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, 2019

with comparative totals for the year ended June 30, 2018

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2019

Name	Term Expires
Alice Cuprill-Comas, President 3181 SW Sam Jackson Park Road Portland, Oregon 97239	September 30, 2019
Tom Chamberlain, Vice President 3645 SE 32nd Ave Portland, Oregon 97202	May 9, 2019*
Robert L. Levy, Secretary 822 S Hwy 395, No. 423 Hermiston, Oregon 97838	April 30, 2021
Linda M. Pearce, Treasurer 4185 Highway 101 North Tillamook, Oregon 97141	September 30, 2020
Michael C. Alexander 7200 NE Airport Way Portland, Oregon 97218	May 31, 2020
Pat McDonald 3100 NE Shute Road Hillsboro, Oregon 97229	February 16, 2020
Sean O'Hollaren One Bowerman Drive Beaverton, OR 97005	May 22, 2022
Tom Tsuruta 7200 NE Airport Way Portland, Oregon 97218	December 12, 2020
Gary Young 7200 NE Airport Way Portland, Oregon 97218	September 30, 2019

Curtis Robinhold, Executive Director

REGISTERED AGENT AND OFFICE
Daniel Blaufus
7200 NE Airport Way
Portland, Oregon 97218

Telephone: 503-415-6000

* Serves until reappointed or a successor is appointed and confirmed.

THE PORT OF PORTLAND
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITORS

Report of Independent Auditors

The Board of Commissioners
Port of Portland

Report on the Financial Statements

We have audited the accompanying balance sheets and the related statements of revenues, expenses, and changes in net position and cash flows of the Airport and Marine & Other activities as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Port of Portland's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the 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, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Port of Portland's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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 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.

Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 18, 2019, on our consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

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, 2019. 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, industrial 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) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 6 to the financial statements.

Financial Results:
The Port's total net position increased $40.8 million from the 2018 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 $45.0 million, or 36.1 percent during that same time. In comparison, last year total net position increased by $51.1 million, or 4.0 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
	2019	2018	2019	2018	2019	2018	2018-2019
Current and other assets	$ 895.3	$ 617.8	$ 367.6	$ 358.7	$ 1,234.6 *	$ 947.2 *	30.3%
Capital assets	1,483.1	1,348.2	253.3	267.6	1,736.4	1,615.8	7.5%
Deferred outflows	43.4	42.6	19.8	17.1	63.2	59.7	5.9%
Total assets	2,421.8	2,008.6	640.7	643.4	3,034.2 *	2,622.7 *	15.7%
Long-term debt outstanding	1,202.2	862.4	79.8	86.7	1,282.0	949.1	35.1%
Other liabilities	225.3	196.2	166.0	161.7	363.0 *	328.6 *	10.5%
Deferred inflows	4.2	2.2	4.0	2.6	8.2	4.8	70.8%
Total liabilities	1,431.7	1,060.8	249.8	251.0	1,653.2 *	1,282.5 *	28.9%
Net position:							
Net investment in capital assets	583.9	598.1	275.7	303.9	859.6	902.0	(4.7)%
Restricted	347.3	310.9	4.5	2.7	351.8	313.6	12.2%
Unrestricted	58.9	38.8	110.7	85.8	169.6	124.6	36.1%
Total net position	$ 990.1	$ 947.8	$ 390.9	$ 392.4	$ 1,381.0	$ 1,340.2	3.0%

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

Total net position of the Airport increased by $42.3 million, or 4.5 percent, as a result of net income and capital grants. Net investment in capital assets decreased $14.2 million, or 2.4 percent, as a result of construction bond issuances, partially offset by increases in capital additions and construction spending. Restricted net position increased by $36.4 million, or 11.7 percent, primarily due to net income restricted for debt service and construction. Unrestricted net position increased by $20.1 million, or 51.8 percent, primarily as a result of net operating income.

Total net position of Marine & Other decreased from the 2018 balance by $1.5 million, or 0.4 percent, primarily the result of a net loss for the year, offset in part by capital grants and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Net investment in capital assets decreased $28.2 million, or 9.3 percent, primarily as a result of normal capital asset depreciation, and a one-time project write off. Unrestricted net position increased by $24.9 million or 29.0 percent, primarily due to net cash flows from operations, transfers from the Airport and capital grants.

Several factors caused changes in net position (Table 2, below) to decrease $10.3 million from 2018.

Airport changes in net position decreased $20.6 million when compared to the prior year due mainly to increased operating expenses and decreased capital grants in 2018. Marine & Other changes in net position increased $10.3 million primarily due to higher operating revenues and interest income versus the prior year.

Table 2
Changes in Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Revenues:							
Operating revenues							
Charges for services	$ 251.4	$ 242.0	$ 63.4	$ 50.8	$ 314.8	$ 292.8	7.5%
Land sales			14.8	7.8	14.8	7.8	89.7%
Other	0.2		0.3	1.2	0.5	1.2	(58.3)%
Nonoperating revenues							
Property tax revenue			12.5	12.1	12.5	12.1	3.3%
Interest revenue	18.0	4.8	10.0	3.4	28.0	8.2	241.5%
PFC revenue	38.6	38.1			38.6	38.1	1.3%
CFC revenue	16.2	15.6			16.2	15.6	3.8%
Other nonoperating revenue			0.5	9.9	0.5	9.9	(94.9)%
Total revenues	324.4	300.5	101.5	85.2	425.9	385.7	10.4%
Expenses:							
Operating expenses	236.1	224.7	107.0	93.9	343.1	318.6	7.7%
Nonoperating expenses	44.3	22.6	3.8	5.3	48.1	27.9	72.4%
Total expenses	280.4	247.3	110.8	99.2	391.2	346.5	12.9%
Income (loss) before contributions and transfers	44.0	53.2	(9.3)	(14.0)	34.7	39.2	(11.5)%
Capital contributions	2.5	10.3	3.6	1.6	6.1	11.9	(48.7)%
Transfers (out) in	(4.2)	(0.6)	4.2	0.6			
Increase (decrease) in net position	$ 42.3	$ 62.9	$ (1.5)	$ (11.8)	$ 40.8	$ 51.1	(20.2)%

Total revenues for the Port increased by approximately $40.2 million from the prior year. Total expenses increased approximately $44.7 million during the same timeframe.

At the Airport, charges for services operating revenues increased by $9.4 million, or 3.9 percent, when compared to the prior year; this was primarily due to increases in parking and transportation network company revenues. Nonoperating interest revenue was up $13.2 million, or 275.0 percent because of increased interest rates over the prior year on higher cash balances primarily resulting from 2019 bond issuance proceeds. The increase of about $11.4 million in operating expenses was up 5.1 percent as compared to the prior year, and was attributable to higher salaries, depreciation and central services expenses. Nonoperating expenses increased $21.7 million, or 96.0 percent, mainly as a result of higher revenue bond interest expense resulting from two new construction bond issues during 2019. Capital contributions decreased $7.8 million in 2019 as a result of incurring fewer grant-eligible costs than in 2018.

For Marine & Other, charges for services operating revenues increased $12.6 million from the prior year, primarily driven by a combination of higher intermodal rail shuttle revenues at Terminal 6 and increased Navigation division dredging revenues in 2019. Land sales revenue increased $7.0 million from the prior year as a result of increased industrial property sales. Interest revenue was up $6.6 million in 2019 as a result of higher cash balances and higher investment interest rates. During 2019, operating expenses increased $13.1 million due to the impacts of higher longshore labor expense, salaries cost, a one-time project write off, and cost of land sold expense; these increases were offset in large part by lower environmental accrual expenses in 2019.

Budgetary Highlights:

The Port's budget for fiscal 2019 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2018. Budget appropriations at the Airport were adjusted during the year to reflect higher parking and transportation network company revenues, for increased expenditures for snow and ice removal activity at the Airport during the winter, for costs of an international flight risk-mitigation program, for budgetary impact of a potential accrual for a variable compensation program payment, for increased transfers to Marine & Other for staff support of Airport capital projects, and to cover bank counsel fees and other related PFC expenses. Appropriations in the budget for Marine & Other resources were adjusted to reflect higher revenues associated with rail shuttle service at Terminal 6 and to account for 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 costs associated with rail shuttle service at Terminal 6, higher Navigation operating expenditures resulting from additional dredging activity, for budgetary impact of a potential accrual of a variable compensation program payment, for a transfer related to the timing of grant receipts, 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 large capital program at the Airport were $29.1 million, or 12.0 percent below the $242.7 million budget due to timing delays. Both operating revenues and operating expenditures tracked closely against the budget. Airport operating revenues of $251.3 million were 0.4 percent above the $250.4 million budget. Operating expenditures of $113.7 million were 1.7 percent below the $115.7 million budgeted amount. Other significant budgetary variances included bond sale proceeds, commercial paper issuance, and commercial paper redemptions which were below budget as a result of funding strategy and issue sizing.

Fiscal 2019 budgetary capital expenditures for Marine & Other were $17.1 million, 25.0 percent below the budget of $22.8 million, largely due to timing delays and project deferrals. Capital grants for the year were $3.6 million, 62.1 percent less than the budget of $9.5 million due to incurring fewer grant eligible costs. Budgetary operating revenues for industrial development were $20.8 million, or 20.9 percent, below the budget of $26.3 million due to an anticipated industrial property sale that did not occur. Budgetary operating expenditures were $2.4 million below budget for administration, primarily due to lower than anticipated outside service costs resulting from delays in timing of projects and initiatives, as well as cost controls undertaken as part of an organizational financial sustainability initiative. Budgetary operating expenditures for Marine were also below budget approximately $4.1 million due to lower salaries expense and lower than anticipated outside service costs resulting from delays in timing of projects and initiatives. Other environmental budgetary operating expenditures were $1.2 million under budget, largely as a result of delays in the timing of costs associated with environmental liabilities in the Portland Harbor superfund site.

Capital Assets:
At the end of fiscal 2019, the Port had over $1.7 billion invested in a broad range of capital assets. This amount represents an increase (essentially additions offset by depreciation expense) of $120.6 million versus last year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2019	2018	2019	2018	2019	2018	2018-2019
Land	$ 68.0	$ 68.0	$ 83.4	$ 83.4	$ 151.4	$ 151.4	
Construction in progress	346.3	174.2	21.7	23.9	368.0	198.1	
Total capital assets not being depreciated	414.3	242.2	105.1	107.3	519.4	349.5	48.6%
Land improvements	876.8	853.8	281.1	288.6	1,157.9	1,142.4	
Buildings and equipment	1,489.0	1,455.9	257.3	249.7	1,746.3	1,705.6	
Total capital assets being depreciated	2,365.8	2,309.7	538.4	538.3	2,904.2	2,848.0	2.0%
Less: accumulated depreciation	(1,297.0)	(1,203.8)	(390.2)	(377.9)	(1,687.2)	(1,581.7)	6.7%
Total capital assets being depreciated, net	1,068.8	1,105.9	148.2	160.4	1,217.0	1,266.3	(3.9)%
Total capital assets, net	$ 1,483.1	$ 1,348.1	$ 253.3	$ 267.7	$ 1,736.4	$ 1,615.8	7.5%

This year's major capital asset spending included:

Airport:
Terminal improvements - $112.7 million
Public parking and consolidated rental car facility - $60.0 million
Taxiway and runway rehabilitation and improvements - $10.2 million
Concourse B extension - $8.7 million

Marine & Other:
Hillsboro airport runway improvements - $4.2 million
Industrial property improvements - $1.9 million
Terminal 5 berth rehabilitation - $1.1 million

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

The Port's 2020 capital budget estimates spending another $324 million on capital projects at the Airport and nearly $59 million in Marine & Other. Spending at the Airport is primarily slated for terminal improvements; a new public parking and consolidated rental car facility; pavement rehabilitation projects; and people-moving walkway replacements. These projects are budgeted to be funded by Airport operating revenues, federal grants, debt proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for runway reconstruction at the Hillsboro and Troutdale airports, stormwater improvements at marine Terminal 4, vessel improvements for the dredging operation, and Hillsboro airport taxiway rehabilitation. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Debt Administration:
At the end of 2019, the Port had nearly $1.2 billion in bonds, commercial paper, 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 2019	Airport 2018	Marine & Other 2019	Marine & Other 2018	Total Port 2019	Total Port 2018	Total Percentage Change 2018-2019
Pension bonds			$ 58.5	$ 62.0	$ 58.5	$ 62.0	(5.6)%
Revenue bonds	$ 824.0	$ 645.2			824.0	645.2	27.7%
PFC revenue bonds	120.0	127.8			120.0	127.8	(6.1)%
CFC revenue bonds	163.3				163.3		
Contracts and loans payable			21.4	24.7	21.4	24.7	(13.4)%
Commercial Paper	1.5	28.5			1.5	28.5	(94.7)%
	$ 1,108.8	$ 801.5	$ 79.9	$ 86.7	$ 1,188.7	$ 888.2	33.8%

The outstanding amount of Airport long-term debt increased due to issuance of airport revenue construction bonds and CFC revenue construction bonds, offset partially by scheduled bond payments. As of the end of fiscal 2019, the Airport revenue bonds were rated AA- by Standard & Poor's, which is among the highest underlying ratings for airport revenue bonds rated by that rating agency. The balance of PFC revenue bonds decreased as a result of regularly scheduled bond payments.

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 6 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. As our region continues to grow, most business lines are projected to show growth in fiscal 2020. Fiscal 2020 airline passenger volumes are forecast to increase 2.0 percent over the fiscal 2019 budget to a new historic high of 20.3 million passengers. At the Port's Marine & Other facilities we see moderate growth for our mixed-use terminal activity at Terminal 6, and for bulk cargoes (soda ash and potash). After several years of strong demand for industrial land, the Port's industrial property sales are anticipated to slow as our inventory has decreased with every successful sale.

