
THE PORT OF PORTLAND
(A Municipal Corporation)

REPORT ON AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

(Containing Audit Comments and Disclosures Required by State Regulations)

FOR THE YEAR ENDED JUNE 30, 2023
with comparative totals for the year ended June 30, 2022

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2023

<u>Name</u>	<u>Term Expires</u>
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2023*
Michael C. Alexander, Vice President 7200 NE Airport Way Portland, Oregon 97218	May 31, 2024
Ketan Sampat, Secretary 525 3rd Street, Suite 200 Lake Oswego, Oregon 97034	March 14, 2025
Katy Coba, Treasurer 7200 NE Airport Way Portland, Oregon 97218	June 9, 2026
Katherine Lam 5921 NE 80 th Avenue Portland, Oregon 97218	November 24, 2023
Richelle Luther 14375 NW Science Park Drive Portland, Oregon 97229	February 16, 2024
Meg Niemi 3536 SE 26 th Avenue Portland, Oregon 97202	November 24, 2023
Stuart Strader 2435 NW Front Avenue Portland, Oregon 97209	March 14, 2025

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE

Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218
Telephone: 503-415-6000

* Serves until a successor is appointed and confirmed.

THE PORT OF PORTLAND
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITORS	1
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	3
BASIC FINANCIAL STATEMENTS	
As of June 30, 2023 with comparative totals for the year ended June 30, 2022:	
BALANCE SHEET.....	10
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	11
STATEMENT OF CASH FLOWS	12
NOTES TO FINANCIAL STATEMENTS.....	13
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS	42
SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (ASSET)	43
SCHEDULE OF CONTRIBUTIONS TO PERS	44
SUPPLEMENTARY INFORMATION	
As of and for the year ended June 30, 2023:	
ORGANIZATION AND INTERNAL FUND DIVISIONS.....	45
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS.....	47
RECONCILIATION OF AIRPORT BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	48
SCHEDULES OF RESOURCES, EXPENDITURES AND TRANSFERS (BUDGETARY BASIS):	
GENERAL FUND	49
BOND CONSTRUCTION FUND.....	51
AIRPORT REVENUE FUND	52
AIRPORT REVENUE BOND FUND	53
AIRPORT CONSTRUCTION FUND	54
PFC FUND	55
PFC BOND FUND.....	56
CFC FUND.....	57
CFC BOND FUND.....	58
COMBINING BALANCE SHEET – ALL FUNDS	59
SCHEDULE OF NET REVENUES.....	60
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323 DEBT SERVICE COVERAGE REQUIREMENTS.....	61
SCHEDULE OF REVENUE BOND CONSTRUCTION ACCOUNT ACTIVITY	62
SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO REVENUE BOND DEBT SERVICE REQUIREMENT	63
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY.....	64
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES	65
SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES	66
SCHEDULE OF BOND AND OTHER LONG-TERM DEBT INTEREST TRANSACTIONS – BY SERIES	67
SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES	68
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	70

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Airport and Marine & Other Activities of the Port of Portland (Port of Portland), which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport and Marine & Other Activities of the Port of Portland as of June 30, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port of Portland's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Portland's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of changes in total OPEB liability and related ratios, schedule of proportionate share of PERS net pension liability (asset), and schedule of contributions to PERS, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of Portland's 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with the *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated October 25, 2023, on our consideration of the Port of Portland's compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations. 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.



Ashley Osten, Partner
for Moss Adams LLP
Portland, Oregon
October 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

The Port of Portland Management's Discussion and Analysis

This discussion and analysis of the Port of Portland's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements:

These financial statements consist of four parts – management's discussion and analysis (this section), the basic financial statements (including notes), required supplementary information, and supplementary information. The 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 private 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 a balance sheet, which includes the Port's assets, including deferred outflows, liabilities, including deferred inflows, and net position at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants expended 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 financial statements is a section of supplementary information, nearly all of which is required by the GASB, the OSS, or bond ordinances. The Port's two activities are Airport (Portland International Airport) and Marine & Other (marine terminals, trade and economic development, environmental, navigation, general aviation, engineering, and administration). These activities are described in Notes 1 and 2 to the financial statements. Of special significance to readers of the financial statements is that, with certain limited exceptions, Airport monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport only. Airport net revenues (essentially operating revenues less operating expenses other than depreciation and amortization) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 7 to the financial statements.

Financial Results:

The Port's total net position increased \$45.8 million from the 2022 amount, or 3.0 percent. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants or legal requirements – increased by \$62.7 million, or 19.1 percent during that same time. In comparison, last year total net position increased by \$96.8 million, or 6.8 percent. The analysis in Table 1 (below) focuses on the net position of the Airport and of the Port's Marine & Other activities separately.

Table 1
Net Position
(\$ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2023	2022	2023	2022	2023	2022	2022-2023
Current and other assets	\$ 1,493.8	\$ 1,128.4	\$ 565.7	\$ 596.5	\$ 2,040.7	*\$ 1,702.9	* 19.8%
Capital assets	2,652.3	2,422.1	275.3	274.9	2,927.6	2,697.0	8.6%
Deferred outflows	27.0	33.3	17.0	21.1	44.0	54.4	(19.1)%
Total assets	<u>4,173.1</u>	<u>3,583.8</u>	<u>858.0</u>	<u>892.5</u>	<u>5,012.3</u>	* <u>4,454.3</u>	* 12.5%
Long-term debt outstanding	2,572.2	2,031.5	48.8	56.6	2,621.0	2,088.1	25.5%
Other liabilities	261.1	210.6	143.7	140.8	386.0	* 329.4	* 17.2%
Deferred inflows	250.9	282.2	180.6	226.6	431.5	508.8	(15.2)%
Total liabilities	<u>3,084.2</u>	<u>2,524.3</u>	<u>373.1</u>	<u>424.0</u>	<u>3,438.5</u>	* <u>2,926.3</u>	* 17.5%
Net position:							
Net investment							
in capital assets	392.6	496.9	306.0	305.2	698.6	802.1	(12.9)%
Restricted	478.1	387.3	5.8	10.0	483.9	397.3	21.8%
Unrestricted	218.2	175.4	173.2	153.3	391.4	328.7	19.1%
Total net position	<u>\$ 1,088.9</u>	<u>\$ 1,059.6</u>	<u>\$ 485.0</u>	<u>\$ 468.5</u>	<u>\$ 1,573.9</u>	<u>\$ 1,528.1</u>	3.0%

* Receivables and payables between activities are eliminated in the Total Port column.

The Port of Portland
Management's Discussion and Analysis, continued

Total net position of the Airport increased by \$29.3 million, or 2.8 percent, primarily as a result of net income in fiscal 2023. Net investment in capital assets decreased \$104.3 million, or 21.0 percent, as a result of the issuance of construction bonds, partially offset by increases in capital additions and construction spending. Restricted net position increased by \$90.8 million, or 23.4 percent, primarily due to increased cash and income restricted for debt service and construction. Unrestricted net position increased by \$42.8 million, or 24.4 percent, primarily as a result of net income for fiscal 2023.

Total net position of Marine & Other increased by \$16.5 million, or 3.5 percent, the result of net income, capital grants and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets was essentially flat as a result of capital additions and construction spending being offset by normal capital asset depreciation. Restricted net position decreased \$4.2 million, or 42.0 percent, versus the prior year as a result of spending down restricted-purpose grants during fiscal 2023. Unrestricted net position increased by \$19.9 million or 13.0 percent, due to transfers from the Airport, net income, and capital grants received during fiscal 2023.

Several factors caused changes in net position (Table 2, below) to decrease \$51.0 million from the 2022 amount.

Airport changes in net position decreased \$8.6 million when compared to the prior year due mainly to slightly decreased net income in 2023 as well as an increase in transfers to Marine & Other. Marine & Other changes in net position decreased \$42.4 million, primarily due to decreased net income as compared to 2022.

Table 2
Changes in Net Position
(\$ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2023	2022	2023	2022	2023	2022	
Revenues:							
Operating revenues							
Charges for services	\$ 305.0	\$ 279.9	\$ 93.2	\$ 93.2	\$ 398.2	\$ 373.1	6.7%
Land sales			2.2	18.0	2.2	18.0	(87.8)%
Other	0.6	0.4	0.1	0.7	0.7	1.1	(36.4)%
Nonoperating revenues							
Property tax revenue			15.0	14.3	15.0	14.3	4.9%
Interest revenue	20.7	1.1	12.9	3.8	33.6	4.9	585.7%
PFC revenue	30.8	27.5			30.8	27.5	12.0%
CFC revenue	16.9	14.0			16.9	14.0	20.7%
Other nonoperating revenue	4.5	17.7	9.0	38.3	13.5	56.0	(75.9)%
Total revenues	<u>378.5</u>	<u>340.6</u>	<u>132.4</u>	<u>168.3</u>	<u>510.9</u>	<u>508.9</u>	0.4%
Expenses:							
Operating expenses							
	264.8	239.5	124.6	113.6	389.4	353.1	10.3%
Nonoperating expenses							
	77.1	59.7	3.4	3.7	80.5	63.4	27.0%
Total expenses	<u>341.9</u>	<u>299.2</u>	<u>128.0</u>	<u>117.3</u>	<u>469.9</u>	<u>416.5</u>	12.8%
Income before contributions and transfers	36.6	41.4	4.4	51.0	41.0	92.4	(55.6)%
Capital contributions and reversions	1.1	0.2	3.7	4.2	4.8	4.4	9.1%
Transfers (out) in	(8.4)	(3.7)	8.4	3.7			
Increase in net position	<u>\$ 29.3</u>	<u>\$ 37.9</u>	<u>\$ 16.5</u>	<u>\$ 58.9</u>	<u>\$ 45.8</u>	<u>\$ 96.8</u>	(52.7)%

Total revenues for the Port increased by approximately \$2.0 million from the prior year. Total expenses increased approximately \$53.4 million during the same timeframe.

At the Airport, charges for services operating revenues increased by \$25.1 million, or nearly 9.0 percent, when compared to the prior year; this was primarily due to an increase in passengers traveling through the Airport as the airline industry has continued to recover from pandemic impacts, which manifested in higher operating revenues in almost every category at the Airport. Nonoperating interest revenue increased \$19.6

The Port of Portland
Management's Discussion and Analysis, continued

million, as a result of significantly higher cash balances and rising interest rates in fiscal 2023. PFC revenues increased \$3.3 million, or 12.0 percent as a result of continuing increases in enplanements at the Airport. CFC revenues increased by \$2.9 million, or 20.7 percent, also as a result of increased passengers moving through the Airport during fiscal 2023. Other nonoperating revenue decreased by \$13.2 million in fiscal 2023 due to receiving less federal pandemic relief funding as compared to fiscal 2022. The increase of \$25.3 million in operating expenses was up 10.6 percent as compared to the prior year and was generally attributable to higher operating expenses in nearly all categories driven by increased passenger activity. Nonoperating expenses increased \$17.4 million in fiscal 2023 as a result of interest on significantly higher outstanding debt principal resulting from bond issuance. Transfers out to fund construction at general aviation airports increased \$4.7 million in 2023 to pay for construction activity not covered by FAA capital grants.

For Marine & Other, charges for services operating revenue was flat year over year as a result of higher dredging revenues due to more dredging activity in fiscal 2023, offset by reduced container terminal shuttle service revenues in fiscal 2023. Land sales revenues decreased \$15.8 million in fiscal 2023 as a result of fewer industrial property sales. Nonoperating interest revenue increased \$9.1 million versus prior year, primarily the result of higher cash balances and a rising interest rate environment. Other nonoperating revenue decreased \$29.3 million in fiscal 2023 due to the receipt of one-time insurance settlements in fiscal 2022. During 2023, operating expenses increased \$11.0 million due to higher salary expense, longshore labor expense associated with higher container throughput activity, and outside services costs. Transfers in from the Airport increased \$4.7 million in fiscal 2023 as a result of more general aviation construction activity not funded with FAA grants.

Budgetary Highlights:

The Port's budget for fiscal 2023 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2022. During fiscal 2023, a supplemental budget was approved by the Port Commission to allow for an increase in the size of the Series Twenty-Nine Airport revenue construction bond issue, as well as associated issuance, debt service, and debt service reserve costs. Budget appropriations at the Airport were also increased during the year to allow for the cost of a voluntary termination of interest rate swaps. For Marine & Other, resources in the budget were adjusted during the year to reflect higher reimbursement revenue from the US Army Corps of Engineers associated with a longer dredging season. Marine & Other appropriations for expenditures were increased for higher Navigation operating expenditures associated with a longer dredging season, higher longshore labor costs associated with contractual wage adjustments, increased container yard expenses associated with higher anticipated container volumes at marine Terminal 6, higher General Aviation costs related to the Hillsboro Airport stormwater masterplan, and to provide for non-cash budgetary impacts of accounting accruals for environmental liabilities. While legally a local government subject to governmental budgeting requirements, the Port operates much like a business, with expenditure levels driven by business needs, and utilizes the accrual basis of accounting. Revisions to reflect expenditure patterns are, therefore, common for an entity like the Port. As explained in Note 1 to the financial statements, Oregon budget laws differ, in certain situations, from accounting principles generally accepted in the United States of America.

On a budgetary basis, Airport expenditures for the largest capital program ever at the Airport were \$75.7 million, or 19.1 percent, under the \$397.1 million budget due to a slight delay to timing of construction costs into fiscal 2024. Operating revenues and CFC revenues were both better than budget due to higher than budgeted passenger counts as the airline industry continues to recover from the pandemic. Airport operating revenues of \$309.8 million were 1.6 percent above the \$304.7 million budget. Customer Facility Charges were \$16.9 million, or 17.4 percent, above the fiscal 2023 budget. Interest revenues tracked above budget in all Airport funds as a result of a higher interest rate environment. Grant revenues were down as a result of incurring fewer grant-eligible costs and delays in grant availability. Operating expenditures of \$132.8 million tracked slightly under budget at 5.0 percent below the \$139.7 million budgeted amount. Other significant budgetary variances included bond proceeds and commercial paper issuance and redemptions as a result of funding strategy and issue sizing.

The Port of Portland
Management's Discussion and Analysis, continued

Fiscal 2023 budgetary capital expenditures for Marine & Other were \$14.9 million, or 69.8 percent, below the budget of \$49.4 million, largely due to timing delays and project deferrals. Capital grants for the year were \$3.7 million, 71.3 percent less than the budget of \$12.9 million due to incurring fewer grant eligible costs. Budgetary operating revenues were \$3.5 million under the \$63.9 million budget for marine due primarily to the loss of rail shuttle business at Terminal 6. In Trade and Economic Development, budgetary operating revenues of \$9.2 million were \$2.6 million better than the \$6.6 million budget due to an unbudgeted industrial land sale in fiscal 2023. Budgetary operating revenues for navigation of \$24.6 million were \$7.6 million under the revised budget due to less river dredging during the year than anticipated. Bonds, loans and other were \$0 during the year due to a delay in a project and related financing. Fixed asset sales and other revenues were \$12.1 million as compared to the budget of \$3.0 million primarily as a result of unbudgeted reimbursements for past industrial site preparation costs under a State industrial site readiness program. Interest income was \$5.5 million higher than the \$1.4 million budget as a result of higher interest rates, higher cash balances, and a favorable year-end mark-to-market adjustment required by accounting standards. Budgetary operating expenditures were \$6.3 million below budget for administration, primarily due to lower than anticipated salary and fringe expenses as the result of vacant positions as well as lower materials and services costs. Budgetary operating expenditures for Marine were lower than budget by approximately \$3.5 million primarily due to reduced rail activity at Terminal 6. Navigation budgetary operating expenditures were \$8.6 million under budget, primarily as a result of performing less dredging than anticipated during the year. Other environmental budgetary operating expenditures were \$1.6 million under the budget of \$6.8 million as a result of revisions to estimated environmental liabilities.

Capital Assets:

At the end of fiscal 2023, the Port had over \$2.9 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of \$230.5 million versus the prior year, as outlined in Table 3 (below).

Table 3
Capital Assets
(\$ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change 2022-2023
	2023	2022	2023	2022	2023	2022	
Land	\$ 68.0	\$ 68.0	\$ 81.1	\$ 81.2	\$ 149.1	\$ 149.2	
Construction in progress	987.1	1,003.2	37.2	51.3	1,024.3	1,054.5	
Total capital assets not being depreciated	1,055.1	1,071.2	118.3	132.5	1,173.4	1,203.7	(2.5)%
Land improvements	1,034.5	997.2	323.7	311.4	1,358.2	1,308.6	
Buildings, equipment and right-of-use assets	2,223.8	1,912.9	283.2	264.2	2,507.0	2,177.1	
Total capital assets being depreciated and amortized	3,258.3	2,910.1	606.9	575.6	3,865.2	3,485.7	10.9%
Less: accumulated depreciation and amortization	(1,661.2)	(1,559.2)	(449.9)	(433.2)	(2,111.1)	(1,992.4)	6.0%
Total capital assets being depreciated or amortized, net	1,597.1	1,350.9	157.0	142.4	1,754.1	1,493.3	17.5%
Total capital assets, net	\$ 2,652.2	\$ 2,422.1	\$ 275.3	\$ 274.9	\$ 2,927.5	\$ 2,697.0	8.5%

This year's major capital asset spending included:

Airport:

- Terminal improvements - \$310.7 million
- Public parking and consolidated rental car facilities - \$8.5 million
- Tenant utility metering - \$3.0 million

Marine & Other:

- Hillsboro airport taxiway rehabilitation - \$3.1 million
- Hillsboro airport runway safety area improvements - \$2.4 million
- Marine terminal 5 berth rehabilitation – \$2.6 million

Please see Note 5 to the financial statements for more detailed information of capital asset activity.

**The Port of Portland
Management’s Discussion and Analysis, continued**

The Port’s 2024 capital budget estimates spending approximately \$389.9 million on capital projects at the Airport and \$80.3 million in Marine & Other. Spending at the Airport is primarily slated for terminal core redevelopment and baggage handling system expansion. Airport capital projects are budgeted to be funded by Airport operating revenues, debt proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for taxiway rehabilitation and runway safety area improvements at the Hillsboro airport, marine Terminal 2 soil improvements, rehabilitation of a berth at marine Terminal 5, and replacement of a dredge tender vessel to support the dredging operation. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:

At the end of 2023, the Port had nearly \$2.37 billion in bonds, contracts and loans payable outstanding. This is an increase from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
(\$ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2022-2023</u>
Pension bonds			\$ 39.4	\$ 45.7	\$ 39.4	\$ 45.7	(13.8)%
Revenue bonds	\$ 2,093.6	\$ 1,564.4			2,093.6	1,564.4	33.8%
PFC revenue bonds	71.6	80.9			71.6	80.9	(11.5)%
CFC revenue bonds	153.6	156.9			153.6	156.9	(2.1)%
Contracts and loans payable			9.4	10.8	9.4	10.8	(13.0)%
	<u>\$ 2,318.8</u>	<u>\$ 1,802.2</u>	<u>\$ 48.8</u>	<u>\$ 56.5</u>	<u>\$ 2,367.6</u>	<u>\$ 1,858.7</u>	27.4%

The outstanding amount of Airport long-term debt increased due to issuance of the Series Twenty-Nine airport revenue construction bonds, offset partially by scheduled bond payments. As part of the Series Twenty-Nine issuance, Standard & Poor’s affirmed its rating of the Airport revenue bonds at AA-, and the Port obtained a new rating from Fitch, also at AA-. These ratings are among the higher underlying ratings for airport revenue bonds rated by those agencies. The balance of PFC and CFC revenue bonds decreased as a result of regularly scheduled bond payments. Also of note during the year, the Port elected to terminate its LIBOR based interest rate swaps before maturity at a cost of approximately \$1.0 million.

In Marine & Other, the amount of outstanding long-term debt decreased as a result of scheduled payments made on pension bonds, contracts and loans payable.

Please see Note 7 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year’s Budgets and Rates:

As part of the Port’s strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. The post-pandemic recovery continues with strong employment and consumer spending, while inflation is slowing and national and regional economic indicators point to a soft economic landing. The impact of the COVID pandemic on the airline industry was dramatic, and business and international traffic still lag at the Airport, but there continues to be steady recovery in passengers traveling through the Airport. The forecast for fiscal 2024 airline passenger volumes is 17.1 million, which is 9.6 percent higher than our fiscal 2023 budget, but still roughly 14 percent below pre-pandemic passenger levels. It is anticipated that the Airport will recover to pre-pandemic passenger levels in fiscal 2025. In Marine & Other, business at the Terminal 6 container terminal is expected to decrease due to a loss of rail shuttle volumes during 2023. Results in other operations are expected to be mixed, with new land leases at business parks and auto volumes forecast to

The Port of Portland
Management's Discussion and Analysis, continued

increase in fiscal 2024, while bulk volumes are anticipated to be lower. Port facilities have a diverse mix of marine tenants and business lines, with many fixed land leases which have provided a measure of protection during challenging times.

In the Port's 2024 adopted budget, total Port operating revenue is budgeted to increase about 10.7 percent over 2023 results to approximately \$444.2 million largely as a result of increased airline, parking and concessions revenues at the Airport, as well as higher dredging and lease revenues in Marine & Other, offset in part by lower budgeted container and land sales revenues. Total operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase by 7.6 percent to approximately \$280.7 million, primarily reflecting increased costs at the Airport as passenger traffic continues to increase and capital expansion of the terminal begins to drive higher operation and maintenance costs.

