

| COLUMBIA GORGE REGIONAL AIRPORT
CITY OF THE DALLES, OREGON

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023
WITH
INDEPENDENT AUDITOR'S REPORT



**COLUMBIA GORGE REGIONAL AIRPORT
CITY OF THE DALLES, OREGON
JUNE 30, 2023**

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Columbia Gorge Regional Airport

June 30, 2023

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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, OR 97058

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Columbia Gorge Regional Airport (the Airport), as of and for the year ended June 30, 2023, and the related notes to the 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, 2023, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 opinion.

Emphasis of Matter - Restatement

As discussed in Note 2 to the financial statements, the Airport restated various June 30, 2022 account balances. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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 management's discussion analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The schedule of revenues, expenditures and changes in fund balance – all airport funds and schedules of revenues, expenditures and changes in fund balance – budget and actual, airport general fund and airport debt service fund listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with *Oregon State Regulations*, we have also issued our report dated December 4, 2023 on our consideration of the Airport's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*. The purpose of that report is to describe the scope of our testing necessary to address the required provisions of ORS, and not to provide an opinion on compliance with such provisions.



Jeny Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 4, 2023



| Management's Discussion and Analysis

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

This Management Discussion and Analysis (MD&A) is presented to facilitate financial analysis and provide an overview of the financial activities of the Columbia Gorge Regional Airport (the Airport) for the fiscal year ended June 30, 2023. Information in the MD&A is based on currently known facts, decisions and conditions. Please read it in conjunction with the basic financial statements and the accompanying notes to those financial statements.

HIGHLIGHTS

- The assets of the Airport exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$15,736,609 (net position).
- The Airport's total net position increased by \$407. Additionally, there was a restatement of beginning net position resulting from a correction of an accounting error related to grant revenue recognition of \$95,766.
- The Airport's total liabilities decreased by \$176,527. This was primarily the result of debt service payments of \$135,000 but also included the reduction of other liabilities associated with accounts payable.

REPORT CONTENTS

The report consists of enterprise fund financial statement 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 Airport.

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 REGINAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2023**

Summary statements of net position for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Assets		
Current and other assets	\$ 1,654,232	\$ 1,510,561
Capital assets	<u>16,575,950</u>	<u>16,697,028</u>
Total assets	<u>18,230,182</u>	<u>18,207,589</u>
Liabilities		
Long-term liabilities	1,702,214	1,705,608
Other liabilities	<u>38,451</u>	<u>211,581</u>
Total liabilities	<u>1,740,665</u>	<u>1,917,189</u>
Deferred inflows of resources	<u>752,908</u>	<u>649,964</u>
Net position		
Net investment in capital assets	14,873,736	14,855,536
Restricted for debt service	51,637	60,991
Unrestricted	<u>811,236</u>	<u>723,909</u>
Total net position	<u>\$ 15,736,609</u>	<u>\$ 15,640,436</u>

The net position of the Airport is primarily invested in capital assets, net of related accumulated depreciation. New construction is primarily related to taxiway improvements. Unrestricted net position increased to \$811,236 by \$87,327 or 12.1%. This balance represents the portion of net position which may be used to meet the Airport's ongoing obligations.

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2023**

Summary statements of activities for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Revenues		
Operating revenues	\$ 431,288	\$ 427,248
Intergovernmental	130,000	189,827
Capital grants and contributions	115,006	246,897
Other	<u>18,377</u>	<u>4,814</u>
Total revenues	<u>694,671</u>	<u>868,786</u>
Expenses		
Operating expenses	628,008	546,525
Interest on long-term debt	<u>66,256</u>	<u>72,904</u>
Total expenses	<u>694,264</u>	<u>619,429</u>
Change in net position	<u>407</u>	<u>249,357</u>
Net position - beginning of year, as restated	15,640,436	15,391,079
Correction of error	<u>95,766</u>	<u>-</u>
Net position - beginning of year, as restated	<u>15,736,202</u>	<u>15,391,079</u>
Net position - ending	<u>\$ 15,736,609</u>	<u>\$ 15,640,436</u>

Net position increased during the year by \$407 from operations and \$95,766 as result of the restatement previously described. The change in net position decreased from fiscal 2022 due to decreases in capital related grant funding.