In the Port's 2020 adopted budget, total Port operating revenue is budgeted to increase about 2.4 percent over 2019 results to approximately $338.0 million largely as a result of revenues associated with increased airline and concessions revenue at the Airport and dredging revenues in Marine & Other, offset in part by reduced land sales. Total operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to decrease by about 6.1 percent to approximately $213.7 million, reflecting lower costs related to decreased land sales and a one-time project write-off in 2019, offset in part by higher salary and benefits costs and outside services costs.

Operating revenues for the Airport are budgeted to increase 7.6 percent to $270.8 million in the fiscal 2020 budget due primarily to increased airline revenues and concessions revenues resulting from increased passenger volumes in 2020. Airport operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to increase about 2.6 percent to $144.1 million as a result of increased salary and benefits costs, outside services costs, and insurance costs.

In Marine & Other, operating revenues are budgeted to decrease by 14.4 percent to $67.2 million, primarily due to lower revenues for industrial land sales, partially offset by increased Navigation division dredging revenue and wharfage from more vessel calls anticipated in fiscal 2020. Operating expenses (excluding depreciation and GASB 68 non-cash pension expense) are budgeted to decrease by 20.2 percent to $69.6

million due to lower costs of property sold resulting from fewer budgeted land sales in 2020 and a one-time project write off in 2019, offset in part by higher salary and benefits costs and outside services expense in 2020. 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, 2019
with comparative totals as of June 30, 2018

	2019 Airport	2019 Marine & Other	2019 Total	2018 Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Equity in pooled investments	134,979,951	220,163,989	355,143,940	317,009,753
Restricted cash and equity in pooled investments	98,828,865		98,828,865	73,839,620
Receivables, net of allowance for doubtful accounts of $496,000 in 2019 and $485,000 in 2018 for Airport and $197,000 in 2019 and $180,000 in 2018 for Marine & Other	13,382,096	17,678,651	31,060,747	28,412,145
Prepaid insurance and other assets	4,620,104	2,319,691	6,939,795	6,820,346
Total current assets	251,849,256	291,132,519	542,981,775	473,582,235
Noncurrent assets:				
Restricted assets:				
Cash and equity in pooled investments	629,109,519	4,477,674	633,587,193	402,564,538
Receivables	12,705,982		12,705,982	10,578,731
Total restricted assets	641,815,501	4,477,674	646,293,175	413,143,269
Land held for sale		40,822,599	40,822,599	57,280,912
Depreciable properties, net of accumulated depreciation	1,068,822,043	148,172,365	1,216,994,408	1,266,276,476
Nondepreciable properties	414,295,962	105,117,294	519,413,256	349,539,979
Unamortized bond issue costs	689,027	122,174	811,201	933,439
Due from Airport		28,330,954	*	*
Other noncurrent assets	965,714	2,607,912	3,573,626	2,203,682
Total noncurrent assets	2,126,588,247	329,650,972	2,427,908,265	2,089,377,757
Deferred outflows of resources:				
Deferred charges on refunding bonds	19,937,002		19,937,002	22,571,834
Deferred charges on pensions and OPEB	17,546,554	19,833,496	37,380,050	31,237,602
Cumulative decrease in fair value of hedging derivative	5,906,000		5,906,000	5,864,000
Total deferred outflows of resources	43,389,556	19,833,496	63,223,052	59,673,436
Total assets	$ 2,421,827,059	$ 640,616,987	$ 3,034,113,092	$ 2,622,633,428
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt	$ 1,500,000	$ 4,533,407	$ 6,033,407	$ 32,946,288
Accounts payable and other accrued liabilities	20,271,492	19,615,497	39,886,989	49,294,320
Accrued wages, vacation and sick leave pay	7,610,949	8,520,342	16,131,291	10,820,811
Workers' compensation and other accrued liabilities	1,361,565	4,264,530	5,626,095	7,648,528
Total current liabilities (payable from current assets)	30,744,006	36,933,776	67,677,782	100,709,947
Restricted liabilities (payable from restricted assets)				
Current portion of long-term debt and other	35,316,725		35,316,725	38,370,768
Accrued interest payable	18,925,184		18,925,184	16,476,516
Accounts payable	39,215,061		39,215,061	16,563,717
Contract retainage payable	5,371,895		5,371,895	2,428,619
Total restricted current liabilities (payable from restricted assets)	98,828,865		98,828,865	73,839,620
Total current liabilities	129,572,871	36,933,776	166,506,647	174,549,567
Noncurrent liabilities:				
Long-term environmental and other accruals	11,579,440	49,749,396	61,328,836	60,303,619
Long-term debt	1,165,382,830	75,269,975	1,240,652,805	877,731,977
Unearned revenue and other	43,757,950	26,374,296	70,132,246	72,019,130
Net pension and OPEB liability	48,906,814	57,474,379	106,381,193	93,056,174
Due to Marine & Other	28,330,954		*	*
Total noncurrent liabilities	1,297,957,988	208,868,046	1,478,495,080	1,103,110,900
Deferred inflows of resources:				
Deferred pension inflows	4,227,321	3,960,521	8,187,842	4,810,607
Total deferred inflows of resources	4,227,321	3,960,521	8,187,842	4,810,607
Total liabilities	1,431,758,180	249,762,343	1,653,189,569	1,282,471,074
NET POSITION				
Net investment in capital assets	583,916,098	275,684,717	859,600,815	901,951,056
Restricted for capital and debt service	347,252,657	4,477,674	351,730,331	313,639,601
Unrestricted	58,900,124	110,692,253	169,592,377	124,571,697
Total net position	990,068,879	390,854,644	1,380,923,523	1,340,162,354
Total liabilities and net position	$ 2,421,827,059	$ 640,616,987	$ 3,034,113,092	$ 2,622,633,428

* 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, 2019
with comparative totals for the year ended June 30, 2018

	2019			2018
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 251,427,777	$ 63,386,274	$ 314,814,051	$ 292,738,952
Land sales		14,793,131	14,793,131	7,830,309
Other	217,739	324,389	542,128	1,214,530
Total operating revenues	251,645,516	78,503,794	330,149,310	301,783,791
Operating expenses:				
Salaries, wages and fringe benefits	59,406,954	46,299,044	105,705,998	96,980,799
Longshore labor and fringe benefits		9,870,177	9,870,177	4,106,598
Contract, professional and consulting services	35,003,092	11,507,793	46,510,885	56,894,719
Materials and supplies	5,567,197	2,820,215	8,387,412	7,693,716
Utilities	11,238,384	3,210,728	14,449,112	15,136,841
Equipment rents, repair and fuel	2,050,136	2,928,312	4,978,448	3,455,644
Insurance	2,113,664	1,523,197	3,636,861	2,797,634
Rent		2,616,670	2,616,670	2,634,380
Travel and management expense	3,227,166	1,221,173	4,448,339	4,917,107
Intra-Port charges and expense allocations	21,934,977		21,934,977	20,385,321
Cost of land sold		18,462,691	18,462,691	6,885,637
Other	2,341,801	5,030,159	7,371,960	2,804,760
Less expenses for capital projects	(2,386,002)	(18,329,499)	(20,715,501)	(18,685,051)
Total operating expenses, excluding depreciation	140,497,369	87,160,660	227,658,029	206,008,105
Operating income (loss) before depreciation	111,148,147	(8,656,866)	102,491,281	95,775,686
Depreciation expense	95,625,457	19,823,573	115,449,030	112,593,415
Total operating expenses, including depreciation	236,122,826	106,984,233	343,107,059	318,601,520
Operating income (loss)	15,522,690	(28,480,439)	(12,957,749)	(16,817,729)
Nonoperating revenues (expenses):				
Property tax revenue		12,525,289	12,525,289	12,055,459
Passenger facility charge revenue	38,563,550		38,563,550	38,140,595
Customer facility charge revenue	16,237,775		16,237,775	15,551,097
Interest expense, net of capitalized construction period interest of $17,301,142 in 2018 for Airport	(37,972,522)	(3,827,971)	(41,800,493)	(24,186,318)
Interest revenue	18,098,208	10,005,342	28,103,550	8,224,378
Other (expense) income, including loss on disposal of properties	(6,437,182)	460,488	(5,976,694)	6,142,662
Nonoperating revenues	28,489,829	19,163,148	47,652,977	55,927,873
Income (loss) before contributions and transfers	44,012,519	(9,317,291)	34,695,228	39,110,144
Capital contributions	2,505,489	3,560,452	6,065,941	11,954,175
Transfers (out) in	(4,237,304)	4,237,304		
Change in net position	42,280,704	(1,519,535)	40,761,169	51,064,319
Total net position - beginning of year	947,788,175	392,374,179	1,340,162,354	1,289,098,035
Total net position - end of year	$ 990,068,879	$ 390,854,644	$ 1,380,923,523	$ 1,340,162,354

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, 2019
with comparative totals for the year ended June 30, 2018

	2019			2018
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 254,808,894	$ 75,221,995	$ 330,030,889	$ 297,963,011
Cash payments to employees	(53,262,913)	(28,768,016)	(82,030,929)	(90,833,131)
Cash payments to suppliers and vendors	(63,251,951)	(57,936,241)	(121,188,192)	(87,995,274)
Cash payments (to) from other funds	(23,938,686)	23,938,686		
Net cash provided by operating activities	114,355,344	12,456,424	126,811,768	119,134,606
Cash flows from noncapital financing activities:				
Property taxes		12,860,930	12,860,930	12,071,897
Net cash provided by noncapital financing activities		12,860,930	12,860,930	12,071,897
Cash flows from capital and related financing activities:				
Capital expenditures	(204,822,810)	(12,888,779)	(217,711,589)	(178,827,721)
Sale of properties	325,143	4,032,515	4,357,658	74,242
Net proceeds from issuance of debt	426,093,173		426,093,173	28,500,000
Interest paid	(38,409,530)	(5,491,059)	(43,900,589)	(45,838,411)
Proceeds from passenger facility charges	38,894,143		38,894,143	37,900,189
Proceeds from customer facility charges	15,401,292		15,401,292	16,116,008
Principal payments and redemptions on debt	(81,475,000)	(5,188,987)	(86,663,987)	(40,084,103)
Contributions from governmental agencies	883,757	1,029,955	1,913,712	17,904,600
Cash transfers (to) from other Port divisions, net	(4,237,304)	4,237,304		
Other, primarily nonoperating (income) expense	(6,149,770)	(1,817,378)	(7,967,148)	6,148,704
Net cash provided by (used in) capital and related financing activities	146,503,094	(16,086,429)	130,416,665	(158,106,492)
Cash flows from investing activities:				
Interest received	18,232,036	9,332,745	27,564,781	5,251,248
Investment activity:				
Purchases	(623,221,162)	(188,059,627)	(811,280,789)	(284,150,342)
Proceeds from sales or maturities	344,130,848	173,003,854	517,134,702	316,907,930
Net cash (used in) provided by investing activities	(260,858,278)	(5,723,028)	(266,581,306)	38,008,836
Net increase in cash and cash equivalents	160	3,507,897	3,508,057	11,108,847
Cash and cash equivalents - beginning of year	38,080	47,462,291	47,500,371	36,391,524
Cash and cash equivalents - end of year	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ 15,522,690	$ (28,480,439)	$ (12,957,749)	$ (16,817,729)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	95,625,457	19,823,573	115,449,030	112,593,415
Cost of land sales		18,462,691	18,462,691	6,885,637
Non cash pension and OPEB expense	4,087,337	5,552,053	9,639,390	8,696,234
Amortization of unearned revenue	(868,844)	(1,609,815)	(2,478,659)	(2,985,909)
Change in assets and liabilities:				
Receivables and other current assets	3,621,698	(2,803,237)	818,461	(5,095,813)
Deferred project assets		3,768,506	3,768,506	
Accounts payable and accruals	(1,472,410)	(6,691,037)	(8,163,447)	14,494,371
Long-term environmental and other accruals	(2,272,223)	3,123,440	851,217	(2,735,246)
Additions to unearned revenue	111,639	1,310,689	1,422,328	4,099,646
Net cash provided by operating activities	$ 114,355,344	$ 12,456,424	$ 126,811,768	$ 119,134,606
Noncash investing, capital, and related financing activities:				
Interest payable in future years				$ 576,035

The accompanying notes are an integral part of these 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 781 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.

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, including interest. 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, including capitalized interest. Interest income earned on investments from tax-exempt debt is offset against capitalized interest expense through June 30, 2018. 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.

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.

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.

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

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 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.

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

1. <u>Description of the Port and Summary of Significant Accounting Policies</u>, continued:

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 for the year ended June 30, 2019 and one supplemental budget for the year ended June 30, 2018.

The Port budgets all funds on an accrual basis. 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.

<u>Transfers Between Activities</u>

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

<u>Internal Receivables and Payables</u>

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

<u>Prior Year Comparative Information</u>

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, 2018, from which the summarized information was derived.

<u>New Accounting Pronouncements</u>

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the Port's fiscal year beginning July 1, 2018. This statement establishes standards of accounting and financial reporting for certain asset retirement obligations. The statement establishes criteria for determining the timing and pattern of recognition for a liability and a corresponding deferred outflow of resources for asset retirement obligations. The adoption of this statement did not have a material effect on the Port's financial statements.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities," effective for the Port's fiscal year beginning July 1, 2019. The statement establishes standards of accounting and financial reporting for fiduciary activities. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2017, the GASB issued Statement No. 87, "Leases," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes standards of accounting and financial reporting for leases by lessees and lessors, and establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Port is currently evaluating the effects this statement will have on its financial statements.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," effective for the Port's fiscal year beginning July 1, 2018. The statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement disclosure requirements related to debt obligations of governments. The adoption of this statement did not have a material effect on the Port's financial statements.

In June 2018, the GASB issued Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," effective for the Port's fiscal year beginning July 1, 2020. The statement establishes accounting requirements for interest cost incurred before the end of a construction period. The Port early adopted the requirements of this statement for the Port's fiscal year beginning July 1, 2018. The adoption of this statement did not have a material effect on the Port's financial statements.

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

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests," effective for the Port's fiscal year beginning July 1, 2019. The statement provides guidance and clarification for the accounting and reporting requirements for a government's majority equity interest in legally separate organizations. The Port is currently evaluating the effects this statement will have on its financial statements.