Operating revenues for the Airport are budgeted to increase 16.3 percent to \$355.4 million in the fiscal 2024 budget due primarily to increased airline revenues as a result of the signatory airlines' contractual obligation to cover airport costs, as well as higher parking, concessions, and rental car revenues as passenger traffic continues to increase. Airport operating expenses (excluding depreciation and non-cash pension expense) are budgeted to increase about 16.7 percent to \$183.4 million as a result of increased outside service, salary, utility, and internal central services costs.

In Marine & Other, operating revenues are budgeted to decrease by 7.0 percent to \$88.8 million, primarily due to lower marine container operation revenues and no land sales budgeted in fiscal 2024, offset in part by increased Navigation division dredging revenue and lease revenues. Operating expenses (excluding depreciation and non-cash pension expense) are budgeted to decrease by 6.4 percent to \$97.3 million primarily due to lower longshore labor costs at the marine container terminal operation and lower internal central services cost, offset in part by higher outside service and salary costs in the fiscal 2024 budget. Property taxes are budgeted to comprise less than 1.0 percent of Port resources on a legal budget basis.

Contacting the Port's Financial Management:

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional financial information, contact the Port of Portland's Controller's Office, PO Box 3529, Portland, OR 97208.

BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2023
with comparative totals as of June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 38,340	\$ 131,308,588	\$ 131,346,928	\$ 108,011,725
Equity in pooled investments	293,299,892	161,896,722	455,196,614	421,789,183
Restricted cash and equity in pooled investments	168,138,798		168,138,798	114,247,519
Receivables, net of allowance for doubtful accounts of \$475,000 in 2023 and \$507,000 in 2022 for Airport and \$288,000 in 2023 and \$446,000 in 2022 for Marine & Other	18,424,905	28,497,960	46,922,865	54,090,363
Lease receivable	30,716,151	11,162,830	41,878,981	39,461,020
Prepaid insurance and other assets	4,990,719	2,676,349	7,667,068	7,481,833
Total current assets	<u>515,608,805</u>	<u>335,542,449</u>	<u>851,151,254</u>	<u>745,081,643</u>
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	756,758,307	5,754,811	762,513,118	478,941,734
Receivables	8,106,087		8,106,087	5,282,402
Contract retainage deposits	655,921		655,921	357,897
Total restricted assets	<u>765,520,315</u>	<u>5,754,811</u>	<u>771,275,126</u>	<u>484,582,033</u>
Land held for sale		40,111,470	40,111,470	41,729,187
Depreciable properties, net of accumulated depreciation and amortization	1,597,126,229	157,002,258	1,754,128,487	1,493,305,469
Nondepreciable properties	1,055,145,308	118,334,919	1,173,480,227	1,203,692,526
Lease receivable	211,032,379	162,227,818	373,260,197	424,931,774
Due from Airport		18,849,988	*	
Unamortized bond issue costs and other noncurrent assets	1,617,749	3,253,967	4,871,716	6,570,807
Total noncurrent assets	<u>3,630,441,980</u>	<u>505,535,231</u>	<u>4,117,127,223</u>	<u>3,654,811,796</u>
Deferred outflows of resources:				
Deferred charges on refunding bonds	10,110,154		10,110,154	12,503,375
Deferred charges on pensions and OPEB	16,887,186	16,972,829	33,860,015	41,869,604
Total deferred outflows of resources	<u>26,997,340</u>	<u>16,972,829</u>	<u>43,970,169</u>	<u>54,372,979</u>
Total assets	<u>\$ 4,173,048,125</u>	<u>\$ 858,050,509</u>	<u>\$ 5,012,248,646</u>	<u>\$ 4,454,266,418</u>
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt		\$ 8,648,461	\$ 8,648,461	\$ 7,765,822
Accounts payable, lease and other accrued liabilities	\$ 22,388,128	23,685,579	46,073,707	51,313,284
Accrued wages, vacation and sick leave pay	7,367,593	6,720,456	14,088,049	13,298,887
Workers' compensation and other accrued liabilities	2,277,643	4,996,670	7,274,313	8,449,898
Total current liabilities (payable from current assets)	<u>32,033,364</u>	<u>44,051,166</u>	<u>76,084,530</u>	<u>80,827,891</u>
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	53,655,000		53,655,000	50,025,825
Accrued interest payable	48,288,764		48,288,764	37,312,965
Accounts payable	65,443,088		65,443,088	26,172,440
Contract retainage payable	751,946		751,946	736,289
Total restricted current liabilities (payable from restricted assets)	<u>168,138,798</u>	<u>_____</u>	<u>168,138,798</u>	<u>114,247,519</u>
Total current liabilities	<u>200,172,162</u>	<u>44,051,166</u>	<u>244,223,328</u>	<u>195,075,410</u>
Noncurrent liabilities:				
Long-term environmental and other accruals	1,158,789	57,841,396	59,000,185	58,596,225
Long-term debt	2,518,556,236	40,139,330	2,558,695,566	2,030,227,825
Unearned revenue and other	40,289,191	23,911,685	64,200,876	66,277,173
Net pension and OPEB liability	54,272,768	26,513,950	80,786,718	67,236,155
Due to Marine & Other	18,849,988		*	
Total noncurrent liabilities	<u>2,633,126,972</u>	<u>148,406,361</u>	<u>2,762,683,345</u>	<u>2,222,337,378</u>
Deferred inflows of resources:				
Deferred lease inflows	235,126,073	164,090,163	399,216,236	454,123,388
Deferred pension inflows and other deferred inflows of resources	15,750,538	16,471,701	32,222,239	54,624,407
Total deferred inflows of resources	<u>250,876,611</u>	<u>180,561,864</u>	<u>431,438,475</u>	<u>508,747,795</u>
Total liabilities	<u>3,084,175,745</u>	<u>373,019,391</u>	<u>3,438,345,148</u>	<u>2,926,160,583</u>
NET POSITION				
Net investment in capital assets	392,594,205	306,035,856	698,630,061	802,104,554
Restricted for capital and debt service	478,080,123	5,754,811	483,834,934	397,237,154
Unrestricted	218,198,052	173,240,451	391,438,503	328,764,127
Total net position	<u>1,088,872,380</u>	<u>485,031,118</u>	<u>1,573,903,498</u>	<u>1,528,105,835</u>
Total liabilities and net position	<u>\$ 4,173,048,125</u>	<u>\$ 858,050,509</u>	<u>\$ 5,012,248,646</u>	<u>\$ 4,454,266,418</u>

* Receivables and payables between activities are eliminated in the Total columns.

The accompanying notes are an integral
part of these financial statements.

THE PORT OF PORTLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended June 30, 2023
with comparative totals for the year ended June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	\$ 305,011,378	\$ 93,200,338	\$ 398,211,716	\$ 373,061,219
Land sales		2,179,627	2,179,627	18,000,000
Other	613,171	142,500	755,671	1,117,854
Total operating revenues	305,624,549	95,522,465	401,147,014	392,179,073
Operating expenses:				
Salaries, wages and fringe benefits	60,625,372	42,316,533	102,941,905	95,139,598
Longshore labor and fringe benefits		35,585,641	35,585,641	33,760,056
Contract, professional and consulting services	41,424,934	19,043,070	60,468,004	54,460,581
Materials and supplies	6,322,344	4,870,504	11,192,848	8,526,819
Utilities	12,106,751	4,519,461	16,626,212	14,458,838
Equipment rents, repair and fuel	1,548,604	4,720,363	6,268,967	4,886,237
Insurance	6,136,641	2,711,190	8,847,831	5,386,317
Lease and rent	8,380	2,001,832	2,010,212	2,097,169
Travel and management expense	2,653,152	1,068,884	3,722,036	2,229,068
Intra-Port charges and expense allocations	27,687,965		27,687,965	23,941,194
Cost of land sold		1,661,936	1,661,936	2,255,404
Other	2,450,974	406,817	2,857,791	6,347,529
Less expenses for capital projects	(3,883,173)	(16,117,271)	(20,000,444)	(20,518,529)
Total operating expenses, excluding depreciation and amortization	157,081,944	102,788,960	259,870,904	232,970,281
Operating income (loss) before depreciation and amortization	148,542,605	(7,266,495)	141,276,110	159,208,792
Depreciation and amortization expense	107,740,916	21,810,166	129,551,082	120,154,438
Total operating expenses, including depreciation and amortization	264,822,860	124,599,126	389,421,986	353,124,719
Operating income (loss)	40,801,689	(29,076,661)	11,725,028	39,054,354
Nonoperating revenues (expenses):				
Property tax revenue		15,028,626	15,028,626	14,348,615
Passenger facility charge revenue	30,753,287		30,753,287	27,539,749
Customer facility charge revenue	16,863,270		16,863,270	14,011,848
Interest expense	(77,047,172)	(3,490,820)	(80,537,992)	(63,396,511)
Interest revenue	20,746,120	12,886,887	33,633,007	4,885,363
Other income, including loss on disposal of properties	4,499,065	9,044,148	13,543,213	56,039,388
Nonoperating (expenses) revenues	(4,185,430)	33,468,841	29,283,411	53,428,452
Income before contributions and transfers	36,616,259	4,392,180	41,008,439	92,482,806
Capital contributions	1,077,855	3,711,369	4,789,224	4,388,167
Transfers (out) in	(8,413,857)	8,413,857		
Change in net position	29,280,257	16,517,406	45,797,663	96,870,973
Total net position - beginning of year	1,059,592,123	468,513,712	1,528,105,835	1,431,234,862
Total net position - end of year	\$ 1,088,872,380	\$ 485,031,118	\$ 1,573,903,498	\$ 1,528,105,835

The accompanying notes are an integral
part of these financial statements.

THE PORT OF PORTLAND
STATEMENT OF CASH FLOWS
for the year ended June 30, 2023
with comparative totals for the year ended June 30, 2022

	2023			2022
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	\$ 314,009,817	\$ 101,157,712	\$ 415,167,529	\$ 357,424,555
Cash payments to employees	(60,675,143)	(42,135,933)	(102,811,076)	(95,966,151)
Cash payments to suppliers and vendors	(68,720,496)	(91,527,698)	(160,248,194)	(132,141,743)
Cash payments (to) from other funds	(30,857,818)	30,857,818		
Net cash provided by (used in) operating activities	<u>153,756,360</u>	<u>(1,648,101)</u>	<u>152,108,259</u>	<u>129,316,661</u>
Cash flows from noncapital financing activities:				
Property taxes		15,024,183	15,024,183	14,335,629
Grant proceeds not specifically restricted for capital	4,855,776	112,691	4,968,467	30,051,024
Net cash provided by noncapital financing activities	<u>4,855,776</u>	<u>15,136,874</u>	<u>19,992,650</u>	<u>44,386,653</u>
Cash flows from capital and related financing activities:				
Capital expenditures	(299,083,538)	(22,205,260)	(321,288,798)	(489,443,040)
Lease interest received	6,258,368	6,892,078	13,150,446	13,150,446
Sale of properties	33,457	1,375,658	1,409,115	44,937
Net proceeds from issuance of debt	604,919,608		604,919,608	595,734,569
Interest paid	(80,489,387)	(3,628,060)	(84,117,447)	(66,060,476)
Proceeds from insurance buyout agreements		3,000,000	3,000,000	26,000,000
Proceeds from passenger facility charges	28,125,061		28,125,061	29,752,110
Proceeds from customer facility charges	16,614,360		16,614,360	13,858,884
Principal payments and redemptions on debt	(49,570,000)	(7,765,822)	(57,335,822)	(117,838,205)
Contributions from governmental agencies	1,156,624	809,442	1,966,066	6,024,052
Cash transfers (to) from other Port divisions, net	(8,413,857)	8,413,857		
Other, primarily nonoperating (expense) income	(5,455,815)	4,723,312	(732,503)	(5,950,806)
Net cash provided by (used in) capital and related financing activities	<u>214,094,881</u>	<u>(8,384,795)</u>	<u>205,710,086</u>	<u>5,272,471</u>
Cash flows from investing activities:				
Interest received	25,405,615	10,025,446	35,431,061	6,034,393
Investment activity:				
Purchases	(786,534,672)	(139,765,637)	(926,300,309)	(860,433,841)
Proceeds from sales or maturities	388,422,140	147,971,316	536,393,456	631,323,971
Net cash (used in) provided by investing activities	<u>(372,706,917)</u>	<u>18,231,125</u>	<u>(354,475,792)</u>	<u>(223,075,477)</u>
Net increase (decrease) in cash and cash equivalents	100	23,335,103	23,335,203	(44,099,692)
Cash and cash equivalents - beginning of year	38,240	107,973,485	108,011,725	152,111,417
Cash and cash equivalents - end of year	<u>\$ 38,340</u>	<u>\$ 131,308,588</u>	<u>\$ 131,346,928</u>	<u>\$ 108,011,725</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 40,801,689	\$ (29,076,661)	\$ 11,725,028	\$ 39,054,354
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	107,740,916	21,810,166	129,551,082	120,154,438
Cost of land sales		1,661,936	1,661,936	2,255,404
Non cash pension and OPEB expense	(457,393)	(200,940)	(658,333)	(990,760)
Amortization of unearned revenue	(1,058,618)	(1,618,745)	(2,677,363)	(2,589,234)
Change in assets and liabilities:				
Receivables and other current assets	12,852,380	8,285,572	21,137,952	(29,774,455)
Lease receivable	16,946,465	32,307,151	49,253,616	(160,963,904)
Deferred lease inflows	(20,440,247)	(34,466,905)	(54,907,152)	155,912,862
Accounts payable and accruals	500,059	(6,846,436)	(6,346,377)	9,302,731
Lease payable	21,962	1,712,061	1,734,023	(621,103)
Long-term environmental and other accruals	(3,150,853)	3,756,473	605,620	(4,766,968)
Additions to unearned revenue		1,028,227	1,028,227	2,343,296
Net cash provided by (used in) operating activities	<u>\$ 153,756,360</u>	<u>\$ (1,648,101)</u>	<u>\$ 152,108,259</u>	<u>\$ 129,316,661</u>

The accompanying notes are an integral part of these financial statements.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS

1. Description of the Port and Summary of Significant Accounting Policies:

The Port

The Port of Portland (the Port) is a special municipal district created by the Oregon State Legislature. It is governed by a nine-member Board of Commissioners who are appointed by the Governor of the State; Commissioners serve four year terms without compensation. The Port facilitates aviation and marine trade within the Port District (Multnomah, Clackamas, and Washington Counties), and its influence spreads over a multi-state region. The Port owns and operates Portland International Airport (the Airport), which provides the metropolitan area with commercial airline passenger service, air cargo services, and general aviation service. The Port also owns two general aviation airports, four marine terminals, a dredge, six industrial and business parks, and develops land principally to support, enhance, and expand its core transportation operations. Principal funding sources are charges to users, revenue bonds, grants, interest earnings, passenger facility charges, customer facility charges, and, to a lesser extent, property tax levies. Its activities are carried out by a staff of approximately 758 full-time equivalent persons.

Basis of Accounting

The accounting and reporting policies of the Port conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to proprietary funds of local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Port utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

Intra-Port Charges and Expense Allocations

Labor and associated costs for services performed by one functional area of the Port to another area, most commonly by administrative departments, are charged in the accounting records as an expense to the receiver of services and as a credit to expense to the provider of services. The amount charged includes labor, fringe benefits, and an allocated portion of other costs, including materials and supplies, utilities, contract services, insurance, rent and depreciation. All other administrative department costs not charged in this manner are allocated as overhead based on a formula involving full time equivalent positions, legal services rendered, and operating expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Operating Revenues and Expenses

Revenues and expenses that are earned or incurred during the course of normal business operations are classified as operating. Revenues and expenses that are earned or incurred outside of the course of normal operations, including interest income and expense, property tax revenue, customer facility charges, and passenger facility charges, are classified as nonoperating.

Restricted Assets and Related Liabilities

Assets and related liabilities restricted to specific purposes by state statute, bond indenture or otherwise are segregated on the balance sheet. These assets and liabilities are primarily restricted for construction and debt service purposes. When both restricted and unrestricted resources are available for use, it is the Port's policy to generally consider restricted assets to be used first over unrestricted assets.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Land Held for Sale

Land held for sale includes costs of land acquisition and development on property held for eventual sale. Land held for sale is stated at the lower of average cost or net realizable value. Costs that are capitalized consist of acquisition and development costs incurred to bring the land to salable condition. At closing, sales and related cost of land are recorded as operating revenues and expenses.

Properties and Depreciation

Properties, other than lease improvements acquired upon termination of operating leases, are stated at cost less accumulated depreciation. Properties with an individual purchase cost exceeding \$5,000 with a useful life exceeding one year are capitalized, and depreciable properties are depreciated over their estimated useful lives on a straight-line basis. The useful lives generally range from 5 to 40 years for land improvements; 5 to 40 years for buildings, building components, and terminals; and 2 to 15 years for equipment. Normal maintenance and repairs are charged to operating expense as incurred; expenditures for major additions, improvements, infrastructure, and replacements are capitalized. The cost of assets retired or otherwise disposed of and related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to nonoperating revenue or expense.

Leases

The Port as a lessor leases to others certain land, buildings, and equipment. At the commencement of the lease term, the Port recognizes a lease receivable and a deferred inflow of resources, with certain exceptions for leases held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

The Port as a lessee leases from others certain building space and equipment. The Port recognizes a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability is measured at the present value of lease payments expected to be made during the lease term. The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

Amortization of Bond Issue Costs

Bond issue costs related to prepaid insurance costs are amortized over the life of the related debt and reported as a noncurrent asset on the balance sheet. The difference between the reacquisition price and the net carrying amount of old debt arising from defeasance and refunding transactions is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is reported as a deferred outflow of resources on the balance sheet. Amortization is included in interest expense. All other bond issuance costs are expensed as incurred.

Accrued Vacation and Sick Leave Pay

Vacation and sick leave pay are accrued as earned for most employees, based on length of past service, up to a maximum number of hours per employee. Vacation and sick leave liabilities are reduced when leave is taken, and unused portions are paid off upon termination to the extent allowed for in Port policy.

Unearned Revenue

Unearned revenue typically represents prepaid lease financing related to real property development projects and transactions and is generally amortized over the life of the related lease. Lease terms generally range from 5 to 55 years. Unearned revenue is reported as a noncurrent liability on the balance sheet.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Accounting for Contributions from Federal Government and Other

Capital grants and other contributions from governmental agencies are recorded as net position when earned. Operating grants are recorded as revenue when earned. Lease improvements acquired upon termination of leases are included in properties and credited to net position at estimated fair value at date of acquisition.

Property Taxes

Property taxes are used for capital and debt service purposes. Property taxes are recorded as nonoperating revenue in the year levied. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15.

Cash and Cash Equivalents

Highly liquid investments (excluding restricted investments) with a maturity of three months or less when purchased are considered cash equivalents.

Environmental Remediation Liabilities

The Port records future pollution remediation costs that meet measurement criteria outlined in GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations." Those criteria require accrual of pollution remediation obligation amounts when a) one of certain obligating events occurs, and b) the amount can be reasonably estimated. Obligating events include imminent endangerment to public health or welfare or the environment; violation of a pollution prevention-related permit or license; evidence that the Port will be named as a responsible party, or potentially responsible party, for sharing costs; evidence that the Port will be named in a lawsuit to compel participation in remediation; and the Port commencing or legally obligating itself to commence pollution remediation. Costs for pollution remediation obligations are expensed unless expenditures meet specific criteria which allow them to be capitalized. Capitalization criteria include preparation of an asset for sale; preparation of property for use when the property was acquired with known or suspected pollution that was expected to be remediated; performing pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment; and acquisition of property, plant and equipment that have a future alternative use.

Passenger Facility Charges

Passenger facility charges (PFCs) are imposed on enplaned passengers at the Airport. PFC revenue is recorded as nonoperating revenue and is required to be used to fund Federal Aviation Administration approved expenditures for capital projects or debt repayments eligible under federal legislation permitting the imposition of PFCs.

Customer Facility Charges

Customer facility charges (CFCs) are imposed on rental car transactions at the Airport. CFC revenue is recorded as nonoperating revenue and is required by Port ordinance to be used to fund rental car-related projects, programs and related expenses.

Cash and Equity in Pooled Investments

The Port pools the majority of its cash and investments and uses a controlled disbursement system in order to maximize earnings on available funds. Investments are stated at fair value based upon evaluated quotes from independent pricing vendors. Oregon Revised Statutes, Chapter 294 or Port ordinances, if more restrictive, authorize the Port to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, and certain corporate indebtedness. In addition, the Marine & Other activity is authorized to invest in a State of Oregon local government investment pool and various interest bearing municipal bonds.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

1. Description of the Port and Summary of Significant Accounting Policies, continued:

Budgets

The Port budgets all funds in accordance with the requirements of State of Oregon (State) law. The Port Commission authorizes appropriations for each fund, setting the level by which expenditures cannot legally exceed appropriations. Total expenditures by department in the General Fund, operating expenditures in the Airport Revenue Fund, and capital outlay and debt service in the other funds are the levels of control for each fund. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at the end of each fiscal year.

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC). The TSCC conducts a review and certification of the original and certain supplemental budgets to comply with State law. After TSCC certification, such budgets are presented to the Port Commission for adoption. Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Port Commission. The Port adopted one supplemental budget and two budget adjustments for the year ended June 30, 2023 and one budget adjustment for the year ended June 30, 2022.

