

COLUMBIA GORGE REGIONAL AIRPORT
City of The Dalles, Oregon

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

COLUMBIA GORGE REGIONAL AIRPORT

Annual Financial Report For the Fiscal Year Ended June 30, 2022

TABLE OF CONTENTS

OFFICIALS OF THE AIRPORT	i
INDEPENDENT AUDITOR’S REPORT	A - C
MANAGEMENT’S DISCUSSION AND ANALYSIS	a - d
BASIC FINANCIAL STATEMENTS:	
Proprietary Fund Financial Statements:	1
Statement of Net Position	2
Statement of Revenues, Expenses, and Changes in Net Position	3
Statement of Cash Flows	4
Notes to the Basic Financial Statements	5 - 14
SUPPLEMENTARY INFORMATION:	
Enterprise Funds	15
Schedules of Revenues, Expenditures and Changes in Fund Balance	
All Airport Funds Combined	16
Airport General Fund – (Budget and Actual)	17
Airport Debt Service Fund – (Budget and Actual)	18
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	19 - 20
INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS	21 - 22

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OFFICIALS OF THE AIRPORT

COLUMBIA GORGE REGIONAL AIRPORT

OFFICIALS OF THE AIRPORT

AS OF JUNE 30, 2022

BOARD OF DIRECTORS

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Columbia Gorge Regional Airport
The Dalles, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Columbia Gorge Regional Airport (the Airport), The Dalles, Oregon, as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the Airport's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Airport, as of June 30, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

INDEPENDENT AUDITOR'S REPORT (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Airport's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Airport's basic financial statements. The other schedules, listed in the Table of Contents as Supplementary Information, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022 on our consideration of the Airport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 19, 2022 on our consideration of the Airport'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.



For Talbot, Korvola & Warwick, LLP
Portland, Oregon
December 19, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2022**

This discussion is intended to be an easily readable analysis of the Columbia Gorge Regional Airport's (the Airport) financial activities based on currently known facts, decisions and conditions. It focuses on current year activities and should be read in conjunction with the financial statements that follow.

REPORT CONTENTS

The report consists of enterprise fund financial statements, notes to the financial statements and individual fund schedules. The enterprise fund financial statements include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows.

STATEMENT OF NET POSITION

The Statement of Net Position focuses on the unrestricted net position of the Airport's proprietary activities. The Statement reflects all assets and liabilities for the Agency.

STATEMENT OF ACTIVITIES

The Statement of Revenues, Expenses and Changes in Net Position focuses on the revenues and program costs of providing airport services to the region.

STATEMENT OF CASH FLOW

The Statement of Cash Flows presents information on the transactions resulting in cash being provided or used. The statement presents this information for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2022**

ENTERPRISE FUND FINANCIAL STATEMENTS

Summary Statements of Net Position at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Assets		
Current and other assets	\$ 1,012,506	\$ 824,206
Noncurrent lease receivables	498,055	-
Capital assets, net of depreciation	<u>16,697,028</u>	<u>16,661,318</u>
Total assets	<u>18,207,589</u>	<u>17,485,524</u>
Liabilities		
Long-term liabilities	1,705,608	1,841,492
Other liabilities	<u>211,581</u>	<u>252,953</u>
Total liabilities	<u>1,917,189</u>	<u>2,094,445</u>
Net position		
Net investment in capital assets	14,855,536	14,594,840
Restricted	60,991	64,379
Unrestricted net position	<u>723,909</u>	<u>731,860</u>
Total net position	<u><u>\$ 15,640,436</u></u>	<u><u>\$ 15,391,079</u></u>

The net position of the Airport is primarily invested in capital assets, net of related debt. New construction is primarily related to Taxiway improvements.