In May 2019, the GASB issued Statement No. 91, "Conduit Debt Obligations," effective for the Port's fiscal year beginning July 1, 2021. The statement provides a single method of reporting conduit debt obligations by issuers. 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; industrial 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, 2019 was as follows (in thousands):

	Marine Terminals	Industrial Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 34,730	$ 21,251		$ 18,508	$ 3,824	$ 191	$ 78,504
Operating expenses	35,006	28,320	$ 4,636	16,563	4,204	(1,569)	87,160
Depreciation expense	10,402	850		2,966	3,846	1,760	19,824
Operating loss	$ (10,678)	$ (7,919)	$ (4,636)	$ (1,021)	$ (4,226)	$	$ (28,480)
Capital contributions	$ (2)	$ (257)			$ 3,819		$ 3,560
Properties activity:							
Additions	$ 3,881	$ 3,061		$ 2,021	$ 4,811	$ 1,256	$ 15,030
Deletions	(10,386)	(227)		(792)			(11,405)

3. Cash and Investments:

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

Balance sheet classification:	2019			2018
	Airport	Marine & Other	Total	Total
Unrestricted cash and cash equivalents	$ 38,240	$ 50,970,188	$ 51,008,428	$ 47,500,371
Unrestricted equity in pooled investments	134,979,951	220,163,989	355,143,940	317,009,753
Restricted cash and equity in pooled investments	727,938,384	4,477,674	732,416,058	476,404,158
	$ 862,956,575	$ 275,611,851	$ 1,138,568,426	$ 840,914,282

3. Cash and Investments, continued**:**

At June 30, 2019, the Port had the following cash and investments and maturities for the Airport:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 169,993,619	$ 84,172,920	$ 23,305,456	$ 1,285,211	$ 278,757,206
U.S. Agencies	204,912,395	78,292,389	66,665,804	44,182,780	394,053,368
Municipal debt	3,724,338	1,430,623	1,363,567	1,549,009	8,067,537
Corporate indebtedness	22,463,858	15,969,606	17,743,839	1,292,133	57,469,436
Certificates of deposit	319,866				319,866
	$ 401,414,076	$ 179,865,538	$ 109,078,666	$ 48,309,133	738,667,413
Cash and cash equivalents					38,240
Restricted deposits held in trust accounts					124,250,922
					$ 862,956,575

Following are the cash and investments and maturities for Marine & Other at June 30, 2019:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 8,257,160	$ 11,161,192	$ 13,124,519	$ 723,769	$ 33,266,640
U.S. Agencies	46,026,794	44,090,534	37,542,996	24,881,632	152,541,956
Municipal debt	2,097,369	805,658	767,896	872,328	4,543,251
Corporate indebtedness	12,650,572	8,993,320	9,992,483	727,667	32,364,042
Certificates of deposit	180,134				180,134
	$ 69,212,029	$ 65,050,704	$ 61,427,894	$ 27,205,396	222,896,023
State of Oregon local government investment pool					46,068,439
Cash and deposits with financial institutions					6,647,389
					$ 275,611,851

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $18,821,029. Of these deposits, $250,000 was covered by federal depository insurance and $18,571,029 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 values hierarchy is based upon the activity level in the market for the security type and the inputs used to determine fair value, as follows:

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.

3. Cash and Investments, continued**:**

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, 2019 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:

Maturity	Minimum Investment
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 2019 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 2019 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 $2,550,000 at June 30, 2019 and 2018, as collateral for certain accrued liabilities for workers' compensation (Note 10). Federal law requires these investments to be in only certain prescribed negotiable securities.

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2019 and 2018, approximately $391,331,000 and $353,468,000, 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 $20,600,000 at June 30, 2019 and $24,400,000 at June 30, 2018. Total trade receivables for the marine shipping industry were approximately $3,300,000 at June 30, 2019 and $2,500,000 at June 30, 2018. Total grants receivable for the Airport were approximately $4,800,000 at June 30, 2019 and $3,100,000 at June 30, 2018. Total grant receivables for marine and other were approximately $3,800,000 at June 30, 2019 and $1,400,000 at June 30, 2018. Other significant receivables include interest on investments and a dredging contract.

5. **Properties**:

Properties activity for the year ended June 30, 2019 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Capital Assets being depreciated:					
Land improvements	$ 853,891,106		$ (865,502)	$ 23,757,608	$ 876,783,212
Buildings and equipment	1,455,850,465		(2,270,314)	35,423,552	1,489,003,703
Total capital assets being depreciated	2,309,741,571		(3,135,816)	59,181,160	2,365,786,915
Less accumulated depreciation:					
Land improvements	452,381,795	$ 35,525,089	(865,502)		487,041,382
Buildings & equipment	751,496,141	60,100,368	(1,673,019)		809,923,490
Total accumulated depreciation	1,203,877,936	95,625,457	(2,538,521)		1,296,964,872
Total capital assets being depreciated, net	1,105,863,635	(95,625,457)	(597,295)	59,181,160	1,068,822,043
Capital assets not being depreciated:					
Land	68,042,167				68,042,167
Construction in progress	174,242,742	231,192,213		(59,181,160)	346,253,795
Total capital assets not being depreciated	242,284,909	231,192,213		(59,181,160)	414,295,962
Airport capital assets,net	$ 1,348,148,544	$ 135,566,756	$ (597,295)	$	$ 1,483,118,005
Marine & Other:					
Capital Assets being depreciated:					
Land improvements	$ 288,540,108		$ (10,280,104)	$ 2,835,386	$ 281,095,390
Buildings and equipment	249,733,112		(966,337)	8,528,799	257,295,574
Total capital assets being depreciated	538,273,220		(11,246,441)	11,364,185	538,390,964
Less accumulated depreciation:					
Land improvements	195,706,082	$ 9,500,767	(6,524,057)		198,682,792
Buildings & equipment	182,154,297	10,322,806	(941,296)		191,535,807
Total accumulated depreciation	377,860,379	19,823,573	(7,465,353)		390,218,599
Total capital assets being depreciated, net	160,412,841	(19,823,573)	(3,781,088)	11,364,185	148,172,365
Capital assets not being depreciated:					
Land	83,417,483				83,417,483
Construction in progress	23,837,587	12,966,391	(3,739,982)	(11,364,185)	21,699,811
Total capital assets not being depreciated	107,255,070	12,966,391	(3,739,982)	(11,364,185)	105,117,294
Marine & Other capital assets,net	$ 267,667,911	$ (6,857,182)	$ (7,521,070)	$	$ 253,289,659

5. Properties, continued:

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 two watercraft used by its navigation activity as security for related loans, as well as granting the City of Portland a lien on benefitted property in a local improvement district at marine Terminal 6.

The Port leases to others certain land, buildings, and equipment at various locations for terms ranging from 2 to 92 years. All leases are accounted for as operating leases. Costs of properties leased at June 30, 2019 included above are:

	Airport	Marine & Other	Total Port
Land and improvements	$ 4,446,566	$ 31,420,645	$ 35,867,211
Building & equipment	697,236,605	42,584,277	739,820,882
	701,683,171	74,004,922	775,688,093
Accumulated depreciation	(465,580,082)	(34,355,052)	(499,935,134)
	$ 236,103,089	$ 39,649,870	$ 275,752,959

Minimum future rentals receivable on noncancelable operating leases for the five succeeding fiscal years and thereafter are:

	Airport	Marine & Other	Total Port
2020	$ 49,534,000	$ 13,125,000	$ 62,659,000
2021	45,828,000	11,434,000	57,262,000
2022	43,950,000	8,740,000	52,690,000
2023	38,094,000	7,583,000	45,677,000
2024	24,912,000	6,459,000	31,371,000
Thereafter	57,773,000	122,576,000	180,349,000
Total	$ 260,091,000	$ 169,917,000	$ 430,008,000

Contingent rental revenues are included in operating revenues, primarily for Airport terminal area space, and were as follows in 2019 and 2018:

	Airport	Marine & Other	Total Port
2019	$ 73,800,000	$ 4,200,000	$ 78,000,000
2018	$ 75,500,000	$ 4,200,000	$ 79,700,000

6. Long-Term Debt:

At June 30, 2019, long-term debt consisted of the following:

	Pension	Airport Revenue	Passenger Facility Charge Revenue	Customer Facility Charge Revenue	Commercial Paper
Limited Tax Pension bonds:					
2002 Series (issued in fiscal 2002, original issue $54,952,959):					
7.41%, due serially through fiscal 2020	$ 832,780				
6.85%, due serially from fiscal 2020 through fiscal 2028	37,320,000				
6.6%, due fiscal 2025	6,205,000				
2005 Series (issued in fiscal 2006, original issue $20,230,000):					
4.859%, due fiscal 2020	1,100,000				
5.004%, due fiscal 2028	12,995,000				
Portland International Airport revenue bonds:					
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):					
currently 2.00%, due fiscal 2027		$ 32,320,000			
currently 1.97%, due fiscal 2027		32,320,000			
Series Twenty (issued in fiscal 2011, original issue $157,050,000):					
5.0%, due serially through fiscal 2029		60,890,000			
3.0% to 5.0%, due serially through fiscal 2031		16,960,000			
4.25%, due fiscal 2041		16,640,000			
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):					
4.375% to 5.0%, due serially through fiscal 2024		27,685,000			
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):					
4.0% to 5.0%, due serially through fiscal 2035		41,695,000			
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		83,125,000			
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		112,400,000			
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		100,235,000			
5.0%, due fiscal 2045		47,455,000			
5.0%, due fiscal 2050		60,565,000			
Passenger Facility Charge revenue bonds:					
Series 2011A (issued in fiscal 2012, original issue $75,670,000):					
3.0% to 5.5%, due serially through fiscal 2032			$ 65,590,000		
Series 2012A (issued and privately placed in fiscal 2013, original issue $57,725,000):					
variable interest rate, currently 2.82%, due fiscal 2025			54,405,000		
Customer Facility Charge revenue bonds:					
Series 2019 (issued in fiscal 2019, original issue $163,290,000):					
2.635% to 3.865%, due serially through fiscal 2033				$ 49,280,000	
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	
Portland International Airport commercial paper:					
Series B (issued in fiscal 2019)					$ 1,500,000
1.65%, due fiscal 2020					
Totals, including $2,197,780, $26,265,000, $8,105,000, $0, and $1,500,000 respectively, due within one year	$ 58,452,780	$ 824,025,000	$ 119,995,000	163,290,000	$ 1,500,000

6. <u>Long-Term Debt</u>, continued:

	Direct Borrowings - Contracts and Loans Payable at June 30, 2019
City of Portland, local improvement district installment payment contract (issued in fiscal 2003, original amount $10,189,218, secured by a property lien), 5.32%, payable in monthly installments ranging from $56,391 due on July 1, 2019 to $55,887 due on April 1, 2023, including $696,516 due within one year	$ 2,800,890
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2009, original amount available $2,000,000), 0.0%, payable in annual installments of $200,000 due March 31, 2020 through March 31, 2021, including $200,000 due within one year	400,000
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2011, original amount available $7,427,000), 0.0%, payable in annual installments of $742,700 due July 1, 2020 through July 1, 2022	2,228,100
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available $8,700,000), 3.00% to 4.00%, payable in annual installments ranging from $386,262 due December 1, 2019 to $573,262 due December 1, 2030, including $386,262 due within one year	5,656,931
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 $77,344 due August 1, 2019 to $115,011 due June 1, 2028, including $947,518 due within one year	10,159,354
Banc of America Leasing & Capital, LLC, (issued in fiscal 2014, original amount $2,303,000, secured by a lien on the financed asset), 2.84%, payable in monthly installments ranging from $35,027 due August 1, 2019 to $35,193, due October 1, 2019, including $105,330 due within one year	105,330
Total, including $2,335,626 due within one year	$ 21,350,605

Future debt service requirements on bonds, contracts and loans payable at June 30, 2019 are as follows:

	Airport									
					Directly Placed 2012A					
	Revenue Bonds		PFC Revenue Bonds		PFC Revenue Bonds		CFC Revenue Bonds		Commercial Paper	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	$ 26,265,000	$ 35,144,852	$ 150,000	$ 3,385,575	$ 7,955,000	$ 1,532,654		$ 4,366,934	$ 1,500,000	$ 6,103
2021	31,200,000	37,298,709	135,000	3,381,300	8,370,000	1,308,552	$ 3,160,000	6,323,129		
2022	32,735,000	36,043,592	125,000	3,377,244	8,805,000	1,072,759	3,240,000	6,237,578		
2023	31,795,000	34,700,779	105,000	3,373,506	9,265,000	824,712	3,330,000	6,147,556		
2024	34,635,000	33,288,406	80,000	3,370,400	9,750,000	563,706	3,420,000	6,052,751		
2025-2029	146,995,000	146,252,310	34,435,000	13,429,524	10,260,000	289,037	18,720,000	28,597,361		
2030-2034	113,460,000	115,862,038	30,560,000	2,562,401			22,180,000	25,014,978		
2035-2039	144,470,000	84,065,105					26,855,000	20,214,814		
2040-2044	130,330,000	49,622,644					32,845,000	14,083,205		
2045-2049	118,815,000	16,656,375					40,405,000	6,357,089		
2050-2054	13,325,000	333,125					9,135,000	193,525		
	$ 824,025,000	$ 589,267,935	$ 65,590,000	$ 32,879,950	$ 54,405,000	$ 5,591,420	$ 163,290,000	$ 123,588,920	$ 1,500,000	$ 6,103

6. Long-Term Debt, continued:

	Marine & Other			
	Pension Bonds		Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	$ 2,197,781	$ 5,961,889	$ 2,335,626	$ 779,968
2021	4,925,000	3,598,067	3,066,484	686,380
2022	5,605,000	3,283,411	2,969,443	586,871
2023	6,350,000	2,924,666	2,850,364	483,864
2024	7,165,000	2,517,566	1,574,307	407,880
2025-2029	32,210,000	4,925,117	7,426,636	984,918
2030-2034			1,127,745	66,606
	$ 58,452,781	$ 23,210,716	$ 21,350,605	$ 3,996,487

Changes in long-term debt on the balance sheet for the year ended June 30, 2019 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term privately placed bonds outstanding	$ 57,195,000		$ (2,790,000)	$ 54,405,000
less: current portion	(2,790,000)	$ (7,955,000)	2,790,000	(7,955,000)
Long-term bonds outstanding	715,845,000	371,545,000	(34,485,000)	1,052,905,000
less: current portion	(34,485,000)	(26,415,000)	34,485,000	(26,415,000)
Unamortized bond issue premium	59,734,965	37,348,173	(4,640,308)	92,442,830
Total	$ 795,499,965	$ 374,523,173	$ (4,640,308)	$ 1,165,382,830
Marine & Other:				
Long-term direct borrowings outstanding	$ 24,652,975		$ (3,302,374)	$ 21,350,601
less: current portion	(2,559,670)	$ (2,335,626)	2,559,670	(2,335,626)
Long-term bond debt outstanding	60,339,398		(1,886,617)	58,452,781
less: current portion	(1,886,618)	(2,197,781)	1,886,618	(2,197,781)
Long-term bond interest payable	1,685,927		(1,685,927)	
Total	$ 82,232,012	$ (4,533,407)	$ (2,428,630)	$ 75,269,975

In addition, at June 30, 2019 and 2018, the Port has recorded $19,937,002 and $22,571,834 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. Three loans also grant a lien under which the lender may also choose to sell the secured property in the event of default.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 8). 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

6. <u>Long-Term Debt</u>, continued:

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. Interest for certain of the 2002 Limited Tax Pension Bonds is payable only at maturity.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 8). 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, 2020 are subject to mandatory redemption, at par, prior to maturity, in part, beginning June 1, 2015, and on each June 1 thereafter. Bonds maturing on June 1, 2028 are subject to like mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

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, 2019 and 2018.