BUDGETARY HIGHLIGHTS

The original legal appropriations for the Airport General Fund totaled \$3,964,109 which included a contingency of \$360,374. Expenditures were \$3,503,079 under budget. The original legal appropriations for the Airport Debt Service Fund totaled \$234,334. No changes to the original budget were made to this fund. Expenditures were \$22,451 under budget as the contingency balance was unused but \$5,299 was used for material and services.

CAPITAL ASSETS

As of June 30, 2023 the Airport had \$16,575,950 invested in capital assets, consisting of land, construction in progress, and land improvements. Currently, the Airport has \$530,493 in construction in progress which includes the following projects: Airport Tarmac Design Project – South Apron Rehab, Hangar Expansion Grading Plan and Airport Hangar F Improvements. For further information regarding capital assets refer to Note 6.

**COLUMBIA GORGE REGIONAL AIRPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FISCAL YEAR ENDED JUNE 30, 2023**

DEBT ADMINISTRATION

As of June 30, 2023, the Airport had \$1,702,214 in debt outstanding compared to \$1,841,492 in the prior year. The decrease of \$139,278 resulted from \$135,000 in scheduled principal payments and \$4,278 from amortization of the bond premium. For further information regarding debt refer to Note 7,

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**

**COLUMBIA GORGE REGIONAL AIRPORT
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS	
Current assets	
Cash and cash equivalents	\$ 868,917
Receivables	
Trade accounts, net	32,408
Current lease receivables	<u>154,023</u>
Total current assets	<u>1,055,348</u>
NONCURRENT ASSETS	
Lease receivable, net of current portion	598,884
Capital assets	
Land	1,498,200
Construction in progress	530,493
Depreciable assets, net	<u>14,547,257</u>
Total noncurrent assets	<u>17,174,834</u>
TOTAL ASSETS	<u>18,230,182</u>
LIABILITIES	
Current liabilities	
Accounts payable	20,307
Unearned revenue	9,175
Accrued interest payable	8,969
Current portion of long-term debt	<u>116,030</u>
Total current liabilities	<u>154,481</u>
NON-CURRENT LIABILITIES	
Bonds and notes payable	<u>1,586,184</u>
Total non-current liabilities	<u>1,586,184</u>
Total liabilities	<u>1,740,665</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred lease resources	<u>752,908</u>
NET POSITION	
Net investment in capital assets	14,873,736
Restricted for debt service	51,637
Unrestricted	<u>811,236</u>
TOTAL NET POSITION	<u>15,736,609</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 18,230,182</u>

**COLUMBIA GORGE REGIONAL AIRPORT
STATEMENT REVENUES, EXPENSES AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Charges for services	\$ 18,166
Rental income	395,302
Miscellaneous	<u>17,820</u>
Total operating revenues	<u>431,288</u>
OPERATING EXPENSES	
Materials and services	294,744
Depreciation	<u>333,264</u>
Total operating expenses	<u>628,008</u>
OPERATING INCOME (LOSS)	<u>(196,720)</u>
NONOPERATING REVENUES (EXPENSE)	
Interest on investments	18,377
Interest expense	(66,256)
Intergovernmental	<u>130,000</u>
Total nonoperating revenues (expenses)	<u>82,121</u>
Net income before capital grants and contributions	<u>(114,599)</u>
CAPITAL GRANTS AND CONTRIBUTIONS	
Grant	<u>115,006</u>
Total capital contributions	<u>115,006</u>
CHANGE IN NET POSITION	407
NET POSITION, beginning of year (as restated)	<u>15,736,202</u>
NET POSITION, end of year	<u><u>\$ 15,736,609</u></u>