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2022**

A summarized version of the Statement of Revenues, Expenses and Changes in Net Position for the years ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Operating revenues	\$ 427,248	\$ 435,151
Intergovernmental	189,827	180,000
Capital grants and contributions	246,897	1,808,791
Other	4,814	2,629
Total revenues	<u>868,786</u>	<u>2,426,571</u>
Expenses		
Operating expenses	546,525	447,889
Interest on long-term debt	72,904	76,245
Total expenses	<u>619,429</u>	<u>524,134</u>
Increase in net position		
Net position - beginning	249,357	1,902,437
	<u>15,391,079</u>	<u>13,488,642</u>
Total net position	<u>\$ 15,640,436</u>	<u>\$ 15,391,079</u>

Net position increased during the year by \$249,357, primarily due to the FFA Grant that was received for the Taxi Way Project.

BUDGETARY HIGHLIGHTS

The original legal appropriations for the Airport General Fund totaled \$3,959,595 with a contingency of \$657,153. Expenditures were \$3,371,085 under budget.

The original legal appropriations for the Airport Debt Service Fund totaled \$242,400. No changes to the original budget were made to this fund. Expenditures were \$32,900 under budget.

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
For the Fiscal Year Ended June 30, 2022**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the Airport had investment in capital assets, net of accumulated depreciation, \$16,697,028, consisting primarily of land improvements, such as runways and hangers. Construction in Progress in the amount of \$321,199 includes Taxiway Rehab Project, F Hanger Project, and other Airport improvements. Further details of capital assets can be found in the Notes, Section III, item C.

Debt Outstanding

As of June 30, 2022, the Airport has long-term debt outstanding totaling of \$1,841,492. Details of the bond and loans that comprise this debt load can be found the Notes, Section III, items D and E.

ECONOMIC FACTORS

The Columbia Gorge Regional Airport will continue to be an important partner in economic development within the City of The Dalles and Klickitat County, providing a necessary gateway to air transportation for the Columbia Gorge Region. As the Airport expands their facilities, and develops their business park, the economic viability of the region will increase. In addition, the airport houses Life Flight services, providing emergency medical services to the region.

FINANCIAL CONTACT

The Airport’s financial statements are designed to present citizens, taxpayers, investors, and creditors with a general overview of the Airport’s finances and to demonstrate the Airport’s accountability. If you have questions about the report or need additional financial information, please contact the Airport’s Finance Director at 313 Court Street, The Dalles, Oregon 97058.

BASIC FINANCIAL STATEMENTS

BASIC FINANCIAL STATEMENTS

The basic financial statements include interrelated sets of financial statements as required by the GASB. The sets of statements include:

➤ Government-Wide Financial Statements

- Proprietary Funds

In addition, the notes to the basic financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

**COLUMBIA GORGE REGIONAL AIRPORT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2022**

ASSETS:

CURRENT ASSETS:

Cash and cash equivalents	\$ 734,438
Restricted cash and cash equivalents	47,916
Receivables:	
Trade accounts, net	77,880
Current lease receivables	<u>152,272</u>
Total current assets	<u>1,012,506</u>

NONCURRENT ASSETS:

Lease receivables, net of current portion	498,055
Capital assets:	
Land	1,498,200
Construction in progress	321,199
Depreciable assets, net of depreciation	<u>14,877,629</u>
Total noncurrent assets	<u>17,195,083</u>
Total assets	<u><u>\$ 18,207,589</u></u>

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable	\$ 65,678
Accrued interest payable	10,019
Current portion of long-term debt	<u>135,884</u>
Total current liabilities	<u>211,581</u>

NONCURRENT LIABILITIES:

Bonds and notes payable	<u>1,705,608</u>
Total noncurrent liabilities	<u>1,705,608</u>
Total liabilities	<u>1,917,189</u>

DEFERRED INFLOWS OF RESOURCES:

Deferred lease resources	<u>649,964</u>
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NET POSITION:

Net investment in capital assets	14,855,536
Restricted for:	
Debt service	60,991
Unrestricted	<u>723,909</u>
Total net position	<u>15,640,436</u>
Total liabilities and net position	<u><u>\$ 18,207,589</u></u>

The accompanying notes are an integral part of the basic financial statements.