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. 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, 2025 in which fees to signatory airlines are discounted $6,000,000 annually. The annual

6. <u>Long-Term Debt</u>, continued:

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 $4,418,872 for fiscal 2019 and by $4,754,434 for fiscal 2018.

In fiscal 2019, the Port issued Series Twenty-Five bonds to pay, or to reimburse the Port for the payment of, costs of the design, construction, renovation, acquisition, equipping and installation of capital improvements at the Airport, to repay certain Commercial Paper Notes issued to finance a portion of the Series Twenty-Five projects, to capitalize a portion of the interest on the Series Twenty-Five bonds, to cash fund $5,000,000 in debt service reserve, and to pay costs of issuing the Series Twenty-Five bonds. The bonds have a 5 percent coupon rate with maturities ranging from 2020 to 2049. The 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 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 before July 1, 2021 are not subject to optional redemption prior to maturity. 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 Twenty-One B bonds are not subject to redemption prior to maturity.

Series Twenty bonds maturing on or before July 1, 2020 are not subject to redemption prior to maturity. Series Twenty bonds maturing on or after July 1, 2021 are redeemable at the option of the Port, at par, in part, by lot, on or after July 1, 2020.

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.

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.

6. <u>Long-Term Debt</u>, continued:

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 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 63.5 basis points plus 70 percent of 1 month LIBOR, and cannot exceed 12.0 percent. 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, 2020. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. At the end of the initial purchase period, the Port may repurchase the outstanding bonds at par, or redeem the bonds in installments over a three year period with an interest rate based on the greater of the prime rate plus 1.0 percent, the federal funds rate plus 2.0 percent, or 7.0 percent. In the event of default, outstanding amounts become immediately due and payable.

Series 2011A bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series 2011A 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.

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.

In fiscal 2019, the Port issued Series 2019 CFC revenue bonds to pay, or to reimburse the Port for the payment of, costs of the design, construction, equipping and installation of a consolidated rental car facility (ConRAC) located at the Airport, to repay certain Commercial Paper Notes issued by the Port, the proceeds of which were used to finance certain costs associated with the ConRAC, to make a deposit of $9,525,376 in debt service reserve, and to pay costs of issuing the Series 2019 CFC revenue bonds. The bonds have coupon rates ranging from 2.635 percent to 4.237 percent, with maturities ranging from 2020 to 2049. The Series 19 CFC revenue bonds stated to mature 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

6. Long-Term Debt, continued:

interest. In addition, the Series 19 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% 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.

In fiscal 2018, the Port issued Series B and Series C commercial paper to fund the costs of constructing improvements at the Airport and to pay interest on maturing commercial paper. Commercial paper outstanding totaled $1,500,000 and $28,500,000 at June 30, 2019 and 2018, respectively. Commercial paper is included in current portion of long-term debt on the balance sheet. In the event of default, outstanding amounts become immediately due and payable.

DERIVATIVE INSTRUMENTS

At June 30, 2019, the Airport had the following hedging derivative instruments outstanding:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,350,000	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (292,000)
B	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 3,350,000	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (292,000)
C	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$28,600,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (2,661,000)
D	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$28,600,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (2,661,000)

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; for derivative instruments A, B, C, and D, collectively, the Airport received three equal up-front payments totaling $9,293,538. As such, each swap is 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 negative $5,906,000 at June 30, 2019 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 $430,168 and a noncurrent liability of $1,072,832 at June 30, 2019. Hedge accounting is applied to the derivatives, and accordingly, the cumulative change in fair value of the derivatives (at-market interest rate swaps) were recorded as deferred outflows of $5,906,000, which is an increase of $42,000 from the June 30, 2018 amount.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

6. <u>Long-Term Debt</u>, continued:

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2019 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative A and C	A+ / Aa2
Derivative B and D	AA- / Aa2

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2019, none of the Airport's interest rate swaps were exposed to credit risk.

Interest rate risk. The Airport is exposed to interest rate risk on its pay-fixed, receive 68% of 1 month LIBOR interest rate swaps. As 1 month LIBOR decreases, the Airport's net payment on the swaps increases; this is offset substantially by decreases in the Airport's interest payments on the bonds.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps A, B, C, and D are variable rate demand obligation (VRDO) bonds that are remarketed weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedging the VRDO bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate or index other than the interest rates the Airport pays on the VRDO bonds. At June 30, the weighted-average interest rate on the Airport's VRDO bonds is 1.985 percent, while 68 percent of 1 month LIBOR is approximately 1.653 percent.

Termination risk. The Airport or its counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, the swap may be terminated if the Airport or a swap counterparty's rating drops below BBB- / Baa3. At termination, the Airport may owe a termination payment if there is a realized loss based on the fair value of the terminated interest rate swap.

Derivative instruments A, B, C and D require the Airport to post collateral in the event that its Standard & Poors credit rating drops below A-. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the negative fair value of the interest rate swap. The Airport's credit rating is AA- at June 30, 2019; therefore, no collateral has been posted for these derivative instruments.

At June 30, 2019, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
E	Pay-fixed interest rate swap	$ 32,643,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (2,260,000)
F	Pay-fixed interest rate swap	$ 21,762,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (1,490,000)

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; for derivative instruments E and F, the Airport received an up-front payment totaling $5,453,000. As such, each swap is 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 negative $3,750,000 at June 30, 2019 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 $516,557 and a noncurrent liability of $1,014,635 at June 30, 2019. In fiscal 2013, the 2009A PFC variable rate bonds hedged by derivative instruments E

6. Long-Term Debt, continued:

and F were refunded; therefore, for accounting and financial reporting purposes, these derivatives are considered investment derivative instruments. Accordingly, the increase in fair value of the swaps of $132,000 during fiscal 2019 was recorded in interest revenue on the statement of revenues, expenses, and changes in net position.

The fair values of the at-market interest rate swaps are estimated using the zero-coupon method. The method calculated the future net settlement payments required by the swaps, assuming that the current forward rates implied by the yield curves correctly anticipate future spot interest rates. These payments are discounted using the spot rates implied by the current yield curves for the hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2019 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative E	A+ / Aa2
Derivative F	A- / A3

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2019, none of the Airport's interest rate swaps were exposed to credit risk.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps E and F are index rate bonds with rates that are reset weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedged to the index rate bonds, because the variable rate payments received by the Airport on these derivative instruments are based on a rate other than the interest rate the Airport pays on the index rate bonds. At June 30, the weighted–average interest rate on the Airport's index rate bonds is approximately 2.817 percent, while 68 percent of 1 month LIBOR is approximately 1.636 percent.

Derivative instrument E requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below A- or if the negative fair value of that derivative instrument exceeds $15 million. The Airport's credit rating is AA- at June 30, 2019, and the negative fair value of derivative instrument E does not exceed $15 million; therefore, no collateral has been posted for this derivative instrument. Derivative instrument F requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below BBB- or if there is a negative fair value of that derivative instrument. Derivative instrument F has a negative fair value at June 30, 2019; therefore, the Airport has posted $2,290,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

As rates vary, variable rate bond interest payments and net swap payments will vary. Although not a prediction by the Port of future interest cost of the variable rate bonds or of the impact of interest rate swaps, following are debt service requirements of the Airport's hedged variable rate debt and related net swap payments, using rates as of June 30, 2019:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2020	$ 9,410,000	$ 1,096,316	$ 1,648,335	$ 12,154,651
2021	9,865,000	900,495	1,320,081	12,085,576
2022	10,310,000	695,841	1,044,463	12,050,304
2023	6,590,000	565,030	823,940	7,978,970
2024	6,900,000	428,065	591,894	7,919,959
2025-2026	21,565,000	419,530	589,718	22,574,248
	$ 64,640,000	$ 4,105,277	$ 6,018,431	$ 74,763,708

6. Long-Term Debt, continued:

	Variable Rate Passenger Facility Charge Bonds				
	Principal	Interest	Interest Rate Swaps, net	Total
2020	$ 7,955,000	$ 1,308,552	$ 1,408,037	$ 10,671,589
2021	8,370,000	1,072,759	1,121,949	10,564,708
2022	8,805,000	824,712	820,953	10,450,665
2023	9,265,000	563,706	504,215	10,332,921
2024	9,750,000	289,037	341,807	10,380,844
2025	10,260,000			10,260,000
	$ 54,405,000	$ 4,058,766	$ 4,196,961	$ 62,660,727

7. 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, 2019 and 2018.

8. 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 15.57 percent of annual covered payroll for fiscal years 2019 and 2018. 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 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

8. Pension Plans and Deferred Compensation Plan, continued:

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 $1,886,618 and $1,768,815 in fiscal 2019 and 2018, respectively, of which $979,576 and $914,079 were applicable to the Airport.

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 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 are paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 8.02 percent of annual covered payroll for general service members and 12.79 percent for police and fire members for fiscal 2019 and 2018; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2019 and 2018 contributions recognized by PERS were $8,714,060 and $8,143,225. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $4,266,890 and $3,854,851 were applicable to the Airport for fiscal years 2019 and 2018, respectively, based upon 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, 2019 was determined based on an actuarial valuation as of December 31, 2016 and rolled forward to the measurement date of June 30, 2018; the TPL at June 30, 2018 was determined based on an actuarial valuation as of December 31, 2015 and rolled forward to the measurement date of June 30, 2017. 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, 2019, the Port's proportionate share of the collective NPL of PERS is $99,928,241, or 0.65964970 percent of the total, and the Port recognized pension expense of $18,675,166 as its proportionate share of PERS pension expense. For the year ended June 30, 2018, the Port's proportionate share of the collective NPL of PERS is $86,772,304, or 0.64370965 percent of the total, and the Port recognized pension expense of $17,866,439 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. For the year ended June 30, 2019, $45,416,891 of the NPL, and $8,919,271 of pension expense, was applicable to the Airport. For the year ended June 30, 2018, $39,036,170 of the NPL, and $8,233,507 of pension expense, was applicable to the Airport.

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

Actuarial assumptions used in the 2016 valuation rolled forward to the measurement date of June 30, 2018 were as follows:

- Investment Rate of Return: 7.20 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

Mortality assumptions for healthy retirees and beneficiaries are based on RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs. Active members' mortality assumptions are based on RP-2014 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and setbacks. Disabled retirees' mortality assumptions are based on RP-2014 Disabled retirees, sex distinct, generational with Unisex, Social Security Data Scale.

Actuarial assumptions used in the 2015 valuation rolled forward to the measurement date of June 30, 2017 were as follows:

- Investment Rate of Return: 7.50 percent per annum
- Projected Salary Increases: 3.50 percent overall payroll growth
- Inflation Rate: 2.50 percent per annum

Mortality assumptions for healthy retirees and beneficiaries were based on RP-2000 sex-distinct, generational per Scale BB. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees' mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

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 2016 valuation rolled forward to the measurement date of June 30, 2018 are based on the 2016 Experience Study, which reviewed experience for the four-year period ended on December 31, 2016. The methods and assumptions shown above for the 2015 valuation rolled forward to the measurement date of June 30, 2017 are based on the 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

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% 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.

8. Pension Plans and Deferred Compensation Plan, continued:

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 7.20 percent for the measurement date of June 30, 2018, and 7.5 percent for the measurement date of June 30, 2017. 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 2019, the Port's $99,928,241 proportionate share of the NPL was calculated using the discount rate of 7.20 percent as of the measurement date of June 30, 2018. If a discount rate 1 percentage point lower (6.20%) were used in the calculation, it would result in an NPL for the Port of $166,998,969. If a discount rate 1 percentage point higher (8.20%) were used in the calculation, it would result in an NPL for the Port of $44,566,844. For fiscal 2018, the Port's $86,772,304 proportionate share of the NPL was calculated using the discount rate of 7.50 percent as of the measurement date of June 30, 2017. If a discount rate 1 percentage point lower (6.50%) were used in the calculation, it would result in an NPL for the Port of $147,875,850. If a discount rate 1 percentage point higher (8.50%) were used in the calculation, it would result in an NPL for the Port of $35,678,425.

