3% and the repayment schedule is being finalized.

The Port entered into an agreement in December 2019 with the Oregon Business Development Department to secure financing for new construction with a total debt obligation of \$4,380,000 at an interest rate of 4.66%. The Port must make quarterly payments beginning July 1, 2021 ending April 1, 2046. At the time of the first payment the Port must pay \$281,956 in accrued interest from the commencement of the loan to the payment date. As collateral, the Port assigned two parcels of real property located in Cascade Locks. In the event of a default all payments under the contract become immediately due and payable.

The Port entered into an agreement in November 2020 with the Oregon Business Development Department to secure financing for new construction with a total maximum debt obligation of \$6,608,500. The Port must make quarterly payments beginning on the quarter following the earliest of the project completion or November 2023, three years from the start of the project. Payments are made quarterly extending for 19 years from the first repayment date. Financing proceeds are disbursed on an expense reimbursement or costs-incurred basis. As collateral, the Port assigned a parcel of real property located in Cascade Locks. In the event of a default all payments under the contract become immediately due and payable.

Subsequent to the end of fiscal year 2020-2021 the Port completed a refinancing of the OBDD pFriem Loan, see Note 15.

Note payable and capital lease payable activity for the year ended June 30, 2021, was as follows:

	<u>Balance 7/1/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/21</u>	<u>Due Within One Year</u>
<u>Direct Borrowing</u>					
Note Payable #1 - BO - IFA	\$ 103,346	\$ -	\$ (12,693)	\$ 90,653	\$ 13,328
Note Payable #2 - BO - IFA	683,754	-	(33,409)	650,345	28,074
OBDD Line of Credit	1,888,000	-	-	1,888,000	-
OBDD pFriem Loan	4,380,000	-	-	4,380,000	72,109
OBDD Flex6 Loan	-	4,796,329	-	4,796,329	-
Total	<u>\$ 7,055,100</u>	<u>\$ 4,796,329</u>	<u>\$ (46,102)</u>	<u>\$ 11,805,327</u>	<u>\$ 113,511</u>

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

5. LONG TERM OBLIGATIONS (CONTINUED)

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 13,328	\$ 4,533	\$ 17,861
2023	13,994	3,866	17,860
2024	14,694	3,167	17,861
2025	15,428	2,432	17,860
2026	16,200	1,660	17,860
2027	17,009	850	17,859
Total Note #1	<u>\$ 90,653</u>	<u>\$ 16,508</u>	<u>\$ 107,161</u>

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 28,074	\$ 28,156	\$ 56,230
2023	29,330	26,900	56,230
2024	30,642	25,588	56,230
2025	32,012	24,218	56,230
2026	33,444	22,786	56,230
2027-2031	191,045	90,109	281,154
2032-2036	237,772	43,380	281,152
2037-2038	68,026	2,261	70,287
Total Note #2	<u>\$ 650,345</u>	<u>\$ 263,398</u>	<u>\$ 913,743</u>

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

5. LONG TERM OBLIGATIONS (CONTINUED)

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2022	\$ 72,109	\$ 434,203	\$ 506,312
2023	100,127	199,015	299,142
2024	104,875	194,267	299,142
2025	109,849	189,294	299,143
2026	115,058	184,084	299,142
2027-31	662,492	833,218	1,495,710
2032-36	835,192	660,518	1,495,710
2037-2041	1,052,912	442,798	1,495,710
2042-2046	1,327,386	168,323	1,495,709
Total Note #3	<u>\$ 4,380,000</u>	<u>\$ 3,305,720</u>	<u>\$ 7,685,720</u>
Total Notes Payable	<u>\$ 5,120,998</u>	<u>\$ 3,585,626</u>	<u>\$ 8,706,624</u>

Note payable and capital lease payable activity for the year ended June 30, 2020, was as follows:

	Balance 7/1/19	Additions	Reductions	Balance 6/30/20	Due Within One Year
<u>Direct Borrowing</u>					
Note Payable #1 - BO - IFA	\$ 115,434	\$ -	\$ (12,088)	\$ 103,346	\$ 12,693
Note Payable #2 - BO - IFA	702,939	-	(19,185)	683,754	33,408
OBDD Line of Credit	1,888,000	-	-	1,888,000	-
OBDD pFriem Loan	-	4,380,000	-	4,380,000	-
Total	<u>\$ 2,706,373</u>	<u>\$ 4,380,000</u>	<u>\$ (31,273)</u>	<u>\$ 7,055,100</u>	<u>\$ 46,101</u>

The interest expense of the notes payable during the year ended June 30, 2021 and 2020 was \$372,579 and \$39,662, respectively.