COLUMBIA GORGE REGIONAL AIRPORT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2022

OPERATING REVENUES:

Charges for services	\$ 16,446
Rental income	394,503
Miscellaneous	<u>16,299</u>
Total operating revenues	<u>427,248</u>

OPERATING EXPENSES:

Materials and services	260,519
Depreciation and amortization	<u>286,006</u>
Total operating expenses	<u>546,525</u>
Operating loss	<u>(119,277)</u>

NON-OPERATING INCOME (EXPENSE):

Interest on investments	4,814
Interest expense	(72,904)
Intergovernmental	<u>189,827</u>
Total non-operating income (expenses)	<u>121,737</u>
Net income before capital grants and contributions	<u>2,460</u>

CAPITAL GRANTS AND CONTRIBUTIONS:

Grant	157,795
Intergovernmental	<u>89,102</u>
Total capital contributions	<u>246,897</u>
Change in net position	249,357

NET POSITION, BEGINNING	<u>15,391,079</u>
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NET POSITION, ENDING	<u><u>\$ 15,640,436</u></u>
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The accompanying notes are an integral part of the basic financial statements.

COLUMBIA GORGE REGIONAL AIRPORT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 373,013
Payments to suppliers	<u>(212,077)</u>
Net cash from operating activities	<u>160,936</u>

**CASH FLOWS FROM
NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from intergovernmental revenue	<u>189,827</u>
Net cash from non-capital financing activities	<u>189,827</u>

**CASH FLOWS FROM CAPITAL AND
RELATED FINANCING ACTIVITIES**

Proceeds from grants	157,795
Proceeds from intergovernmental revenue	89,102
Acquisition of capital assets	(327,991)
Loss on disposal of capital assets	6,275
Principal paid on long-term obligations	(224,102)
Interest paid on long-term obligations	<u>(74,500)</u>
Net cash from capital and related financing activities	<u>(373,421)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on investments	<u>4,814</u>
Net cash from investing activities	<u>4,814</u>
Net change in cash and cash equivalents	(17,844)

CASH AND CASH EQUIVALENTS, BEGINNING

800,198

CASH AND CASH EQUIVALENTS, ENDING

\$ 782,354

COMPRISED AS FOLLOWS:

Cash and cash equivalents	\$ 734,438
Restricted cash and cash equivalents	<u>47,916</u>
Total cash and cash equivalents	<u>\$ 782,354</u>

**RECONCILIATION OF OPERATING LOSS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (119,277)
Adjustments	
Depreciation and amortization	286,006
Change in:	
Receivables	(54,235)
Accounts payable	<u>48,442</u>
Net cash provided by operating activities	<u>\$ 160,936</u>

The accompanying notes are an integral part of the basic financial statements.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For Fiscal Year Ended June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Fund Structure

In June, 1999, the City of The Dalles and Klickitat County entered into an Intergovernmental agreement establishing a Regional Management Authority for the Columbia Gorge Regional Airport (the Airport), which had previously been owned and operated by the City of The Dalles. The Regional Board consists of seven members; three positions appointed by the City, three positions appointed by the County, and one position appointed by the collective board members. In 2002, the City of The Dalles and Klickitat County entered into a joint operating agreement, establishing that the City and the County would each have a one-half undivided interest in the Columbia Gorge Regional Airport and that future costs and benefits would be split accordingly. The City of The Dalles remains fiscally responsible for the outstanding debt of the Columbia Gorge Regional Airport and the Columbia Gorge Regional Airport remains fiscally dependent on the grant revenues flowing through the City of The Dalles.

The accompanying financial statements present all funds for which the Airport is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the Airport is a primary government with no includable component units.

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

The Airport is accounted for as a business-type activity for financial reporting purposes and its basic financial statements are prepared on the accrual basis of accounting. Under this method, revenues were recorded when earned and expenses are recorded at the time liabilities are incurred.

The Airport distinguishes operating revenues and expenses from non-operation items. Operating revenues generally result from providing services in connection with ongoing operations. Operating expenses include the cost of services in connection with ongoing operations and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expense.