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, 2018 and 2017, 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 July 2015. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

8. Pension Plans and Deferred Compensation Plan, continued:

Asset class	Target allocation*	Compound annual (geometric) return
Core fixed income	8.00%	3.49%
Short-term bonds	8.00%	3.38%
Bank/leveraged loans	3.00%	5.09%
High yield bonds	1.00%	6.45%
Large/mid cap U.S. equities	15.75%	6.30%
Small cap U.S. equities	1.31%	6.69%
Micro cap U.S. equities	1.31%	6.80%
Developed foreign equities	13.13%	6.71%
Emerging market equities	4.13%	7.45%
Non-U.S. small cap equities	1.88%	7.01%
Private equity	17.50%	7.82%
Real estate (property)	10.00%	5.51%
Real estate (REITs)	2.50%	6.37%
Hedge fund of funds - diversified	2.50%	4.09%
Hedge fund - event driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed inflation - mean	n/a	2.50%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

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, 2018 and 2017, there were deferred outflows and inflows of resources related to the following sources:

	Deferred outflows of resources		Deferred inflows of resources	
Measurement date of June 30,	2018	2017	2018	2017
Differences between expected and actual experience	$ 1,456,015	$ 2,253,100		
Changes of assumptions	23,233,126	15,817,043		
Net difference between projected and actual earnings on plan investments		893,958	$ 4,437,379	
Differences between contributions and Port's proportionate share of system contributions	3,647,690	3,730,833	3,427,760	$ 4,810,607
Total	$ 28,336,831	$ 22,694,934	$ 7,865,139	$ 4,810,607

8. <u>Pension Plans and Deferred Compensation Plan</u>, continued:

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2019 and 2018 in the amount of $8,714,060 and $8,143,225, respectively; these contributions are recognized as a reduction in the Port's NPL in the ensuing year. $4,266,890 and $3,854,851 of the deferred outflows were applicable to the Airport at June 30, 2019 and 2018, respectively.

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 - Airport	Deferred Outflows/ (Inflows) of Resources - Marine & Other	Deferred Outflows/ (Inflows) of Resources - Total
2020	$ 5,313,379	$ 6,566,008	$ 11,879,387
2021	3,796,304	4,691,282	8,487,586
2022	(709,936)	(877,303)	(1,587,239)
2023	484,345	598,530	1,082,875
2024	272,429	336,654	609,083
Total	$ 9,156,521	$ 11,315,171	$ 20,471,692

Subsequent to the measurement date, the 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 could have the effect of reducing employer rates prospectively. Certain provisions of Senate Bill 1049 have been challenged with the Oregon Supreme Court and could be overturned. Changes that are not overturned will be reflected in the next year's actuarial valuations, and their effects are expected to be significant to the plan liabilities.

The Port offers all its employees a deferred compensation plan created in accordance with IRC Section 457. The plan permits eligible employees to defer a portion of their current salary until future years. 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. The Port has little administrative involvement with the plan and does not perform the investing function. Therefore, the plan assets are not included on the balance sheet.

9. <u>Postemployment Healthcare Benefits</u>:

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.

9. Postemployment Healthcare Benefits, continued**:**

At June 30, 2019, the following employees were covered by the benefits terms of the plan:

Inactive employees currently receiving benefit payments	36
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	789
	825

For the year ended June 30, 2019, the Port's total other postemployment benefit (OPEB) liability of $6,477,793 was determined based upon a July 1, 2019 actuarial valuation, measured as of June 30, 2019; $3,489,923 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $472,591 in fiscal 2019, with $248,426 of OPEB expense applicable to the Airport. For the year ended June 30, 2018, the Port's total other postemployment benefit (OPEB) liability of $6,283,870 was determined based upon a July 1, 2017 actuarial valuation, measured as of June 30, 2017, rolled forward to a reporting date of June 30, 2018; $3,511,787 of this OPEB liability was attributable to the Airport. The Port recognized OPEB expense of $337,178 in fiscal 2018, with $190,112 of OPEB expense applicable to the Airport.

The OPEB liability in the July 1, 2019 actuarial valuation measured as of June 30, 2019 was determined using the following actuarial assumptions:

- A discount rate of 2.79 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2019
- A healthcare cost trend rate of 7.5 percent graded uniformly to 6.75 percent over 3 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 RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2018

The OPEB liability in the July 1, 2017 actuarial valuation measured as of June 30, 2017 was determined using the following actuarial assumptions:

- A discount rate of 3.13 percent based on the S&P Municipal Bond 20-Year High Grade Index as of June 30, 2017
- A healthcare cost trend rate of 7.5 percent graded uniformly to 5.0 percent over a 10-year period
- Mortality rates were based on the RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement under Projection Scale MP-2016

Changes in the OPEB liability during fiscal 2019 are shown in the following table:

	Airport	Marine & Other	Total Port
Balance at 6/30/2018	$ 3,511,787	$ 2,772,083	$ 6,283,870
Service cost	161,630	119,701	281,331
Interest	104,159	81,885	186,044
Experience losses	(347,536)	(28,951)	(376,487)
Changes of assumptions	225,995	187,005	413,000
Benefit payments	(166,112)	(143,853)	(309,965)
Net change	(21,864)	215,787	193,923
Balance at 6/30/2019	$ 3,489,923	$ 2,987,870	$ 6,477,793

Changes of assumptions reflect a change in the discount rate from 3.13 percent in the 2017 valuation to 2.79 percent in the 2019 valuation, changes in the retirement, termination, and mortality assumptions to be consistent with PERS actuarial valuation assumptions based on their most recent report, and a change in the assumed trend rate for medical claims from 7.5 percent graded uniformly to an ultimate rate of 5 percent over 10 years to 7.5 percent graded uniformly to 6.75 percent over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94 percent in the year 2075.

9. 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 current health care trend rate assumption:

	1% decrease	7.5% decreasing to 6.75% over 3 years, following the Getzen model therafter	1% increase
Total OPEB liability, 6/30/2019	$ 5,816,225	$ 6,477,793	$ 7,255,534

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 current discount rate:

	1% decrease (1.79%)	Discount rate (2.79%)	1% increase (3.79%)
Total OPEB liability, 6/30/2019	$ 7,080,286	$ 6,477,793	$ 5,933,106

For the year ended June 30, 2019, the Port recognized OPEB expense of $467,375. At June 30, 2019, 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		$ 322,703
Changes of assumptions	$ 354,000	
Total	$ 354,000	$ 322,703

Port benefits payments made after the measurement date are reported as deferred outflows on the balance sheet at June 30, 2019 and 2018 in the amount of $0 and $399,443, respectively. These payments are recognized as a reduction in the Port's total OPEB liability in the ensuing year. $0 and $229,781 of the deferred outflows were applicable to the Airport at June 30, 2019 and 2018, respectively. 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
2020	$ (17,363)	$ 22,579	$ 5,216
2021	(17,363)	22,579	5,216
2022	(17,363)	22,579	5,216
2023	(17,363)	22,579	5,216
2024	(17,363)	22,579	5,216
Thereafter	(17,363)	22,580	5,217
Total	$ (104,178)	$ 135,475	$ 31,297

10. 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,	
	2019	2018
Beginning liability	$ 1,080,766	$ 1,309,654
Current year claims and changes in estimates	311,658	205,678
Claim payments	(484,206)	(434,566)
Ending liability	$ 908,218	$ 1,080,766

Approximately $572,257 and $711,332 of the liability was applicable to the Airport at June 30, 2019 and 2018, respectively.

11. Commitments and Contingencies:

At June 30, 2019, land acquisition and construction contract commitments aggregated approximately $451,300,000 for the Airport, $20,900,000 for Marine & Other, and $472,200,000 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 Order on Consent (AOC) to perform remedial investigation and evaluation activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $330,000 for its estimated remaining share of the costs of these Portland Harbor investigative activities at June 30, 2019. 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,

11. Commitments and Contingencies, continued**:**

there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port has entered into separate AOCs with the EPA governing early action cleanup activities on two of these sites. The Port has accrued approximately $25,400,000 and $1,700,000 in estimated costs for these cleanups at June 30, 2019. At another site, the Port has accrued approximately $22,100,000 in estimated remaining costs at June 30, 2019. 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	$ 5,005,000		$ (2,110,000)	$ 2,895,000
less: current portion	(3,177,500)	$ (1,679,502)	2,162,002	(2,695,000)
Long-term liability	$ 1,827,500	$ (1,679,502)	$ 52,002	$ 200,000
Marine & Other:				
Environmental liabilities	$ 64,184,986	$ 5,664,332	$ (13,595,966)	$ 56,253,352
less: current portion	(16,816,083)	(2,048,661)	12,124,159	(6,740,585)
Long-term liability	$ 47,368,903	$ 3,615,671	$ (1,471,807)	$ 49,512,767

The Port leases from others, under operating leases, warehouse and office space, office equipment, and submerged lands. These leases expire at varying times through fiscal 2024. Total rental expense (all minimum rentals) for operating leases approximated $267,000 and $196,000 for Marine & Other in 2019 and 2018, respectively, and $243,000 and $206,000 for the Airport in 2019 and 2018, respectively. Future minimum rental payments on noncancelable operating leases for the five succeeding fiscal years and five year increments thereafter are:

	Airport	Marine & Other	Total Port
2020	$ 241,991	$ 302,468	$ 544,459
2021	16,363	272,946	289,309
2022	12,115	280,917	293,032
2023		273,725	273,725
2024		68,952	68,952
Total	$ 270,469	$ 1,199,008	$ 1,469,477

12. 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 $186,000 under agreements entered into by Multnomah County, $350,000 under agreements entered into by Clackamas County, and $720,000 under agreements entered into by Washington County.

REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

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

	2019	2018	2017
Total OPEB liability - beginning	$ 6,283,870	$ 6,318,267	$ 6,332,670
Service cost	281,331	146,462	139,488
Interest	186,044	190,716	191,760
Differences between expected and actual experience	(376,487)		
Changes of assumptions	413,000		
Benefit payments	(309,965)	(371,575)	(345,651)
Net change	193,923	(34,397)	(14,403)
Total OPEB liability - ending	$ 6,477,793	$ 6,283,870	$ 6,318,267
Covered-employee payroll	$ 57,832,773	$ 62,444,085	$ 62,444,085
Total OPEB liability as a percentage of covered-employee payroll	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,	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Port share of Net Pension Liability (Asset) - percentage	0.659650%	0.643710%	0.687390%	0.627646%	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ 99,928,241	$ 86,772,304	$103,193,124	$ 36,036,033	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 71,239,000	$ 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]	140.3%	122.3%	155.0%	54.1%	-23.5%	53.3%
PERS fiduciary net position as a percentage of TPL	82.1%	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:	**2019**	**2018**	**2017**	**2016** [1]	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Actuarially Determined Contribution	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764
Contribution in relation to Actuarially Determined Contribution	$ 8,714	$ 8,143	$ 5,549	$ 5,549	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$72,101	$71,239	$70,942	$66,585	$66,637	$61,267	$60,855	$60,447	$56,138	$54,943
Contribution as a percentage of Covered Employee Payroll	12.1%	11.4%	7.8%	8.3%	8.0%	7.9%	8.3%	8.2%	3.4%	3.2%

[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.

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, 2019

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Port Funds:			
General Fund	$ 88,742,212	$ 112,822,384	$ (24,080,172)
Bond Construction Fund	16,534,157	17,060,343	(526,186)
Airport Revenue Fund	301,494,925	157,560,030	143,934,895
Airport Revenue Bond Fund	1,310,907	58,454,426	(57,143,519)
Airport Construction Fund	254,586,717	214,281,273	40,305,444
PFC Fund	42,498,522	41,635	42,456,887
PFC Bond Fund	430,205	14,843,282	(14,413,077)
CFC Fund	171,195,053	992,582	170,202,471
CFC Bond Fund	9,565,736	1,184,553	8,381,183
Totals - budgetary reporting basis	$ 886,358,434	$ 577,240,508	309,117,926
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			225,224,811
Expensed capital outlay expenditures			(3,768,506)
Internal costs on capital projects			20,284,448
Depreciation and amortization expense			(115,449,030)
Contributions from governmental agencies			(6,065,941)
Debt issue proceeds			(408,180,577)
Bond and contract payable principal expenditures			44,286,418
Difference between income and proceeds from sales of land			(18,462,691)
Noncash pension and OPEB expense			(10,559,806)
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,757,070)
Cash placed into escrow account			1,745,640
Other			(720,394)
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 34,695,228

* 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, 2019

	Budgetary Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 301,494,925	$ 157,560,030	$ 143,934,895
Airport Revenue Bond Fund	1,310,907	58,454,426	(57,143,519)
Airport Construction Fund	254,586,717	214,281,273	40,305,444
PFC Fund	42,498,522	41,635	42,456,887
PFC Bond Fund	430,205	14,843,282	(14,413,077)
CFC Fund	171,195,053	992,582	170,202,471
CFC Bond Fund	9,565,736	1,184,553	8,381,183
Totals - budgetary reporting basis	$ 781,082,065	$ 447,357,781	333,724,284
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			212,307,618
Internal costs on capital projects			2,383,991
Depreciation and amortization expense			(95,625,457)
Expenses that will be expended in future years			1,809,893
Contributions from governmental agencies			(2,505,489)
Bond sale proceeds			(408,180,577)
Bond principal expenditures			39,010,307
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,734,230)
Allocation of pension debt service			(4,831,581)
Noncash pension and OPEB expense			(4,981,816)
Intra-Port services received, provided, and overhead			(25,702,378)
Other			(662,046)
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 44,012,519