The Port budgets all funds on an accrual basis unless otherwise required by State law. For budgetary reporting purposes, State law requires that charges for services provided and certain expense allocations, from one fund to another fund, be reported as transfers to other funds, rather than as operating or capital expenditures.

Transfers Between Activities

The Port's policy is to fund certain general aviation (Marine & Other activity) requirements from the Airport activity. Amounts funded in this manner are shown as transfers on the statement of revenues, expenses, and changes in net position.

Internal Receivables and Payables

Intra-Port receivables and payables between activities are eliminated in the total column of the balance sheet.

Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

New Accounting Pronouncements

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations," effective for the Port's fiscal year beginning July 1, 2022. The statement provides a single method of reporting conduit debt obligations by issuers. The adoption of this statement did not have a material effect on the Port's financial statements.

In March 2020, the GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements," effective for the Port's fiscal year beginning July 1, 2022. The statement addresses issues related to public-private and public-public partnership (PPP) arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2020, the GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the Port's fiscal year beginning July 1, 2022. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). Accounting changes adopted to conform to the provisions of GASB 96 are immaterial to fiscal 2022 comparative totals in this report; therefore, changes to conform to the provisions of this statement were applied prospectively in fiscal 2023.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

1. Description of the Port and Summary of Significant Accounting Policies, continued:

In April 2022, the GASB issued Statement No. 99, “Omnibus 2022.” The statement provides guidance on the requirements related to the extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, as well as terminology updates which were effective immediately upon issuance. The adoption of these requirements did not have a material effect on the Port’s financial statements. Additionally, the Statement provides guidance related to leases, PPPs, and SBITAs which are effective for the Port’s fiscal year beginning July 1, 2022. The adoption of these requirements did not have a material effect on the Port’s financial statements. The Statement also provides guidance related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 which is effective for the Port’s fiscal year beginning July 1, 2023. The Port is currently evaluating the effects these provisions will have on its financial statements.

In June 2022, the GASB issued Statement No. 100, “Accounting Changes and Error Corrections,” effective for the Port’s fiscal year beginning July 1, 2023. The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2022, the GASB issued Statement No. 101, “Compensated Absences,” effective for the Port’s fiscal year beginning July 1, 2024. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The Port is currently evaluating the effects this statement will have on its financial statements.

2. Identifiable Activity Information:

The Airport is an identifiable activity in and of itself, providing commercial airline passenger service, air cargo services, and general aviation services. The activities comprising Marine & Other are the Port’s marine terminals, which load, unload, and transfer commodities to and from trucks, railcars, barges, and ships; trade and economic development, which is responsible for real estate development and related services; environmental, which includes costs and recoveries associated with environmental cleanup not directly attributable to specific Port facilities, or which pertain to facilities for which operations have been discontinued; navigation, which performs maintenance dredging for the Columbia River channel and maintains a river level reporting system; general aviation, which provides general aviation relief services; engineering, which provides drafting, environmental planning, permit coordination, and engineering support for the Port; and administrative departments (admin), which provide support and services to the Port’s operating departments.

Balance sheet information for Marine & Other is not available at the identifiable activity level. Identifiable activity information available for Marine & Other for the year ended June 30, 2023 was as follows (in thousands):

	Marine <u>Terminals</u>	Trade & Economic <u>Development</u>	<u>Environmental</u>	<u>Navigation</u>	General <u>Aviation</u>	Engineering <u>& Admin</u>	<u>Total</u>
Operating revenues	\$ 59,287	\$ 8,559		\$ 24,616	\$ 2,808	\$ 252	\$ 95,522
Operating expenses	68,462	10,378	\$ 5,182	18,372	3,839	(3,444)	102,789
Depreciation/amortization expense	7,621	1,290	7	4,546	4,489	3,857	21,810
Operating (loss) income	<u>\$ (16,796)</u>	<u>\$ (3,109)</u>	<u>\$ (5,189)</u>	<u>\$ 1,698</u>	<u>\$ (5,520)</u>	<u>\$ (161)</u>	<u>\$ (29,077)</u>
Capital contributions					\$ 3,711		\$ 3,711
Properties activity:							
Additions	\$ 7,164	\$ 131		\$ 911	\$ 8,142	\$ 1,468	\$ 17,816
Deletions	\$ (199)	\$ (32)		\$ (4,985)	\$ (659)	\$ (33)	\$ (5,908)

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

3. Cash and Investments:

Following are the Port's balance sheet classifications for cash and investments:

Balance sheet classification:	2023			2022
	Airport	Marine & Other	Total	Total
Unrestricted cash and cash equivalents	\$ 38,340	\$ 131,308,588	\$ 131,346,928	\$ 108,011,725
Unrestricted equity in pooled investments	293,299,892	161,896,722	455,196,614	421,789,183
Restricted cash and equity in pooled investments	924,897,105	5,754,811	930,651,916	593,189,253
	<u>\$ 1,218,235,337</u>	<u>\$ 298,960,121</u>	<u>\$ 1,517,195,458</u>	<u>\$ 1,122,990,161</u>

At June 30, 2023, the Port had the following cash and investments and maturities for the Airport:

	Investment Maturities (in years)				Value
	Less than 1	1 - 2	2 - 3	3 - 5	
U.S. Treasuries	\$ 93,302,240	\$ 39,866,818	\$ 14,240,332	\$ 47,917,419	\$ 195,326,809
U.S. Agencies	434,859,100	92,112,845	108,991,101	58,147,905	694,110,951
Municipal debt	2,892,091	6,894,203	3,534,222		13,320,516
Corporate indebtedness	7,669,460	13,751,534	7,102,013		28,523,007
Certificates of deposit	393,590				393,590
	<u>\$ 539,116,481</u>	<u>\$ 152,625,400</u>	<u>\$ 133,867,668</u>	<u>\$ 106,065,324</u>	<u>931,674,873</u>
Cash and cash equivalents					38,340
Restricted deposits held in trust accounts					<u>286,522,124</u>
					<u>\$ 1,218,235,337</u>

Following are the cash and investments and maturities for Marine & Other at June 30, 2023:

	Investment Maturities (in years)				Value
	Less than 1	1 - 2	2 - 3	3 - 5	
U.S. Treasuries	\$ 28,407,021	\$ 11,083,132	\$ 3,958,868	\$ 13,321,231	\$ 56,770,252
U.S. Agencies	24,971,395	25,607,732	30,299,953	16,165,345	97,044,425
Municipal debt	804,013	1,916,616	982,528		3,703,157
Corporate indebtedness	2,132,140	3,822,981	1,974,387		7,929,508
Certificates of deposit	109,419				109,419
	<u>\$ 56,423,988</u>	<u>\$ 42,430,461</u>	<u>\$ 37,215,736</u>	<u>\$ 29,486,576</u>	<u>165,556,761</u>
State of Oregon local government investment pool					56,743,267
Cash and deposits with financial institutions					<u>76,660,093</u>
					<u>\$ 298,960,121</u>

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was \$77,941,319. Of these deposits, \$250,000 was covered by federal depository insurance and \$77,691,319 was covered by collateral pledged by the Port's qualified depositories. In accordance with ORS 295, the collateral pledged is held by the agent of the qualified depositories; is designated as subject to the Pledge Agreement between the agent, the qualified depositories, and the Oregon Office of the State Treasurer (OST); and is held for the benefit of the OST on behalf of the Port.

Fair value is defined in accounting standards 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 fair value, as follows:

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

3. Cash and Investments, continued:

Level 1 – Unadjusted quoted prices in active markets for identical instruments.

Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Not leveled – Cash and cash equivalents and the Oregon Short-Term Fund investment pool are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The Port's investments are valued using evaluated quotes from independent pricing vendors. The third-party vendors use a variety of methods when pricing these securities that incorporate relevant observable market data to arrive at an estimate of what a buyer in the marketplace would pay for a security under current market conditions. All of the Port's investments at June 30, 2023 are considered level 2.

To address interest rate risk and limit its exposure to fair value losses arising from rising interest rates, the Port's investment policy places restrictions on the maturities of the Port's investment portfolio. Investment maturities are limited as follows:

<u>Maturity</u>	<u>Minimum Investment</u>
Two years and under	55% of par value
Three years and under	75% of par value
Five years and under	100% of par value

Oregon Revised Statutes (ORS) limit investments in corporate indebtedness to those rated P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard and Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. All investments in corporate indebtedness made during fiscal 2023 met or exceeded these ratings requirements.

Oregon Revised Statutes (ORS) limit investments in municipal debt to those lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. In addition, lawfully issued debt obligations of the agencies and instrumentalities of the States of California, Idaho and Washington and political subdivisions of those states are authorized if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. All investments in municipal debt made during fiscal 2023 met or exceeded these ratings requirements.

A portion of the Port's investments are invested in an external investment pool, the Oregon Short-Term Fund (Fund). Numerous local governments in Oregon, as well as State agencies, participate in the Fund. The fair value of the Port's position in the pool is the same as the value of the pool shares. The Fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council. Investments in the Fund are further governed by portfolio guidelines issued by the Fund Board. While the Fund itself is not rated, the Fund's policies provide that the composite minimum weighted average credit quality rating for the Fund's holdings are the equivalent of AA for Standard and Poor's.

As required by federal law, the Port held investments (classified as restricted assets) with a par value of \$2,500,000 at both June 30, 2023 and 2022, as collateral for certain accrued liabilities for workers' compensation (Note 11). Federal law requires these investments to be in only certain prescribed negotiable securities.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

3. Cash and Investments, continued:

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2023 and 2022, approximately \$586,640,000 and \$487,565,000, respectively, of the Airport's investments represent an allocated share of the Port's total investments.

4. Receivables:

Port operations are concentrated within the aviation industry for the Airport and the industrial property market and marine shipping industry for Marine & Other. Principal customers in these industries are national airlines, tenants of large Port industrial properties, and international steamship lines/agents. Each of these principal customers is affected by changes in industry market and other economic conditions. The Port evaluates the financial capacity of prospective and current customers to determine their ability to pay amounts due on a timely basis. Various forms of collateral, including irrevocable standby letters of credit and pledges from other related industry customers under a joint agreement, are obtained from certain customers, mainly for the Airport, where these pledges encompass substantially all trade receivables. Accounts receivable are monitored on an ongoing basis, and allowances for doubtful accounts are established and maintained. Total trade receivables for the aviation industry were approximately \$16,200,000 at June 30, 2023 and \$27,900,000 at June 30, 2022. Total trade receivables for the marine shipping industry were approximately \$5,700,000 at June 30, 2023 and \$14,900,000 at June 30, 2022. Total grants receivable for the Airport were approximately \$8,600,000 at June 30, 2023 and \$2,000,000 at June 30, 2022. Total grant receivables for Marine and Other were approximately \$4,500,000 at June 30, 2023 and \$1,400,000 at June 30, 2022. Other significant receivables include interest on investments, a dredging contract, an environmental insurance settlement, and a reimbursement for past industrial site development costs.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

5. Properties:

Properties activity for the year ended June 30, 2023 was as follows:

	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Airport:					
<i>Assets being depreciated or amortized:</i>					
Land improvements	\$ 997,226,310		\$ 58,029	\$ 37,205,810	\$ 1,034,490,149
Buildings and equipment	1,912,233,800		(5,801,111)	316,359,259	2,222,791,948
Intangible right-of-use assets	629,462	\$ 379,638			1,009,100
Total assets being depreciated or amortized	2,910,089,572	379,638	(5,743,082)	353,565,069	3,258,291,197
<i>Less accumulated depreciation and amortization</i>					
Land improvements	575,781,129	32,295,377			608,076,506
Buildings & equipment	983,326,438	75,163,341	(5,798,248)		1,052,691,531
Intangible right-of-use assets	114,734	282,197			396,931
Total accumulated depreciation and amortization	1,559,222,301	107,740,915	(5,798,248)		1,661,164,968
Total assets being depreciated or amortized, net	1,350,867,271	(107,361,277)	55,166	353,565,069	1,597,126,229
<i>Assets not being depreciated or amortized:</i>					
Land	68,042,167				68,042,167
Construction in progress	1,003,154,930	337,513,728	(448)	(353,565,069)	987,103,141
Total assets not being depreciated or amortized	1,071,197,097	337,513,728	(448)	(353,565,069)	1,055,145,308
Airport assets, net	\$ 2,422,064,368	\$ 230,152,451	\$ 54,718	\$	\$ 2,652,271,537
Marine & Other:					
<i>Assets being depreciated or amortized:</i>					
Land improvements	\$ 311,394,895		\$ (840,417)	\$ 13,152,922	\$ 323,707,400
Buildings and equipment	263,668,125		(4,378,959)	18,801,389	278,090,555
Intangible right-of-use assets	576,736	\$ 4,494,275			5,071,011
Total assets being depreciated or amortized	575,639,756	4,494,275	(5,219,376)	31,954,311	606,868,966
<i>Less accumulated depreciation and amortization</i>					
Land improvements	226,787,858	9,322,608	(752,804)		235,357,662
Buildings & equipment	206,138,934	10,122,699	(4,392,211)		211,869,422
Intangible right-of-use assets	274,766	2,364,858			2,639,624
Total accumulated depreciation and amortization	433,201,558	21,810,165	(5,145,015)		449,866,708
Total assets being depreciated or amortized, net	142,438,198	(17,315,890)	(74,361)	31,954,311	157,002,258
<i>Assets not being depreciated or amortized:</i>					
Land	81,162,080		(17,798)		81,144,282
Construction in progress	51,333,349	17,811,599		(31,954,311)	37,190,637
Total assets not being depreciated or amortized	132,495,429	17,811,599	(17,798)	(31,954,311)	118,334,919
Marine & Other assets, net	\$ 274,933,627	\$ 495,709	\$ (92,159)	\$	\$ 275,337,177

The ordinances authorizing the issuance of Airport revenue and PFC revenue bonds do not convey title to or mortgage the Airport or any part thereof; however, the Port covenants not to encumber or dispose of Airport properties other than as specifically permitted in the ordinances and in certain grant agreements. In Marine & Other, the Port has granted a lender a first lien on a vessel used by its navigation activity as security for a related loan.

6. Leases:

The Port leases nonfinancial assets to and from other entities as a lessor and lessee, respectively. In accordance with GASB 87, the Port as a lessor has recognized lease receivables and deferred inflows of resources, with exceptions for short-term leases and certain regulated leases. The Port as a lessee has recognized intangible right-of-use assets and corresponding lease liabilities.

The Port as a Lessor

The Port, as a lessor, leases to others certain land and buildings at various locations for terms generally ranging from 2 to 55 years. The leases typically include provisions for periodic consumer price index or fair market value escalations, as well as volume or activity-based rents, resulting in additional variable revenues that are not included in the measurement of lease receivables.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

6. Leases, continued:

For the year ended June 30, 2023 the Airport, as a lessor, recognized approximately \$35,308,000 and \$7,981,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the year ended June 30, 2022 the Airport, as a lessor, recognized approximately \$34,065,000 and \$6,259,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the years ended June 30, 2023 and 2022, the Airport also recognized \$8,544,000 and \$11,676,000, respectively, in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables. For the year ended June 30, 2023 Marine & Other, as a lessor, recognized approximately \$18,438,000 and \$5,841,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the year ended June 30, 2022 Marine & Other, as a lessor, recognized approximately \$17,938,000 and \$6,892,000 as charges for services operating revenue and nonoperating interest revenue, respectively. For the years ended June 30, 2023 and 2022, Marine & Other also recognized \$2,299,000 and \$2,494,000, respectively, in charges for services operating revenue for variable and other payments not previously included in the measurement of lease receivables.

Following is a schedule showing the future payments that are included in the measurement of lease receivables for the five succeeding fiscal years and in five-year increments thereafter:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 30,716,151	\$ 7,191,646	\$ 11,162,830	\$ 5,685,899	\$ 41,878,981	\$ 12,877,545
2025	30,924,573	6,212,909	11,419,421	5,355,418	42,343,994	11,568,327
2026	27,023,326	5,295,359	11,068,200	5,000,744	38,091,526	10,296,103
2027	25,847,644	4,516,751	11,068,430	5,047,425	36,916,074	9,564,176
2028	26,535,693	3,684,537	10,975,769	5,222,805	37,511,462	8,907,342
2029-2033	92,164,490	6,531,747	43,652,477	19,857,831	135,816,967	26,389,578
2034-2038	2,478,451	1,169,512	24,300,845	12,779,785	26,779,296	13,949,297
2039-2043	2,560,749	775,752	7,467,941	9,709,520	10,028,690	10,485,272
2044-2048	2,717,343	334,032	10,236,172	7,928,258	12,953,515	8,262,290
2049-2053	780,110	32,763	3,865,255	6,288,769	4,645,365	6,321,532
2054-2058			4,241,687	5,537,503	4,241,687	5,537,503
2059-2063			6,101,643	4,474,310	6,101,643	4,474,310
2064-2068			8,661,692	2,938,111	8,661,692	2,938,111
2069-2073			9,168,286	834,694	9,168,286	834,694
Total	<u>\$ 241,748,530</u>	<u>\$ 35,745,008</u>	<u>\$ 173,390,648</u>	<u>\$ 96,661,072</u>	<u>\$ 415,139,178</u>	<u>\$ 132,406,080</u>

The Port is the lessor for certain aviation leases with air carriers and other aeronautical users, which are subject to regulation by the U.S. Department of Transportation and the Federal Aviation Administration. In accordance with GASB 87, the Port does not recognize a lease receivable or deferred inflow of resources for these regulated leases. Inflows of resources from regulated leases are recognized in operating revenues as earned during the year.

Regulated leases at the Airport include lease and operating agreements with passenger and cargo airlines serving the Airport. These lease and operating agreements were effective on July 1, 2015 for a fifteen year term ending June 30, 2030, and govern the use of certain Airport facilities including ramp, terminal, baggage claim, ticket counters and gate areas and certain cargo and other facilities, and permit the signatory passenger airlines to lease exclusive space, preferential space and shared space in the airport terminal. Exclusive space includes ticket counter space, office space, operations space, airline club lounges, baggage makeup space and baggage service area space, which makes up approximately 229,000 square feet in the Airport terminal. Preferential space includes aircraft loading bridges and/or support equipment to which the airline has a higher and continuous priority over other air carriers and includes 26 of the 42 available loading bridges at the Airport. The Port has additional regulated leases for certain land and buildings with other aeronautical users at the Airport and at general aviation airports reported in Marine & Other.

Operating revenues earned under the lease and operating agreements with airlines are reported on the Statement of Revenues, Expenses, and Changes in Net position as charges for services, and were approximately \$95,301,000 and

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

6. Leases, continued:

\$89,545,000 for the years ending June 30, 2023 and 2022, respectively. Due to the variable nature of revenues from year-to-year under the lease and operating agreements with airlines serving the Airport, expected future minimum payments are not determinable. Operating revenues earned under regulated leases with other aeronautical users that are not short-term leases were \$17,641,000 and \$24,342,000 for fiscal 2023 and 2022, respectively. Marine & Other operating revenues earned under regulated leases with aeronautical users that are not short-term leases were approximately \$1,580,000 and \$1,609,000 for fiscal years 2023 and 2022, respectively. Expected future minimum payments for regulated leases with other aeronautical users are as follows:

	<u>Airport</u>	<u>Marine & Other</u>	<u>Total Port</u>
2024	\$ 11,549,000	\$ 1,414,000	\$ 12,963,000
2025	10,528,000	1,266,000	11,794,000
2026	10,185,000	1,160,000	11,345,000
2027	8,967,000	954,000	9,921,000
2028	6,731,000	877,000	7,608,000
2029-2033	22,515,000	3,776,000	26,291,000
2034-2038	13,911,000	3,127,000	17,038,000
2039-2043	9,682,000	2,948,000	12,630,000
2044-2048	1,932,000	1,446,000	3,378,000
2049-2053		585,000	585,000
2054-2058		156,000	156,000
Total	<u>\$ 96,000,000</u>	<u>\$ 17,709,000</u>	<u>\$ 113,709,000</u>

The Port as a Lessee

The Port leases from others certain office and warehouse space as well as security and office equipment, with lease terms ranging from 1 to 5 years. The intangible right-of-use assets that the Port has recorded under these leases are included in depreciable properties, net of accumulated depreciation and amortization on the balance sheet. Following is a schedule of changes in the right-of-use assets with the accumulated amortization for the fiscal year ended June 30, 2023:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Airport:				
Right-of-use assets:				
Security equipment	\$ 64,675			\$ 64,675
Office equipment	564,787	\$ 2,330		567,117
Total right-of-use assets	629,462	2,330		631,792
Less accumulated amortization:				
Security equipment	7,153	3,576		10,729
Office equipment	107,581	113,074		220,655
Total accumulated amortization	114,734	116,650		231,384
Total right-of-use assets, net	\$ 514,728	\$ (114,320)	\$	\$ 400,408
Marine & Other:				
Right-of-use assets:				
Office and warehouse space	\$ 418,345			\$ 418,345
Office equipment	158,391			158,391
Total right-of-use assets	576,736			576,736
Less accumulated amortization:				
Office and warehouse space	251,007	\$ 125,503		376,510
Office equipment	23,759	31,678		55,437
Total accumulated amortization	274,766	157,181		431,947
Total right-of-use assets, net	\$ 301,970	\$ (157,181)	\$	\$ 144,789

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

6. Leases, continued:

Minimum future lease payments for the leases for the five succeeding fiscal years and thereafter are as follows:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 114,989	\$ 9,800	\$ 75,657	\$ 4,283	\$ 190,646	\$ 14,083
2025	116,848	6,108	32,635	2,549	149,483	8,657
2026	115,538	2,300	34,036	1,149	149,574	3,449
2027	11,075	59	8,734	61	19,809	120
2028						
Total	<u>\$ 358,450</u>	<u>\$ 18,267</u>	<u>\$ 151,062</u>	<u>\$ 8,042</u>	<u>\$ 509,512</u>	<u>\$ 26,309</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The Port enters into subscription-based contracts to utilize vendor-provided information technology software, with contract terms ranging from 1 to 5 years. The intangible right-of-use subscription assets that the Port has recorded under these contracts are included in the depreciable properties, net of accumulated depreciation and amortization on the balance sheet. The Port did not adopt the provisions of GASB 96 retroactively, as discussed further in Note 1. For the Airport, adoption of GASB 96 resulted in a June 30, 2023 balance of \$377,308 for intangible subscription assets with an associated \$165,547 of accumulated amortization. For Marine & Other, the June 30, 2023 balance for intangible subscription assets was \$4,494,275 with \$2,207,677 in related accumulated amortization.

