THE PORT OF PORTLAND

(A Municipal Corporation)

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

(Containing Audit Comments and Disclosures Required by State Regulations)

FOR THE YEAR ENDED JUNE 30, 2015

with comparative totals for the year ended June 30, 2014

THE PORT OF PORTLAND

(a municipal corporation)

THE PORT OF PORTLAND

COMMISSIONERS AS OF JUNE 30, 2015

Name	Term Expires
Jim Carter, President 7200 NE Airport Way Portland, Oregon 97218	November 30, 2017
Paul A. Rosenbaum, Vice President 7200 NE Airport Way Portland, Oregon 97218	June 30, 2015
Diana A. Daggett, Secretary 5200 NE Elam Young Parkway Hillsboro, Oregon 97124	September 30, 2015
Peter J. Bragdon, Treasurer 14375 NW Science Park Drive Portland, Oregon 97229	September 30, 2015
Tom Chamberlain 2110 State Street Salem, Oregon 97303	May 19, 2019
Bruce A. Holte 2435 NW Front Avenue Portland, Oregon 97209	July 31, 2015
Robert L. Levy 822 S. Hwy 395, No. 423 Hermiston, Oregon 97838	April 30, 2017
Linda M. Pearce 4185 Highway 101 North Tillamook, Oregon 97141	September 30, 2016
Tom Tsuruta P.O. Box 261 Marylhurst, Oregon 97036	December 12, 2016

Bill Wyatt, Executive Director

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

Telephone: 503-415-6000

THE PORT OF PORTLAND
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INDEPENDENT AUDITOR’S REPORT

Independent Auditor's Report

To the Board of Commissioners of the Port of Portland

We have audited the accompanying individual balance sheets and the related statements of revenues, expenses, and changes in net position and of cash flows of the Airport and Marine & Other activities as of and for the years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Port of Portland (the "Port").

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Airport and Marine & Other activities of the Port at June 30, 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 and 8 to the financial statements, the Port adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, effective July 1, 2014. The financial statements as of and for the year ended June 30, 2015 reflect the adoption of the provisions of GASB 68. Our opinions are not modified with respect to this matter.

PricewaterhouseCoopers LLP, 805 SW Broadway, Suite 800, Portland, OR 97205-3344
T: (971) 544 4000, F: (971) 544 4100, www.pwc.com/us

Other Matters

We have previously audited the individual financial statements of the Airport and Marine & Other activities, which collectively comprise the Port's 2014 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated October 27, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

The accompanying management's discussion and analysis on pages 3 through 8 and the required supplementary information, Schedule of Funding Progress for Defined Benefit Healthcare Plan, Schedule of the Company's Proportionate Share of PERS Net Pension Liability (Asset) and the Schedule of Contributions to PERS on pages 38 through 40 are required by accounting principles generally accepted in the United States of America to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port's basic financial statements. The Supplementary Information on pages 41 through 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

By: ______________________________

Michael MacBryde
Portland, Oregon
October 27, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

This discussion and analysis of the Port of Portland's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements:
This audit report consists of four parts – management's discussion and analysis (this section), the basic financial statements (including notes), required supplementary information, and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and also by the Oregon Secretary of State (OSS). The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a balance sheet, which includes the Port's assets, including deferred outflows, liabilities, including deferred inflows, and net position at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants expended for construction for the year; and statement of cash flows, which presents the sources and uses of cash for the year. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, nearly all of which is required by the GASB, the OSS, or bond ordinances. The Port's two activities are Airport (Portland International Airport) and Marine & Other (marine terminals, industrial development, environmental, navigation, general aviation, engineering, and administration). These activities are described in Notes 1 and 2 to the financial statements. Of special significance to readers of the financial statements is that, with certain limited exceptions, Airport monies are restricted by bond ordinances and Federal Aviation Administration regulations for use at the Airport only. Airport net revenues (essentially operating revenues less operating expenses other than depreciation) are largely determined by bond ordinances and contracts with airlines, as more fully explained in Note 6 to the financial statements.

During fiscal 2015, the Port applied new pension reporting standards as required by GASB Statement No. 68 (GASB 68). GASB 68 had a significant impact on both the Port's income statement and balance sheet, and required a restatement of the beginning net assets balance in fiscal 2015. GASB 68 also impacted pension expense, deferred inflows and outflows of resources, and pension assets recorded previously as the result of issuing pension bonds. Based upon the GASB-required calculations by the actuaries for the Oregon Public Employees Retirement System (PERS), the Port's share of the collective net pension liability was a pension asset of $14.4 million, and the Port's share of the collective pension expense was a negative $13.4 million. Further discussion of the impacts of the implementation of GASB 68 can be found later in the Financial Results section of this discussion and analysis, and in Notes 1 and 8 to the financial statements.

Financial Results:
The Port's total net position decreased $44.6 million from the 2014 amount, or 3.8 percent. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants or legal requirements – decreased by $75.4 million, or 48.0 percent, during that same time. In comparison, last year total net position increased by $23.3 million, or 2.0 percent. The analysis in Table 1 (below) focuses on the net position of the Airport and of the Port's Marine & Other activities separately.