* 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, 2019

	Resources				Over
		Transfers			(Under)
	Original	In (Out)	Budget	Actual	Budget
REVENUES:					
Operating revenues:					
Administration	$ 166,200		$ 166,200	$ 190,865	$ 24,665
Marine	33,306,272	$ 900,000	34,206,272	34,753,288	547,016
Industrial Development	26,251,119		26,251,119	20,806,906	(5,444,213)
Navigation	17,994,345	1,500,000	19,494,345	18,801,233	(693,112)
General Aviation	3,938,343		3,938,343	3,667,372	(270,971)
	81,656,279	2,400,000	84,056,279	78,219,664	(5,836,615)
Interest	4,412,792		4,412,792	10,880,629	6,467,837
Fixed asset sales and other				621,495	621,495
Total revenues	86,069,071	2,400,000	88,469,071	89,721,788	1,252,717
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	4,050,462		4,050,462	2,079,015	(1,971,447)
Airport Construction Fund	13,276,675		13,276,675	15,821,442	2,544,767
Airport Revenue Fund	29,149,915		29,149,915	31,212,447	2,062,532
Total transfers	46,477,052		46,477,052	49,112,904	2,635,852
Total revenues and transfers	132,546,123	2,400,000	134,946,123	138,834,692	3,888,569
BEGINNING WORKING CAPITAL	209,103,318		209,103,318	212,753,633	3,650,315
Total resources	$ 341,649,441	$ 2,400,000	$ 344,049,441	$ 351,588,325	$ 7,538,884

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

GENERAL FUND

(BUDGETARY BASIS), Continued

for the year ended June 30, 2019

	Appropriations				(Over)
		Transfers			Under
	Original	In (Out)	Revised	Actual	Budget
EXPENDITURES:					
Administration	$ 52,847,791	$ 500,000	$ 53,347,791	$ 50,951,583	$ 2,396,208
Marine	30,702,440	2,120,000	32,822,440	28,676,156	4,146,284
Industrial Development	4,245,030	150,000	4,395,030	4,086,940	308,090
Navigation	12,027,263	1,500,000	13,527,263	13,032,814	494,449
General Aviation	3,153,623		3,153,623	2,947,059	206,564
Long-term debt payments	12,253,967		12,253,967	11,951,720	302,247
System development charges/other	10,000	90,000	100,000		100,000
Other environmental	1,609,731	750,000	2,359,731	1,176,112	1,183,619
Contingencies	215,549,321	(2,710,000)	212,839,321		212,839,321
Total expenditures	332,399,166	2,400,000	334,799,166	112,822,384	221,976,782
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	8,805,064		8,805,064		8,805,064
Airport Revenue Fund	445,211		445,211	298,208	147,003
Total transfers	9,250,275		9,250,275	298,208	8,952,067
Total expenditures and transfers	$ 341,649,441	$ 2,400,000	$ 344,049,441	113,120,592	$ 230,928,849
ENDING WORKING CAPITAL				$ 238,467,733	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Interest and other	$ 326,800	$	$ 326,800	$ 548,010	$ 221,210
Grants	9,455,010		9,455,010	3,560,452	(5,894,558)
	9,781,810		9,781,810	4,108,462	(5,673,348)
Tax and tax items:					
Current property tax levy - net	12,364,310		12,364,310	12,525,289	160,979
Interest on taxes				(99,594)	(99,594)
	12,364,310		12,364,310	12,425,695	61,385
Total revenues	22,146,120		22,146,120	16,534,157	(5,611,963)
TRANSFERS FROM OTHER FUNDS:					
General Fund	8,805,064		8,805,064		(8,805,064)
Airport Revenue Fund	10,000		10,000	3,865,093	3,855,093
Total transfers	8,815,064		8,815,064	3,865,093	(4,949,971)
BEGINNING WORKING CAPITAL	10,000,000		10,000,000	14,504,551	4,504,551
Total resources	$ 40,961,184	$	$ 40,961,184	34,903,801	$ (6,057,383)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 22,806,430		$ 22,806,430	17,060,343	$ 5,746,087
Contingencies	10,000,000	$ (200,000)	9,800,000		9,800,000
Total expenditures	32,806,430	(200,000)	32,606,430	17,060,343	15,546,087
TRANSFERS TO OTHER FUNDS:					
General Fund	4,050,462		4,050,462	2,079,015	1,971,447
Airport Revenue Fund	4,104,292	200,000	4,304,292	33,433	4,270,859
Total transfers	8,154,754	200,000	8,354,754	2,112,448	6,242,306
Total expenditures and transfers	$ 40,961,184	$	$ 40,961,184	19,172,791	$ 21,788,393
ENDING WORKING CAPITAL				$ 15,731,010	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 247,399,810	$ 3,000,000	$ 250,399,810	$ 251,328,884	$ 929,074
Interest and other	5,318,300		5,318,300	5,966,041	647,741
Commercial paper proceeds	125,000,000		125,000,000	44,200,000	(80,800,000)
Total revenues	377,718,110	3,000,000	380,718,110	301,494,925	(79,223,185)
TRANSFERS FROM OTHER FUNDS:					
General Fund	445,211		445,211	298,208	(147,003)
Bond Construction Fund	4,104,292		4,104,292	33,433	(4,070,859)
Airport Construction Fund	152,963,555		152,963,555	23,671,753	(129,291,802)
CFC Fund	70,020,000		70,020,000	22,965,327	(47,054,673)
Total transfers	227,533,058		227,533,058	46,968,721	(180,564,337)
Total revenues and transfers	605,251,168	3,000,000	608,251,168	348,463,646	(259,787,522)
BEGINNING WORKING CAPITAL	104,460,000		104,460,000	71,774,484	(32,685,516)
Total resources	$ 709,711,168	$ 3,000,000	$ 712,711,168	420,238,130	$ (292,473,038)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 112,554,040	$ 3,100,000	$ 115,654,040	113,650,665	$ 2,003,375
Commercial paper debt service payments	221,100,000		221,100,000	44,879,263	176,220,737
Other	600,000		600,000	(969,898)	1,569,898
Contingencies	109,480,000	(100,000)	109,380,000		109,380,000
Total expenditures	443,734,040	3,000,000	446,734,040	157,560,030	289,174,010
TRANSFERS TO OTHER FUNDS:					
General Fund	29,149,915		29,149,915	32,192,023	(3,042,108)
Bond Construction Fund	10,000		10,000	3,865,093	(3,855,093)
Airport Construction Fund	148,641,869		148,641,869	49,770,553	98,871,316
Airport Revenue Bond Fund	48,175,344		48,175,344	49,336,215	(1,160,871)
CFC Fund	40,000,000		40,000,000	5,237,831	34,762,169
Total transfers	265,977,128		265,977,128	140,401,715	125,575,413
Total expenditures and transfers	$ 709,711,168	$ 3,000,000	$ 712,711,168	297,961,745	$ 414,749,423
ENDING WORKING CAPITAL				$ 122,276,385	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

AIRPORT REVENUE BOND FUND

(BUDGETARY BASIS)

for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 1,000,000	$ 1,310,907	$ 310,907
Bond sale and other debt proceeds	22,000,000		(22,000,000)
Total revenues	23,000,000	1,310,907	(21,689,093)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	48,175,344	49,336,215	1,160,871
Airport Construction Fund	10,210,000	13,679,934	3,469,934
Total transfers	58,385,344	63,016,149	4,630,805
Total revenues and transfers	81,385,344	64,327,056	(17,058,288)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	37,073,586	37,699,717	626,131
Total resources	$ 118,458,930	102,026,773	$ (16,432,157)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 59,385,344	58,454,426	$ 930,918
Total expenditures	59,385,344	58,454,426	$ 930,918
UNAPPROPRIATED BALANCE	59,073,586		
	$ 118,458,930		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 43,572,347	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Grants	$ 1,451,635	$	$ 1,451,635	$ 2,505,489	$ 1,053,854
Interest and other	2,196,800		2,196,800	6,478,055	4,281,255
Bond sale proceeds	328,000,000		328,000,000	245,603,173	(82,396,827)
Total revenues	331,648,435		331,648,435	254,586,717	(77,061,718)
TRANSFERS FROM OTHER FUNDS:					
Airport Revenue Fund	148,641,869		148,641,869	49,770,553	(98,871,316)
CFC Fund	45,000,000		45,000,000	31,974,530	(13,025,470)
PFC Fund	1,000,000		1,000,000		(1,000,000)
Total transfers	194,641,869		194,641,869	81,745,083	(112,896,786)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	122,185,614		122,185,614	208,942,337	86,756,723
Total resources	$ 648,475,918	$	$ 648,475,918	545,274,137	$ (103,201,781)

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Capital outlay	$ 242,692,793		$ 242,692,793	213,568,677	$ 29,124,116
Bond issue costs/other	6,000,000		6,000,000	712,596	5,287,404
Contingencies	223,332,895	$ (250,000)	223,082,895		223,082,895
Total expenditures	472,025,688	(250,000)	471,775,688	214,281,273	257,494,415
TRANSFERS TO OTHER FUNDS:					
General Fund	13,276,675	250,000	13,526,675	15,821,442	(2,294,767)
Airport Revenue Fund	152,963,555		152,963,555	23,671,753	129,291,802
Airport Revenue Bond Fund	10,210,000		10,210,000	13,679,934	(3,469,934)
Total transfers	176,450,230	250,000	176,700,230	53,173,129	123,527,101
Total expenditures and transfers	$ 648,475,918	$	$ 648,475,918	267,454,402	$ 381,021,516
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 277,819,735	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Interest and other	$ 1,570,600	$	$ 1,570,600	$ 3,934,972	$ 2,364,372
Passenger facility charges	39,467,603		39,467,603	38,563,550	(904,053)
Total revenues	41,038,203		41,038,203	42,498,522	1,460,319
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	84,344,531		84,344,531	121,701,782	37,357,251
Total resources	$ 125,382,734	$	$ 125,382,734	164,200,304	$ 38,817,570

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Other	$ 25,000	$ 55,000	$ 80,000	41,635	$ 38,365
Contingencies	109,364,909	(55,000)	109,309,909		109,309,909
Total expenditures	109,389,909		109,389,909	41,635	109,348,274
TRANSFERS TO OTHER FUNDS:					
PFC Bond Fund	14,992,825		14,992,825	14,799,475	193,350
Airport Construction Fund	1,000,000		1,000,000		1,000,000
Total transfers	15,992,825		15,992,825	14,799,475	1,193,350
Total expenditures and transfers	$ 125,382,734	$	$ 125,382,734	14,841,110	$ 110,541,624
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 149,359,194	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 100,000	$ 430,205	$ 330,205
Total revenues	100,000	430,205	330,205
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,992,825	14,799,475	(193,350)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	14,450,178	14,596,087	145,909
Total resources	$ 29,543,003	29,825,767	$ 282,764

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 15,092,825	14,843,282	$ 249,543
Total expenditures	15,092,825	14,843,282	$ 249,543
UNAPPROPRIATED BALANCE	14,450,178		
	$ 29,543,003		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 14,982,485	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 174,000	$ 1,192,654	$ 1,018,654
Bond sale and other debt proceeds	197,500,000	153,764,624	(43,735,376)
Customer facility charges	16,697,599	16,237,775	(459,824)
Total revenues	214,371,599	171,195,053	(43,176,546)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	40,000,000	5,237,831	(34,762,169)
Total transfers	40,000,000	5,237,831	(34,762,169)
Total revenues and transfers	254,371,599	176,432,884	(77,938,715)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	5,621,276	5,324,150	(297,126)
Total resources	$ 259,992,875	181,757,034	$ (78,235,841)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Bank fees and other	$ 4,000,000	992,582	$ 3,007,418
Contingencies	138,972,875		138,972,875
Total expenditures	142,972,875	992,582	141,980,293
TRANSFERS TO OTHER FUNDS:			
Airport Revenue Fund	70,020,000	22,965,327	47,054,673
Airport Construction Fund	45,000,000	31,974,530	13,025,470
CFC Bond Fund	2,000,000	1,184,553	815,447
Total transfers	117,020,000	56,124,410	60,895,590
UNAPPROPRIATED BALANCE			
Total expenditures and transfers	$ 259,992,875	57,116,992	$ 202,875,883
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 124,640,042	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2019

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other		$ 40,360	$ 40,360
Bond sale and other debt proceeds	$ 14,000,000	9,525,376	(4,474,624)
Total revenues	14,000,000	9,565,736	(4,434,264)
TRANSFERS FROM OTHER FUNDS:			
CFC Fund	2,000,000	1,184,553	(815,447)
Total transfers	2,000,000	1,184,553	(815,447)
Total revenues and transfers	16,000,000	10,750,289	(5,249,711)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION			
Total resources	$ 16,000,000	10,750,289	$ (5,249,711)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 2,000,000	1,184,553	$ 815,447
Total expenditures	2,000,000	1,184,553	815,447
UNAPPROPRIATED BALANCE	14,000,000		
Total expenditures and transfers	$ 16,000,000	1,184,553	$ 815,447
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 9,565,736	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2019