6. OPERATING LEASES

The Port has a lease with the Union Pacific Railroad Company for a parking area and access road. This lease has no projected ending date and is cancelable by either party at any time. Expense for the lease for the year ended June 30, 2021 and 2020 was \$12,320 and \$11,961, respectively.

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

7. CAPITAL ASSETS

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

	Balance 7/1/20	Adjustments	Additions	Deletions	Balances 6/30/21
Business-type activities					
Capital assets not being depreciated					
Land	\$ 399,819	\$ -	\$ -	\$ (22,766)	\$ 377,053
Construction in progress	-	110,080	5,156,902	-	5,266,982
Total capital assets not being depreciated	399,819	110,080	5,156,902	(22,766)	5,644,035
Capital assets being depreciated					
Land improvements	3,765,152	(139,338)	5,980	(117,040)	3,514,754
Buildings and improvements	9,520,997	(112,523)	45,426	(107,304)	9,346,596
Bridge	2,577,860	31,320	-	-	2,609,180
Vessel	4,167,540	(176,395)	-	(267,549)	3,723,596
Construction equipment	226,842	-	36,605	(15,913)	247,534
Office equipment	56,704	(15,085)	-	-	41,619
Total capital assets being depreciated	20,315,095	(412,021)	88,011	(507,806)	19,483,279
Accumulated Depreciation					
Land improvements	2,503,976	(3,883)	104,892	(116,756)	2,488,229
Buildings and improvements	1,375,547	177,772	204,982	(107,304)	1,650,997
Bridge	1,728,714	(400)	91,110	-	1,819,424
Vessel	4,123,525	(176,395)	15,738	(267,549)	3,695,319
Construction equipment	167,052	-	9,416	(15,913)	160,555
Office equipment	50,169	(15,085)	797	-	35,881
Total accumulated depreciation	9,948,983	(17,991)	426,935	(507,522)	9,850,405
Total capital assets being depreciated, net	10,366,112				9,632,874
Business-type activities capital assets, net	\$ 10,765,931				\$ 15,276,909

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

7. CAPITAL ASSETS (CONTINUED)

	Balance 7/1/19	Additions	Deletions	Balances 6/30/20
Business-type activities				
Capital assets not being depreciated				
Land	\$ 399,819	\$ -	\$ -	\$ 399,819
Total capital assets not being depreciated	399,819	-	-	399,819
Capital assets being depreciated				
Land improvements	3,605,814	159,338	-	3,765,152
Buildings and improvements	4,511,038	5,009,959	-	9,520,997
Bridge	2,014,179	563,681	-	2,577,860
Vessel	4,167,540	-	-	4,167,540
Construction equipment	226,842	-	-	226,842
Office equipment	56,704	-	-	56,704
Total capital assets being depreciated	14,582,117	5,732,978	-	20,315,095
Accumulated Depreciation				
Land improvements	2,380,035	123,941	-	2,503,976
Buildings and improvements	1,157,195	218,352	-	1,375,547
Bridge	1,636,095	92,619	-	1,728,714
Vessel	4,102,107	21,418	-	4,123,525
Construction equipment	157,754	9,298	-	167,052
Office equipment	49,372	797	-	50,169
Total accumulated depreciation	9,482,558	466,425	-	9,948,983
Total capital assets being depreciated, net	5,099,559			10,366,112
Business-type activities capital assets, net	\$ 5,499,378			\$ 10,765,931

During the year ended June 30, 2021, the Port updated their capital asset register for assets disposed of in prior years which had not been removed, and made adjustments to the applicable categories of capital assets and accumulated depreciation accordingly.

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.

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

8. 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:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

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. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided 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 their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.

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

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- 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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
- 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.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees' salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$56,712, excluding amounts to fund employer specific liabilities. In addition approximately \$37,507 in employee contributions were paid or picked up by the Port in fiscal 2020-2021.

Pension Asset or Liability – At June 30, 2021, the Port reported a net pension liability of \$1,263,848 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2018. The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement date of June 30, 2021 and 2020, the Port's proportion was .006 percent and .004 percent, respectively. Pension expense for the year ended June 30, 2021 was \$259,471.