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

For financial reporting purposes, management considers the activities relating to the operation of the Airport as those of a unitary nature and those activities are reported as such. For operating and budgetary purposes, the accounts of the Airport are organized on the basis of funds, each of which is considered a separate accounting entity.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The funds of the Airport are as follows:

Fund Type - Enterprise	Principal Revenue Source	Primary Expenditure Purpose
General	Grants and Service Fees	General operating expenses
Debt Service	Interest and Property Rental Fees	Loan Payments

C. Cash and Cash Equivalents

The Airport's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The Airport maintains its cash in a common pool of the City of The Dalles.

D. Customer Accounts Receivables

Customer accounts receivable are stated at the amount management expects to collect on balances outstanding at year-end.

E. Lease Receivables

Lease receivables are recorded at the net present value of total expected lease payments to be received over the life of the lease, discounted at the Airport's estimated incremental borrowing rate at lease inception. Payments due in more than one year are considered to be noncurrent.

F. Capital Assets

Capital assets are defined by the Airport as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Maintenance and repairs are expensed as incurred. Replacements that improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation, and resulting gains or losses are reflected in income. The estimated useful lives of capital assets are as follows:

Land Improvements	50 years
Buildings	50 years
Equipment	5-20 years

It is the Airport's policy to record no depreciation on capital assets in the year of acquisition and a full year of depreciation in the year of disposition.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

G. Long-Term Obligations

Long-term debt obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

H. Deferred Lease Resources

Deferred lease resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

I. Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted net position; and unrestricted net position.

Net investment in capital assets consists of all capital assets, net of accumulated depreciation, and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted net position consists of net earnings for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, or enabling legislation, including self-imposed mandates. Unrestricted net position consists of all other net earnings not included in the above categories.

J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted as part of the City of The Dalles on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) for all funds, except for the proprietary funds. The annual budget for proprietary funds is adopted on the modified accrual basis of accounting, which is not consistent with GAAP, in order to comply with Oregon Local Budget Law.

B. Deficit Fund Balances

At June 30, 2022, no funds had a deficit fund balance.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

III. DETAILED NOTES

A. CASH AND CASH EQUIVALENTS

Deposits

All deposits are held by the City of The Dalles on behalf of the Airport. The Airport considers these items as a demand deposit account, whereby funds may be deposited or withdrawn without prior notice or penalty. Additional disclosure on deposits can be found in the Annual Comprehensive Financial Report of the City.

Investments

The Airport has invested funds in the State Treasurer's Oregon Short-Term Fund Local Government Investment Pool during the year. The Oregon Short-Term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an unrated external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and the participant's equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the Airport's cash position.

Investments in the Oregon State Treasury LGIP are made under the provision of ORS 194.180. These funds are held in the Airport's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at cost, which approximates fair value.

Credit Risk. State statutes authorize the Airport to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The Airport has no formal investment policy that further restricts its investment choices.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

Investments (Continued)

Concentration of Credit Risk. The airport is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents five percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Airport has no such investments.

Interest Rate Risk. The Airport has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Investments held by the airport at June 30, 2022 are as follows:

	Weighted Average Maturity (Years)	Fair Value
Investments in the State Treasurer's Local Government Investment Pool	<u>0.00</u>	<u>\$ 334,496</u>

Cash and cash equivalents at June 30, 2022 are as follows:

Deposits	\$ 399,942
Investment in LGIP	<u>334,496</u>
Total cash and cash equivalents	<u><u>\$ 734,438</u></u>

B. Receivables

Trade receivables represent amounts due to the Airport at June 30, 2022, from service charges. Lease receivables represent current amounts due from leases.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

C. Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, non-depreciable:					
Land	\$ 1,498,200	\$ -	\$ -	\$ -	\$ 1,498,200
Construction in progress	2,364,544	144,787	-	(2,188,132)	321,199
Total capital assets, non-depreciable	3,862,744	144,787	-	(2,188,132)	1,819,399
Capital assets, depreciable:					
Land improvements	14,519,060	183,204	-	2,188,132	16,890,396
Buildings	3,585,236	-	-	-	3,585,236
Equipment	92,098	-	(17,924)	-	74,174
Total capital assets, depreciable	18,196,394	183,204	(17,924)	2,188,132	20,549,806
Less accumulated depreciation for					
Land improvements	(4,816,285)	(210,361)	-	-	(5,026,646)
Buildings	(512,211)	(71,798)	-	-	(584,009)
Equipment	(69,324)	(3,847)	11,649	-	(61,522)
Total accumulated depreciation	(5,397,820)	(286,006)	11,649	-	(5,672,177)
Net depreciable capital assets	12,798,574	(102,802)	(6,275)	2,188,132	14,877,629
Net capital assets	\$ 16,661,318	\$ 41,985	\$ (6,275)	\$ -	\$ 16,697,028

Construction in Progress

There are various projects in progress at the Airport.