Minimum future payments for SBITAs for the five succeeding fiscal years and thereafter are as follows:

	Airport		Marine & Other		Total Port	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 87,786	\$ 5,152	\$ 890,937	\$ 89,229	\$ 978,723	\$ 94,381
2025	72,467	2,788	768,366	54,073	840,833	56,861
2026	74,792	396	769,695	21,682	844,487	22,078
2027	3,069	25	265,456	6,349	268,525	6,374
2028			67,904	238	67,904	238
Total	<u>\$ 238,114</u>	<u>\$ 8,361</u>	<u>\$ 2,762,358</u>	<u>\$ 171,571</u>	<u>\$ 3,000,472</u>	<u>\$ 179,932</u>

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long-Term Debt:

At June 30, 2023, long-term debt consisted of the following:

	<u>Pension</u>	<u>Airport Revenue</u>	<u>Passenger Facility Charge Revenue</u>	<u>Customer Facility Charge Revenue</u>
Limited Tax Pension bonds:				
2002 Series (issued in fiscal 2002, original issue \$54,952,959):				
6.85%, due serially from fiscal 2021 through fiscal 2028	\$ 24,280,000			
6.6%, due fiscal 2025	6,205,000			
2005 Series (issued in fiscal 2006, original issue \$20,230,000):				
5.004%, due fiscal 2028	8,890,000			
Portland International Airport revenue bonds:				
Series Eighteen (issued in fiscal 2008, original issue \$138,890,000 variable interest rate):				
currently 4.55%, due fiscal 2027		\$ 14,230,000		
currently 4.60%, due fiscal 2027		14,235,000		
Series Twenty-One C (issued in fiscal 2012, original issue \$27,685,000):				
4.375% to 5.0%, due serially through fiscal 2024		6,050,000		
Series Twenty-Two (issued in fiscal 2015, original issue \$90,050,000):				
5.0%, due serially through fiscal 2035		34,085,000		
5.0%, due fiscal 2040		21,245,000		
5.0%, due fiscal 2045		27,110,000		
Series Twenty-Three (issued in fiscal 2015, original issue \$109,440,000):				
5.0%, due serially through fiscal 2036		69,265,000		
5.0%, due fiscal 2039		23,250,000		
Series Twenty-Four (issued in fiscal 2017, original issue \$233,240,000):				
5.0%, due serially through fiscal 2038		99,145,000		
5.0%, due fiscal 2043		52,770,000		
5.0%, due fiscal 2048		67,360,000		
Series Twenty-Five (issued in fiscal 2019, original issue \$208,255,000):				
5.0%, due serially through fiscal 2040		96,820,000		
5.0%, due fiscal 2045		47,455,000		
5.0%, due fiscal 2050		60,565,000		
Series Twenty-Six (issued in fiscal 2020, original issue \$72,725,000):				
5.0%, due fiscal 2027		3,900,000		
5.0%, due serially through fiscal 2029		35,325,000		
5.0%, due fiscal 2030		4,110,000		
5.0%, due fiscal 2034		5,110,000		
4.0% to 5.0%, due fiscal 2038		6,170,000		
4.0% to 5.0%, due fiscal 2041		5,430,000		
Series Twenty-Seven (issued in fiscal 2021, original issue \$312,460,000):				
1.0% to 5.0%, due serially through fiscal 2041		150,240,000		
5.0%, due fiscal 2046		69,510,000		
4.0% to 5.0%, due fiscal 2051		87,060,000		
Series Twenty-Eight (issued in fiscal 2022, original issue \$527,005,000):				
4.0% to 5.0%, due serially through fiscal 2043		269,635,000		
4.0%, due fiscal 2048		114,835,000		
5.0%, due fiscal 2053		142,535,000		
Series Twenty-Nine (issued in fiscal 2023, original issue \$566,120,000):				
5.0% to 5.25%, due serially through fiscal 2044		249,245,000		
5.5%, due fiscal 2049		160,765,000		
5.5%, due fiscal 2054		156,110,000		
Passenger Facility Charge revenue bonds:				
Series 2012A (issued and privately placed in fiscal 2013, original issue \$57,725,000):				
variable interest rate, currently 4.678%, due fiscal 2025			\$ 20,010,000	
Series 2022A (issued in fiscal 2022, original issue \$51,620,000):				
5.00%, due serially through fiscal 2032			51,620,000	
Customer Facility Charge revenue bonds:				
Series 2019 (issued in fiscal 2019, original issue \$163,290,000):				
2.848% to 3.865%, due serially through fiscal 2033				\$ 39,550,000
3.915%, due serially through fiscal 2035				9,730,000
4.067%, due serially through fiscal 2040				27,940,000
4.237%, due serially through fiscal 2050				76,340,000
Totals, including \$7,165,000, \$40,485,000, \$9,750,000, and \$3,420,000 respectively, due within one year	<u>\$ 39,375,000</u>	<u>\$ 2,093,565,000</u>	<u>\$ 71,630,000</u>	<u>\$ 153,560,000</u>

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long-Term Debt, continued:

	Direct Borrowings - Contracts and Loans Payable at June 30, 2023
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available \$8,700,000), 5.00% in annual installments ranging from \$349,458 due December 1, 2023 to \$488,663 due December 1, 2030, including \$349,458 due within one year	\$ 3,312,772
Banc of America Leasing & Capital, LLC, (issued in fiscal 2013, original amount \$15,100,000, secured by a lien on the financed asset), 4.5%, payable in monthly installments ranging from \$92,567 due August 1, 2023 to \$115,011 due June 1, 2028, including \$1,134,003 due within one year	<u>6,100,019</u>
Total, including \$1,483,461 due within one year	<u><u>\$ 9,412,791</u></u>

Future debt service requirements on bonds, contracts and loans payable at June 30, 2023 are as follows:

		Airport							
		Revenue Bonds		PFC Revenue Bonds		Directly Placed 2012A PFC Revenue Bonds		CFC Revenue Bonds	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$	40,485,000	\$ 94,841,221		\$ 2,581,000	\$ 9,750,000	\$ 936,110	\$ 3,420,000	\$ 6,052,751
2025		44,730,000	99,674,805		2,581,000	10,260,000	479,984	3,520,000	5,952,165
2026		44,585,000	97,698,451		2,581,000			3,625,000	5,843,839
2027		45,705,000	95,561,615	\$ 2,670,000	2,514,250			3,735,000	5,727,377
2028		40,905,000	93,255,575	8,860,000	2,226,000			3,855,000	5,603,458
2029-2033		262,905,000	429,903,625	40,090,000	4,131,250			21,395,000	25,827,098
2034-2038		323,765,000	355,440,225					25,820,000	21,274,795
2039-2043		402,470,000	267,823,975					31,530,000	15,431,779
2044-2048		473,375,000	164,595,475					38,760,000	8,034,200
2049-2053		379,990,000	54,189,588					17,900,000	766,261
2054-2058		34,650,000	952,875						
	\$	<u>2,093,565,000</u>	<u>\$ 1,753,937,430</u>	<u>\$ 51,620,000</u>	<u>\$ 16,614,500</u>	<u>\$ 20,010,000</u>	<u>\$ 1,416,094</u>	<u>\$ 153,560,000</u>	<u>\$ 100,513,723</u>

		Marine & Other			
		Pension Bonds		Direct Borrowings	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$	7,165,000	\$ 2,517,566	\$ 1,483,461	\$ 416,941
2025		8,040,000	2,057,592	1,548,530	347,371
2026		8,980,000	1,556,238	1,621,141	274,761
2027		10,015,000	978,305	1,701,410	198,740
2028		5,175,000	332,982	1,664,021	118,939
2029-2033				1,394,228	141,811
	\$	<u>39,375,000</u>	<u>\$ 7,442,683</u>	<u>\$ 9,412,791</u>	<u>\$ 1,498,563</u>

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long-Term Debt, continued:

Changes in long-term debt on the balance sheet for the year ended June 30, 2023 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	\$ 29,275,000		\$ (9,265,000)	\$ 20,010,000
less: current portion	(9,265,000)	\$ (9,750,000)	9,265,000	(9,750,000)
Long-term bonds outstanding	1,772,930,000	566,120,000	(40,305,000)	2,298,745,000
less: current portion	(40,305,000)	(43,905,000)	40,305,000	(43,905,000)
Unamortized bond issue premium	228,805,034	40,651,717	(16,000,516)	253,456,235
Long-term debt	<u>\$ 1,981,440,034</u>	<u>\$ 553,116,717</u>	<u>\$ (16,000,516)</u>	<u>\$ 2,518,556,235</u>
Marine & Other:				
Long-term direct borrowings outstanding	\$ 10,828,613		\$ (1,415,822)	\$ 9,412,791
less: current portion	(1,415,822)	\$ (1,483,461)	1,415,822	(1,483,461)
Long-term bond debt outstanding	45,725,000		(6,350,000)	39,375,000
less: current portion	(6,350,000)	(7,165,000)	6,350,000	(7,165,000)
Long-term portion outstanding	<u>\$ 48,787,791</u>	<u>\$ (8,648,461)</u>	<u>\$</u>	<u>\$ 40,139,330</u>

In addition, at June 30, 2023 and 2022, the Port has recorded \$10,110,154 and \$12,503,375 respectively, within the Airport activity, for the difference between the reacquisition price and the net carrying amount of refunded bonds, which is recorded as a deferred outflow of resources on the balance sheet.

CONTRACTS, LOANS AND PENSION BONDS

Contracts and loans in Marine & Other are direct borrowings payable from revenues of the Port, including existing property tax levies. The contracts and loans provide that in the event of default, outstanding amounts may be immediately due and payable. One of the loans also grants a lien under which the lender may choose to sell the secured property in the event of default.

In February 2021, the State refinanced a loan payable by the Port, resulting in a reduction in the principal balance of approximately \$899,000 and an increase in the interest rate to 5 percent. The reduction in the principal balance is recorded as a deferred inflow of resources on the balance sheet, and is being amortized as a reduction of interest expense over the remaining term of the loan.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. Bonds maturing on June 1, 2025 are redeemable at the option of the Port on or after June 1, 2007 at par, in whole or in part, by lot, on any date up to June 1, 2025. Bonds maturing on June 1, 2028 are subject to mandatory redemption, at par, prior to maturity, in part, by lot, beginning June 1, 2020, and on each June 1 thereafter.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 9). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2028 are subject to mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long-Term Debt, continued:

PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS

Port Ordinance No. 155, enacted November 10, 1971, and Ordinance No. 323, enacted October 9, 1985, both subsequently amended (Ordinances), authorize the issuance of Portland International Airport Revenue Bonds (Airport revenue bonds) to pay the costs of acquiring and constructing Airport and other Port improvements. Port Ordinance No. 323 further restricts sales of Airport revenue bonds except for the purpose of paying the costs of construction of additions, expansion, and improvements at the Airport and the costs of acquisition and construction of general aviation airports. Both Ordinances also allow for the issuance of refunding bonds. The revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any revenues or property of the Port not specifically pledged thereto. The proceeds of all such revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, Airport purposes only.

These Ordinances require that Airport revenues and costs of operation and maintenance be accounted for in an Airport revenue fund. Any excess of revenues over costs other than depreciation is to be credited in the following order for uses specified in Ordinance No. 155:

- General account for payment to an Airport revenue bond fund to provide for the punctual payment of bond interest and principal.
- General account for all other permitted uses.

Proceeds from sales of bonds not expended for allowable acquisitions or construction shall be used for repayment of bonds.

These Ordinances established debt service reserve accounts in an Airport revenue bond fund to accumulate the maximum debt service requirements, as defined in the Ordinances, for any future fiscal year for all outstanding bonds. Debt service reserve insurance may be substituted for any portion of the bond reserve requirement. For all outstanding Airport revenue bonds, the bond reserve requirement has been met. The Ordinances state that upon the occurrence of a default, outstanding amounts may be declared immediately due and payable upon written request by a majority of bond holders based upon aggregate principal.

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 further stipulate that defined net revenues in each fiscal year must equal at least 130 percent of defined debt service requirements. The Airport has complied with this provision of the Ordinances for the years ended June 30, 2023 and 2022.

On July 1, 2015, ten year contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations; effective January 1, 2019, the term of those contracts was extended to fifteen years. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2030 in which fees to signatory airlines are discounted \$6,000,000 annually. The annual discount is subject to certain 1) reductions, contingent on the Port managing operating expenses to a defined target level and 2) increases, contingent on Airport coverage ratio thresholds. The discount amount was increased by \$6,386,360 for fiscal 2023 and by \$7,158,355 for fiscal 2022.

In fiscal 2023, the Port issued Series Twenty-Nine bonds, to pay, or to reimburse the Port for the payment of, costs of design, construction, renovation, acquisition, equipping and installation of capital improvements at the Portland International Airport; repay certain Commercial Paper Notes issued to finance a portion of the Series Twenty-Nine Projects; pay a portion of the interest to accrue on the Series Twenty-Nine Bonds during construction of the Series Twenty-Nine projects; make a deposit to the SLB Reserve Account; and pay certain costs of issuing the Series Twenty-Nine Bonds. The bonds have coupon rates ranging from 5 percent to 5.5 percent, with maturities ranging from 2029 to 2053. The Series Twenty-Nine bonds maturing on or before July 1, 2033 are not subject to optional redemption prior to their stated maturity. Series Twenty-Nine bonds maturing on or after July 1, 2034 are redeemable at the option of the Port, on or after July 1, 2033, at 100 percent of the principal amount plus accrued interest.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long-Term Debt, continued:

Series Twenty-Eight bonds maturing on or before July 1, 2032 are not subject to optional redemption prior to their started maturity. Series Twenty-Eight bonds maturing on or after July 1, 2033, are redeemable at the option of the Port, on or after July 1, 2032, at 100 percent of the principal amount plus accrued interest.

Series Twenty-Seven A bonds maturing on or before July 1, 2030, are not subject to optional redemption prior to their stated maturity. Series Twenty-Seven A Bonds maturing on or after July 1, 2031 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Seven B Bonds are subject to redemption at the option of the Port, in whole or in part, on any date, at a redemption price equal to the greater of 100% of the principal amount of the redeemed bonds plus accrued interest; or the sum of the present values of the remaining scheduled payments of principal and interest to the maturity date of the redeemed bonds, discounted to the date of redemption on a semi-annual basis, at a rate for a US Treasury security with a maturity comparable to the average remaining life of the bonds being redeemed plus 10 basis points in maturity 2022, plus 15 basis points in maturities 2023-2024, and plus 20 basis points in maturity 2025, plus, accrued interest.

Series Twenty-Six bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Six A and B bonds maturing on or after July 1, 2033 are redeemable at the option of the Port on or after July 1, 2030 at 100 percent of the principal amount plus accrued interest. Series Twenty-Six C bonds are not subject to optional redemption prior to their stated maturity.

Series Twenty-Five bonds maturing on or before July 1, 2029 are not subject to optional redemption prior to maturity. Series Twenty-Five bonds maturing on or after July 1, 2030 are redeemable at the option of the Port, on or after January 1, 2029 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Four bonds maturing on or before July 1, 2027 are not subject to optional redemption prior to maturity. Series Twenty-Four bonds maturing on or after July 1, 2028 are redeemable at the option of the Port on or after July 1, 2027 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12.0 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of three years at a variable rate of interest that increases over time, reaching a maximum rate of the greater of the federal funds rate plus 2.5 percent, or the bank's prime rate plus 2.0 percent. In the event of default, outstanding amounts become immediately due and payable.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long Term Debt, continued:

All Airport revenue bonds principal and interest are payable solely from revenues derived from the operation and related services of the Airport.

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

Port Ordinance No. 395-B, enacted June 10, 1999, authorized the issuance of Portland International Airport Passenger Facility Charge Revenue Bonds (PFC revenue bonds) to pay the costs of construction of certain Federal Aviation Administration approved PFC projects. The PFC revenue bonds are backed by a pledge and assignment of PFC revenues. The PFC revenue bonds are not in any manner or to any extent a general obligation, a lien on tax revenues of the Port, or a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all PFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

Ordinance No. 395-B established a debt service reserve account in an amount equal to the maximum annual debt service. The reserve account was fully funded from PFC bond proceeds. Ordinance No. 395-B requires that PFC revenues be accounted for in a PFC fund and used for, in order of priority, payments into a PFC bond fund to provide for payment of PFC bond interest and principal, payments into the reserve account, any required payments into an obligations account, any required payments into an obligations reserve account, and then to a PFC capital account. The capital account may be used to pay costs of construction, additions, improvements, repairs to, or extensions of approved PFC projects or be used for any other lawful Port purpose to the extent permitted by PFC regulations. Until so applied, amounts in the capital account are pledged to payment of and subject to a lien and charge in favor of registered owners of the PFC revenue bonds.

In connection with the PFC revenue bonds, the Port has also covenanted to comply with PFC laws and regulations, noise regulations, and to manage the PFC program so that remaining PFC authority (as defined in Ordinance No. 395-B) less contractual commitments, shall exceed 105 percent of defined unpaid debt service.

The Series 2022A Passenger Facility Charge Refunding Revenue bonds are not subject to optional redemption prior to their stated maturity.

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 55 basis points plus 80 percent of 1 month LIBOR, and cannot exceed 12.0 percent. During fiscal 2023, the Port replaced LIBOR with the Secured Overnight Financing Rate (SOFR) as the index rate for the 2012A bonds; all other components of the interest rate calculation remain the same. The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending June 1, 2024. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. In the event of default, outstanding amounts become immediately due and payable.

PFC revenue bonds principal and interest are payable solely from PFC revenues.

PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS

Port Ordinance 461-B, enacted February 13, 2019, authorized the issuance and sale of Portland International Airport Customer Facility Charge Revenue Bonds (CFC revenue bonds) to finance and refinance costs of rental car facilities and related projects at Portland International Airport. CFC revenue bonds are secured by and payable solely from customer facility charges (CFCs) collected from rental car customers who rent cars from rental car companies operating at the Airport, with the backstop of a contingent fee payment from the rental car companies operating at the Airport in the event that there is a deficiency in CFCs needed to make payments or meet covenants pursuant to the CFC bond ordinances. The CFC revenue bonds are not in any manner or to any extent a general obligation, nor a charge upon any other revenues or property of the Port not specifically pledged thereto. The proceeds of all CFC revenue bonds issued to date have been deposited in funds (accounts) designated for, and have been used for, prescribed purposes only.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

7. Long Term Debt, continued:

Series 2019 CFC revenue bonds maturing on or after July 1, 2030, are redeemable at the option of the Port, on any date on or after July 1, 2029 at 100 percent of the principal amount plus interest. In addition, the Series 2019 CFC revenue bonds are subject to redemption prior to July 2029, at the option of the Port, on any date at a make-whole redemption price equal to either 1) the greater of 100 percent of the principal amount plus accrued interest, or 2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the bonds being redeemed plus a make-whole spread, plus accrued interest.

PORTLAND INTERNATIONAL AIRPORT COMMERCIAL PAPER

Port Ordinance No. 463-CP, enacted November 8, 2017, authorized the issuance of Portland International Airport Third Lien Commercial Paper Notes (commercial paper) of up to \$300 million aggregate principal amount outstanding at any one time to pay, refinance, or reimburse the Port for the payment of costs of constructing, renovating, acquiring, equipping and installing improvements at the Airport, to pay costs of issuing commercial paper, and for any other lawful purposes of the Port. Commercial paper is issued pursuant to Section 6B of Port Ordinance 323 and is payable solely from the defined net revenues of the Airport that are available in the Third Lien Obligation Fund.

There was no commercial paper outstanding at June 30, 2023 or 2022. Commercial paper balances are included in current portion of long-term debt on the balance sheet. In the event of a default, outstanding amounts become immediately due and payable.

DERIVATIVE INSTRUMENTS

The Airport elected to terminate its six investment derivative instruments during fiscal 2023. The six derivative instruments were pay-fixed-receive-variable interest rate swaps with scheduled maturities ranging from July 1, 2024 to July 1, 2026. The swaps utilized LIBOR as a benchmark interest rate. LIBOR was scheduled to be phased out after June 30, 2023. Rather than negotiate the transition to a new benchmark rate, the Airport opted to terminate the swaps at market value for approximately \$1,030,600.

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment. As such, each swap was comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was \$0 at June 30, 2023 and negative \$2,035,000 at June 30, 2022 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of \$0 and \$455,825 at June 30, 2023 and 2022, respectively, and a noncurrent liability of \$0 and \$427,161 at June 30, 2023 and 2022, respectively.