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

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The rates in effect for the year ended June 30, 2021 were:

- (1) Tier 1/Tier 2 – 13.26%
- (2) OPSRP general services – 7.44%

	Deferred Outflow of Resources	Deferred Inflow of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 55,625	\$ -
Changes in assumptions	67,827	(2,377)
Net difference between projected and actual earnings on pension plan investments	148,612	
Changes in proportionate share	235,319	(77,195)
Differences between Port contributions and proportionate share	<u>-</u>	<u>(108,317)</u>
Subtotal - Amortized Deferrals (below)	507,383	(187,889)
Port's contributions subsequent to measurement date	<u>56,712</u>	<u>-</u>
Deferred outflow (inflow) of resources	<u><u>\$ 564,095</u></u>	<u><u>\$ (187,889)</u></u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to pension as deferred outflows of resources, \$507,383, and deferred inflows of resources, (\$187,889), net to \$319,494 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 76,208
2022	78,255
2023	76,781
2024	77,874
2025	10,376
Thereafter	-
Total	<u><u>\$ 319,494</u></u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) 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 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

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

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

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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 Allocation	Compound Annual (Geometric) Return
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

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

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years 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**

8. DEFINED BENEFIT PENSION PLAN (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 7.20 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 one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Current Rate (7.20%)	1% Increase (8.20%)
Port's proportionate share of the net pension liability	\$ 1,876,710	\$ 1,263,848	\$ 749,935

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. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

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 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-, 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.

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

8. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions:

Employees of the Port pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month 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 IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP 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 not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

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 Tigard, OR 97281-3700.

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

9. OTHER POST EMPLOYMENT BENEFIT PLANS - (RHIA)

Plan Description: As a member of 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 other 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 premiums 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 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. 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 to all employers consistent with the manner in which contributions to the OPEB plan are determined. The basis for the employer's portion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The Port's contributions to RHIA for the year ended June 30, 2021 were considered by management to be immaterial to the basic financial statements.

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

9. OTHER POST EMPLOYMENT BENEFIT PLANS - (RHIA) (CONTINUED)

At June 30, 2021, the Port's net OPEB liability/(asset) and deferred inflows and outflows for RHIA were not considered to be material to the basic financial statements by management and were not accrued in the government wide statements.

10. OTHER POST EMPLOYMENT BENEFITS -HEALTHCARE

Plan Description

The Port, as a result of collective bargaining agreements, offers post-employment health care benefits under a single-employer, defined benefit plan for all employees who have completed a specified number of years of continuous service, are eligible for full OPERS benefits, elect early retirement and were hired prior to July 1, 2006.

For eligible licensed employees the Port will provide medical coverage for the lesser of seven years or until eligible for Medicare (age 65). For administrators, managers, supervisor and confidential employees, coverage is until Medicare eligibility date regardless of retirement age, assuming full OPERS coverage. For eligible classified employees with 15 years of service, coverage is provided up to the lesser of five years or until eligible for Medicare (age 65).

The Port's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. The plan is currently unfunded in accordance with GASB statement 75. In accordance with the terms of the plan, benefit payments are recognized when due and payable in the governmental statements. The activities of the plan are reported in the General Fund.

Annual OPEB Cost and Total OPEB Liability – The annual other postemployment benefit (OPEB) cost is calculated based on the Total OPEB Liability, an amount actuarially determined in accordance with the parameters of GASB Statement 75. For detailed information and a table showing the components of the Port's annual OPEB costs and liabilities, see page 32.

Actuarial Methods and Assumptions – The Total OPEB Liability for the current year was determined as part of the July 1, 2019 actuarial valuation using the entry age normal method. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, claim cost and the healthcare cost trend. The actuarial assumptions included; (a) a rate of return on investment of present and future assets of 3.50% compounded annually; (b) no future increase in benefit payable from this program; (c) a general inflation rate of 2.5% per year, and (d) no post-retirement benefit increases and a payroll increase of 3.5%. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Under this method, the expected accrued benefit of each participant at benefit commencement (reflecting future expected increases in salaries and medical premiums) is allocated in equal proportion over the participant's years of service from hire to expected retirement. The normal cost is the present value of benefits expected to accrue in the current year. The present value of benefits accrued as of the valuation date is called the accrued liability.