Table 1
Net Position
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Current and other assets	$ 412.7	$ 332.5	$ 240.2	$ 262.6	$ 621.0 *	$ 562.5	10.4%
Capital assets	1,158.9	1,161.7	352.9	353.2	1,511.8	1,514.9	(0.2)%
Deferred outflows	46.9	33.6	2.9		49.8	33.6	48.2%
Total assets	1,618.5	1,527.8	596.0	615.8	2,182.6 *	2,111.0	3.4%
Long-term debt outstanding	684.1	601.6	107.4	112.5	791.5	714.1	10.8%
Other liabilities	141.3	140.7	118.7	109.9	228.1 *	218.0	4.6%
Deferred inflows	12.6		16.1		28.7		100.0%
Total liabilities	838.0	742.3	242.2	222.4	1,048.3 *	932.1	12.5%
Net position:							
Net investment in capital assets	543.6	586.0	321.7	320.7	865.3	906.7	(4.6)%
Restricted	184.0	111.8	3.3	3.3	187.3	115.1	62.7%
Unrestricted	52.9	87.7	28.8	69.4	81.7	157.1	(48.0)%
Total net position	$ 780.5	$ 785.5	$ 353.8	$ 393.4	$ 1,134.3	$ 1,178.9	(3.8)%

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

Total net position of the Airport decreased by $5.0 million, or 0.6 percent, as a result of a $50.1 million restatement of beginning net position required for the implementation of GASB 68, offset in large part by net income. Net investment in capital assets decreased $42.4 million, or 7.2 percent, as a result of an increase in debt outstanding and normal depreciation. Restricted net position increased by $72.2 million, or 64.6 percent, primarily due to bond proceeds and net income restricted for construction. Unrestricted net position decreased by $34.8 million, or 39.7 percent, primarily as a result of the impacts of the Port's implementation of GASB 68.

Total net position of Marine & Other decreased from the 2014 balance by $39.6 million, or 10.1 percent, primarily due to the $52.2 million restatement of beginning net position required for the GASB 68 implementation, offset in part by capital grants and transfers from the Airport (primarily to fund construction at general aviation airports included in Marine & Other). Unrestricted net position decreased by $40.6 million or 58.5 percent, again primarily as the result of the Port's implementation of the requirements of GASB 68.

Several factors caused changes in net position (Table 2, below) to decrease $67.9 million from 2014.

Airport changes in net position decreased $31.4 million, primarily as a result of the implementation of GASB 68, offset by increased net income versus the prior year. Marine & Other changes in net position decreased $36.5 million primarily due to the GASB 68 implementation, offset by increased net income and increased transfers from the Airport to support general aviation costs.

Table 2
Changes in Net Position
($ millions)

	Airport 2015	Airport 2014	Marine & Other 2015	Marine & Other 2014	Total Port 2015	Total Port 2014	Total Percentage Change 2014-2015
Revenues:							
Operating revenues							
Charges for services	$ 205.8	$ 199.1	$ 57.5	$ 51.0	$ 263.3	$ 250.1	5.3%
Land sales				1.4		1.4	(100.0)%
Other	0.1	0.1		0.1	0.1	0.2	(50.0)%
Nonoperating revenues							
Property tax revenue			10.5	10.0	10.5	10.0	5.0%
Interest revenue	2.3	2.1	3.0	2.4	5.3	4.5	17.8%
PFC revenue	32.2	30.9			32.2	30.9	4.2%
CFC revenue	14.2	5.6			14.2	5.6	153.6%
Other nonoperating revenue			4.5	3.1	4.5	3.1	45.2%
Total revenues	254.6	237.8	75.5	68.0	330.1	305.8	7.9%
Expenses:							
Operating expenses	178.8	188.1	71.2	76.0	250.0	264.1	(5.3)%
Nonoperating expenses	30.4	29.5	6.2	6.4	36.6	35.9	1.9%
Total expenses	209.2	217.6	77.4	82.4	286.6	300.0	(4.5)%
Income (loss) before contributions and transfers	45.4	20.2	(1.9)	(14.4)	43.5	5.8	(650.0)%
Capital contributions	8.4	11.7	5.8	5.8	14.2	17.5	(18.9)%
Transfers (out) in	(8.7)	(5.5)	8.7	5.5			
GASB 68 Restatement of beginning net position	(50.1)		(52.2)		(102.3)		
Increase (decrease) in net position	$ (5.0)	$ 26.4	$ (39.6)	$ (3.1)	$ (44.6)	$ 23.3	(291.4)%

Total revenues for the Port increased by approximately $24.3 million from the prior year. Total expenses decreased approximately $13.4 million from the prior year amount.

At the Airport, operating revenues increased about $6.7 million from the prior year due primarily to increases in parking and concessions revenues. Fiscal 2015 was the first full year for the CFC program, so CFC revenues were $8.6 million higher than in 2014. The decrease of about $9.3 million in operating expenses was primarily attributable to $5.9 million in negative pension expense booked as a result of the implementation of GASB 68, as well as decreased accruals for a pollution remediation obligation. Capital contributions decreased $3.3 million as a result of incurring fewer grant-eligible costs in 2015.