8. Industrial Revenue Bonds:

The Port facilitates the issuance of industrial revenue bonds by others to finance construction of industrial facilities within the Port district which it leases or sells on installment contracts to the industrial users. Such facilities and the related receipts from lease rentals and contract payments are pledged for payment of the bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. Accordingly, the bond liability and related receivables are not reflected in the Port's financial statements.

Industrial revenue bonds for Airport industrial facilities were outstanding in the amount of \$17,300,000 at both June 30, 2023 and 2022.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

9. Pension Plans and Deferred Compensation Plan:

Most employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS), a cost-sharing multiple-employer defined benefit pension plan (Plan), administered by PERS, to which employees and employers both contribute. Benefits generally vest after five years of service. Retirement is allowed at age 58 with unreduced benefits, but retirement is generally available after age 55 with reduced benefits. Retirement benefits are generally based on salary and length of service or retiree account balance, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. Monthly benefits are adjusted annually through cost-of-living adjustments (COLA). A prospective cap on the COLA which took effect in fiscal 2015 and beyond varies based upon the amount of the annual benefit. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position, have been determined on the same basis as they are reported by PERS. PERS uses accrual basis accounting for all funds, recognizing revenues when earned, contributions when due, benefits in the month they are earned, and withdrawals in the month they are due and payable. PERS issues a publicly available financial report, which may be obtained at www.oregon.gov/pers or by writing to PERS, PO Box 23700, Tigard, Oregon 97281. The rate of employee contributions (6 percent of annual covered salary) is established by state statute, and the rate of employer contributions to PERS is set periodically by PERS based on actuarial valuations. The Port's contribution rate was 12.84 percent of annual covered payroll for fiscal years 2023 and 2022. The Port also pays the required employee contribution. The Port, by electing to join the State and Local Government Rate Pool, effective January 1, 2002, is part of the cost-sharing multiple-employer segment of the pension plan. Limited tax pension bonds were issued to fund the Port's estimated unfunded actuarial accrued liability (UAL) of \$54,068,039 as of April 1, 2002, and \$20,012,029 as of October 1, 2005. The proceeds from these bond issues are held by PERS in side accounts specific to the Port, and are factors in the calculation of the Port's employer contribution rates and the Port's proportionate share of the collective Net Pension Liability (NPL) or Net Pension Asset (NPA). Of these bond issue amounts, \$25,550,920 and \$11,244,225 were applicable to the Airport, and were recorded on the Airport balance sheet as liabilities (due to Marine & Other). The Airport liability is reduced proportionately as the Marine & Other activity makes principal payments on the pension bonds. Principal payments on the pension bonds were made in the amounts of \$6,350,000 and \$5,605,000 in fiscal 2023 and 2022, respectively, of which \$3,135,853 and \$2,770,818 were applicable to the Airport.

In December 2019, the Port contributed \$30 million to PERS in order to create two new Port-specific side accounts to provide future pension contribution rate relief for the Port. Both new accounts were funded by the Marine & Other activity. One side account in the amount of \$20 million qualified for nearly \$5 million in matching funds from the Oregon State Employer Incentive Fund; this account is being amortized to provide pension rate relief over 16 years beginning January 1, 2020. The second side account was established in the amount of \$10 million and is being amortized to provide pension rate relief over 10 years, with rate relief deferred to commence on July 1, 2029. The intent of creating these side accounts was to effectively offset a portion of the Port's proportionate share of the collective NPL attributable to the Marine & Other activity and reduce future Port pension contributions for the Marine & Other activity over a total of 20 years. The matching funds were reported in other nonoperating income on the statement of revenues, expenses, and changes in net position. PERS does not recognize the Airport as a separate activity of the Port, so internal accounting adjustments are necessary for rate relief from the new side accounts to be credited only to the Marine & Other activity.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

9. Pension Plans and Deferred Compensation Plan, continued:

The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members were paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. In 2019, Oregon Legislature enacted Senate Bill 1049, which made a number of amendments to PERS, including redirecting 2.5 percent for PERS members and 0.75 percent for OPSRP members of the required employee 6 percent contributions from a member's IAP account to the member's employee pension stability account, effective July 1, 2020. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 7.94 percent of annual covered payroll for general service members and 12.30 percent for police and fire members for fiscal 2023 and fiscal 2022; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2023 and 2022 regular pension contributions recognized by PERS were \$11,018,267 and \$10,418,292. Actuarial determinations are not made solely as to Airport employees. PERS contributions of \$5,545,611 and \$5,231,003 were applicable to the Airport for fiscal years 2023 and 2022, respectively, based upon Port payroll expense.

GASB Statement No. 68 (GASB 68) establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires the liability of employers to employees for defined benefit plans (NPL or NPA) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (Total Pension Liability (TPL) or Total Pension Asset (TPA)), less the amount of the pension plan's fiduciary net position. Employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology.

The Port recognizes its proportion of the PERS NPL or NPA, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension expense. The TPL at June 30, 2023, was determined based on an actuarial valuation as of December 31, 2020, and rolled forward to the measurement date of June 30, 2022; the TPL at June 30, 2022, was determined based on an actuarial valuation as of December 31, 2019, and rolled forward to the measurement date of June 30, 2021. The basis for the Port's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers.

For the year ended June 30, 2023, the Port's proportionate share of the collective NPL of PERS is \$77,868,793, or 0.50854729 percent of the total, and the Port recognized pension expense of \$10,708,585 as its proportionate share of PERS pension expense. For the year ended June 30, 2022, the Port's proportionate share of the collective NPL of PERS is \$62,620,834, or 0.52330205 percent of the total, and the Port recognized pension expense of \$9,892,668 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2023, \$52,803,103 of the NPL, and \$5,279,482 of pension expense, was applicable to the Airport. For the year ended June 30, 2022, \$45,444,353 of the NPL, and \$4,877,224 of pension expense, was applicable to the Airport.

Actuarial assumptions used in the 2020 valuation rolled forward to the measurement date of June 30, 2022, and the 2019 valuation rolled forward to the measurement date of June 30, 2021, were as follows:

- Investment Rate of Return: 6.90 percent per annum
- Projected Salary Increases: 3.40 percent overall payroll growth
- Inflation Rate: 2.40 percent per annum

For the 2020 valuation rolled forward to the measurement date of June 30, 2022, and for the 2019 valuation rolled forward to the measurement date of June 30, 2021, mortality assumptions for healthy retirees and beneficiaries are based on Pub-2010 generational Healthy Retiree mortality tables with group-specific job category and setback adjustments. Active members' mortality assumptions are based on Pub-2010 Employee, sex distinct, generational projection with Unisex Social Security Data Scale. Disabled retirees' mortality assumptions are based on Pub-2010 generational Disabled Retiree mortality tables with group-specified job category and setback adjustments.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

9. Pension Plans and Deferred Compensation Plan, continued:

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above for the 2020 valuation rolled forward to the measurement date of June 30, 2022 are based on the 2020 Experience Study, which reviewed experience for the four-year period ended on December 31, 2020. The methods and assumptions shown above for the 2019 valuation rolled forward to the measurement date of June 30, 2021 are based on the 2018 Experience Study, which reviewed experience for the four-year period ended on December 31, 2018.

GASB 68 generally requires that a blended discount rate be used to measure the TPL (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPL of PERS was 6.90 percent for the measurement dates of June 30, 2022 and 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, PERS' fiduciary net position was projected to be available to make all projected future benefit payments of current PERS members. Therefore, the long-term expected rate of return on PERS investments was applied to all periods of projected benefit payments to determine the TPL.

For fiscal 2023, the Port's \$77,868,793 proportionate share of the NPL was calculated using the discount rate of 6.90 percent as of the measurement date of June 30, 2022. If a discount rate 1 percentage point lower (5.90 percent) were used in the calculation, it would result in an NPL for the Port of \$138,093,569. If a discount rate 1 percentage point higher (7.90 percent) were used in the calculation, it would result in an NPL for the Port of \$27,463,437. For fiscal 2022, the Port's \$62,620,834 proportionate share of the NPL was calculated using the discount rate of 6.90 percent as of the measurement date of June 30, 2021. If a discount rate 1 percentage point lower (5.90 percent) were used in the calculation, it would result in an NPL for the Port of \$122,972,339. If a discount rate 1 percentage point higher (7.90 percent) were used in the calculation, it would result in an NPL for the Port of \$12,128,530.

To develop an analytical basis for the selection of the long-term expected rate of return assumption used in the calculation of the TPL at June 30, 2022 and 2021, the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors in 2021. Each asset

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

9. Pension Plans and Deferred Compensation Plan, continued:

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	20-year annualized geometric mean
Global equity	30.62%	5.85%
Private equity	25.50%	7.71%
Core fixed income	23.75%	2.73%
Real estate	12.25%	5.66%
Master limited partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge fund of funds - multistrategy	1.25%	5.11%
Hedge fund equity - hedge	0.63%	5.31%
Hedge fund - macro	5.62%	5.06%
US Cash	-2.50% *	1.76%
Assumed inflation - mean	n/a	2.50%

* Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, including revisions adapted at the OIC meeting on June 2, 2021.

Deferred items are calculated at the PERS level and allocated to the Port based upon its proportionate share. For the measurement dates of June 30, 2022 and 2021, there were deferred outflows and inflows of resources related to the following sources:

Measurement date of June 30,	Deferred outflows of resources		Deferred inflows of resources	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Differences between expected and actual experience	\$ 1,836,657	\$ 3,918,474	\$ 485,604	
Changes of assumptions	12,218,034	15,675,881	111,624	\$ 164,803
Net difference between projected and actual earnings on plan investments			13,921,434	46,357,719
Differences between contributions and Port's proportionate share of system contributions	<u>8,598,447</u>	<u>11,591,695</u>	<u>14,159,725</u>	<u>5,588,967</u>
Total	<u>\$ 22,653,138</u>	<u>\$ 31,186,050</u>	<u>\$ 28,678,387</u>	<u>\$ 52,111,489</u>

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2023 and 2022 in the amount of \$11,018,267 and \$10,418,292, respectively; these contributions are recognized as a reduction in the Port's NPL in the ensuing year. \$5,545,611 and \$5,231,003 of the deferred outflows were applicable to the Airport at June 30, 2023 and 2022, respectively.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

9. Pension Plans and Deferred Compensation Plan, continued:

Cumulative deferred inflows and outflows related to PERS will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources - <u>Airport</u>	Deferred Outflows/ (Inflows) of Resources - <u>Marine & Other</u>	Deferred Outflows/ (Inflows) of Resources - <u>Total</u>
2024	\$ 54,073	\$ 61,371	\$ 115,444
2025	(674,096)	(765,067)	(1,439,163)
2026	(3,675,398)	(4,171,404)	(7,846,802)
2027	1,929,058	2,189,389	4,118,447
2028	(455,830)	(517,345)	(973,175)
Total	<u>\$ (2,822,193)</u>	<u>\$ (3,203,056)</u>	<u>\$ (6,025,249)</u>

In 2019, Oregon Legislature enacted Senate Bill 1049, which made a number of amendments to PERS, including extending the UAL actuarial amortization period, capping certain member salaries for benefit calculations, redirecting a portion of the required employee contributions from the defined contribution IAP to the defined benefit Plan, and changing rules around Plan members working after retirement. These changes have the effect of reducing employer rates prospectively. Certain provisions of Senate Bill 1049 were challenged with the Oregon Supreme Court. In August 2020, the Oregon Supreme Court rejected the challenge to Senate Bill 1049 and upheld the amendments enacted by the Oregon Legislature.

The Port sponsors an eligible deferred compensation plan under IRC Section 457(b) known as the Port of Portland Deferred Compensation Plan (the Plan) which is available to all Port employees. The Plan qualifies as a defined contribution pension plan under the criteria in GASB Statement No. 68, and permits eligible employees to defer a portion of their current salary until future years. The Port may at any time either prospectively or retroactively amend the Plan. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of an employee trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the Port’s general creditors. Employees in the Plan are able to direct their funds to any investment options available in the Plan, and the Port makes no contributions to, recognizes no expense and has no liability for, and has little administrative involvement with the Plan. The Port has concluded that the Plan does not meet the criteria to be reported as a fiduciary activity, and the Plan assets are not included in the Port’s financial statements.

10. Postemployment Healthcare Benefits:

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out and is closed to any employees that did not meet age and length-of-service eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75, and contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may make a one-time election at retirement to continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port’s pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an ‘implicit subsidy’ paid by the Port; the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

10. Postemployment Healthcare Benefits, continued:

At June 30, 2023, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	23
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>782</u>
	<u>805</u>

For the year ended June 30, 2023, the Port's total other postemployment benefit (OPEB) liability of \$2,917,927 was determined based upon a July 1, 2023 actuarial valuation, measured as of June 30, 2023, with a reporting date of June 30, 2023; \$1,469,665 of this OPEB liability was attributable to the Airport. The Port recognized OPEB benefit of \$(266,725) in fiscal 2023, with \$(165,900) of OPEB benefit applicable to the Airport. For the year ended June 30, 2022, the Port's total other postemployment benefit (OPEB) liability of \$4,615,323 was determined based upon a July 1, 2021 actuarial valuation, measured as of June 30, 2022, with a reporting date of June 30, 2022; \$2,407,377 of this OPEB liability was attributable to the Airport. The Port recognized OPEB benefit of \$(7,196) in fiscal 2022, with \$(21,125) of OPEB benefit applicable to the Airport.

The OPEB liability in the July 1, 2023 actuarial valuation measured as of June 30, 2023 was determined using the following actuarial assumptions:

- A discount rate of 4.13 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2023
- A healthcare cost trend rate of 6.25 percent grading uniformly to 5.20 percent over 2 years and following the Getzen model thereafter to an ultimate rate of 3.94 percent in the year 2075
- Mortality rates were based on the Pub-2010 General Government and Safety Headcount weighted tables with improvements projected using scale MP-2021

The OPEB liability in the July 1, 2021 actuarial valuation measured as of June 30, 2022 was determined using the following actuarial assumptions:

- A discount rate of 2.18 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2021
- A healthcare cost trend rate of 6.25 percent grading uniformly to 5.75 percent over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04 percent in the year 2075
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2020

Changes in the OPEB liability during fiscal 2023 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2022	\$ 2,407,377	\$ 2,207,946	\$ 4,615,323
Service cost	119,997	87,644	207,641
Interest	46,611	42,550	89,161
Differences between expected and actual experience	(715,072)	(546,115)	(1,261,187)
Changes of assumptions	(305,085)	(254,498)	(559,583)
Benefit payments	(84,163)	(89,265)	(173,428)
Net change	<u>(937,712)</u>	<u>(759,684)</u>	<u>(1,697,396)</u>
Balance at 6/30/2023	<u>\$ 1,469,665</u>	<u>\$ 1,448,262</u>	<u>\$ 2,917,927</u>

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

10. Postemployment Healthcare Benefits, continued:

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the health care trend rate assumption in the July 1, 2023 actuarial valuation, measured as of June 30, 2023:

	1% Decrease	6.25% decreasing to 5.20% over 2 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2023	\$ 2,650,152	\$ 2,917,927	\$ 3,227,902

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a health care trend rate assumption that is 1-percentage-point lower or 1-percentage-point higher than the health care trend rate assumption in the July 1, 2021 actuarial valuation, measured as of June 30, 2022:

	1% Decrease	6.25% decreasing to 5.75% over 2 years, following the Getzen model thereafter	1% increase
Total OPEB liability, 6/30/2022	\$ 4,088,152	\$ 4,615,323	\$ 5,236,054

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate in the July 1, 2023 actuarial valuation, measured as of June 30, 2023:

	1% Decrease (3.13%)	Discount Rate (4.13%)	1% increase (5.13%)
Total OPEB liability, 6/30/2023	\$ 3,170,383	\$ 2,917,927	\$ 2,689,237

The following table presents the total OPEB liability of the Port, as well as what the Port's total OPEB liability would have been if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate in the July 1, 2021 actuarial valuation, measured as of June 30, 2022:

	1% Decrease (1.18%)	Discount Rate (2.18%)	1% increase (3.18%)
Total OPEB liability, 6/30/2022	\$ 5,046,064	\$ 4,615,323	\$ 4,221,533

At June 30, 2023, there were deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ 188,610	\$ 2,973,361
Changes of assumptions	\$ 188,610	\$ 2,973,361
Total	\$ 188,610	\$ 2,973,361

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

10. Postemployment Healthcare Benefits, continued:

Cumulative deferred inflows and outflows related to OPEB will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources - Airport	Deferred Outflows/(Inflows) of Resources - Marine & Other	Deferred Outflows/(Inflows) of Resources - Total
2024	\$ (332,508)	\$ (231,019)	\$ (563,527)
2025	(332,508)	(231,018)	(563,526)
2026	(315,145)	(253,598)	(568,743)
2027	(315,141)	(253,599)	(568,740)
2028	(145,738)	(114,373)	(260,111)
Thereafter	(145,729)	(114,375)	(260,104)
Total	<u>\$ (1,586,769)</u>	<u>\$ (1,197,982)</u>	<u>\$ (2,784,751)</u>

11. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions. Claims, litigation and other settlements have not exceeded the limits of available insurance coverage in any of the past three years, when insurance was applicable.

The Airport is a full participant in the Port's risk management program. The Airport's expenses related to this program are recorded when incurred, with cash being paid to the Port's General Fund for ease of administration.

The Port self-insures for certain workers' compensation losses for amounts up to \$1,000,000 per accident. For amounts in excess of self-insured limits, insurance in the amount of the statutory limit per loss (unlimited) is maintained. Claim expenses and liabilities are recorded when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated.

Liabilities include an estimate for claims that have been incurred but not reported. Claims liabilities are based on the estimated ultimate cost of settling the claims, using past experience adjusted for current trends through a case-by-case review of all claims. Effective May 8, 1993, certain workers' compensation losses incurred after such date are the responsibility of an independent marine terminal management company.

Changes in the reported liability for workers' compensation resulted from the following:

	Fiscal Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
Beginning liability	\$ 662,486	\$ 847,734
Current year claims and changes in estimates	1,037,320	157,298
Claim payments	(491,928)	(342,546)
Ending liability	<u>\$ 1,207,878</u>	<u>\$ 662,486</u>

Approximately \$615,297 and \$428,858 of the liability was applicable to the Airport at June 30, 2023 and 2022, respectively.

THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued

12. Commitments and Contingencies:

At June 30, 2023, land acquisition and construction contract commitments aggregated approximately \$946,800,000 for the Airport, \$40,000,000 for Marine & Other, and \$986,800,000 in total.

The Port is subject to federal, state, and local environmental laws and regulations. Pursuant to these laws and regulations, the Port has identified a number of contaminated sites on Port properties that will require remedial investigation and action. Some properties owned or operated by the Port may have unacceptable levels of contaminants in soil, sediments, or groundwater. In some cases, the Port has been designated by Federal or State government as a potentially responsible party (PRP) for the investigation and cleanup of properties owned by the Port or where the Port may have contributed to site contamination.

In December 2000, the Environmental Protection Agency (EPA) listed the Portland Harbor, including uplands portions, on the National Priorities List of Superfund sites pursuant to the Comprehensive Environmental Response Compensation and Liability Act. The EPA and the Oregon Department of Environmental Quality (DEQ) have identified the Port and other PRPs as potentially liable for cleanup of the site. The Port and other PRPs have signed an Administrative Settlement Agreement and Order on Consent (ASAOC) to perform remedial investigation and action activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately \$1,500,000 for its estimated remaining share of the costs of these Portland Harbor investigative and remedial activities at June 30, 2023. In January 2017, the EPA released a Record of Decision (ROD) for the Portland Harbor. Cleanup costs for the Portland Harbor remain uncertain under the ROD and are not yet estimable and the Port's ultimate share of cleanup costs is not known. Within the Portland Harbor, there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port has entered into separate ASAOCs with the EPA governing early action cleanup activities on two of these sites. The Port has accrued approximately \$25,900,000 and \$2,100,000 in estimated costs for these cleanups at June 30, 2023. At another site, the Port has accrued approximately \$27,000,000 in estimated remaining costs at June 30, 2023. These sites are accounted for within the Marine & Other activity.

Operating expense and the corresponding liability measured at current value using the expected cash flow method have been recognized for certain pollution remediation obligations that may not have been previously required to be recognized. Certain other environmental contingencies may have limited measurable transactions and events at initial recognition, but estimates will increase over time as more components become reasonably estimable. Liabilities will also be remeasured when new information indicates increases or decreases in estimated outlays.

Changes in estimated long-term environmental liabilities were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Environmental liabilities	\$ 795,000	\$ 10,655	\$ (25,655)	\$ 780,000
less: current portion	(15,000)			(15,000)
Long-term liability	<u>\$ 780,000</u>	<u>\$ 10,655</u>	<u>\$ (25,655)</u>	<u>\$ 765,000</u>
Marine & Other:				
Environmental liabilities	\$ 65,771,027	\$ 6,993,698	\$ (9,164,046)	\$ 63,600,679
less: current portion	(11,033,776)	(6,589,130)	9,098,568	(8,524,338)
Long-term liability	<u>\$ 54,737,251</u>	<u>\$ 404,568</u>	<u>\$ (65,478)</u>	<u>\$ 55,076,341</u>

13. Tax Abatements:

The Port is subject to property tax abatements granted by counties within the Port District pursuant to State statute. Tax abatements granted within the Port District reduce the amount of property taxes collected under the Port's property tax levy in each county. Port property tax revenues were reduced by approximately \$203,000 under agreements entered into by Multnomah County, \$466,000 under agreements entered into by Clackamas County, and \$1,232,000 under agreements entered into by Washington County.