**COLUMBIA GORGE REGIONAL AIRPORT
STATEMENT CASH FLOWS
YEAR ENDED JUNE 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 475,009
Payments to suppliers	<u>(381,766)</u>
Net cash provided (used) by operating activities	<u>93,243</u>
CASH FLOWS FROM NON-CAPITAL FINANCING	
Proceeds from intergovernmental revenue	<u>130,000</u>
Net cash provided (used) by noncapital financing activities	<u>130,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from grants	115,006
Acquisition of capital assets	171,585
Principal paid on long-term obligations	(135,000)
Interest paid on long-term obligations	<u>(71,584)</u>
Net cash provided (used) by capital and related financing	<u>80,007</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>18,377</u>
Net cash provided (used) by investing activities	<u>18,377</u>
Net change in cash and cash equivalents	321,627
Cash and cash equivalents - beginning of year	<u>782,354</u>
Cash and cash equivalents - end of year	<u><u>\$ 868,917</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (196,720)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	333,264
Change in assets and deferred outflows of resources and liabilities and deferred inflows of resources	
Receivables	43,721
Accounts Payable	<u>(87,022)</u>
Total adjustments	<u>289,963</u>
Net cash provided by operating activities	<u><u>\$ 93,243</u></u>



| **Notes to Basic Financial Statements**

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Columbia Gorge Regional Airport (the Airport) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The more significant of the Airport’s accounting policies are described below.

Reporting Entity

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 provided through administrative services of 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.

Financial Statement Presentation, Measurement Focus and Basis of Accounting

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.

The funds of the Airport are as follows:

<u>Fund Type – Enterprise</u>	<u>Principal Revenue Source</u>	<u>Primary Expenditure Purpose</u>
General	Grants and service fees	General operating expenses
Debt Service	Interest and property rental fees	Loan payments

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Airport's cash and investments include demand deposits, and investments in the Oregon State Treasury Local Government Investment Pool (LGIP).

The Airport maintains merged bank accounts and investments for its funds in a central pool of cash and investments that are commingled with the City of The Dalles. The investment policy of the Airport is to invest in LGIP and interest-bearing demand deposits with local banks and to transfer resources to the general checking account as the need arises. This policy is in accordance with ORS 294.035, which specifies the types of investments authorized for municipal corporations. The Airport allocates earnings on investments to each fund based on average monthly cash balances throughout the year.

Trade Accounts Receivables

Trade accounts receivable are stated at the amount management expects to collect on balances outstanding at year end. As of June 30, 2023, allowance for doubtful accounts was \$0.

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.

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:

The estimated useful lives of the various categories of 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 capital asset's last year of estimated useful life, unless previously disposed.

Long-term Debt and Bond Issuance Costs

Long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts (if applicable) are deferred and amortized over the life of the bonds using the effective interest method. Long-term debt is reported net of the applicable bond premium or discount. Bond issue costs are recognized as an expense in the period incurred.

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.

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position and Fund Balances

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. Unrestricted net position consists of all other net earnings not included in the above categories.

Adoption of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the District implemented the following GASB Pronouncements:

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Implementation of this statement had no material effect on the Airport's financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement's objective is to address accounting and financial reporting for arrangements in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a capital asset for a period of time in an exchange or exchange-like transaction. Implementation of this statement had no material effect on the Airport's financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement's objective is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. Implementation of this statement had no material effect on the Airport's financial statements.

GASB Statement No. 99, *Omnibus 2022*. This Statement includes a variety of small technical revisions to previously issued GASB Statements. Implementation of this statement had no material effect on the Airport's financial statements.

Future GASB Pronouncements

The following GASB pronouncements have been issued, but are not effective as of June 30, 2023:

GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement clarifies the presentation and disclosures requirements for prior period adjustments to beginning net position. This Statement will be effective for the Airport for fiscal year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, this Statement updates recognition and measurement guidelines for compensated absences and is effective for the Airport for the fiscal year ending June 30, 2025.

The Airport will implement new GASB pronouncements no later than the required effective date. The Airport is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the Airport's financial statements.

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 2 – PRIOR YEAR RESTATEMENT

During the fiscal year ended June 30, 2023, it was determined that the Airport recorded a grant funded addition of \$40,601 to construction in progress during the year that should have been included in construction in progress, accounts payable, and accounts receivable for the reimbursement as of the year ended June 30, 2022. This restatement resulted in an increase to construction in progress from \$321,199 to \$361,800 and an increase in net position as outlined below.

Additionally, it was determined that the Airport recorded revenues during the year for federal grant reimbursements for progress on the North Apron reconstruction project that should have been included in accounts receivable as of the year ended June 30, 2022. This restatement resulted in an increase to net position of \$55,165. In addition to the correction above, net position increased from \$15,640,436 to \$15,736,202.