For Marine & Other, charges for services operating revenues increased $6.5 million from the prior year, primarily the result of increased Navigation division dredging revenues. During the same time, operating expenses decreased $4.8 million due to $7.5 million in negative pension expense recorded as a result of implementing GASB 68 as well as decreased expense for the Port's Terminal 6 carrier incentive program, offset in part by higher Navigation division expenses. Transfers from the Airport increased by $3.2 million primarily to fund increased construction at general aviation airports included in Marine & Other.

Budgetary Highlights:

The Port's budget for fiscal 2015 was adopted by the Port Commission and certified by the Multnomah County Tax Supervising and Conservation Commission (TSCC) in June 2014. The adopted budget was revised during the year to provide the resources to cover higher than anticipated costs associated with increased maintenance dredging activity on the Columbia River, to extend the Port's program to incent container carrier service to call Terminal 6, to make an unanticipated acquisition of the SolarWorld property in Hillsboro, and to establish a new appropriation for bank fees and charges associated with the segregation of customer facility charges in fiscal 2015. Appropriations in the budget for Marine & Other were adjusted upwards during the year to reflect increased General Aviation costs related to the Troutdale airport master plan, outside legal fees, utility costs, and equipment repair costs; higher Navigation operating expenditures resulting from additional dredging activity; and costs related to environmental expenditures in the Portland Harbor Superfund site. Budget appropriations at the Airport were adjusted to reflect increased transfers to Marine & Other for staff support on capital projects. While legally a local government subject to governmental budgeting requirements, the Port operates much like a business, with expenditure levels driven by business needs. Revisions to reflect expenditure patterns are, therefore, common for an entity like the Port. As explained in Note 1 to the financial statements, Oregon budget laws differ, in certain situations, from accounting principles generally accepted in the United States of America.

On a budgetary basis, Airport capital expenditures were $62.3 million, 55.2 percent below the $139.2 million budget due largely to timing as a new capital expansion program at the Airport begins to get underway. Operating expenditures were $88.5 million, coming in just under the budgeted amount. Airport operating revenues were $203.9 million, coming in slightly above the $201.9 million budget as a result of record passenger counts, which drove higher airline, nonairline, and parking revenues. Customer facility charges of $14.2 million were about $0.5 million above budget in the first full year of the program, also due to record passenger counts. Capital grants during the year were $8.4 million, 25.5 percent below the budget of $11.2 million as a result of incurring fewer grant eligible costs.

Fiscal 2015 budgetary capital expenditures for Marine & Other were $16.6 million, 75.3 percent below the budget of $67.2 million, largely due to timing delays of the next phase of improvements at Troutdale Reynolds Industrial Park. Capital grants for the year were $5.8 million, 70.9 percent below the budget of $20.0 million, in large part due to lower than anticipated grant eligible capital spending. Budgetary operating revenues were $6.7 million under budget for industrial development due to budgeted land sales that were delayed beyond the end of the fiscal year. Navigation revenues were $1.2 million higher than budgeted as a result of higher than anticipated dredging activity. Budgetary operating expenditures were $2.8 million below budget for administration, primarily as a result of personnel vacancies and lower than anticipated outside service costs. Budgetary operating expenditures for marine (including revised appropriations) were also below budget approximately $5.9 million due to lower outside services costs, vacant positions and lower outside contracted expenses related to Terminal 6. Other environmental budgetary operating expenditures were $5.1 million under budget as a result of delays in expected costs associated with environmental liabilities.

Capital Assets:
At the end of fiscal 2015, the Port had nearly $1.5 billion invested in a broad range of capital assets. This amount represents a decrease (essentially depreciation expense offset in part by additions) of $3.5 million versus last year, as outlined in Table 3 (below).

Table 3
Capital Assets
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Land	$ 68.0	$ 68.0	$ 83.7	$ 76.2	$ 151.8	$ 144.2	
Construction in progress	85.7	90.5	44.2	68.0	129.9	158.5	
Total capital assets not being depreciated	153.7	158.5	127.9	144.2	281.6	302.7	(7.0)%
Land improvements	711.7	650.1	260.5	243.8	972.2	893.9	
Buildings and equipment	1,280.8	1,264.7	246.7	230.1	1,527.5	1,494.8	
Total capital assets being depreciated	1,992.5	1,914.8	507.2	473.9	2,499.7	2,388.7	4.6%
Less: accumulated depreciation	(987.4)	(911.7)	(339.9)	(322.2)	(1,327.3)	(1,233.9)	7.6%
Total capital assets being depreciated, net	1,005.1	1,003.1	167.2	151.7	1,172.4	1,154.8	1.5%
Total capital assets, net	$ 1,158.9	$ 1,161.6	$ 295.1	$ 295.9	$ 1,454.0	$ 1,457.5	(0.2)%

This year's major capital asset spending included:

Airport:
- Terminal improvements - $27.4 million
- Taxiway rehabilitation and improvements - $15.3 million
- Parking lot and roadway pavement rehabilitation - $7.4 million
- Shuttle bus replacements - $2.4 million