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

10. OTHER POST EMPLOYMENT BENEFITS – HEALTHCARE (CONTINUED)

As of July 1, 2019 the following employees were covered by the benefit terms:

	Total
Active	15
Retired Members	0
Spouses of Ineligible Retirees	0
Total	<u>15</u>

The Plan was closed via a sunset clause in continuing bargaining agreements signed during fiscal year 2006 and does not apply to employees hired after June 30, 2006.

Total OPEB Liability

The Port's total OPEB liability of \$13,611 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

The Port's total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Actuarial assumptions

Valuation Date	July 1, 2019 rolled forward to June, 30 2019
Actuarial Cost Method	Entry Age Normal
Investment Return Assumption (Interest Discount)	The 3.50% investment return assumption is the December 31, 2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer.
Plan Participation	30% of active members were assumed to elect coverage upon retirement. 60% of male members and 35% of female members who elect coverage upon retirement are also assumed to elect spouse coverage.
Medical annual trend rate	6.00% increase in 2020, decreasing to 5.25% for 2021, with a 5.00% rate for 2022-2024, and later increases or decreases by .25% to .50% annually thereafter.
Dental premiums annual trend rate	4% per year
Inflation rate	2.5% for all future years
Annual salary rate increases	3.5% for all future years
Health care premium	
Beginning in 2018, a 40% excise tax will be imposed under the Affordable Care Act on employers in the aggregate value of medical coverage exceeds a threshold limit. This excise tax is not included in the calculations because it is believed to be immaterial in regard to the OPEB plan.	

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

10. OTHER POST EMPLOYMENT BENEFITS –HEALTHCARE (CONTINUED)

Changes in Total OPEB Liability

Total OPEB Liability at June 30, 2020	\$	10,987
Changes for the year:		
Service Cost		1,815
Interest		446
Changes of Benefit Terms		-
Differences between expected and actual experience		-
Changes of assumptions or other inputs		471
Benefit Payments		<u>(108)</u>
Net Changes		<u>2,624</u>
Total OPEB Liability at June 30, 2021	\$	<u>13,611</u>

Changes of assumptions: Interest Discount, the investment return assumption was decreased from 3.87% to 3.50%.

Sensitivity of the total OPEB Liability to changes in discount rate – the following presents the total OPEB liability of the Port, as well as what the Port’s total OPEB Liability would be if it were calculated using a discount rate 1 percentage point higher and lower than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 14,302	\$ 13,611	\$ 12,968

Sensitivity of the total OPEB Liability to changes in the healthcare cost trend rates – the following presents the total OPEB liability of the Port, as well as what the Port’s total OPEB Liability would be if it were calculated using health care cost trend rates that are 1 percentage point higher and lower than the current healthcare cost trend rates.

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 12,558	\$ 13,611	\$ 14,863

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

10. OTHER POST EMPLOYMENT BENEFITS –HEALTHCARE (CONTINUED)

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Port recognized OPEB expense of \$3,085 in the government wide Statement of Activities. At June 30, 2021, the Port reported deferred outflows of resources and deferred inflows of resources relating to the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,110
Changes in assumptions	-	1,308
Subtotal - Amortized Deferrals (below)	-	4,418
Expected Benefit Payments	-	648
Deferred outflow (inflow) of resources	\$ -	\$ 5,066

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability in the fiscal year ended June 30, 2022.

Subtotal amounts related to OPEB reported as deferred inflows of resources, \$0, and deferred outflows of resources, \$4,418, net to \$4,418 and will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2022	\$ 1,489
2023	1,489
2024	1,353
2025	87
Thereafter	-
Total	\$ 4,418

11. 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.

12. TAX ABATEMENTS

As of June 30, 2021 and 2020, 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, 2021 and 2020 for any program covered under GASB 77.

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

13. 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 currently owns and operates the Bridge of the Gods. The Port has adopted a \$13 million 15 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.

On June 3rd, 2019, The Port committed approximately \$4.32 million for construction of a building at their business park. These commitments will be funded by future property sales and paid for in future periods as the work is performed.

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the Port's finances is not determinable.

The Port is a defendant in certain material pending legal actions. The Port has tendered the alleged claims to the Special Districts Insurance Services Trust for defense and indemnity, and the claims are being vigorously defended. It is too soon to determine any outcome or project any potential liability.