NOTE 3 – 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.

NOTE 4 – CASH AND INVESTMENTS

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 fiscal year 2022-2023. Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board. Investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 4 – CASH AND INVESTMENTS (continued)

Investments (continued)

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' 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 provisions of ORS 194.180. These funds are held in the Airport's name and are not subject to collateralization requirements of ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

As of June 30, 2023, the Airport was in compliance with the aforementioned State of Oregon statutes.

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, banker's 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.

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 5 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.

Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 - Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs other than level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted prices that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 - Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 4 – CASH AND INVESTMENTS (continued)

Fair Value of Assets (continued)

As of June 30, 2023, the Airport had the following investments:

Investments Measured at Fair Value:	Total as of 6/30/2023	Level One	Level Two	Level Three	Amortized Cost Measurement Not Measured at Fair Value
Local Government Investment Pool	\$ 344,363	\$ -	\$ -	\$ -	\$ 344,363
Total	<u>\$ 344,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 344,363</u>

Cash and investments are comprised of the following as of June 30, 2023:

Demand deposits	\$ 524,554
Investments - LGIP	<u>344,363</u>
Total	<u>\$ 868,917</u>

NOTE 5 – RECEIVABLES

Trade receivables represent amounts due to the Airport at June 30, 2023, from service charges. Lease receivables represent amounts due from leases.

Receivables are comprised of the following as of June 30, 2023:

General Fund:	
Trade accounts receivable	\$ 23,580
Interest receivable	314
Lease receivable	695,576
Debt Service Fund:	
Trade accounts receivable	8,514
Lease receivable	<u>57,331</u>
Total	<u>\$ 785,315</u>

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, are as follows:

	Beginning Balance (as restated)	Additions	Deletions	Transfers	Ending Balance
Capital Assets, non-depreciable:					
Land	\$ 1,498,200	\$ -	\$ -	\$ -	\$ 1,498,200
Construction in progress	361,800	168,693	-	-	530,493
Total capital assets, non-depreciable	<u>1,860,000</u>	<u>168,693</u>	<u>-</u>	<u>-</u>	<u>2,028,693</u>
Capital assets, depreciable:					
Land improvements	16,890,396	2,892	-	-	16,893,288
Buildings	3,585,236	-	-	-	3,585,236
Equipment	74,174	-	-	-	74,174
Total capital assets, depreciable	<u>20,549,806</u>	<u>2,892</u>	<u>-</u>	<u>-</u>	<u>20,552,698</u>
Less accumulated depreciation					
Land improvements	(5,026,646)	(257,845)	-	-	(5,284,491)
Buildings	(584,009)	(71,798)	-	-	(655,807)
Equipment	(61,522)	(3,621)	-	-	(65,143)
Total accumulated depreciation	<u>(5,672,177)</u>	<u>(333,264)</u>	<u>-</u>	<u>-</u>	<u>(6,005,441)</u>
Net depreciable capital assets	<u>14,877,629</u>	<u>(330,372)</u>	<u>-</u>	<u>-</u>	<u>14,547,257</u>
Net capital assets	<u>\$ 16,737,629</u>	<u>\$ (161,679)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,575,950</u>

Construction in progress consists of the following as of the year ended June 30, 2023:

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

The S. Apron Tarmac Design Project – Cost incurred to date are \$254,207.

F Hangar at the Airport – Cost incurred to date \$8,902 and total estimated costs are \$1,250,000.

Hangar Expansion Grading Plan – Costs incurred to date are \$12,602

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES

The following presents current year changes in long-term debt obligations:

	Balance at June 30, 2022	Additions	Reductions	Balance at June 30, 2023	Due Within One Year
Long-Term Debt					
Airport Klickitat Loan - Direct Borrowing	\$ 25,000	\$ -	\$ (25,000)	\$ -	\$ -
Klickitat CERB Loan	325,000	-	(25,000)	300,000	25,000
Airport Taxable LOCAP Bond	1,480,000	-	(85,000)	1,395,000	90,000
	<u>1,830,000</u>	<u>-</u>	<u>(135,000)</u>	<u>1,695,000</u>	<u>115,000</u>
Unamortized Premium	11,492	-	(4,278)	7,214	1,030
Total Long-Term Debt	<u>\$ 1,841,492</u>	<u>\$ -</u>	<u>\$ (139,278)</u>	<u>\$ 1,702,214</u>	<u>\$ 116,030</u>