Marine & Other:
- Hillsboro property acquisition – $7.9 million
- Hillsboro airport runway and taxiway improvements - $4.6 million

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

The Port's 2016 capital budget estimates spending another $188 million on capital projects at the Airport and $42 million in Marine & Other. Spending at the Airport is primarily slated for terminal improvements; access control system replacement; rental car facility improvements; pavement rehabilitation projects; and post-security concessions redevelopment. These projects are budgeted to be funded by Airport operating revenues, federal grants, bond proceeds, PFC revenues, and CFC revenues. Capital spending for Marine & Other is budgeted principally for industrial land improvements; general aviation airport road construction; vessel improvements for the dredging operation; and infrastructure improvements at marine terminal and Rivergate facilities. Funding for these projects is budgeted from operating revenues, property taxes, and federal, state, and other grants.

Long-Term Debt:
At the end of 2015, the Port had approximately $749 million in bonds, contracts and loans payable outstanding. This is an increase from the prior year, as seen in Table 4 (below).

Table 4
Outstanding Long-Term Debt
($ millions)

	Airport		Marine & Other		Total Port		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014-2015
Pension bonds			$ 70.8	$ 72.8	$ 70.8	$ 72.8	(2.7)%
Revenue bonds	$ 493.3	$ 432.4			493.3	432.4	14.1%
PFC revenue bonds	148.2	153.8			148.2	153.8	(3.6)%
Contracts and loans payable			36.7	39.7	36.7	39.7	(7.6)%
	$ 641.5	$ 586.2	$ 107.5	$ 112.5	$ 749.0	$ 698.7	7.2%

The outstanding amount of Airport long-term debt increased due to issuance of new construction bonds, offset partially by scheduled bond payments. As of the end of fiscal 2015, the Airport revenue bonds were rated AA- by Standard & Poor's, which is among the highest underlying ratings for airport revenue bonds rated by that rating agency. The balance of PFC revenue bonds decreased as a result of regularly scheduled bond payments.

In Marine & Other, the amount of outstanding long-term debt decreased as a result of scheduled payments made on pension bonds and contracts payable, offset, in part by Series 2002A pension bonds deferred interest accrued but not paid until maturity.

Please see Note 6 to the financial statements for more detailed information of long-term debt activity.

Economic Factors and Next Year's Budgets and Rates:
As part of the Port's strategic planning and business planning process, regional, national, and global economic trends and forecasts are reviewed and assumptions regarding passenger, cargo, and population growth are coupled with these trends and forecasts to produce the annual budget. The global economic recovery continues, with most business lines continuing to show moderate growth in fiscal 2016. Fiscal 2016 airline passenger volumes are forecast to increase 5.7 percent over the fiscal 2015 budget. At the Port's Marine & Other facilities and business parks, many of our tenants are making significant investment to position them to take advantage of trade growth resulting from the economic recovery.

In the Port's 2016 adopted budget, total Port operating revenue is budgeted to increase about 12.1 percent over 2015 results to approximately $295.3 million largely as a result of increased land sales and increased airline revenues. Total operating expenses (excluding depreciation and the non-cash impacts of GASB 68 on pension expense) are budgeted to increase by about 20.7 percent to approximately $197.9 million, reflecting costs related to land sales as well as increased salary and benefits costs.

Operating revenues for the Airport are budgeted to increase to $217.5 million in the fiscal 2016 budget due to higher airline, nonairline, and parking revenues resulting from increased passenger volumes. Airport operating expenses (excluding depreciation and the non-cash impacts of GASB 68 on pension expense) are budgeted to increase about 12.7 percent to $118.5 million as a result of increased salary and benefits costs, central services costs, as well as an increase to the stormwater fee imposed by the City of Portland.

In Marine & Other, operating revenues are budgeted to increase by 35.3 percent to $77.8 million, primarily due to higher land sales revenue budgeted in fiscal 2016 offset somewhat by reduced dredging revenues. Operating expenses (excluding depreciation and the non-cash impacts of GASB 68 on pension expense) are budgeted to increase by 35.0 percent to $79.4 million due primarily to higher costs of property sold resulting from significantly increased budgeted land sales. Property taxes are budgeted to comprise approximately 1 percent of Port resources on a legal budget basis.

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

BASIC FINANCIAL STATEMENTS

THE PORT OF PORTLAND
BALANCE SHEET
as of June 30, 2015
with comparative totals as of June 30, 2014