The Airport Improvements project costs incurred to date are \$254,782. The project is currently on hold waiting for completion of an agreement with the Dallesport Water District.

The S Apron Tarmac Design Project at the Airport with costs incurred to date at \$44,913.

The Airport is in the early design stages of a new F Hangar at the Airport, with costs incurred to date of \$8,902 and total estimated costs of \$1,250,000.

The Hangar Expansion Grading Plan costs incurred to date of \$12,602.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

D. Long-Term Obligations

1. City of The Dalles Loan Agreement

The City issued full faith and credit obligation bonds for the Airport in February 2015 in the amount of \$2,017,682, with interest ranging from 2.0% to 4.55%. The funds were to be used for the purchase of Hanger D, the construction of Hanger F, and the design and construction of a new Flex Hanger. The bonds were issued in return for a loan agreement issued on behalf of the City requiring payments by the Airport to the City sufficient to pay the semi-annual bond payments required by the full faith and credit obligation. Payments will be repaid from Airport rental income. Principal payments will be made annually, while interest payments will be made semiannually, with the final payments due June 1, 2035. The bonds are direct obligations and pledge the full faith and credit of the City of The Dalles. If bond is defaulted, by failure to make required principal or interest payments or other covenants, action to enforce the covenant or agreement may take place.

Future maturities of the loan are as follows:

Fiscal Year End June 30,	Principal	Interest
2023	\$ 85,000	\$ 66,600
2024	90,000	62,775
2025	95,000	58,725
2026	100,000	54,450
2027	105,000	49,950
2028-2032	585,000	176,400
2033-2035	<u>420,000</u>	<u>38,250</u>
Total	<u>\$ 1,480,000</u>	<u>\$ 507,150</u>

2. Loans Payable

The Airport, through the City of The Dalles, has a loan from the Port of The Dalles for rehabilitation of a well at the Columbia Gorge Regional Airport. The loan proceeds were received in two separate disbursements. The first portion, received during the 2008 fiscal year, was payable annually with installments of at least \$15,150, including interest at 4%. The final payment was made during fiscal year ending June 30, 2017. The second portion, received during the fiscal year ended June 30, 2009, is payable first from connection fees for each customer connecting to the well water system and 10% of the applicable lease payment of each lease payment made by each third-party tenant of property at the airport that is benefitted by the project. Repayment on the second portion of the loan did not begin until the first customer connected to the well water system at the airport and began making payments under their lease agreement. The second portion of the loan became payable July 1, 2017, the balance of the unpaid principal converted to an interest-bearing loan, with interest to accrue at the rate of 4%

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

2. Loans Payable (Continued)

per annum. The Airport is obligated to pay a minimum annual payment of not less than \$15,150 on July 1 each year, until the loan is paid in full. The loan is unsecured. If loan is defaulted, by failure to make required principal or interest payments, the Port of The Dalles could declare all principal and interest and all other amounts due immediately.

The Port loan payment is currently being budgeted for and paid by the City of the Dalles debt service fund, and therefore is not reflected in the Airport's budget statements. The loan was paid in full in July 2021.

The Airport, through the City of The Dalles, received a \$250,000 loan from Klickitat County, Washington in November 2012, for construction of a new maintenance hangar at the Airport. The loan term is for ten years, with annual principal payments of \$25,000 to be paid by August 13 of each year. Klickitat County will calculate interest to be paid and notify the Airport at least 14 days prior to the due date each year. The interest will be calculated on the average rate of the Local Government Investment Pool (LGIP) over the period since the last payment, plus .05% as an administration fee. The loan is secured by the rental income pursuant to the hangar lease dated May 30, 2012. If loan is defaulted, it can be placed in the hands of an attorney for collections for the principal or interest of the note and reasonable attorney fees and court costs.