		Marine & Other			Airport							
ASSETS	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	$ 51,008,428	$ 50,970,188	$ 50,922,578	$ 47,610	$ 38,240	$ 38,240						
Equity in pooled investments	355,143,940	220,163,989	205,018,888	15,145,101	134,979,951	134,979,951						
Restricted cash and equity in pooled investments	98,828,865				98,828,865		$ 42,464,032	$ 44,481,271	$ 547,838	$ 10,076,767	$ 74,404	$ 1,184,553
Receivables, net of allowance for doubtful accounts	31,060,747	17,678,651	13,702,521	3,976,130	13,382,096	13,382,096						
Prepaid insurance and other assets	6,939,795	2,319,691	2,319,691		4,620,104	4,620,104						
Total current assets	542,981,775	291,132,519	271,963,678	19,168,841	251,849,256	153,020,391	42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Noncurrent assets:												
Restricted assets:												
Cash and equity in pooled investments	633,587,193	4,477,674	4,477,674		629,109,519	21,875,962	43,572,347	273,270,801	143,388,937	14,982,485	122,453,251	9,565,736
Receivables	12,705,982				12,705,982			4,548,934	5,970,257		2,186,791	
Total restricted assets	646,293,175	4,477,674	4,477,674		641,815,501	21,875,962	43,572,347	277,819,735	149,359,194	14,982,485	124,640,042	9,565,736
Land held for sale	40,822,599	40,822,599	24,403,067	16,419,532								
Depreciable properties, net of accumulated depreciation	1,216,994,408	148,172,365	148,172,365		1,068,822,043	1,068,822,043						
Nondepreciable properties	519,413,256	105,117,294	83,417,483	21,699,811	414,295,962	68,042,167		346,253,795				
Unamortized bond issue costs	811,201	122,174	122,174		689,027	593,469			95,558			
Due from other funds		28,330,954 *	28,330,954 *									
Other noncurrent assets	3,573,626	2,607,912	2,607,912		965,714	965,714						
Total noncurrent assets	2,427,908,265	329,650,972	291,531,629	38,119,343	2,126,588,247	1,160,299,355	43,572,347	624,073,530	149,454,752	14,982,485	124,640,042	9,565,736
Deferred outflows of resources:												
Deferred charges on refunding bonds	19,937,002				19,937,002	13,899,937			6,037,065			
Deferred charges on pensions and OPEB	37,380,050	19,833,496	19,833,496		17,546,554	17,546,554						
Cumulative decrease in fair value of hedging derivative	5,906,000				5,906,000		5,906,000					
Total deferred outflows of resources	63,223,052	19,833,496	19,833,496		43,389,556	31,446,491	5,906,000		6,037,065			
Total assets	$ 3,034,113,092	$ 640,616,987	$ 583,328,803	$ 57,288,184	$ 2,421,827,059	$ 1,344,766,237	$ 91,942,379	$ 668,554,801	$ 156,039,655	$ 25,059,252	$ 124,714,446	$ 10,750,289
LIABILITIES												
Current liabilities (payable from current assets):												
Current portion of long-term debt	$ 6,033,407	$ 4,533,407	$ 4,533,407		$ 1,500,000	$ 1,500,000						
Accounts payable	39,886,989	19,615,497	16,177,666	$ 3,437,831	20,271,492	20,271,492						
Accrued wages, vacation and sick leave pay	16,131,291	8,520,342	8,520,342		7,610,949	7,610,949						
Workers' compensation and other accrued liabilities	5,626,095	4,264,530	4,264,530		1,361,565	1,361,565						
Total current liabilities (payable from current assets)	67,677,782	36,933,776	33,495,945	3,437,831	30,744,006	30,744,006						
Restricted liabilities (payable from restricted assets):												
Current portion of long-term debt and other	35,316,725				35,316,725		$ 26,695,168		$ 516,557	$ 8,105,000		
Accrued interest payable	18,925,184				18,925,184		15,768,864			1,971,767		$ 1,184,553
Accounts payable	39,215,061				39,215,061			$ 39,109,376	31,281		$ 74,404	
Contract retainage payable	5,371,895				5,371,895			5,371,895				
Total restricted current liabilities (payable from restricted assets)	98,828,865				98,828,865		42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Total current liabilities	166,506,647	36,933,776	33,495,945	3,437,831	129,572,871	30,744,006	42,464,032	44,481,271	547,838	10,076,767	74,404	1,184,553
Noncurrent liabilities:												
Long-term environmental and other accruals	61,328,836	49,749,396	49,749,396		11,579,440	1,923,440	5,906,000		3,750,000			
Long-term debt	1,240,652,805	75,269,975	75,269,975		1,165,382,830	886,958,037			115,134,793		163,290,000	
Unearned revenue and other	70,132,246	26,374,296	26,374,296		43,757,950	41,670,483	1,072,832		1,014,635			
Net pension and OPEB liability	106,381,193	57,474,379	57,474,379		48,906,814	48,906,814						
Due to other funds					28,330,954 *	28,330,954 *						
Total noncurrent liabilities	1,478,495,080	208,868,046	208,868,046		1,297,957,988	1,007,789,728	6,978,832		119,899,428		163,290,000	
Deferred inflows of resources:												
Deferred pension inflows	8,187,842	3,960,521	3,960,521		4,227,321	4,227,321						
Total deferred inflows of resources	8,187,842	3,960,521	3,960,521		4,227,321	4,227,321						
Total liabilities	1,653,189,569	249,762,343	246,324,512	3,437,831	1,431,758,180	1,042,761,055	49,442,864	44,481,271	120,447,266	10,076,767	163,364,404	1,184,553
NET POSITION												
Net investment in capital assets	859,600,815	275,684,717	237,565,374	38,119,343	583,916,098	242,634,735	(26,265,000)	547,237,565	(112,752,170)	(8,105,000)	(58,834,032)	
Restricted for capital and debt service	351,730,331	4,477,674	4,477,674		347,252,657	470,323	68,764,515	76,835,965	148,344,559	23,087,485	20,184,074	9,565,736
Unrestricted	169,592,377	110,692,253	94,961,243	15,731,010	58,900,124	58,900,124						
Total net position	1,380,923,523	390,854,644	337,004,291	53,850,353	990,068,879	302,005,182	42,499,515	624,073,530	35,592,389	14,982,485	(38,649,958)	9,565,736
Total liabilities and net position	$ 3,034,113,092	$ 640,616,987	$ 583,328,803	$ 57,288,184	$ 2,421,827,059	$ 1,344,766,237	$ 91,942,379	$ 668,554,801	$ 156,039,655	$ 25,059,252	$ 124,714,446	$ 10,750,289

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF NET REVENUES
for the year ended June 30, 2019

Operating revenues:	
Airline revenues	$ 100,446,193
Concessions and other rentals	148,265,720
Other	2,947,510
	251,659,423
Interest income - revenue fund and revenue bond fund	6,236,335
	257,895,758
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	54,425,138
Contract, professional and consulting services	35,003,092
Materials and supplies	5,567,197
Utilities	11,238,384
Equipment rents, repair and fuel	2,050,136
Insurance	2,113,664
Travel and management expense	3,227,166
Allocation of general and administration expense of the Port of Portland	20,079,309
Other	3,821,713
	137,525,799
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 120,369,959

* 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
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2019

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		$ 120,369,959
SLB debt service requirement:		
Interest and principal amount	$ 49,098,582	
	x 130%	
Total net revenues required		63,828,157
Excess of net revenues over 130% of SLB debt service requirement		$ 56,541,802

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		$ 56,541,802
Excess principal amount	$	
	x 100%	
Total additional net revenues required		
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 56,541,802

In addition, Section 5f of Ordinance No. 323 requires that the net nevenues, 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		$ 56,541,802
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		56,541,802
Other swap obligations	$	
Junior lien obligations		
Total Other Obligations		
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 56,541,802

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2019

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2018	$ 97,467,591	$ 14,560,755
Bond sale proceeds	217,481,914	1,521,334
Interest income	2,111,094	192,508
	317,060,599	16,274,597
Construction expenditures	123,237,638	
Issuance expenditures	433,854	
Transfers to revenue bond fund		8,679,934
Construction account, June 30, 2019	$ 193,389,107	$ 7,594,663

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

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
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, 2019

Net revenues, per accompanying schedule of net revenues	$	120,369,959	
Less revenue bond fund interest income		(1,310,908)	
Applied to General Account, available to be applied to debt service of bonds	$	119,059,051	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$	49,098,582	(2)
Ratio (1)/(2)		2.42	
Required ratio		1.30	

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

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2019

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2018	$ 285,386	$ 14,310,701	$ 121,701,782
PFC revenues:			
PFC bond account	14,799,475		
Capital account			23,764,075
Interest earnings		430,205	3,852,599
Transfer from reserve account to bond account	430,205	(430,205)	
Bond payments to trustee	(14,843,282)		
Other, net			40,738
Balances at June 30, 2019	$ 671,784	$ 14,310,701	$ 149,359,194

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, 2019

Fiscal Year	Property Taxes Receivable June 30, 2018	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2019	Interest Collected
2018-19		$ 12,992,545	$ (12,439,115)	$ (346,711)	$ (35,416)	$ 171,303	$ 7,015
2017-18	$ 185,178		(98,999)		(16,186)	69,993	26,691
2016-17	107,129		(47,362)		(25,486)	34,281	4,167
2015-16	76,381		(39,810)		(21,594)	14,977	4,603
2014-15	66,192		(54,135)		(8,084)	3,973	3,592
2013-14 and prior	217,435		(181,509)		(13,779)	22,147	1,194
	$ 652,315	$ 12,992,545	$ (12,860,930)	$ (346,711)	$ (120,545)	$ 316,674	$ 47,262

Reconciliation to income from property taxes:

Current levy	$ 12,992,545
Deduct discounts allowed	(346,711)
Cancellations and adjustments	(120,545)
	$ 12,525,289

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2019

	Maturity Date	Outstanding at June 30, 2018	2018-2019 Transactions: Issued	2018-2019 Transactions: Matured	2018-2019 Transactions: Redeemed	Outstanding June 30, 2019: Total	Outstanding June 30, 2019: Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002A, 2.00% to 7.41%	06/01/20	$ 1,734,398		$ 901,617	$ 901,617	$ 832,781	$ 832,781
Series 2002B, 6.60% to 6.85%	06/01/28	43,525,000				43,525,000	265,000
Series 2005, 4.00% to 5.50%	06/01/28	15,080,000		985,000	985,000	14,095,000	1,100,000
Total Limited Tax Pension Bonds		60,339,398		1,886,617	1,886,617	58,452,781	2,197,781
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 2.00% *	07/01/26	36,830,000		4,510,000	4,510,000	32,320,000	4,705,000
Series 18B, 1.97% *	07/01/26	36,835,000		4,515,000	4,515,000	32,320,000	4,705,000
Series 20A, 3.00% to 5.00%	07/01/40	17,025,000		1,745,000	1,745,000	15,280,000	685,000
Series 20B, 2.00% to 4.50%	07/01/40	18,845,000		525,000	525,000	18,320,000	545,000
Series 20C, 4.00% to 5.00%	07/01/28	67,055,000		6,165,000	6,165,000	60,890,000	4,845,000
Series 21B, 5.00%	07/01/18	8,210,000		8,210,000	8,210,000		
Series 21C, 4.375% to 5.00%	07/01/23	27,685,000				27,685,000	5,040,000
Series 22, 4.00% to 5.00%	07/01/44	90,050,000				90,050,000	1,780,000
Series 23, 5.00%	07/01/38	109,440,000		3,065,000	3,065,000	106,375,000	3,215,000
Series 24A, 5.00%	07/01/47	21,965,000				21,965,000	
Series 24B, 5.00%	07/01/47	211,275,000		710,000	710,000	210,565,000	745,000
Series 25A, 5.00%	07/01/49		$ 21,825,000			21,825,000	
Series 25B, 5.00%	07/01/49		186,430,000			186,430,000	
Total Portland Int'l Airport Revenue Bonds		645,215,000	208,255,000	29,445,000	29,445,000	824,025,000	26,265,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	67,300,000		1,710,000	1,710,000	65,590,000	150,000
Series 2012A, 2.82% *	07/01/24	57,195,000		2,790,000	2,790,000	54,405,000	7,955,000
Series 2012B, 5.00%	07/01/18	3,330,000		3,330,000	3,330,000		
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		127,825,000		7,830,000	7,830,000	119,995,000	8,105,000
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:							
Series 2019, 2.635% to 4.237%	07/01/49		163,290,000			163,290,000	
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds			163,290,000			163,290,000	
Total Port Bonds		$ 833,379,398	$ 371,545,000	$ 39,161,617	$ 39,161,617	$ 1,165,762,781	$ 36,567,781
CONTRACTS & LOANS PAYABLE:							
City of Portland LID, Series 2003, 5.32%	04/01/23	$ 3,461,397		$ 660,507	$ 660,507	$ 2,800,890	$ 696,516
Oregon Department of Transportation, MMTF-0001, 0%	03/31/21	600,000		200,000	200,000	400,000	200,000
Oregon Department of Transportation, MMTF-0003, 0%	07/01/22	2,970,800		742,700	742,700	2,228,100	
Oregon Business Development Dept., B08005, 2.00% to 4.00%	12/01/30	6,036,263		379,332	379,332	5,656,931	386,262
Banc of America Leasing & Capital, LLC, 2.84%	10/01/19	519,260		413,930	413,930	105,330	105,330
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	11,065,255		905,901	905,901	10,159,354	947,518
Total Contracts & Loans Payable		$ 24,652,975		$ 3,302,370	$ 3,302,370	$ 21,350,605	$ 2,335,626
TOTAL PORT LONG-TERM DEBT		$ 858,032,373	$ 371,545,000	$ 42,463,987	$ 42,463,987	$ 1,187,113,386	$ 38,903,407

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2019. 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, 2019