	2015			2014
	Airport	Marine & Other	Total	Total
ASSETS				
Current assets:				
Cash and cash equivalents (Note 3)	$ 58,440	$ 48,140,319	$ 48,198,759	$ 52,173,252
Equity in pooled investments (Note 3)	100,056,307	121,442,974	221,499,281	212,531,913
Restricted cash and equity in pooled investments (Note 3)	55,311,365	11,378,183	66,689,548	49,322,366
Receivables, net of allowance for doubtful accounts of $192,000 in 2015 and $188,000 in 2014 for Airport and $388,000 in 2015 and $286,000 in 2014 for Marine & Other (Note 4)	7,761,951	12,574,219	20,336,170	22,744,965
Prepaid insurance and other assets	3,785,011	2,140,327	5,925,338	5,589,849
Total current assets	166,973,074	195,676,022	362,649,096	342,362,345
Noncurrent assets:				
Restricted assets (Note 1):				
Cash and equity in pooled investments (Note 3)	229,870,356	3,313,387	233,183,743	131,088,286
Receivables (Note 4)	8,336,723		8,336,723	11,809,730
Total restricted assets	238,207,079	3,313,387	241,520,466	142,898,016
Land held for sale (Note 1)		57,764,684	57,764,684	57,325,632
Depreciable properties, net of accumulated depreciation (Note 5)	1,005,148,928	167,224,973	1,172,373,901	1,154,762,146
Nondepreciable properties (Note 5)	153,737,550	127,887,583	281,625,133	302,770,586
Unamortized bond issue costs (Note 1)	1,363,926	213,535	1,577,461	1,792,135
Net pension assets (GASB 68) (Note 8)	6,115,126	8,301,678	14,416,804	
Pension assets (Note 8)				74,639,993
Due from Airport (Note 8)		31,864,192	*	*
Other noncurrent assets		830,258	830,258	809,074
Total noncurrent assets	1,404,572,609	397,400,290	1,770,108,707	1,734,997,582
Deferred outflows of resources:				
Deferred charges on refunding bonds (Note 6)	30,751,162		30,751,162	17,914,510
Deferred charges on pensions (GASB 68) (Note 8)	2,394,351	2,937,866	5,332,217	
Cumulative decrease in fair value of hedging derivative (Note 6)	13,780,000		13,780,000	15,656,000
Total deferred outflows of resources	46,925,513	2,937,866	49,863,379	33,570,510
Total assets	$ 1,618,471,196	$ 596,014,178	$ 2,182,621,182	$ 2,110,930,437
LIABILITIES				
Current liabilities (payable from current assets):				
Current portion of long-term debt (Note 6)		$ 3,882,405	$ 3,882,405	$ 3,688,515
Accounts payable	$ 8,867,689	13,724,660	22,592,349	27,997,437
Accrued wages, vacation and sick leave pay (Note 1)	7,136,961	8,350,777	15,487,738	14,750,924
Workers' compensation and other accrued liabilities (Notes 10 and 11)	973,969	3,096,594	4,070,563	4,555,817
Total current liabilities (payable from current assets)	16,978,619	29,054,436	46,033,055	50,992,693
Restricted liabilities (payable from restricted assets) (Note 1):				
Current portion of long-term debt and other (Note 6 and 11)	33,025,878	11,328,183	44,354,061	32,690,097
Accrued interest payable	11,171,764		11,171,764	11,100,659
Accounts payable	9,958,335	50,000	10,008,335	5,164,514
Contract retainage payable	1,155,388		1,155,388	367,096
Total restricted current liabilities (payable from restricted assets)	55,311,365	11,378,183	66,689,548	49,322,366
Total current liabilities	72,289,984	40,432,619	112,722,603	100,315,059
Noncurrent liabilities:				
Long-term environmental and other accruals (Notes 6, 9 and 11)	28,276,330	54,407,026	82,683,356	82,646,070
Long-term debt (Note 6)	651,036,906	103,506,125	754,543,031	677,679,044
Unearned revenue and other (Notes 1 and 6)	41,920,505	27,710,211	69,630,716	71,374,099
Due to Marine & Other (Note 8)	31,864,192		*	*
Total noncurrent liabilities	753,097,933	185,623,362	906,857,103	831,699,213
Deferred inflows of resources:				
Deferred pension inflows (GASB 68) (Note 8)	12,579,729	16,093,785	28,673,514	
Total deferred inflows of resources	12,579,729	16,093,785	28,673,514	
Total liabilities	837,967,646	242,149,766	1,048,253,220	932,014,272
Commitments and contingencies (Note 11)				
NET POSITION				
Net investment in capital assets	543,609,408	321,717,572	865,326,980	906,756,108
Restricted for capital and debt service	183,995,826	3,313,387	187,309,213	115,082,923
Unrestricted	52,898,316	28,833,453	81,731,769	157,077,134
Total net position	780,503,550	353,864,412	1,134,367,962	1,178,916,165
Total liabilities and net position	$ 1,618,471,196	$ 596,014,178	$ 2,182,621,182	$ 2,110,930,437

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

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

THE PORT OF PORTLAND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
for the year ended June 30, 2015
with comparative totals for the year ended June 30, 2014