City of the Dalles Bond 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 4.50%. 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 the 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 the 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 bonds payable and the associated premium are as follows:

Year Ending June 30,	Principal	Interest	Premium	Total
2024	\$ 90,000	\$ 62,775	\$ 1,030	\$ 153,805
2025	95,000	58,725	962	154,687
2026	100,000	54,450	891	155,341
2027	105,000	49,950	816	155,766
2028	105,000	45,225	741	150,966
2029-2033	615,000	150,075	2,452	767,527
2034-2035	285,000	19,350	322	304,672
	<u>\$ 1,395,000</u>	<u>\$ 440,550</u>	<u>\$ 7,214</u>	<u>\$ 1,842,764</u>

Loans Payable

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 hanger lease dated May 30, 2012. As of June 30, 2023, this loan was repaid in full.

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 7 – LONG-TERM LIABILITIES (continued)

Loans Payable (continued)

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 with an interest rate of 1.50%. The loan term is for twenty years, with annual principal payments of \$25,000 to be paid by July 31 of each year. 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 the loan is defaulted on by failure to make required principal or interest payments, CERB could declare all principal and interest and all other amounts due immediately.

Future maturities of loans payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 25,000	\$ 4,500	\$ 29,500
2025	25,000	4,125	29,125
2026	25,000	3,750	28,750
2027	25,000	3,375	28,375
2028	25,000	3,000	28,000
2029-2033	125,000	9,375	134,375
2034-2035	50,000	1,125	51,125
	<u>\$ 300,000</u>	<u>\$ 29,250</u>	<u>\$ 329,250</u>

NOTE 8 – AIRPORT LEASE RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

The Airport's main revenue stream comes from aircraft hangar rentals. The Airport has a total of 66 aircraft hangers 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, 2023, all properties were occupied producing a total revenue of approximately \$412,111. Future maturities of leases receivable are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 155,301	\$ 9,718	\$ 165,019
2025	127,534	7,642	135,176
2026	131,944	5,442	137,386
2027	137,023	3,159	140,182
2028	116,988	1,528	118,516
2029-2033	81,857	1,127	82,984
2034-2035	2,260	14	2,274
Total	<u>\$ 752,907</u>	<u>\$ 28,630</u>	<u>\$ 781,537</u>

**COLUMBIA GORGE REGIONAL AIRPORT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023**

NOTE 8 – AIRPORT LEASE RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES (continued)

The following presents current year changes in lease receivables:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Leases receivable	\$ 650,327	\$ 285,001	\$ (182,421)	\$ 752,907

Lease inflows of resources for the year ended June 30, 2023 are as follows:

	<u>Governmental Activities</u>
Lease revenue	\$ 182,421
Lease interest income	7,692
Total lease inflows	<u>\$ 190,114</u>

NOTE 9 – RELATED PARTY TRANSACTIONS

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

NOTE 10 – RISK MANAGEMENT

The Airport is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; 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 five years.



| **Supplementary Information**

**COLUMBIA GORGE REGIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
ALL AIRPORT FUNDS COMBINED
YEAR ENDED JUNE 30, 2023**

	Airport General Fund	Airport Debt Service Fund	Total All Airport Funds
REVENUES			
Charges for services	\$ 18,166	\$ -	\$ 18,166
Intergovernmental	130,000	-	130,000
Rental income	194,977	200,325	395,302
Interest on investments	16,173	2,204	18,377
Grants	115,006	-	115,006
Miscellaneous	17,820	-	17,820
Total revenues	<u>492,142</u>	<u>202,529</u>	<u>694,671</u>
EXPENDITURES			
Materials and services	289,445	5,299	294,744
Capital outlay	171,585	-	171,585
Debt service			
Principal	-	135,000	135,000
Interest	-	71,584	71,584
Total expenditures	<u>461,030</u>	<u>211,883</u>	<u>672,913</u>
Revenues over (under) expenditures and Net changes in fund balances	<u>31,112</u>	<u>(9,354)</u>	<u>21,758</u>
FUND BALANCE, beginning budgetary basis (as restated)	<u>782,818</u>	<u>60,991</u>	<u>843,809</u>
FUND BALANCE, ending budgetary basis	<u>\$ 813,930</u>	<u>\$ 51,637</u>	<u>\$ 865,567</u>
Net change in fund balance			\$ 21,758
Expenditures capitalized			171,585
Debt service principal payments			135,000
Depreciation expense			(333,264)
Interest revenue/expense			<u>5,328</u>
Change in net position			<u>\$ 407</u>