14. 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.

15. SUBSEQUENT EVENTS

Subsequent to the 2020-2021 fiscal year end, the Port completed a refinancing of an OBDD debt in the amount of \$5,414,000 with an interest rate of 3.47%.

Additionally, Gorge Brewing elected to pay-off their capital lease with the Port in December 2022 in advance of their contractually required payments.

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

16. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment is reported in the statement of revenues and expenditures for the year ended June 30, 2021 in order to update the capital asset register and make adjustments to each category and its corresponding accumulated depreciation accordingly. The assets were disposed of in prior years and had not been removed from the register. Additionally, a prior period adjustment is recorded to correct an understatement of accrued interest on notes payable due to refinancing and term modifications.

Prior Period Adjustments:	
Capital Assets	\$ (292,657)
Accrued Interest Payable	<u>(57,699)</u>
Net Prior Period Adjustments	<u><u>\$ (350,356)</u></u>

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2021

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
2021	0.006 %	\$ 1,263,848	\$ 795,061	159.0 %	75.8 %
2020	0.004	716,152	714,873	100.2	80.2
2019	0.005	758,322	616,582	123.0	82.1
2018	0.005	719,697	488,177	147.4	80.5
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 Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 56,712	\$ 56,712	\$ -	\$ 663,850	8.54 %
2020	64,934	64,934	-	795,061	8.17
2019	46,683	46,683	-	714,873	6.53
2018	36,494	36,494	-	616,582	5.92
2017	16,130	16,130	-	488,177	3.30
2016	30,480	30,480	-	533,019	5.72
2015	32,481	32,481	-	645,106	5.03
2014	37,222	37,222	-	542,444	6.86

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 CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
OTHER POST EMPLOYMENT BENEFITS
For the year ended June 30, 2021**

**PLAN I (HEALTHCARE)
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**

Year Ended June 30,	Total OPEB Liability - Beginning	Service Cost	Interest	Changes of Benefit Terms	Changes of Assumptions	Benefit Payments	Total OPEB Liability - End of Year	Estimated Covered Payroll	Total OPEB Liability as a % of Covered Payroll
2021	\$ 10,987	\$ 1,815	\$ 446	\$ -	\$ 471	\$ (108)	\$ 13,611	\$ N/A	N/A
2020	6,726	474	216	-	6,829	(3,258)	10,987	N/A	N/A
2019	12,003	464	339	-	(51)	(6,029)	6,726	N/A	N/A
2018	17,054	475	418	-	(161)	(5,783)	12,003	N/A	N/A

The above table presents the most recent actuarial valuations for the District's post-retirement health insurance.

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, 2021**

<u>REVENUE FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Bridge tolls	\$ 2,025,000	\$ 2,025,000	\$ 2,639,500	\$ 614,500
Rentals and land leases	1,030,561	1,030,561	811,991	(218,570)
Interest income	50,000	50,000	31,989	(18,011)
Grants	2,420,000	2,420,000	330,736	(2,089,264)
Property taxes	4,400	4,400	4,503	103
Other income	-	-	46,750	46,750
Total Revenue	5,529,961	5,529,961	3,865,469	(1,664,492)
EXPENDITURES:				
Personnel services	1,017,351	1,123,901 (1)	1,105,000	18,901
Materials and services	1,341,616	1,464,616 (1)	1,272,351	192,265
Capital outlay	9,162,261	9,387,761 (1)	5,244,913	4,142,848
Debt service	606,113	606,113 (1)	7,915	598,198
Contingency	150,000	200,000 (1)	-	200,000
Total Expenditures	12,277,341	12,782,391	7,630,179	5,152,212
Excess of Revenues Over, (Under) Expenditures	(6,747,380)	(7,252,430)	(3,764,710)	3,487,720
Other Financing Sources, (Uses)				
Loan Proceeds	6,000,000	6,000,000	4,796,329	(1,203,671)
Proceeds from Sale of Capital Assets	-	-	74,495	74,495
Total Other Financing Sources, (Uses)	6,000,000	6,000,000	4,870,824	(1,129,176)
Net Change in Fund Balance	(747,380)	(1,252,430)	1,106,114	2,358,544
Beginning Fund Balance	1,366,059	1,366,059	1,582,609	216,550
Prior Period Adjustment	-	-	(8,707)	8,707
Ending Fund Balance	\$ 618,679	\$ 113,629	\$ 2,680,016	\$ 2,583,801