	2015			2014
	Airport	Marine & Other	Total	Total
Operating revenues:				
Charges for services	$ 205,826,683	$ 57,541,984	$ 263,368,667	$ 250,096,701
Land sales				1,428,234
Other	87,340		87,340	165,971
Total operating revenues	205,914,023	57,541,984	263,456,007	251,690,906
Operating expenses:				
Salaries, wages and fringe benefits	35,222,108	45,051,824	80,273,932	94,241,326
Longshore labor and fringe benefits		1,941,043	1,941,043	1,885,155
Contract, professional and consulting services	28,396,951	16,497,497	44,894,448	49,380,455
Materials and supplies	4,363,769	3,863,710	8,227,479	7,418,531
Utilities	9,107,351	1,993,519	11,100,870	9,701,495
Equipment rents, repair and fuel	1,542,380	3,377,120	4,919,500	4,028,808
Insurance	2,074,715	1,467,452	3,542,167	3,141,526
Rent		164,597	164,597	159,116
Travel and management expense	1,325,248	2,295,050	3,620,298	3,103,658
Intra-Port charges and expense allocations	17,071,184	(17,071,184)		
Cost of land sold				642,335
Other	1,637,726	4,135,667	5,773,393	6,826,273
Less expenses for capital projects	(1,582,189)	(12,411,923)	(13,994,112)	(14,293,971)
Total operating expenses, excluding depreciation	99,159,243	51,304,372	150,463,615	166,234,707
Operating income before depreciation	106,754,780	6,237,612	112,992,392	85,456,199
Depreciation expense	79,687,319	19,881,788	99,569,107	97,852,232
Total operating expenses, including depreciation	178,846,562	71,186,160	250,032,722	264,086,939
Operating income (loss)	27,067,461	(13,644,176)	13,423,285	(12,396,033)
Nonoperating revenues (expenses):				
Property tax revenue		10,491,101	10,491,101	9,964,457
Interest expense, net of capitalized construction period interest of $5,051,680 in 2015 and $2,336,594 in 2014 for Airport	(24,320,953)	(6,161,545)	(30,482,498)	(31,611,120)
Interest revenue	2,276,175	3,042,386	5,318,561	4,538,182
Other (expense) income, including loss on disposal of properties	(6,121,683)	4,469,761	(1,651,922)	(1,123,807)
Nonoperating (expenses) revenues before facility charges	(28,166,461)	11,841,703	(16,324,758)	(18,232,288)
Loss before passenger facility charges and customer facility charges	(1,099,000)	(1,802,473)	(2,901,473)	(30,628,321)
Passenger facility charge revenue	32,182,436		32,182,436	30,906,655
Customer facility charge revenue	14,241,191		14,241,191	5,646,246
Income (loss) before contributions and transfers	45,324,627	(1,802,473)	43,522,154	5,924,580
Capital contributions	8,379,851	5,815,834	14,195,685	17,442,002
Transfers (out) in	(8,654,743)	8,654,743		
Change in net position	45,049,735	12,668,104	57,717,839	23,366,582
Total net position - beginning of year	785,533,610	393,382,555	1,178,916,165	1,155,549,583
Impact of adoption of GASB No. 68 (Note 1)	(50,079,795)	(52,186,247)	(102,266,042)	
Total net position - end of year	$ 780,503,550	$ 353,864,412	$ 1,134,367,962	$ 1,178,916,165

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

THE PORT OF PORTLAND

STATEMENT OF CASH FLOWS

for the year ended June 30, 2015

with comparative totals for the year ended June 30, 2014

	2015			2014
	Airport	Marine & Other	Total	Total
Cash flows from operating activities:				
Cash received from customers	$ 206,945,476	$ 56,519,991	$ 263,465,467	$ 253,225,300
Cash payments to employees	(42,985,753)	(55,252,921)	(98,238,674)	(90,207,487)
Cash payments to suppliers and vendors	(36,968,362)	(30,564,438)	(67,532,800)	(68,498,483)
Cash payments (to) from other funds	(23,854,965)	23,854,965		
Net cash provided by (used in) operating activities	103,136,396	(5,442,403)	97,693,993	94,519,330
Cash flows from noncapital financing activities:				
Property taxes		10,485,424	10,485,424	9,953,047
Book cash overdraft				(4,265,420)
Net cash provided by noncapital financing activities		10,485,424	10,485,424	5,687,627
Cash flows from capital and related financing activities:				
Capital expenditures	(66,349,282)	(21,672,187)	(88,021,469)	(85,050,174)
Sale of properties	97,606	223,750	321,356	286,411
Net proceeds from issuance of long-term debt	229,716,151		229,716,151	2,303,000
Interest paid	(46,037,333)	(6,509,895)	(52,547,228)	(36,354,121)
Proceeds from passenger facility charges	32,013,249		32,013,249	31,511,777
Proceeds from customer facility charges	13,870,115		13,870,115	4,323,000
Principal payments and redemptions on long-term debt	(144,155,000)	(4,480,102)	(148,635,102)	(34,001,916)
Contributions from governmental agencies	7,572,529	7,572,401	15,144,930	24,400,237
Cash transfers (to) from other Port divisions, net	(8,654,743)	8,654,743		
Other, primarily nonoperating expense	(6,084,676)	4,462,065	(1,622,611)	7,681
Net cash provided by (used in) capital and related financing activities	11,988,616	(11,749,225)	239,391	(92,574,105)
Cash flows from investing activities:				
Interest received	1,763,861	2,944,662	4,708,523	4,134,138
Investment activity:				
Purchases	(183,159,194)	(87,599,130)	(270,758,324)	(145,935,609)
Proceeds from sales or maturities	66,270,321	87,386,179	153,656,500	144,811,701
Net cash (used in) provided by investing activities	(115,125,012)	2,731,711	(112,393,301)	3,010,230
Net (decrease) increase in cash and cash equivalents		(3,974,493)	(3,974,493)	10,643,082
Cash and cash equivalents - beginning of year	58,440	52,114,812	52,173,252	41,530,170
Cash and cash equivalents - end of year	$ 58,440	$ 48,140,319	$ 48,198,759	$ 52,173,252
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 27,067,461	$ (13,644,176)	$ 13,423,285	$ (12,396,033)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	79,687,319	19,881,788	99,569,107	97,852,232
Cost of land sales				642,335
Non cash GASB 68 pension expense	(5,865,436)	(7,503,903)	(13,369,339)	
Amortization of unearned revenue	(737,913)	(6,255,186)	(6,993,099)	(6,718,519)
Change in assets and liabilities:				
Receivables and other current assets	6,243,031	(1,023,985)	5,219,046	(4,021,475)
Deferred pension contributions	(2,394,351)	(2,937,866)	(5,332,217)	
Amortization of pension bond assets				589,390
Accounts payable and accruals	150,343	(3,614,267)	(3,463,924)	3,522,021
Long-term environmental and other accruals	(1,014,058)	3,418,785	2,404,727	2,682,410
Additions to unearned revenue		6,236,407	6,236,407	12,366,969
Net cash provided by (used in) operating activities	$ 103,136,396	$ (5,442,403)	$ 97,693,993	$ 94,519,330
Noncash investing, capital, and related financing activities:				
Interest payable in future years		$ 920,028	$ 920,028	$ 985,208
Escrow funds for future transaction		$ 11,328,183	$ 11,328,183	