The Airport, through the City of The Dalles, agreed to make payments for the CERB Loan received by Klickitat County in the amount of \$500,000 to make improvements to the Airport Industrial Park. While Klickitat County received the funds and administered the project, the Airport booked the loan proceeds, assumed the debt and capitalized the portion of the project funded by the loan. Payments will be funded by Airport rent revenues. The final payment will be due in 2035. If loan is defaulted, by failure to make required principal or interest payments, CERB could declare all principal and interest and all other amounts due immediately.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

2. Loans Payable (Continued)

Future maturities of the loans payable are as follows:

	Airport Klickitat Loan		Klickitat CERB Loan	
Fiscal Year				
End June 30,	Principal	Interest	Principal	Interest
2023	\$ 25,000	\$ -	\$ 25,000	\$ 4,875
2024	-	-	25,000	4,500
2025	-	-	25,000	4,125
2026	-	-	25,000	3,750
2027	-	-	25,000	3,375
2028-2032	-	-	125,000	11,250
2033-2035	-	-	75,000	2,250
	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ 34,125</u>

3. Change in Long-Term Obligation

Long-term obligation activity for the year ended June 30, 2022, is as follows:

	June 30, 2021			June 30, 2022	Due Within
	Balance	Additions	Reductions	Balance	One Year
Full Faith and Credit Bonds	\$ 1,565,000	\$ -	\$ 85,000	\$ 1,480,000	\$ 85,000
Premium on Debt	12,376	-	884	11,492	884
Loans	489,102	-	139,102	350,000	50,000
	<u>\$ 2,066,478</u>	<u>\$ -</u>	<u>\$ 224,986</u>	<u>\$ 1,841,492</u>	<u>\$ 135,884</u>

E. Airport Lease Revenue

The Airport's main revenue stream comes from aircraft hangar rentals. The Airport has a total of 66 aircraft hangars in various sizes. Most leases are 12-month terms with payments ranging between \$190-\$1,600 per month. The Airport has a number of other real property leases with terms of up to 40 years and payments up to \$56,400. As of June 30, 2022, all properties were occupied producing a total revenue of approximately \$394,000. During the current fiscal year the Airport implemented Governmental Accounting Standards Board Statement 87 which requires recognition of the net present value of all lease receivables and the corresponding deferred inflow of resources for all leases with a term exceeding 12 months.

COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)
For Fiscal Year Ended June 30, 2022

F. Related Party Transactions

The City of The Dalles, Oregon and Klickitat County are considered related parties of The Columbia Gorge Regional Airport. Each party pays the airport \$65,000 per year per the intergovernmental agreement.

G. Risk Management

The Airport is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; and errors and omissions for which the City of The Dalles carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for the past four years.

H. Subsequent Events

Management has evaluated subsequent events through December 19, 2022, the date on which the financial statements were available to be issued and determined nothing should be recognized.

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SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

Enterprise Funds

Pursuant to the provisions of Oregon Revised Statute, an individual schedule of revenues, expenditures, and changes in fund balances - budget and actual be displayed for each fund where legally adopted budgets are required.

Enterprise Budgetary Comparison schedules included the following:

- Airport General Fund
- Airport Debt Service Fund

**COLUMBIA GORGE REGIONAL AIRPORT
ALL AIRPORT FUNDS COMBINED
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022**

	Airport General Fund	Airport Debt Service Fund	Total All Airport Funds
REVENUES:			
Charges for services	\$ 16,446	\$ -	\$ 16,446
Intergovernmental	189,827	-	189,827
Rental income	189,077	205,426	394,503
Interest on investments	4,128	686	4,814
Grants	157,795	-	157,795
Miscellaneous	16,299	-	16,299
Total revenues	<u>573,572</u>	<u>206,112</u>	<u>779,684</u>
EXPENDITURES:			
Materials and services	260,519	-	260,519
Capital outlay	327,991	-	327,991
Debt service:			
Principal	-	135,000	135,000
Interest	-	74,500	74,500
Total expenditures	<u>588,510</u>	<u>209,500</u>	<u>798,010</u>
Revenues over (under) expenditures and Net changes in fund balances	<u>(14,938)</u>	<u>(3,388)</u>	<u>(18,326)</u>
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>742,591</u>	<u>64,379</u>	<u>806,970</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<u>\$ 727,653</u>	<u>\$ 60,991</u>	<u>\$ 788,644</u>