(1) Appropriation Level

RECONCILIATION TO NET POSITION:

Net PERS Pension Liability	(1,263,848)
Total OPEB Liability (Asset)	(13,611)
Deferred Outflows - PERS	564,095
Deferred Outflows - OPEB	5,066
Deferred Inflows - PERS	(187,889)
Capital Assets	15,276,909
Accrued Compensated Absences	(44,294)
Accrued Interest Payable	(544,583)
Capital Lease Receivable	299,120
Deferred Lease Revenue	(5,119)
Long-Term Debt	(11,805,327)
TOTAL NET Position	\$ 4,960,535

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PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF FUTURE REQUIREMENTS FOR
RETIREMENT OF LONG-TERM DEBT
At June 30, 2021**

Year	OECCD Loan L00005		Herman Creek Flex Bldg 525194		ODD pFriem Brewing Company	
	Principal	Interest	Principal	Interest	Principal	Interest
2021 - 22	13,328	4,533	28,074	28,156	72,109	434,203
2022 - 23	13,994	3,866	29,330	26,900	100,127	199,015
2023 - 24	14,693	3,167	30,642	25,588	104,875	194,267
2024 - 25	15,428	2,432	32,012	24,218	109,849	189,294
2025 - 26	16,200	1,660	33,444	22,786	115,058	184,084
2026 - 27	17,010	850	34,940	21,290	120,514	178,628
2027 - 28	-	-	36,503	19,727	126,229	172,913
2028 - 29	-	-	38,136	18,094	132,214	166,928
2029 - 30	-	-	39,842	16,388	138,484	160,658
2030 - 31	-	-	41,624	14,606	145,051	154,091
2031 - 32	-	-	43,486	12,744	151,930	147,213
2032 - 33	-	-	45,431	10,799	159,134	140,008
2033 - 34	-	-	47,463	8,767	166,680	132,462
2034 - 35	-	-	49,587	6,644	174,584	124,558
2035 - 36	-	-	51,805	4,426	182,863	116,279
2036 - 37	-	-	54,123	2,108	191,535	107,607
2037 - 38	-	-	13,903	153	200,618	98,524
2038 - 39	-	-	-	-	210,131	89,011
2039 - 40	-	-	-	-	220,096	79,046
2040 - 41	-	-	-	-	230,533	68,609
2041 - 42	-	-	-	-	241,465	57,677
2042 - 43	-	-	-	-	252,915	46,227
2043 - 44	-	-	-	-	264,907	34,234
2044 - 45	-	-	-	-	277,471	21,672
2045 - 46	-	-	-	-	290,628	8,513
Total:	<u>\$ 90,653</u>	<u>\$ 16,508</u>	<u>\$ 650,345</u>	<u>\$ 263,394</u>	<u>\$ 4,380,000</u>	<u>\$ 3,305,720</u>

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

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED**

For the year ended June 30, 2021

<u>Tax Year</u>	<u>Original Levy or Balance Uncollected 7/1/2020</u>	<u>Deduct Discounts</u>	<u>Adjustments To Rolls</u>	<u>Add Interest</u>	<u>Cash Collections by County Treasurer</u>	<u>Uncollected Balance 6/30/2021</u>
Current:						
2020-21	\$ 4,623	\$ 117	\$ (18)	\$ 3	\$ 4,389	\$ 102
Prior:						
2019-20	142	-	(21)	4	49	76
2018-19	61	-	(8)	4	22	35
2017-18	30	-	(5)	4	16	13
2016-17	18	-	(2)	2	10	8
Prior	36	1	(1)	1	32	3
Total Prior	287	1	(37)	15	129	135
Total Taxes	<u>\$ 4,910</u>	<u>\$ 118</u>	<u>\$ (55)</u>	<u>\$ 18</u>	<u>4,518</u>	<u>\$ 237</u>

Reconciliation To Revenue

Cash Collections by County Treasurer Above
Other Taxes

\$ 4,518
(15)

Total Tax Revenues

\$ 4,503

PORT OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

Independent Auditors' Report Required by Oregon State Regulations

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January 23, 2023

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, 2021, and have issued our report thereon dated January 23, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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.

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.

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 a material weakness and significant deficiencies under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated January 23, 2023.

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.



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