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

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

The Port

The Port of Portland (the Port) is a special municipal district created by the Oregon State Legislature. It is governed by a nine-member Board of Commissioners who are appointed by the Governor of the State; Commissioners serve four year terms without compensation. The Port facilitates aviation and marine trade within the Port District (Multnomah, Clackamas, and Washington Counties), and its influence spreads over a multi-state region. The Port owns and operates Portland International Airport (the Airport), which provides the metropolitan area with commercial airline passenger service, air cargo services, and general aviation service. The Port also owns two general aviation airports, four marine terminals, a dredge, six industrial and business parks, and develops land principally to support, enhance, and expand its core transportation operations. Principal funding sources are charges to users, revenue bonds, grants, interest earnings, passenger facility charges, and, to a lesser extent, property tax levies. Its activities are carried out by a staff of approximately 785 full-time equivalent persons.

Basis of Accounting

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

Intra-Port Charges and Expense Allocations

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

Use of Estimates

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

Operating Revenues and Expenses

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

Restricted Assets and Related Liabilities

Assets and related liabilities restricted to specific purposes by state statute, bond indenture or otherwise are segregated on the balance sheet. These assets and liabilities are primarily restricted for construction and debt service purposes. When both restricted and unrestricted resources are available for use, it is the Port's policy to generally consider restricted assets to be used first over unrestricted assets. At June 30, 2015, all restricted assets are available to pay restricted liabilities due within one year except for approximately $196,100,000 and approximately $195,900,000 equity in pooled investments for the Port and Airport activity, respectively.

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

Land Held for Sale

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

Properties and Depreciation

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

Amortization of Bond Issue Costs

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

Accrued Vacation and Sick Leave Pay

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

Unearned Revenue

Unearned revenue typically represents prepaid lease financing related to real property development projects and transactions and is generally amortized over the life of the related lease. Lease terms generally range from 5 to 92 years. Unearned revenue is reported as a noncurrent liability on the balance sheet.

Accounting for Contributions from Federal Government and Other

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

Property Taxes

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

Cash and Cash Equivalents

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

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

Environmental Remediation Liabilities

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

Passenger Facility Charges

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

Customer Facility Charges

Customer facility charges (CFCs) are imposed on rental car transactions at the Airport, effective January 15, 2014. CFC revenue is recorded as nonoperating revenue and is required by Port ordinance to be used to fund rental car-related projects, programs and related expenses.

Cash and Investments

The Port pools the majority of its cash and investments and uses a controlled disbursement system in order to maximize earnings on available funds. Investments with a remaining life of one year or less at the time of purchase are stated at amortized cost. Investments with longer maturities are stated at fair value based upon quoted market prices. For investments stated at amortized cost, there is no material difference from fair value at June 30, 2015 and 2014. Oregon Revised Statutes, Chapter 294 or Port ordinances, if more restrictive, authorize the Port to invest in obligations of the U.S. Treasury and U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by an Oregon financial institution, repurchase agreements, and certain corporate indebtedness. In addition, the Marine & Other activity is authorized to invest in a State of Oregon local government investment pool and various interest bearing municipal bonds.

Budgets

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

With the approval of the Port Commission, unexpected additional resources may be appropriated through the use of a supplemental budget. The original and supplemental budgets require budget hearings before the public, publications in newspapers, and approval by the Commission for submittal to the Multnomah County Tax Supervising and Conservation Commission (TSCC). The TSCC conducts a review and certification of the original and certain supplemental budgets as to compliance with State law. After TSCC certification, such budgets are presented to the Port Commission for adoption.