**COLUMBIA GORGE REGIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
AIRPORT GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Charges for services	\$ 17,000	\$ 17,000	\$ 18,166	\$ 1,166
Intergovernmental	130,000	130,000	130,000	-
Rental income	180,080	180,080	194,977	14,897
Interest on investments	8,450	8,450	16,173	7,723
Grants	2,993,780	2,993,780	115,006	(2,878,774)
Miscellaneous	22,500	22,500	17,820	(4,680)
Total revenues	<u>3,351,810</u>	<u>3,351,810</u>	<u>492,142</u>	<u>(2,859,668)</u>
EXPENDITURES				
Materials and services	367,955	376,855	289,445	
Capital outlay	3,235,780	3,235,780	171,585	
Contingency	360,374	351,474	-	
Total expenditures	<u>3,964,109</u>	<u>3,964,109 (1)</u>	<u>461,030</u>	<u>3,503,079</u>
Revenues over (under) expenditures and Net changes in fund balances	<u>(612,299)</u>	<u>(612,299)</u>	<u>31,112</u>	<u>643,411</u>
FUND BALANCE, beginning budgetary basis (as restated)	<u>721,736</u>	<u>721,736</u>	<u>782,818</u>	<u>61,082</u>
FUND BALANCE, ending budgetary basis	<u>\$ 109,437</u>	<u>\$ 109,437</u>	<u>\$ 813,930</u>	<u>\$ 704,493</u>

(1) Appropriation Level

**COLUMBIA GORGE REGIONAL AIRPORT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
AIRPORT DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Original Budget	Final Budget	Actual	Variance
REVENUES:				
Rental income	\$ 205,140	\$ 205,140	\$ 200,325	\$ (4,815)
Interest on investments	125	125	2,204	2,079
Total revenues	<u>205,265</u>	<u>205,265</u>	<u>202,529</u>	<u>(2,736)</u>
EXPENDITURES				
Materials and services	-	-	5,299	
Debt service				
Principal	135,000	135,000	135,000	
Interest	73,975	73,975	71,584	
Contingency	25,359	25,359	-	
Total expenditures	<u>234,334</u>	<u>234,334</u>	<u>211,883</u>	<u>22,451</u>
Revenues over (under) expenditures and Net changes in fund balances	<u>(29,069)</u>	<u>(29,069)</u>	<u>(9,354)</u>	<u>19,715</u>
FUND BALANCE, beginning budgetary basis	<u>29,069</u>	<u>29,069</u>	<u>60,991</u>	<u>31,922</u>
FUND BALANCE, ending budgetary basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,637</u>	<u>\$ 51,637</u>

(1) Appropriation Level

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Columbia Gorge Regional Airport
The Dalles, OR 97058

We have audited the basic financial statements of the Columbia Gorge Regional Airport (the Airport) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 4, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Airport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 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 the 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 but were not limited to the following:

- Deposit of public funds with financial institutions under ORS Chapter 295.
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required under ORS Chapter 294.
- Insurance and fidelity under bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing under 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 Administration Rules 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-010-0230 Internal Control

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 our auditing 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 Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

Restrictions On Use

This report is intended solely for the information and use of the Airport's Board of Directors and management of the Columbia Gorge Regional Airport and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jeny Grupe". The signature is fluid and cursive, with the first name "Jeny" and last name "Grupe" clearly distinguishable.

Jeny Grupe, CPA, Partner
KDP Certified Public Accountants, LLP
Medford, Oregon
December 4, 2023