**THE PORT OF PORTLAND
NOTES TO FINANCIAL STATEMENTS, Continued**

14. Net Position Deficit:

The Port has net position deficits of \$418,597,234 and \$115,231,188 in the Airport Revenue Fund and CFC Fund (funds within the Airport activity) as of June 30, 2023. These deficits exist because bond proceeds are recorded in or reimbursed to construction funds and related long-term debt is recorded in these funds.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 4,615,323	\$ 4,648,002	\$ 6,619,654	\$ 6,477,793	\$ 6,283,870	\$ 6,318,267	\$ 6,332,670
Service cost	207,641	197,753	310,168	295,398	281,331	146,462	139,488
Interest	89,161	98,467	188,153	179,675	186,044	190,716	191,760
Differences between expected and actual experience	(1,261,187)		(2,283,987)		(376,487)		
Changes of assumptions	(559,583)		123,566		413,000		
Benefit payments	(173,428)	(328,899)	(309,552)	(333,212)	(309,965)	(371,575)	(345,651)
Net change	(1,697,396)	(32,679)	(1,971,652)	141,861	193,923	(34,397)	(14,403)
Total OPEB liability - ending	<u>\$ 2,917,927</u>	<u>\$ 4,615,323</u>	<u>\$ 4,648,002</u>	<u>\$ 6,619,654</u>	<u>\$ 6,477,793</u>	<u>\$ 6,283,870</u>	<u>\$ 6,318,267</u>
Covered-employee payroll	\$ 65,516,829	\$ 54,531,536	\$ 54,531,536	\$ 57,832,773	\$ 57,832,773	\$62,444,085	\$62,444,085
Total OPEB liability as a percentage of covered-employee payroll	4.5%	8.5%	8.5%	11.4%	11.2%	10.1%	10.1%

Notes to Schedule:

No assets are accumulated in a trust that meets the criteria of paragraph 4 of Statement 75.

THE PORT OF PORTLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PROPORTIONATE SHARE OF PERS NET PENSION LIABILITY (ASSET)

Measurement date as-of June 30,	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Port share of Net Pension Liability (Asset) - percentage	0.508547%	0.523302%	0.539894%	0.656754%	0.659650%
Port share of Net Pension Liability (Asset) - amount [A]	\$ 77,868,793	\$ 62,620,834	\$ 117,823,511	\$ 113,602,700	\$ 99,928,241
Port covered-employee payroll [B]	\$ 73,197,000	\$ 72,503,000	\$ 76,097,000	\$ 72,101,000	\$ 71,239,000
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	106.4%	86.4%	154.8%	157.6%	140.3%
PERS fiduciary net position as a percentage of TPL	84.5%	87.6%	75.8%	80.2%	82.1%

Measurement date as-of June 30,	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Port share of Net Pension Liability (Asset) - percentage	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	\$ 86,772,304	\$ 103,193,124	\$ 36,036,033	\$ (14,416,804)	\$ 32,457,134
Port covered-employee payroll [B]	\$ 70,942,000	\$ 66,585,000	\$ 66,637,000	\$ 61,267,000	\$ 60,855,267
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	122.3%	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	83.1%	80.5%	91.9%	103.6%	92.0%

THE PORT OF PORTLAND
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS TO PERS (\$000)

Fiscal Year:	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016⁽¹⁾</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 11,018	\$ 10,418	\$ 8,899	\$ 10,871	\$ 8,714	\$ 8,143	\$ 5,549	\$ 5,549	\$ 5,332	\$ 4,831
Contribution in relation to Actuarially Determined Contribution	\$ 11,018	\$ 10,418	\$ 8,899	\$ 10,871	\$ 8,714	\$ 8,143	\$ 5,549	\$ 5,549	\$ 5,332	\$ 4,831
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 78,726	\$ 73,197	\$ 72,503	\$ 76,097	\$ 72,101	\$ 71,239	\$ 70,942	\$ 66,585	\$ 66,637	\$ 61,267
Contribution as a percentage of Covered Employee Payroll	14.0%	14.2%	12.3%	14.3%	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%

⁽¹⁾ Effective in Port fiscal year 2016, the actuarial methodology utilized by PERS for determining employer contributions changed from projected unit credit to entry age normal.

SUPPLEMENTARY INFORMATION

(UNAUDITED)

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS

The Port of Portland is a municipal corporation created in its present form by the 1971 merger of The Port of Portland and the Commission of Public Docks. A nine-member commission establishes and maintains Port policy for a staff under the guidance of an executive director.

The original Port of Portland was created in 1891 by the Oregon Legislative Assembly with the objective of dredging and maintaining a channel between Portland and the Pacific Ocean. As its operations and responsibilities increased, the Port acquired its aviation and land development interests.

The City of Portland in 1910 created the Commission of Public Docks to promote and develop maritime commerce through Portland Harbor and, in 1970, the voters approved a merger of these two organizations. In 1973, the Port district was expanded to include all of Multnomah, Clackamas, and Washington Counties.

For financial reporting and operating purposes, management considers the activities of the Port to be that of a unitary enterprise operation. For budgetary and bond ordinance requirement purposes only, the primary divisions of the accounts of the Port consist of the following funds (accounts):

General Fund

Used to finance the general operations of the Port and, subject to restrictions of the local budget law, its assets may be transferred to another fund for any authorized purpose. Principal revenue sources are marine facilities operations, land sales, and leases.

Bond Construction Fund

This fund finances the acquisition, construction, expansion, and improvement of new and existing structures and facilities. Resources are from transfers from the General Fund, grants, interest on investments, and a property tax levy for Port improvements.

Airport Revenue Fund

This fund is to be held and administered by the Port as long as any Portland International Airport Revenue Bonds are outstanding. The monies deposited in this fund are not commingled with any other monies of the Port and are used and applied only in the manner as specified by Section 13, Ordinance No. 155 and Section 6, Ordinance No. 323. Airport operations are accounted for in this fund. Principal revenue sources are flight fees, rentals, parking, and concession income.

Airport Revenue Bond Fund

This fund is administered by a trustee appointed under Section 11, Ordinance No. 323. The monies in this fund are used solely for the payment of principal and interest due on Portland International Airport Revenue Bonds. Principal resources are revenue bond proceeds, interest, and transfers from the Airport Revenue Fund and the Airport Construction Fund.

Airport Construction Fund

The monies credited to this fund are used and applied solely to the payment of costs of additions, expansions, and improvements to the Airport in accordance with Section 12, Ordinance No. 155 and Section 8, Ordinance No. 323. Principal resources are interest, grants, and revenue bond proceeds.

PFC Fund

This fund is used to account for PFC revenue. Amounts credited to this fund are used to provide for debt service on Portland International Airport Passenger Facility Charge Revenue Bonds and to construct certain assets in accordance with Section 2, Ordinance No. 395-B. Principal resources are PFC revenue, bond proceeds, and interest.

PFC Bond Fund

This fund, created in accordance with Section 8, Ordinance No. 395-B, is administered by a trustee, for the payment of principal and interest on Portland International Airport Passenger Facility Charge Revenue Bonds. Principal resources are transfers from the PFC Fund, bond proceeds, and interest.

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS, Continued

CFC Fund

This fund is used to account for CFC revenues. The monies credited to this fund are used and applied solely to the payment of costs of projects related to rental car facilities, related Port-approved enabling projects, and program costs at the Airport in accordance with Section 4, Ordinance No. 448. The principal resources for this fund are a customer facility charge imposed on rental car customers who rent automobiles from Airport facilities and interest.

CFC Bond Fund

This fund, created in accordance with Section 5, Ordinance 461-B, is administered by a trustee for the payment of principal and interest on Portland International Airport Customer Facility Charge Revenue Bonds. Principal resources are transfers from the CFC Fund, bond proceeds, and interest.

THE PORT OF PORTLAND
RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE
CONTRIBUTIONS AND TRANSFERS
for the year ended June 30, 2023

	Budgetary Basis *		Excess Revenues (Expenditures)
	Revenues	Expenditures	
Port Funds:			
General Fund	\$ 117,342,898	\$ 161,972,607	\$ (44,629,709)
Bond Construction Fund	19,138,319	14,902,639	4,235,680
Airport Revenue Fund	422,105,868	133,487,972	288,617,896
Airport Revenue Bond Fund	48,549,029	120,966,433	(72,417,404)
Airport Construction Fund	468,373,390	323,263,375	145,110,015
PFC Fund	32,279,720	24,250	32,255,470
PFC Bond Fund	443,368	13,510,871	(13,067,503)
CFC Fund	17,313,986	20,226	17,293,760
CFC Bond Fund	313,794	9,521,452	(9,207,658)
Totals - budgetary reporting basis	\$ 1,125,860,372	\$ 777,669,825	348,190,547
Add (deduct) adjustments to budgetary reporting basis			
which are necessary to reflect results of operations			
on financial reporting basis in accordance with			
generally accepted accounting principles:			
Capital outlay expenditures			333,641,771
Internal costs on capital projects			19,835,263
Depreciation and amortization expense			(129,551,082)
Contributions from governmental agencies			(8,629,186)
Bond sale proceeds			(604,919,607)
Bond and contract payable principal expenditures			78,202,568
Change in unearned revenues and certain noncurrent receivables			(3,154,119)
Difference between income and proceeds from sales of land			(1,661,936)
Noncash pension and OPEB expense			692,359
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,011,696)
Amortization of deferred lease inflows			5,652,223
Noncash derivative instrument interest			991,425
Other			3,729,909
Income before contributions and transfers per			
Statement of Revenues, Expenses, and Changes in Net Position			\$ 41,008,439

* The Port budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND
RECONCILIATION OF AIRPORT BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE
CONTRIBUTIONS AND TRANSFERS
for the year ended June 30, 2023

	Budgetary Basis *		Excess Revenues (Expenditures)
	Revenues	Expenditures	
Airport Funds:			
Airport Revenue Fund	\$ 422,105,868	\$ 133,487,972	\$ 288,617,896
Airport Revenue Bond Fund	48,549,029	120,966,433	(72,417,404)
Airport Construction Fund	468,373,390	323,263,375	145,110,015
PFC Fund	32,279,720	24,250	32,255,470
PFC Bond Fund	443,368	13,510,871	(13,067,503)
CFC Fund	17,313,986	20,226	17,293,760
CFC Bond Fund	313,794	9,521,452	(9,207,658)
Totals - budgetary reporting basis	\$ 989,379,155	\$ 600,794,579	388,584,576
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			318,756,694
Internal costs on capital projects			3,882,738
Depreciation and amortization expense			(107,740,916)
Bond sale proceeds			(604,919,607)
Bond principal expenditures			69,554,107
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,148,936)
Amortization of deferred lease inflows			3,492,470
Allocation of pension debt service			(4,564,524)
Change in unearned revenues and certain noncurrent receivables			(963,568)
Intra-Port services received, provided, and overhead			(30,926,053)
Noncash derivative instrument interest			1,807,006
Other			1,802,272
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Position			\$ 36,616,259

* The Airport budgets all funds on the accrual basis of accounting.

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Resources			Actual	Over (Under) Budget
	Original	Transfers In (Out)	Revised		
REVENUES:					
Operating revenues:					
Administration	\$ 173,500		\$ 173,500	\$ 253,145	\$ 79,645
Marine	63,864,019		63,864,019	60,416,380	(3,447,639)
Trade and Economic Development	6,571,333		6,571,333	9,198,909	2,627,576
Navigation	23,678,072	\$ 8,500,000	32,178,072	24,622,069	(7,556,003)
General Aviation	4,007,353		4,007,353	3,963,543	(43,810)
	<u>98,294,277</u>	<u>8,500,000</u>	<u>106,794,277</u>	<u>98,454,046</u>	<u>(8,340,231)</u>
Bonds, loans and other	4,480,000		4,480,000		(4,480,000)
Fixed asset sales and other	3,000,000		3,000,000	12,069,472	9,069,472
Interest	1,353,700		1,353,700	6,819,380	5,465,680
Total revenues	<u>107,127,977</u>	<u>8,500,000</u>	<u>115,627,977</u>	<u>117,342,898</u>	<u>1,714,921</u>
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	3,946,002		3,946,002	2,921,320	(1,024,682)
Airport Construction Fund	13,090,189		13,090,189	13,031,206	(58,983)
Airport Revenue Fund	39,496,328		39,496,328	40,290,815	794,487
Total transfers	<u>56,532,519</u>		<u>56,532,519</u>	<u>56,243,341</u>	<u>(289,178)</u>
Total revenues and transfers	163,660,496	8,500,000	172,160,496	173,586,239	1,425,743
BEGINNING WORKING CAPITAL					
	200,937,555		200,937,555	256,781,449	55,843,894
Total resources	<u>\$ 364,598,051</u>	<u>\$ 8,500,000</u>	<u>\$ 373,098,051</u>	<u>\$ 430,367,688</u>	<u>\$ 57,269,637</u>

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), Continued
for the year ended June 30, 2023

	Appropriations			<u>Actual</u>	(Over) Under <u>Budget</u>
	<u>Original</u>	Transfers <u>In (Out)</u>	<u>Revised</u>		
EXPENDITURES:					
Administration	\$ 63,411,095		\$ 63,411,095	\$ 57,124,059	\$ 6,287,036
Marine	59,448,270	\$ 5,250,000	64,698,270	61,176,999	3,521,271
Trade and Economic Development	8,606,257		8,606,257	7,148,731	1,457,526
Navigation	16,204,460	8,500,000	24,704,460	16,107,245	8,597,215
General Aviation	3,141,607	350,000	3,491,607	3,059,571	432,036
Long-term debt payments	12,972,532		12,972,532	12,145,703	826,829
System development charges/other	375,000		375,000		375,000
Other environmental	4,771,527	2,000,000	6,771,527	5,210,299	1,561,228
Contingencies	184,271,262	(7,600,000)	176,671,262		176,671,262
Total expenditures	353,202,010	8,500,000	361,702,010	161,972,607	199,729,403
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	10,778,951		10,778,951		10,778,951
Airport Revenue Fund	617,090		617,090	633,223	(16,133)
Total transfers	11,396,041		11,396,041	633,223	10,762,818
Total expenditures and transfers	\$ 364,598,051	\$ 8,500,000	\$ 373,098,051	162,605,830	\$ 210,492,221
ENDING WORKING CAPITAL				\$ 267,761,858	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES:			
Interest and other	\$ 59,400	\$ 411,741	\$ 352,341
Grants	<u>12,941,273</u>	<u>3,711,369</u>	<u>(9,229,904)</u>
	<u>13,000,673</u>	<u>4,123,110</u>	<u>(8,877,563)</u>
Tax and tax items:			
Current property tax levy - net	14,867,949	15,028,626	160,677
Interest on taxes	<u>10,000</u>	<u>(13,417)</u>	<u>(23,417)</u>
	<u>14,877,949</u>	<u>15,015,209</u>	<u>137,260</u>
Total revenues	<u>27,878,622</u>	<u>19,138,319</u>	<u>(8,740,303)</u>
TRANSFERS FROM OTHER FUNDS:			
General Fund	10,778,951		(10,778,951)
Airport Revenue Fund	<u>14,667,133</u>	<u>7,382,695</u>	<u>(7,284,438)</u>
Total transfers	<u>25,446,084</u>	<u>7,382,695</u>	<u>(18,063,389)</u>
BEGINNING WORKING CAPITAL	<u>10,000,000</u>	<u>15,041,841</u>	<u>5,041,841</u>
Total resources	<u>\$ 63,324,706</u>	<u>\$ 41,562,855</u>	<u>\$ (21,761,851)</u>
EXPENDITURES:			
Capital outlay	\$ 49,357,590	14,902,639	\$ 34,454,951
Contingencies	<u>10,000,000</u>		<u>10,000,000</u>
Total expenditures	<u>59,357,590</u>	<u>14,902,639</u>	<u>44,454,951</u>
TRANSFERS TO OTHER FUNDS:			
General Fund	3,946,002	2,921,320	1,024,682
Airport Revenue Fund	<u>21,114</u>	<u>9,471</u>	<u>11,643</u>
Total transfers	<u>3,967,116</u>	<u>2,930,791</u>	<u>1,036,325</u>
Total expenditures and transfers	<u>\$ 63,324,706</u>	<u>17,833,430</u>	<u>\$ 45,491,276</u>
ENDING WORKING CAPITAL		<u>\$ 23,729,425</u>	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Resources				Over (Under) Budget
	Original	Transfers In (Out)	Revised	Actual	
REVENUES:					
Operating revenue - Portland International Airport	\$ 304,725,225		\$ 304,725,225	\$ 309,750,026	\$ 5,024,801
Interest and other	1,871,000		1,871,000	5,080,574	3,209,574
Commercial paper proceeds	300,000,000		300,000,000	95,349,344	(204,650,656)
Grants	30,000,000		30,000,000	11,925,924	(18,074,076)
Total revenues	636,596,225		636,596,225	422,105,868	(214,490,357)
TRANSFERS FROM OTHER FUNDS:					
General Fund	617,090		617,090	633,223	16,133
Bond Construction Fund	21,114		21,114	9,471	(11,643)
Airport Construction Fund	305,496,302		305,496,302	3,873,267	(301,623,035)
CFC Fund				351	351
Total transfers	306,134,506		306,134,506	4,516,312	(301,618,194)
Total revenues and transfers	942,730,731		942,730,731	426,622,180	(516,108,551)
BEGINNING WORKING CAPITAL	129,855,000		129,855,000	278,182,943	148,327,943
Total resources	\$ 1,072,585,731		\$ 1,072,585,731	704,805,123	\$ (367,780,608)
	Appropriations				(Over) Under Budget
	Original	Transfers In (Out)	Revised	Actual	
EXPENDITURES:					
Operating expenditures	\$ 139,744,312		\$ 139,744,312	132,812,746	\$ 6,931,566
Commercial paper debt service payments	300,500,000		300,500,000	422,192	300,077,808
Other	50,000	\$ 300,000	350,000	253,034	96,966
Contingencies	140,000,000	(300,000)	139,700,000		139,700,000
Total expenditures	580,294,312	(300,000)	580,294,312	133,487,972	446,806,340
TRANSFERS TO OTHER FUNDS:					
General Fund	39,496,327		39,496,327	40,290,815	(794,488)
Bond Construction Fund	14,667,134		14,667,134	7,382,695	7,284,439
Airport Construction Fund	353,205,835		353,205,835	115,948,151	237,257,684
Airport Revenue Bond Fund	84,922,123		84,922,123	92,258,847	(7,336,724)
Total transfers	492,291,419		492,291,419	255,880,508	236,410,911
Total expenditures and transfers	\$ 1,072,585,731	\$	1,072,585,731	389,368,480	\$ 683,217,251
ENDING WORKING CAPITAL				\$ 315,436,643	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Original</u>	<u>Transfers In (Out)</u>	<u>Revised</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
REVENUES:					
Interest and other	\$ 67,700		\$ 67,700	\$ 2,311,354	\$ 2,243,654
Bond sale and other debt proceeds	<u>21,000,000</u>	<u>\$ 49,000,000</u>	<u>70,000,000</u>	<u>46,237,675</u>	<u>(23,762,325)</u>
Total revenues	<u>21,067,700</u>	<u>49,000,000</u>	<u>70,067,700</u>	<u>48,549,029</u>	<u>(21,518,671)</u>
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	84,922,123		84,922,123	92,258,847	7,336,724
Airport Construction Fund	<u>29,605,750</u>	<u>16,000,000</u>	<u>45,605,750</u>	<u>43,848,328</u>	<u>(1,757,422)</u>
Total transfers	<u>114,527,873</u>	<u>16,000,000</u>	<u>130,527,873</u>	<u>136,107,175</u>	<u>5,579,302</u>
 Total revenues and transfers	 135,595,573	 65,000,000	 200,595,573	 184,656,204	 (15,939,369)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE					
	<u>100,247,326</u>		<u>100,247,326</u>	<u>96,327,423</u>	<u>(3,919,903)</u>
Total resources	<u>\$ 235,842,899</u>	<u>\$ 65,000,000</u>	<u>\$ 300,842,899</u>	<u>280,983,627</u>	<u>\$ (19,859,272)</u>
	<u>Original</u>	<u>Transfers In (Out)</u>	<u>Revised</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
EXPENDITURES:					
Long-term debt payments	\$ 114,595,573	\$ 16,000,000	\$ 130,595,573	120,966,433	\$ 9,629,140
Total expenditures	<u>114,595,573</u>	<u>16,000,000</u>	<u>130,595,573</u>	<u>120,966,433</u>	<u>\$ 9,629,140</u>
UNAPPROPRIATED BALANCE	<u>121,247,326</u>	<u>49,000,000</u>	<u>170,247,326</u>		
	<u>\$ 235,842,899</u>	<u>\$ 65,000,000</u>	<u>\$ 300,842,899</u>		
ENDING RESTRICTED ASSETS AVAILABLE FOR FUTURE DEBT SERVICE				<u>\$ 160,017,194</u>	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	Resources			Actual	Over (Under) Budget
	Original	Transfers In (Out)	Revised		
REVENUES:					
Grants	\$ 49,466,183		\$ 49,466,183	\$ 1,019,261	\$ (48,446,922)
Interest and other	812,100		812,100	2,169,432	1,357,332
Bond and Other Debt Proceeds	309,000,000	\$ 571,000,000	880,000,000	465,184,697	(414,815,303)
Total revenues	359,278,283	571,000,000	930,278,283	468,373,390	(461,904,893)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	353,205,835		353,205,835	115,948,151	(237,257,684)
CFC Fund	11,000,000		11,000,000	1,835,373	(9,164,627)
Total transfers	364,205,835		364,205,835	117,783,524	(246,422,311)
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	200,817,821		200,817,821	208,714,473	7,896,652
Total resources	\$ 924,301,939	\$ 571,000,000	\$ 1,495,301,939	794,871,387	\$ (700,430,552)
	Appropriations			Actual	(Over) Under Budget
	Original	Transfers In (Out)	Revised		
EXPENDITURES:					
Capital outlay	\$ 397,082,277		\$ 397,082,277	321,411,266	\$ 75,671,011
Bond issue costs/other	2,000,000	\$ 3,000,000	5,000,000	1,852,109	3,147,891
Contingencies	177,027,421	552,000,000	729,027,421		729,027,421
Total expenditures	576,109,698	555,000,000	1,131,109,698	323,263,375	807,846,323
TRANSFERS TO OTHER FUNDS:					
General Fund	13,090,189		13,090,189	13,031,206	58,983
Airport Revenue Fund	305,496,302		305,496,302	3,873,267	301,623,035
Airport Revenue Bond Fund	29,605,750	16,000,000	45,605,750	43,848,328	1,757,422
Total transfers	348,192,241	16,000,000	364,192,241	60,752,801	303,439,440
Total expenditures and transfers	\$ 924,301,939	\$ 571,000,000	\$ 1,495,301,939	384,016,176	\$ 1,111,285,763
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION				\$ 410,855,211	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES:			
Interest and other	\$ 680,000	\$ 1,526,433	\$ 846,433
Passenger facility charges	<u>30,148,263</u>	<u>30,753,287</u>	<u>605,024</u>
Total revenues	<u>30,828,263</u>	<u>32,279,720</u>	<u>1,451,457</u>
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION	<u>91,779,354</u>	<u>94,608,618</u>	<u>2,829,264</u>
Total resources	<u>\$ 122,607,617</u>	<u>\$ 126,888,338</u>	<u>\$ 4,280,721</u>
	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
EXPENDITURES:			
Other	\$ 100,000	24,250	\$ 75,750
Contingencies	<u>108,805,617</u>	<u>108,805,617</u>	<u>108,805,617</u>
Total expenditures	<u>108,905,617</u>	<u>24,250</u>	<u>108,881,367</u>
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	13,702,000	14,448,675	(746,675)
Total expenditures and transfers	<u>\$ 122,607,617</u>	<u>14,472,925</u>	<u>\$ 108,134,692</u>
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION		<u>\$ 112,415,413</u>	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES:			
Interest and other	\$ 9,000	\$ 443,368	\$ 434,368
Total revenues	<u>9,000</u>	<u>443,368</u>	<u>434,368</u>
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	13,702,000	14,448,675	746,675
BEGINNING RESTRICTED ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE	14,282,801	12,124,427	(2,158,374)
Total resources	<u>\$ 27,993,801</u>	<u>27,016,470</u>	<u>\$ (977,331)</u>
EXPENDITURES:			
Long-term debt payments	\$ 13,731,000	13,510,871	\$ 220,129
Total expenditures	<u>13,731,000</u>	<u>13,510,871</u>	<u>\$ 220,129</u>
UNAPPROPRIATED BALANCE	<u>14,262,801</u>		
	<u>\$ 27,993,801</u>		
ENDING RESTRICTED ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE		<u>\$ 13,505,599</u>	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES:			
Interest and other	\$ 182,600	\$ 450,716	\$ 268,116
Customer facility charges	<u>14,359,922</u>	<u>16,863,270</u>	<u>2,503,348</u>
Total revenues	<u>14,542,522</u>	<u>17,313,986</u>	<u>2,771,464</u>
BEGINNING RESTRICTED ASSETS			
AVAILABLE FOR APPROPRIATION	<u>28,796,763</u>	<u>29,714,439</u>	<u>917,676</u>
Total resources	<u>43,339,285</u>	<u>47,028,425</u>	<u>\$ 3,689,140</u>
	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
EXPENDITURES:			
Bank fees and other	\$ 50,000	20,226	\$ 29,774
Contingencies	<u>22,774,333</u>	<u> </u>	<u>22,774,333</u>
Total expenditures	<u>22,824,333</u>	<u>20,226</u>	<u>22,804,107</u>
TRANSFERS TO OTHER FUNDS:			
Airport Revenue Fund		351	(351)
Airport Construction Fund	11,000,000	1,835,373	9,164,627
CFC Bond Fund	<u>9,514,952</u>	<u>10,263,663</u>	<u>(748,711)</u>
Total transfers	<u>20,514,952</u>	<u>12,099,387</u>	<u>8,415,565</u>
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	<u>\$ 43,339,285</u>	<u>12,119,613</u>	<u>\$ 31,219,672</u>
ENDING RESTRICTED ASSETS			
AVAILABLE FOR APPROPRIATION		<u>\$ 34,908,812</u>	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Over (Under) <u>Budget</u>
REVENUES:			
Interest and other	\$ 6,500	\$ 313,794	\$ 307,294
Total revenues	<u>6,500</u>	<u>313,794</u>	<u>307,294</u>
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	9,514,952	10,263,663	748,711
Total transfers	<u>9,514,952</u>	<u>10,263,663</u>	<u>748,711</u>
Total revenues and transfers	9,521,452	10,577,457	1,056,005
BEGINNING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION			
Total resources	<u>\$ 9,755,605</u>	<u>9,761,665</u>	<u>6,060</u>
	<u>\$ 19,277,057</u>	<u>20,339,122</u>	<u>\$ 1,062,065</u>
	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
EXPENDITURES:			
Long-term debt payments	\$ 9,521,452	9,521,452	\$ _____
Total expenditures	<u>9,521,452</u>	<u>9,521,452</u>	<u>\$ _____</u>
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	<u>9,755,605</u>		
	<u>\$ 19,277,057</u>		
ENDING RESTRICTED ASSETS AVAILABLE FOR APPROPRIATION			
		<u>\$ 10,817,670</u>	

**THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2023**

ASSETS	Marine & Other				Airport							
	Combined All Funds	Total Marine & Other	General Fund	Bond Construction Fund	Total Airport	Revenue Fund	Revenue Bond Fund	Construction Fund	PFC Fund	PFC Bond Fund	CFC Fund	CFC Bond Fund
Current assets:												
Cash and cash equivalents	\$ 131,346,928	\$ 131,308,588	\$ 131,226,663	\$ 81,925	\$ 38,340	\$ 38,340						
Equity in pooled investments	455,196,614	161,896,722	140,741,767	21,154,955	293,299,892	293,299,892						
Restricted cash and equity in pooled investments	168,138,798				168,138,798		\$ 84,354,529	\$ 66,195,034		\$ 11,118,509		\$ 6,470,726
Receivables, net of allowance for doubtful accounts	46,922,865	28,497,960	23,543,734	4,954,226	18,424,905	18,424,905						
Lease receivable	41,878,981	11,162,830	11,162,830		30,716,151	30,716,151						
Prepaid insurance and other assets	7,667,068	2,676,349	2,291,367	384,982	4,990,719	4,990,719						
Total current assets	<u>851,151,254</u>	<u>335,542,449</u>	<u>308,966,361</u>	<u>26,576,088</u>	<u>515,608,805</u>	<u>347,470,007</u>	<u>84,354,529</u>	<u>66,195,034</u>		<u>11,118,509</u>		<u>6,470,726</u>
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	762,513,118	5,754,811	5,754,811		756,758,307	23,000,416	159,997,601	409,032,818	\$ 107,312,884	13,499,873	\$ 33,097,045	10,817,670
Receivables	8,106,087				8,106,087		19,593	1,166,472	5,102,529	5,726	1,811,767	
Contract retainage deposits	655,921				655,921			655,921				
Total restricted assets	<u>771,275,126</u>	<u>5,754,811</u>	<u>5,754,811</u>		<u>765,520,315</u>	<u>23,000,416</u>	<u>160,017,194</u>	<u>410,855,211</u>	<u>112,415,413</u>	<u>13,505,599</u>	<u>34,908,812</u>	<u>10,817,670</u>
Land held for sale	40,111,470	40,111,470	37,118,571	2,992,899								
Depreciable properties, net of accumulated depreciation and amortization	1,754,128,487	157,002,258	157,002,258		1,597,126,229	1,597,126,229						
Nondepreciable properties	1,173,480,227	118,334,919	81,144,283	37,190,636	1,055,145,308	68,042,167		987,103,141				
Lease receivable	373,260,197	162,227,818	162,227,818		211,032,379	211,032,379						
Due from other funds		18,849,988 *	18,849,988 *									
Unamortized bond issue costs and other noncurrent assets	4,871,716	3,253,967	3,253,967		1,617,749	1,597,189			20,560			
Total noncurrent assets	<u>4,117,127,223</u>	<u>505,535,231</u>	<u>465,351,696</u>	<u>40,183,535</u>	<u>3,630,441,980</u>	<u>1,900,798,380</u>	<u>160,017,194</u>	<u>1,397,958,352</u>	<u>112,435,973</u>	<u>13,505,599</u>	<u>34,908,812</u>	<u>10,817,670</u>
Deferred outflows of resources:												
Deferred charges on refunding bonds	10,110,154				10,110,154	8,851,876			1,258,278			
Deferred charges on pensions and OPEB	33,860,015	16,972,829	16,972,829		16,887,186	16,887,186						
Total deferred outflows of resources	<u>43,970,169</u>	<u>16,972,829</u>	<u>16,972,829</u>		<u>26,997,340</u>	<u>25,739,062</u>			<u>1,258,278</u>			
Total assets	<u>\$ 5,012,248,646</u>	<u>\$ 858,050,509</u>	<u>\$ 791,290,886</u>	<u>\$ 66,759,623</u>	<u>\$ 4,173,048,125</u>	<u>\$ 2,274,007,449</u>	<u>\$ 244,371,723</u>	<u>\$ 1,464,153,386</u>	<u>\$ 113,694,251</u>	<u>\$ 24,624,108</u>	<u>\$ 34,908,812</u>	<u>\$ 17,288,396</u>
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	\$ 8,648,461	\$ 8,648,461	\$ 8,648,461									
Accounts payable, lease and other accrued liabilities	46,073,707	23,685,579	20,838,916	\$ 2,846,663	\$ 22,388,128	\$ 22,388,128						
Accrued wages, vacation and sick leave pay	14,088,049	6,720,456	6,720,456		7,367,593	7,367,593						
Workers' compensation and other accrued liabilities	7,274,313	4,996,670	4,996,670		2,277,643	2,277,643						
Total current liabilities (payable from current assets)	<u>76,084,530</u>	<u>44,051,166</u>	<u>41,204,503</u>	<u>2,846,663</u>	<u>32,033,364</u>	<u>32,033,364</u>						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	53,655,000				53,655,000		\$ 40,485,000			\$ 9,750,000		\$ 3,420,000
Accrued interest payable	48,288,764				48,288,764		43,869,529			1,368,509		3,050,726
Accounts payable	65,443,088				65,443,088			\$ 65,443,088				
Contract retainage payable	751,946				751,946			751,946				
Total restricted current liabilities (payable from restricted assets)	<u>168,138,798</u>				<u>168,138,798</u>		<u>84,354,529</u>	<u>66,195,034</u>		<u>11,118,509</u>		<u>6,470,726</u>
Total current liabilities	<u>244,223,328</u>	<u>44,051,166</u>	<u>41,204,503</u>	<u>2,846,663</u>	<u>200,172,162</u>	<u>32,033,364</u>	<u>84,354,529</u>	<u>66,195,034</u>		<u>11,118,509</u>		<u>6,470,726</u>
Noncurrent liabilities:												
Long-term environmental and other accruals	59,000,185	57,841,396	57,841,396		1,158,789	1,158,789						
Long-term debt	2,558,695,566	40,139,330	40,139,330		2,518,556,236	2,295,123,972		\$ 73,292,264			\$ 150,140,000	
Unearned revenue and other	64,200,876	23,911,685	23,911,685		40,289,191	40,289,191						
Net pension and OPEB liability	80,786,718	26,513,950	26,513,950		54,272,768	54,272,768						
Due to other funds					18,849,988 *	18,849,988 *						
Total noncurrent liabilities	<u>2,762,683,345</u>	<u>148,406,361</u>	<u>148,406,361</u>		<u>2,633,126,972</u>	<u>2,409,694,708</u>		<u>73,292,264</u>			<u>150,140,000</u>	
Deferred inflows of resources:												
Deferred lease inflows	399,216,236	164,090,163	164,090,163		235,126,073	235,126,073						
Deferred pension inflows and other deferred inflows of resources	32,222,239	16,471,701	16,471,701		15,750,538	15,750,538						
Total deferred inflows of resources	<u>431,438,475</u>	<u>180,561,864</u>	<u>180,561,864</u>		<u>250,876,611</u>	<u>250,876,611</u>						
Total liabilities	<u>3,438,345,148</u>	<u>373,019,391</u>	<u>370,172,728</u>	<u>2,846,663</u>	<u>3,084,175,745</u>	<u>2,692,604,683</u>	<u>84,354,529</u>	<u>66,195,034</u>	<u>73,292,264</u>	<u>11,118,509</u>	<u>150,140,000</u>	<u>6,470,726</u>
NET POSITION												
Net investment in capital assets	698,630,061	306,035,856	265,852,321	40,183,535	392,594,205	(638,449,190)	(40,485,000)	1,306,851,821	(72,013,426)	(9,750,000)	(150,140,000)	(3,420,000)
Restricted for capital and debt service	483,834,934	5,754,811	5,754,811		478,080,123	1,653,904	200,502,194	91,106,531	112,415,413	23,255,599	34,908,812	14,237,670
Unrestricted	391,438,503	173,240,451	149,511,026	23,729,425	218,198,052	218,198,052						
Total net position	<u>1,573,903,498</u>	<u>485,031,118</u>	<u>421,118,158</u>	<u>63,912,960</u>	<u>1,088,872,380</u>	<u>(418,597,234)</u>	<u>160,017,194</u>	<u>1,397,958,352</u>	<u>40,401,987</u>	<u>13,505,599</u>	<u>(115,231,188)</u>	<u>10,817,670</u>
Total liabilities and net position	<u>\$ 5,012,248,646</u>	<u>\$ 858,050,509</u>	<u>\$ 791,290,886</u>	<u>\$ 66,759,623</u>	<u>\$ 4,173,048,125</u>	<u>\$ 2,274,007,449</u>	<u>\$ 244,371,723</u>	<u>\$ 1,464,153,386</u>	<u>\$ 113,694,251</u>	<u>\$ 24,624,108</u>	<u>\$ 34,908,812</u>	<u>\$ 17,288,396</u>

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
SCHEDULE OF NET REVENUES
for the year ended June 30, 2023

Operating revenues:	
Airline revenues	\$ 158,629,551
Concessions and other rentals	147,619,530
Other	<u>15,698,816</u>
	321,947,897
Interest income - revenue fund and revenue bond fund	<u>7,579,965</u>
	<u>329,527,862</u>
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	61,112,705
Contract, professional and consulting services	41,424,934
Materials and supplies	6,322,344
Utilities	12,106,751
Equipment rents, repair and fuel	1,693,031
Insurance	6,136,641
Lease and rent	8,380
Travel and management expense	2,653,152
Allocation of general and administration expense of the Port of Portland	27,613,924
Other	<u>3,193,708</u>
	<u>162,265,570</u>
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	<u><u>\$ 167,262,292</u></u>

* Presented in accordance with provisions of Ordinance Nos. 155 and 323 (ordinances authorizing issuance of Airport revenue bonds), which are different from generally accepted accounting principles.

THE PORT OF PORTLAND
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2023

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 authorizing the issuance of Portland International Airport revenue bonds require that net revenues, as defined by Ordinance No. 155, in each fiscal year must equal at least 130 percent of the prior lien bond (PLB) and subordinate lien bond (SLB) debt service requirements, as defined, for such fiscal year on all outstanding Portland International Airport revenue bonds. The Airport paid off the last of the PLBs in 1993, and has covenanted not to issue any further PLBs.

The Airport has complied with this provision computed in accordance with ordinance definitions as follows:

Net revenues, per accompanying schedule of net revenues		\$ 167,262,292
SLB debt service requirement:		
Interest and principal amount	\$ 85,553,000	
	<u> x 130%</u>	
Total net revenues required		<u>111,218,900</u>
Excess of net revenues over 130% of SLB debt service requirement		<u>\$ 56,043,392</u>
Section 5f of Ordinance No. 323 also requires that in a fiscal year when there is excess principal due, as defined in Section 5f of Ordinance No. 323, the net revenues in excess of 130% of the SLB debt service requirement equal 100% of such excess principal amount.		
Excess of net revenues over 130% of SLB debt service requirement		\$ 56,043,392
Excess principal amount	\$	
	<u> x 100%</u>	
Total additional net revenues required		<u> </u>
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		<u>\$ 56,043,392</u>
In addition, Section 5f of Ordinance No. 323 requires that the net revenues, together with other amounts that are available to pay other swap obligations, as defined in Ordinance No. 323, are sufficient to pay all other swap obligations and junior lien obligations (Other Obligations) when due.		
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		\$ 56,043,392
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		<u>56,043,392</u>
Other swap obligations	\$ 176,273	
Junior lien obligations		
Total Other Obligations	<u> </u>	<u>176,273</u>
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		<u>\$ 55,867,119</u>

THE PORT OF PORTLAND
 PORTLAND INTERNATIONAL AIRPORT
 SCHEDULE OF REVENUE BOND
 CONSTRUCTION ACCOUNT ACTIVITY
 for the year ended June 30, 2023

	Bond Proceeds <u>Portion</u>	Capitalized Interest <u>Portion</u>
Construction account, June 30, 2022	\$ 64,687,954	\$ 49,725,175
Bond sale proceeds	431,133,416	34,051,281
Interest income	<u>4,622,446</u>	<u>1,346,015</u>
	500,443,816	85,122,471
Construction expenditures	227,454,193	
Issuance expenditures	1,882,372	
Transfers to revenue bond fund	<u> </u>	<u>36,481,042</u>
Construction account, June 30, 2023	<u><u>\$ 271,107,251</u></u>	<u><u>\$ 48,641,429</u></u>

NOTE: This schedule is provided in compliance with Section 8(d) of Ordinance No. 323.

THE PORT OF PORTLAND
 SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR
 PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO
 REVENUE BOND DEBT SERVICE REQUIREMENT
 for the year ended June 30, 2023

Net revenues, per accompanying schedule of net revenues	\$ 167,262,292
Less revenue bond fund interest income	<u>(4,118,359)</u>
Applied to General Account, available to be applied to debt service of bonds	<u>\$ 163,143,933 (1)</u>
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	<u>\$ 85,553,000 (2)</u>
Ratio (1)/(2)	<u>1.91</u>
Required ratio	<u>1.30</u>

NOTE: This schedule is provided in compliance with Section 5f of Ordinance No. 323.

THE PORT OF PORTLAND
 SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
 for the year ended June 30, 2023

	<u>First Lien Bond Account</u>	<u>First Lien Reserve Account</u>	<u>Capital Account</u>
Balances at June 30, 2022	\$ 28,391	\$ 12,096,037	\$ 94,608,618
PFC revenues:			
PFC bond account	14,498,675		
Capital account			16,254,612
Interest earnings		443,368	1,301,039
Transfer from reserve account to bond account	443,368	(443,368)	
Bond payments to trustee	(13,510,871)		
Other, net	<u> </u>	<u> </u>	<u>201,144</u>
Balances at June 30, 2023	<u>\$ 1,459,563</u>	<u>\$ 12,096,037</u>	<u>\$ 112,365,413</u>

NOTE: This schedule is provided in compliance with Section 9(d) of Ordinance No. 395-B.