	Revenues	Expenditures
Total revenue and expenditures above	\$ 779,684	\$ 798,010
Expenditures capitalized	-	(327,991)
Debt service principal payments	-	(135,000)
Depreciation and amortization expense	-	286,006
Interest revenue/expense	-	(1,596)
Contributed capital	89,102	-
Total revenues and expenses - generally accepted accounting principles	<u>\$ 868,786</u>	<u>619,429</u>
Change in net position		<u>\$ 249,357</u>

**COLUMBIA GORGE REGIONAL AIRPORT
AIRPORT GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
For the Fiscal Year Ended June 30, 2022**

	Budget			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	\$ 15,000	\$ 15,000	\$ 16,446	\$ 1,446
Intergovernmental	189,827	189,827	189,827	-
Rental income	207,227	207,227	189,077	(18,150)
Interest on investments	8,450	8,450	4,128	(4,322)
Grants	2,832,780	2,832,780	157,795	(2,674,985)
Miscellaneous	19,300	19,300	16,299	(3,001)
Total revenues	3,272,584	3,272,584	573,572	(2,699,012)
EXPENDITURES:				
Materials and services	279,835	317,935	260,519	57,416
Capital outlay	3,022,607	3,022,607	327,991	2,694,616
Contingency	657,153	619,053	-	619,053
Total expenditures	3,959,595	3,959,595	588,510	3,371,085
Revenues over (under) expenditures and Net changes in fund balances	(687,011)	(687,011)	(14,938)	672,073
FUND BALANCE, BEGINNING BUDGETARY BASIS	687,011	687,011	742,591	55,580
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 727,653	\$ 727,653

**COLUMBIA GORGE REGIONAL AIRPORT
AIRPORT DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022**

	Budget			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES:				
Rental income	\$ 176,306	\$ 176,306	\$ 205,426	\$ 29,120
Interest on investments	362	362	686	324
Total revenues	176,668	176,668	206,112	29,444
EXPENDITURES:				
Debt service:				
Principal	135,000	135,000	135,000	-
Interest	76,900	76,900	74,500	2,400
Contingency	30,500	30,500	-	30,500
Total expenditures	242,400	242,400	209,500	32,900
Revenues over (under) expenditures and Net changes in fund balances	(65,732)	(65,732)	(3,388)	62,344
FUND BALANCE, BEGINNING BUDGETARY BASIS	65,732	65,732	64,379	(1,353)
FUND BALANCE, ENDING BUDGETARY BASIS	\$ -	\$ -	\$ 60,991	\$ 60,991

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



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

Board of Directors
Columbia Gorge Regional Airport
The Dalles, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Columbia Gorge Regional Airport (the Airport), The Dalles, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated December 19, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 Airport's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Airport's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

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

Talbot, Kowala & Warwick LLP

Portland, Oregon
December 19, 2022

**INDEPENDENT AUDITOR'S REPORT REQUIRED
BY OREGON STATE REGULATION**



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS**

Board of Directors
Columbia Gorge Regional Airport
(A component unit of the City of The Dalles, Oregon)
The Dalles, Oregon

We have audited the financial statements of the Columbia Gorge Regional Airport (the Airport), The Dalles, Oregon, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated December 19, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).

In connection with our testing, nothing came to our attention that caused us to believe the Airport was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS (Continued)**

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport'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 Airport's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of This Report

This report is intended solely for the information and use of the Board of Directors, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kowala & Warwick LLP

Portland, Oregon
December 19, 2022