	Outstanding at June 30, 2018	2018 - 19 Transactions: Issued	2018 - 19 Transactions: Interest Matured and Paid	2018 - 19 Transactions: Interest Fluctuations and Redemptions	Outstanding at June 30, 2019	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002A, 2.00% to 7.41%	$ 4,510,603		$ 2,218,383		$ 2,292,220	$ 2,292,220
Series 2002B, 6.60% to 6.85%	20,118,778		2,965,950		17,152,828	2,965,950
Series 2005, 4.00% to 5.50%	4,517,248		751,580		3,765,668	703,719
Total Limited Tax Pension Bonds	29,146,629		5,935,913		23,210,716	5,961,889
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 2.00% *	2,760,720		526,239	$ (479,819)	2,714,300	646,400
Series 18B, 1.97% *	2,726,685		525,850	(473,246)	2,674,081	636,704
Series 20A, 3.00% to 5.00%	7,307,923		631,006		6,676,917	577,106
Series 20B, 2.00% to 4.50%	10,279,676		748,050		9,531,626	726,650
Series 20C, 4.00% to 5.00%	19,640,875		3,198,625		16,442,250	2,923,375
Series 21B, 2.00% to 5.00%	205,250		205,250			
Series 21C, 4.375% to 5.00%	4,709,069		1,320,962		3,388,107	1,194,963
Series 22, 4.00% to 5.00%	75,026,800		4,484,700		70,542,100	4,449,100
Series 23, 5.00%	67,081,000		5,395,375		61,685,625	5,238,375
Series 24A, 5.00%	30,308,625		1,098,250		29,210,375	1,098,250
Series 24B, 5.00%	190,985,375		10,546,000		180,439,375	10,509,625
Series 25A, 5.00%		$ 30,864,594			30,864,594	748,719
Series 25B, 5.00%		175,098,585			175,098,585	6,395,585
Total Portland Int'l Airport Revenue Bonds	411,031,998	205,963,179	28,680,307	(953,065)	589,267,935	35,144,852
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011A, 2.50% to 5.50%	36,310,525		3,430,575		32,879,950	3,385,575
Series 2012A, 2.82% *	6,545,229		1,526,617	(572,808)	5,591,420	1,532,654
Series 2012B, 5.00%	83,250		83,250			
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	42,939,004		5,040,442	(572,808)	38,471,370	4,918,229
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:						
Series 2019, 2.635% to 4.237%		123,588,918			123,588,918	4,366,934
Total Portland Int'l Airport Customer Facility Charge Revenue Bonds		123,588,918			123,588,918	4,366,934
Total Port Bonds	$ 483,117,631	$ 329,552,097	$ 39,656,662	$ (1,525,873)	$ 774,538,939	$ 50,391,904
CONTRACTS & LOANS PAYABLE:						
City of Portland LID, Series 2003, 5.32%	$ 462,104		$ 168,195		$ 293,909	$ 132,187
Oregon Business Development Dept., B08005, 2.00% to 4.00%	1,730,009		220,875		1,509,134	209,495
Banc of America Leasing & Capital, LLC, 2.84%	9,885		9,386		499	499
Banc of America Leasing & Capital, LLC, 4.5%	2,672,349		479,404		2,192,945	437,787
Total Contracts & Loans Payable	$ 4,874,347		$ 877,860		$ 3,996,487	$ 779,968
TOTAL PORT LONG-TERM DEBT	$ 487,991,978	$ 329,552,097	$ 40,534,522	$ (1,525,873)	$ 778,535,426	$ 51,171,872

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

* Interest rate at June 30, 2019. 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, 2019

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29	2029-30 to 2033-34	2034-35 to 2038-39	2039-40 to 2043-44	2044-45 to 2048-49	2049-50 to 2053-54
LIMITED TAX PENSION BONDS:														
Series 2002A	-Principal	03/28/02	$ 832,780	$ 832,780										
2.00% to 7.41%	-Interest		2,292,220	2,292,220										
Series 2002B	-Principal	03/28/02	43,525,000	265,000	$ 3,695,000	$ 4,240,000	$ 4,840,000	$ 5,495,000	$ 24,990,000					
6.60% to 6.85%	-Interest		17,152,828	2,965,950	2,947,797	2,694,690	2,404,250	2,072,710	4,067,431					
Series 2005	-Principal	09/23/05	14,095,000	1,100,000	1,230,000	1,365,000	1,510,000	1,670,000	7,220,000					
4.00% to 5.50%	-Interest		3,765,668	703,719	650,270	588,721	520,416	444,856	857,686					
Total Limited Tax Pension Bonds	-Principal		$ 58,452,780	$ 2,197,780	$ 4,925,000	$ 5,605,000	$ 6,350,000	$ 7,165,000	$ 32,210,000					
Total Limited Tax Pension Bonds	-Interest		$ 23,210,716	$ 5,961,889	$ 3,598,067	$ 3,283,411	$ 2,924,666	$ 2,517,566	$ 4,925,117					
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:														
Series 18A	-Principal	06/11/08	$ 32,320,000	$ 4,705,000	$ 4,935,000	$ 5,155,000	$ 3,295,000	$ 3,450,000	$ 10,780,000					
2.00% **	-Interest		2,714,300	646,400	552,300	453,600	350,500	284,600	426,900					
Series 18B	-Principal	06/11/08	32,320,000	4,705,000	4,930,000	5,155,000	3,295,000	3,450,000	10,785,000					
1.97% **	-Interest		2,674,081	636,704	544,016	446,895	345,341	280,430	420,695					
Series 20A	-Principal	11/02/10	15,280,000	685,000	705,000	725,000	745,000	775,000	4,285,000	$ 2,630,000	$ 3,240,000	$ 1,490,000		
3.00% to 5.00%	-Interest		6,676,917	577,106	556,256	534,353	510,919	486,219	1,984,551	1,290,988	672,562	63,963		
Series 20B	-Principal	11/02/10	18,320,000	545,000	570,000	590,000	615,000	630,000	3,505,000	4,245,000	5,205,000	2,415,000		
2.00% to 4.50%	-Interest		9,531,626	726,650	702,925	680,881	661,669	641,438	2,848,414	2,080,925	1,084,918	103,806		
Series 20C	-Principal	11/02/10	60,890,000	4,845,000	5,085,000	5,335,000	5,600,000	5,890,000	34,135,000					
4.00% to 5.00%	-Interest		16,442,250	2,923,375	2,675,125	2,414,625	2,141,250	1,854,000	4,433,875					
Series 21C	-Principal	08/10/11	27,685,000	5,040,000	5,250,000	5,560,000	5,785,000	6,050,000						
4.375% to 5.00%	-Interest		3,388,107	1,194,963	937,712	681,363	426,100	147,969						
Series 22	-Principal	09/25/14	90,050,000	1,780,000	1,850,000	1,940,000	2,040,000	2,140,000	12,430,000	15,855,000	20,230,000	25,820,000	$ 5,965,000	
4.00% to 5.00%	-Interest		70,542,100	4,449,100	4,367,250	4,272,500	4,173,000	4,068,500	18,582,000	15,062,375	10,573,750	4,844,500	149,125	
Series 23	-Principal	03/31/15	106,375,000	3,215,000	3,380,000	3,545,000	3,720,000	3,910,000	22,685,000	28,960,000	36,960,000			
5.00%	-Interest		61,685,625	5,238,375	5,073,500	4,900,375	4,718,750	4,528,000	19,425,625	13,001,000	4,800,000			
Series 24A	-Principal	01/25/17	21,965,000									3,975,000	17,990,000	
5.00%	-Interest		29,210,375	1,098,250	1,098,250	1,098,250	1,098,250	1,098,250	5,491,250	5,491,250	5,491,250	5,391,875	1,853,500	
Series 24B	-Principal	01/25/17	210,565,000	745,000	3,965,000	4,170,000	4,375,000	4,595,000	26,660,000	34,025,000	43,415,000	51,435,000	37,180,000	
5.00%	-Interest		180,439,375	10,509,625	10,391,875	10,188,500	9,974,875	9,750,625	44,976,000	37,426,625	27,792,125	15,597,375	3,831,750	
Series 25A	-Principal	04/24/19	21,825,000										17,025,000	$ 4,800,000
5.00%	-Interest		30,864,594	748,719	1,091,250	1,091,250	1,091,250	1,091,250	5,456,250	5,456,250	5,456,250	5,456,250	3,805,875	120,000
Series 25B	-Principal	04/24/19	186,430,000		530,000	560,000	2,325,000	3,745,000	21,730,000	27,745,000	35,420,000	45,195,000	40,655,000	8,525,000
5.00%	-Interest		175,098,585	6,395,585	9,308,250	9,281,000	9,208,875	9,057,125	42,206,750	36,052,625	28,194,250	18,164,875	7,016,125	213,125
Total Portland Int'l Airport Revenue Bonds	-Principal		$ 824,025,000	$ 26,265,000	$ 31,200,000	$ 32,735,000	$ 31,795,000	$ 34,635,000	$ 146,995,000	$ 113,460,000	$ 144,470,000	$ 130,330,000	$ 118,815,000	$ 13,325,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$ 589,267,935	$ 35,144,852	$ 37,298,709	$ 36,043,592	$ 34,700,779	$ 33,288,406	$ 146,252,310	$ 115,862,038	$ 84,065,105	$ 49,622,644	$ 16,656,375	$ 333,125
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:														
Series 2011A	-Principal	11/10/11	$ 65,590,000	$ 150,000	$ 135,000	$ 125,000	$ 105,000	$ 80,000	$ 34,435,000	$ 30,560,000				
2.50% to 5.50%	-Interest		32,879,950	3,385,575	3,381,300	3,377,244	3,373,506	3,370,400	13,429,524	2,562,401				
Series 2012A	-Principal	08/15/12	54,405,000	7,955,000	8,370,000	8,805,000	9,265,000	9,750,000	10,260,000					
2.82%**	-Interest		5,591,420	1,532,654	1,308,552	1,072,759	824,712	563,706	289,037					
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 119,995,000	$ 8,105,000	$ 8,505,000	$ 8,930,000	$ 9,370,000	$ 9,830,000	$ 44,695,000	$ 30,560,000				
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 38,471,370	$ 4,918,229	$ 4,689,852	$ 4,450,003	$ 4,198,218	$ 3,934,106	$ 13,718,561	$ 2,562,401				
PORTLAND INTERNATIONAL AIRPORT CUSTOMER FACILITY CHARGE REVENUE BONDS:														
Series 2019	-Principal	04/29/19	$ 163,290,000		$ 3,160,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 18,720,000	$ 22,180,000	$ 26,855,000	$ 32,845,000	$ 40,405,000	$ 9,135,000
2.635% to 4.237%	-Interest		123,588,918	$ 4,366,934	6,323,129	6,237,578	6,147,556	6,052,751	28,597,361	25,014,978	20,214,813	14,083,205	6,357,089	193,524
Total Portland Int'l Airport CFC Revenue Bonds	-Principal		$ 163,290,000		$ 3,160,000	$ 3,240,000	$ 3,330,000	$ 3,420,000	$ 18,720,000	$ 22,180,000	$ 26,855,000	$ 32,845,000	$ 40,405,000	$ 9,135,000
Total Portland Int'l Airport CFC Revenue Bonds	-Interest		$ 123,588,918	$ 4,366,934	$ 6,323,129	$ 6,237,578	$ 6,147,556	$ 6,052,751	$ 28,597,361	$ 25,014,978	$ 20,214,813	$ 14,083,205	$ 6,357,089	$ 193,524
Total Port Bonds	-Principal		$ 1,165,762,780	$ 36,567,780	$ 47,790,000	$ 50,510,000	$ 50,845,000	$ 55,050,000	$ 242,620,000	$ 166,200,000	$ 171,325,000	$ 163,175,000	$ 159,220,000	$ 22,460,000
Total Port Bonds	-Interest		$ 774,538,939	$ 50,391,904	$ 51,909,757	$ 50,014,584	$ 47,971,219	$ 45,792,829	$ 193,493,349	$ 143,439,417	$ 104,279,918	$ 63,705,849	$ 23,013,464	$ 526,649

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2019, Continued

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29	2029-30 to 2033-34	2034-35 to 2038-39	2039-40 to 2043-44	2044-45 to 2048-49	2049-50 to 2053-54
CONTRACTS & LOANS PAYABLE:														
City of Portland LID	-Principal	04/01/03	$ 2,800,890	$ 696,516	$ 734,487	$ 774,529	$ 595,358							
5.32%	-Interest		293,909	132,187	94,215	54,173	13,334							
Oregon Department of Transportation MMTF-0001	-Principal	05/10/09	400,000	200,000	200,000									
Oregon Department of Transportation MMTF-0003	-Principal	07/06/10	2,228,100		742,700	742,700	742,700							
Oregon Business Development Dept. B08005	-Principal	08/31/10	5,656,931	386,262	398,250	415,639	428,111	$ 440,304	$ 2,460,620	$ 1,127,745				
2.00% to 4.00%	-Interest		1,509,134	209,495	197,907	183,968	169,421	156,578	525,159	66,606				
Banc of America Leasing & Capital, LLC	-Principal	11/01/13	105,330	105,330										
2.84%	-Interest		499	499										
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	10,159,354	947,518	991,047	1,036,575	1,084,195	1,134,003	4,966,016					
4.5%	-Interest		2,192,945	437,787	394,258	348,730	301,109	251,302	459,759					
Total Contracts & Loans Payable	-Principal		$ 21,350,605	$ 2,335,626	$ 3,066,484	$ 2,969,443	$ 2,850,364	$ 1,574,307	$ 7,426,636	$ 1,127,745				
Total Contracts & Loans Payable	-Interest		$ 3,996,487	$ 779,968	$ 686,380	$ 586,871	$ 483,864	$ 407,880	$ 984,918	$ 66,606				
TOTAL PORT LONG-TERM DEBT	-Principal		$ 1,187,113,385	$ 38,903,406	$ 50,856,484	$ 53,479,443	$ 53,695,364	$ 56,624,307	$ 250,046,636	$ 167,327,745	$ 171,325,000	$ 163,175,000	$ 159,220,000	$ 22,460,000
TOTAL PORT LONG-TERM DEBT	-Interest		$ 778,535,426	$ 51,171,872	$ 52,596,137	$ 50,601,455	$ 48,455,083	$ 46,200,709	$ 194,478,267	$ 143,506,023	$ 104,279,918	$ 63,705,849	$ 23,013,464	$ 526,649

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

** Interest rate at June 30, 2019. Rate is variable, depending on weekly resets.

		Date of Issue	Total Requirements	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25 to 2028-29	2029-30 to 2033-34	2034-35 to 2038-39	2039-40 to 2043-44	2044-45 to 2048-49	2049-50 to 2053-54
INDUSTRIAL DEVELOPMENT REVENUE BONDS:														
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000						$ 17,300,000					
1997 Series, 2.090%*	-Interest		2,862,429	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 361,570	1,054,579					
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 17,300,000						$ 17,300,000					
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 2,862,429	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 361,570	$ 1,054,579					

* Interest rate at June 30, 2019. 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

MOSSADAMS

Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Municipal Auditing Standards*

The Board of Commissioners
Port of Portland

We have audited the basic financial statements of the Port of Portland (the Port), as of and for the year ended June 30, 2019, and have issued our report thereon dated October 18, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Port's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

This report is intended solely for the information of the Board of Commissioners, management, and the State of Oregon, and is not intended to be and should not be used by anyone other than those specified parties.

James C. Lanzarotta

James Lanzarotta, Partner
for Moss Adams LLP
Portland, Oregon
October 18, 2019