THE PORT OF PORTLAND
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2023

Fiscal Year	Property Taxes Receivable June 30, 2022	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2023	Interest Collected
2022-23		\$ 15,518,072	\$ (14,859,421)	\$ (413,314)	\$ (52,241)	\$ 193,096	\$ (18,229)
2021-22	\$ 189,137		(103,422)		(16,952)	68,763	4,413
2020-21	69,320		(27,080)		(5,897)	36,343	8,667
2019-20	38,452		(21,969)		(618)	15,865	14,366
2018-19	13,325		(10,059)		1,132	4,398	1,858
2017-18 and prior	23,054		(2,204)		(1,584)	19,266	985
	<u>\$ 333,288</u>	<u>\$ 15,518,072</u>	<u>\$ (15,024,155)</u>	<u>\$ (413,314)</u>	<u>\$ (76,160)</u>	<u>\$ 337,731</u>	<u>\$ 12,060</u>

Reconciliation to income from property taxes:

Current levy	\$ 15,518,072
Deduct discounts allowed	(413,314)
Cancellations and adjustments	<u>(76,160)</u>
	<u>\$ 15,028,598</u>

THE PORT OF PORTLAND
SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2023

	Maturity Date	Outstanding at June 30, 2022	2022-2023 Transactions			Outstanding June 30, 2023	
			Issued	Matured	Redeemed	Total	Due Within One Year
<u>LIMITED TAX PENSION BONDS:</u>							
Series 2002B, 6.60% to 6.85%	06/01/28	\$ 35,325,000		\$ 4,840,000	\$ 4,840,000	\$ 30,485,000	\$ 5,495,000
Series 2005, 4.00% to 5.50%	06/01/28	10,400,000		1,510,000	1,510,000	8,890,000	1,670,000
Total Limited Tax Pension Bonds		<u>45,725,000</u>		<u>6,350,000</u>	<u>6,350,000</u>	<u>39,375,000</u>	<u>7,165,000</u>
<u>PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:</u>							
Series 18A, 4.55% *	07/01/26	17,525,000		3,295,000	3,295,000	14,230,000	3,450,000
Series 18B, 4.60% *	07/01/26	17,530,000		3,295,000	3,295,000	14,235,000	3,450,000
Series 21C, 4.375% to 5.00%	07/01/23	11,835,000		5,785,000	5,785,000	6,050,000	6,050,000
Series 22, 4.00% to 5.00%	07/01/44	84,480,000		2,040,000	2,040,000	82,440,000	2,140,000
Series 23, 5.00%	07/01/38	96,235,000		3,720,000	3,720,000	92,515,000	3,910,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	201,685,000		4,375,000	4,375,000	197,310,000	4,595,000
Series 25A, 5.00%	07/01/49	21,825,000				21,825,000	
Series 25B, 5.00%	07/01/49	185,340,000		2,325,000	2,325,000	183,015,000	3,745,000
Series 26A, 4.00% to 5.00%	07/01/40	11,660,000		630,000	630,000	11,030,000	670,000
Series 26B, 5.00%	07/01/40	14,435,000		25,000	25,000	14,410,000	50,000
Series 26C, 5.00%	07/01/28	40,440,000		5,835,000	5,835,000	34,605,000	6,140,000
Series 27A, 4.00% to 5.00%	07/01/50	289,535,000				289,535,000	
Series 27B, 0.80% to 1.30%	07/01/25	22,925,000		5,650,000	5,650,000	17,275,000	5,695,000
Series 28, 4.00% to 5.00%	07/01/52	527,005,000				527,005,000	590,000
Series 29, 5.00% to 5.50%	07/01/53		\$ 566,120,000			566,120,000	
Total Portland Int'l Airport Revenue Bonds		<u>1,564,420,000</u>	<u>566,120,000</u>	<u>36,975,000</u>	<u>36,975,000</u>	<u>2,093,565,000</u>	<u>40,485,000</u>
<u>PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:</u>							
Series 2012A, 4.678% *	07/01/24	29,275,000		9,265,000	9,265,000	20,010,000	9,750,000
Series 2022A, 5.00% *	07/01/31	51,620,000				51,620,000	
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		<u>80,895,000</u>		<u>9,265,000</u>	<u>9,265,000</u>	<u>71,630,000</u>	<u>9,750,000</u>
<u>PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:</u>							
Series 2019, 2.635% to 4.237%	07/01/49	156,890,000		3,330,000	3,330,000	153,560,000	3,420,000
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		<u>156,890,000</u>		<u>3,330,000</u>	<u>3,330,000</u>	<u>153,560,000</u>	<u>3,420,000</u>
Total Port Bonds		<u>\$ 1,847,930,000</u>	<u>\$ 566,120,000</u>	<u>\$ 55,920,000</u>	<u>\$ 55,920,000</u>	<u>\$ 2,358,130,000</u>	<u>\$ 60,820,000</u>
<u>CONTRACTS & LOANS PAYABLE:</u>							
Oregon Business Development Dept., B08005, 5.00%	12/01/30	\$ 3,644,399		\$ 331,627	\$ 331,627	\$ 3,312,772	\$ 349,458
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	7,184,214		1,084,195	1,084,195	6,100,019	1,134,003
Total Contracts & Loans Payable		<u>\$ 10,828,613</u>		<u>\$ 1,415,822</u>	<u>\$ 1,415,822</u>	<u>\$ 9,412,791</u>	<u>\$ 1,483,461</u>
TOTAL PORT LONG-TERM DEBT		<u>\$ 1,858,758,613</u>	<u>\$ 566,120,000</u>	<u>\$ 57,335,822</u>	<u>\$ 57,335,822</u>	<u>\$ 2,367,542,791</u>	<u>\$ 62,303,461</u>

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

* Interest rate at June 30, 2023. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND
SCHEDULE OF BOND AND OTHER LONG-TERM DEBT INTEREST TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2023

	Outstanding at June 30, 2022	2022 - 23 Transactions			Outstanding at June 30, 2023	Maturing Within One Year
		Issued	Interest Matured and Paid	Interest Fluctuations and Redemptions		
<u>LIMITED TAX PENSION BONDS:</u>						
Series 2002B, 6.60% to 6.85%	\$ 8,544,391		\$ 2,404,250		\$ 6,140,141	\$ 2,072,710
Series 2005, 4.00% to 5.50%	1,822,958		520,416		1,302,542	444,856
Total Limited Tax Pension Bonds	<u>10,367,349</u>		<u>2,924,666</u>		<u>7,442,683</u>	<u>2,517,566</u>
<u>PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:</u>						
Series 18A, 4.55% *	642,511		442,171	\$ (1,418,323)	1,618,663	647,465
Series 18B, 4.60% *	563,072		388,688	(1,462,756)	1,637,140	654,810
Series 21C, 4.375% to 5.00%	574,069		426,100		147,969	147,969
Series 22, 4.00% to 5.00%	57,453,250		4,173,000		53,280,250	4,068,500
Series 23, 5.00%	46,473,375		4,718,750		41,754,625	4,528,000
Series 24A, 5.00%	25,915,625		1,098,250		24,817,375	1,098,250
Series 24B, 5.00%	149,349,375		9,974,875		139,374,500	9,750,625
Series 25A, 5.00%	27,933,375		1,091,250		26,842,125	1,091,250
Series 25B, 5.00%	150,113,750		9,208,875		140,904,875	9,057,125
Series 26A, 4.00% to 5.00%	4,688,125		525,200		4,162,925	492,700
Series 26B, 5.00%	8,399,375		721,125		7,678,250	719,250
Series 26C, 5.00%	7,140,500		1,876,125		5,264,375	1,576,750
Series 27A, 4.00% to 5.00%	247,098,775		13,418,950		233,679,825	13,418,950
Series 27B, 0.80% to 1.30%	545,713		224,335		321,378	173,260
Series 28, 4.00% to 5.00%	461,239,832		20,916,107		440,323,725	23,965,500
Series 29, 5.00% to 5.50%		\$ 623,754,137			632,129,430	23,450,817
Total Portland Int'l Airport Revenue Bonds	<u>1,188,130,722</u>	<u>623,754,137</u>	<u>69,203,801</u>	<u>(2,881,079)</u>	<u>1,753,937,430</u>	<u>94,841,221</u>
<u>PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:</u>						
Series 2012A, 4.678% *	1,136,072		721,299	(1,001,321)	1,416,094	936,110
Series 2022A, 5.00% *	18,865,706		2,251,206		16,614,500	2,581,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	<u>20,001,778</u>		<u>2,972,505</u>	<u>(1,001,321)</u>	<u>18,030,594</u>	<u>3,517,110</u>
<u>PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:</u>						
Series 2019, 2.635% to 4.237%	106,661,279		6,147,556		100,513,723	6,052,751
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds	<u>106,661,279</u>		<u>6,147,556</u>		<u>100,513,723</u>	<u>6,052,751</u>
Total Port Bonds	<u>\$ 1,325,161,128</u>	<u>\$ 623,754,137</u>	<u>\$ 81,248,528</u>	<u>\$ (3,882,400)</u>	<u>\$ 1,879,924,430</u>	<u>\$ 106,928,648</u>
<u>CONTRACTS & LOANS PAYABLE:</u>						
Oregon Business Development Dept., B08005, 5.00%	\$ 969,722		\$ 182,220		\$ 787,502	\$ 165,639
Banc of America Leasing & Capital, LLC, 4.5%	1,012,170		301,109		711,061	251,302
Total Contracts & Loans Payable	<u>\$ 1,981,892</u>		<u>\$ 483,329</u>		<u>\$ 1,498,563</u>	<u>\$ 416,941</u>
TOTAL PORT LONG-TERM DEBT	<u>\$ 1,327,143,020</u>	<u>\$ 623,754,137</u>	<u>\$ 81,731,857</u>	<u>\$ (3,882,400)</u>	<u>\$ 1,881,422,993</u>	<u>\$ 107,345,589</u>

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

* Interest rate at June 30, 2023. Rate is variable, depending on weekly resets.

THE PORT OF PORTLAND
SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2023

	Date of Issue	Total Requirements	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48	2048-49 to 2052-53	2053-54 to 2057-58	
<u>LIMITED TAX PENSION BONDS:</u>														
Series 2002B	-Principal	03/28/02	\$ 30,485,000	\$ 5,495,000	\$ 6,205,000	\$ 6,965,000	\$ 7,810,000	\$ 4,010,000						
6.60% to 6.85%	-Interest		6,140,141	2,072,710	1,696,303	1,286,773	809,670	274,685						
Series 2005	-Principal	09/23/05	8,890,000	1,670,000	1,835,000	2,015,000	2,205,000	1,165,000						
4.00% to 5.50%	-Interest		1,302,542	444,856	361,289	269,465	168,635	58,297						
Total Limited Tax Pension Bonds	-Principal		\$ 39,375,000	\$ 7,165,000	\$ 8,040,000	\$ 8,980,000	\$ 10,015,000	\$ 5,175,000						
Total Limited Tax Pension Bonds	-Interest		\$ 7,442,683	\$ 2,517,566	\$ 2,057,592	\$ 1,556,238	\$ 978,305	\$ 332,982						
<u>PORTLAND INTERNATIONAL AIRPORT</u>														
<u>REVENUE BONDS:</u>														
Series 18A	-Principal	06/11/08	\$ 14,230,000	\$ 3,450,000	\$ 3,605,000	\$ 3,785,000	\$ 3,390,000							
4.55%**	-Interest		1,618,663	647,465	490,490	326,463	154,245							
Series 18B	-Principal	06/11/08	14,235,000	3,450,000	3,610,000	3,780,000	3,395,000							
4.60%**	-Interest		1,637,140	654,810	496,110	330,050	156,170							
Series 21C	-Principal	08/10/11	6,050,000	6,050,000										
4.375% to 5.00%	-Interest		147,969	147,969										
Series 22	-Principal	09/25/14	82,440,000	2,140,000	2,250,000	2,360,000	2,480,000	\$ 2,605,000	\$ 15,105,000	\$ 19,265,000	\$ 24,590,000	\$ 11,645,000		
4.00% to 5.00%	-Interest		53,280,250	4,068,500	3,958,750	3,843,500	3,722,500	3,595,375	15,836,375	11,561,125	6,104,750	589,375		
Series 23	-Principal	03/31/15	92,515,000	3,910,000	4,110,000	4,310,000	4,525,000	4,750,000	27,580,000	20,080,000	23,250,000			
5.00%	-Interest		41,754,625	4,528,000	4,327,500	4,117,000	3,896,125	3,664,250	14,414,500	6,604,125	203,125			
Series 24A	-Principal	01/25/17	21,965,000									21,965,000		
5.00%	-Interest		24,817,375	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250		2,852,375		
Series 24B	-Principal	01/25/17	197,310,000	4,595,000	4,825,000	5,070,000	5,315,000	5,585,000	32,405,000	41,350,000	52,770,000	45,395,000		
5.00%	-Interest		139,374,500	9,750,625	9,515,125	9,267,750	9,008,125	8,735,625	39,087,375	29,911,250	18,202,500	5,896,125		
Series 25A	-Principal	04/24/19	21,825,000									12,450,000	\$ 9,375,000	
5.00%	-Interest		26,842,125	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	4,542,750	474,375		
Series 25B	-Principal	04/24/19	183,015,000	3,745,000	3,935,000	4,130,000	4,335,000	4,550,000	26,420,000	33,730,000	43,045,000	42,490,000	16,635,000	
5.00%	-Interest		140,904,875	9,057,125	8,865,125	8,663,500	8,451,875	8,229,750	37,406,750	29,923,000	20,370,875	9,094,750	842,125	
Series 26A	-Principal	04/24/20	11,030,000	670,000	695,000	735,000	770,000	810,000	2,640,000	2,770,000	1,940,000			
4.00% to 5.00%	-Interest		4,162,925	492,700	458,575	422,825	385,200	345,700	1,263,000	676,725	118,200			
Series 26B	-Principal	04/24/20	14,410,000	50,000	540,000	560,000	600,000	645,000	3,755,000	4,770,000	3,490,000			
5.00%	-Interest		7,678,250	719,250	704,500	677,000	648,000	616,875	2,552,875	1,492,000	267,750			
Series 26C	-Principal	04/24/20	34,605,000	6,140,000	6,435,000	4,610,000	4,840,000	5,090,000	7,490,000					
5.00%	-Interest		5,264,375	1,576,750	1,262,375	986,250	750,000	501,750	187,250					
Series 27A	-Principal	09/30/20	289,535,000					6,165,000	6,480,000	37,575,000	47,950,000	60,590,000	76,475,000	\$ 54,300,000
4.00% to 5.00%	-Interest		233,679,825	13,418,950	13,418,950	13,418,950	13,264,825	12,948,700	59,421,375	48,779,750	35,949,500	19,695,475	3,363,350	
Series 27B	-Principal	09/30/20	17,275,000	5,695,000	5,755,000	5,825,000								
0.80% to 1.30%	-Interest		321,378	173,260	110,255	37,863								
Series 28	-Principal	02/17/22	527,005,000	590,000	8,970,000	9,420,000	9,890,000	10,390,000	60,255,000	76,435,000	93,685,000	114,835,000	142,535,000	
4.00% to 5.00%	-Interest		440,323,725	23,965,500	23,726,500	23,266,750	22,784,000	22,277,000	102,847,625	86,508,875	68,957,950	47,477,650	18,511,875	
Series 29	-Principal	03/21/23	566,120,000						49,680,000	77,415,000	99,110,000	148,120,000	157,145,000	\$ 34,650,000
5.00% to 5.50%	-Interest		632,129,430	23,450,817	30,151,050	30,151,050	30,151,050	30,151,050	145,939,000	129,035,875	106,701,825	74,446,975	30,997,863	952,875
Total Portland Int'l Airport Revenue Bonds	-Principal		\$2,093,565,000	\$ 40,485,000	\$ 44,730,000	\$ 44,585,000	\$ 45,705,000	\$ 40,905,000	\$ 262,905,000	\$ 323,765,000	\$ 402,470,000	\$ 473,375,000	\$ 379,990,000	\$ 34,650,000
Total Portland Int'l Airport Revenue Bonds	-Interest		\$1,753,937,430	\$ 94,841,221	\$ 99,674,805	\$ 97,698,451	\$ 95,561,615	\$ 93,255,575	\$ 429,903,625	\$ 355,440,225	\$ 267,823,975	\$ 164,595,475	\$ 54,189,588	\$ 952,875
<u>PORTLAND INTERNATIONAL AIRPORT</u>														
<u>PASSENGER FACILITY CHARGE REVENUE BONDS:</u>														
Series 2012A	-Principal	08/15/12	\$ 20,010,000	\$ 9,750,000	\$ 10,260,000									
4.678%**	-Interest		1,416,094	936,110	479,984									
Series 2022A	-Principal	11/10/11	51,620,000				\$ 2,670,000	\$ 8,860,000	\$ 40,090,000					
5.00%	-Interest		16,614,500	2,581,000	2,581,000	2,581,000	2,514,250	2,226,000	4,131,250					
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		\$ 71,630,000	\$ 9,750,000	\$ 10,260,000		\$ 2,670,000	\$ 8,860,000	\$ 40,090,000					
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		\$ 18,030,594	\$ 3,517,110	\$ 3,060,984	\$ 2,581,000	\$ 2,514,250	\$ 2,226,000	\$ 4,131,250					
<u>PORTLAND INTERNATIONAL AIRPORT</u>														
<u>CUSTOMER FACILITY CHARGE REVENUE BONDS:</u>														
Series 2019	-Principal	04/29/19	\$ 153,560,000	\$ 3,420,000	\$ 3,520,000	\$ 3,625,000	\$ 3,735,000	\$ 3,855,000	\$ 21,395,000	\$ 25,820,000	\$ 31,530,000	\$ 38,760,000	\$ 17,900,000	
2.769% to 4.237%	-Interest		100,513,723	6,052,751	5,952,165	5,843,839	5,727,377	5,603,458	25,827,098	21,274,795	15,431,779	8,034,200	766,261	
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		\$ 153,560,000	\$ 3,420,000	\$ 3,520,000	\$ 3,625,000	\$ 3,735,000	\$ 3,855,000	\$ 21,395,000	\$ 25,820,000	\$ 31,530,000	\$ 38,760,000	\$ 17,900,000	
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		\$ 100,513,723	\$ 6,052,751	\$ 5,952,165	\$ 5,843,839	\$ 5,727,377	\$ 5,603,458	\$ 25,827,098	\$ 21,274,795	\$ 15,431,779	\$ 8,034,200	\$ 766,261	
Total Port Bonds	-Principal		\$2,358,130,000	\$ 60,820,000	\$ 66,550,000	\$ 57,190,000	\$ 62,125,000	\$ 58,795,000	\$ 324,390,000	\$ 349,585,000	\$ 434,000,000	\$ 512,135,000	\$ 397,890,000	\$ 34,650,000
Total Port Bonds	-Interest		\$1,879,924,430	\$ 106,928,648	\$ 110,745,546	\$ 107,679,528	\$ 104,781,547	\$ 101,418,015	\$ 459,861,973	\$ 376,715,020	\$ 283,255,754	\$ 172,629,675	\$ 54,955,849	\$ 952,875

THE PORT OF PORTLAND
SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2023, Continued

		Date of Issue	Total Requirements	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29 to 2032-33	2033-34 to 2037-38	2038-39 to 2042-43	2043-44 to 2047-48	2048-49 to 2052-53	2053-54 to 2057-58
CONTRACTS & LOANS PAYABLE:														
Oregon Business Development Dept. B08005	-Principal	08/31/10	\$ 3,312,772	\$ 349,458	\$ 362,431	\$ 380,553	\$ 403,830	\$ 422,272	\$ 1,394,228					
5.00%	-Interest		787,502	165,639	148,166	130,044	111,017	90,825	141,811					
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	6,100,019	1,134,003	1,186,099	1,240,588	1,297,580	1,241,749						
4.5%	-Interest		711,061	251,302	199,205	144,717	87,723	28,114						
Total Contracts & Loans Payable	-Principal		\$ 9,412,791	\$ 1,483,461	\$ 1,548,530	\$ 1,621,141	\$ 1,701,410	\$ 1,664,021	\$ 1,394,228					
Total Contracts & Loans Payable	-Interest		\$ 1,498,563	\$ 416,941	\$ 347,371	\$ 274,761	\$ 198,740	\$ 118,939	\$ 141,811					
TOTAL PORT LONG-TERM DEBT	-Principal		\$2,367,542,791	\$ 62,303,461	\$ 68,098,530	\$ 58,811,141	\$ 63,826,410	\$ 60,459,021	\$ 325,784,228	\$ 349,585,000	\$ 434,000,000	\$ 512,135,000	\$ 397,890,000	\$ 34,650,000
TOTAL PORT LONG-TERM DEBT	-Interest		\$1,881,422,993	\$ 107,345,589	\$ 111,092,917	\$ 107,954,289	\$ 104,980,287	\$ 101,536,954	\$ 460,003,784	\$ 376,715,020	\$ 283,255,754	\$ 172,629,675	\$ 54,955,849	\$ 952,875

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.

** Interest rate at June 30, 2023. Rate is variable, depending on weekly resets.

INDUSTRIAL DEVELOPMENT REVENUE BONDS:

Horizon Air Project:	-Principal	08/07/97	\$ 17,300,000				\$ 17,300,000							
1997 Series, 3.86% *	-Interest		2,615,472	\$ 667,780	\$ 667,780	\$ 667,780	612,132							
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		\$ 17,300,000				\$ 17,300,000							
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		\$ 2,615,472	\$ 667,780	\$ 667,780	\$ 667,780	\$ 612,132							

* Interest rate at June 30, 2023. Rate is variable, depending on prime.

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding. This schedule is provided for information purposes only. Industrial development revenue bonds are not a liability or contingent liability of the Port.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS



Report of Independent Auditors Required by Oregon State Regulations

The Board of Commissioners
Port of Portland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Airport and Marine & Other Activities of the Port of Portland, which comprise the balance sheet as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other Activities of the Port of Portland for the year then ended, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements, and have issued our report thereon dated October 25, 2023.

Compliance

As part of obtaining reasonable assurance about whether the Port of Portland's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules (OAR) 162-010-0000 to 162-010-0330, of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the financial statements. 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:

- Accounting records and internal control
- Public fund deposits
- Indebtedness
- Budget
- Insurance and fidelity bonds
- Investments
- Public contracts and purchasing

In connection with our testing, nothing came to our attention that caused us to believe the Port of Portland was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of ORS as specified in OAR 162-010-0000 through 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port of Portland's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Portland's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port of Portland's internal control.

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Commissioners and management of the Port of Portland and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.



Ashley Osten, Partner,
for Moss Adams LLP
Portland, Oregon
October 25, 2023