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

Original and supplemental budgets may be modified during the fiscal year by the use of appropriations transfers between the legal categories. Such transfers require approval by the Port Commission. The Port adopted one supplemental budget for the year ended June 30, 2015 and none for the year ended June 30, 2014.

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

Transfers Between Activities

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

Internal Receivables and Payables

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

Prior Year Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a complete presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port's report on audit of financial statements for the year ended June 30, 2014, from which the summarized information was derived.

New Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68 (GASB 68), "Accounting and Financial Reporting for Pensions," effective for the Port's fiscal year beginning July 1, 2014. The statement revises pension accounting and financial reporting requirements for state and local governments with a principal objective of improving the usefulness of information for decisions made by users of government external financial reports. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In addition, prior to implementing GASB 68, employers participating in a cost-sharing plan recognized annual pension expense essentially equal to their contractually required contribution to the plan. Upon the adoption of GASB 68, employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology. GASB Statement No. 71 (GASB 71) amends GASB 68 regarding the deferred outflows of resources for governments whose current year pension contributions are reported subsequent to the measurement date. The collective financial impact resulting from the implementation of GASB 68 and GASB 71 is the restatement of 2015 beginning net position by $102.3 million for the Port's portion of the net pension liability incurred in prior years. Accounting changes to adopt GASB 68 and GASB 71 have not been applied retroactively to fiscal 2014, as the information necessary to do so was not made available to Oregon PERS members. The impacts of the adoption of GASB 68 are summarized in the following table:

Statement of Revenues, Expenses, and Changes in Net Position

Change in net position	As previously reported	As restated
Airport total net position – beginning of year (July 1, 2014)	$ 785,533,610	$ 735,453,815
Marine & Other total net position – beginning of year	393,382,555	341,196,308
Total net position – beginning of year	$1,178,916,165	$1,076,650,123

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

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations," effective for the Port's fiscal year beginning July 1, 2014. The statement establishes accounting and financial reporting standards for government combinations and disposals of government operations. The adoption of this statement did not have a material effect on the Port's financial statements.

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application," effective for the Port's fiscal year beginning July 1, 2015. The statement requires measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques to enhance fair value application guidance and related disclosures. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68," effective for the Port's fiscal year beginning July 1, 2016. The statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, as well as for the assets accumulated for purposes of providing those pensions. It establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68, and also amends certain provisions of Statements No. 67 and 68 for pension plans and pensions that are within their respective scope. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," effective for the Port's fiscal year beginning July 1, 2016. The statement establishes financial reporting standards to improve the usefulness of information about postemployment benefits other than pensions included in the financial reports of state and local government benefit plans for making decisions and assessing accountability. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," effective for the Port's fiscal year beginning July 1, 2017. The statement establishes standards for governmental employer recognition, measurement, and presentation of information about postemployment benefits other than pensions (OPEB), and also establishes requirements for reporting information about financial support provided by certain nonemployer entities for OPEB that is provided to the employees of other entities. The Port is currently evaluating the effects this statement will have on its financial statements.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," effective for the Port's fiscal year beginning July 1, 2015. The statement identifies the hierarchy of accounting principles used to prepare financial statements of state and local governments in conformity with generally accepted accounting principles. The Port is currently evaluating the effects this statement will have on its financial statements.

2. <u>Identifiable Activity Information</u>:

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

Balance sheet information for Marine & Other is not available at the identifiable activity level. Identifiable activity information available for Marine & Other for the year ended June 30, 2015 was as follows (in thousands):

2. Identifiable Activity Information, continued:

	Marine Terminals	Industrial Development	Environmental	Navigation	General Aviation	Engineering & Admin	Total
Operating revenues	$ 31,948	$ 3,496		$ 18,551	$ 3,547		$ 57,542
Operating expenses	24,053	5,407	$ 7,034	14,494	4,096	$ (3,780)	51,304
Depreciation expense	10,394	770		2,024	2,914	3,780	19,882
Operating (loss) income	$ (2,499)	$ (2,681)	$ (7,034)	$ 2,033	$ (3,463)	$	$ (13,644)
Capital contributions	$ 850	$ 2,016			$ 2,950		$ 5,816
Land held for sale & properties:							
Additions	$ 2,140	$ 1,105	$ 203	$ 505	$ 14,104	$ 1,328	$ 19,385
Deletions	(929)	(27)		(114)	(309)	(1,074)	(2,453)

3. Cash and Investments:

At June 30, 2015, the Port had the following cash and investments and maturities for the Airport:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 7,039,099	$ 5,162,222			$ 12,201,321
U.S. Agencies	78,803,495	69,297,850	$ 66,919,715	$ 13,822,541	228,843,601
Municipal debt		315,679	599,160	446,240	1,361,079
Corporate indebtedness	21,603,681	15,979,955	14,220,515	1,600,184	53,404,335
	$ 107,446,275	$ 90,755,706	$ 81,739,390	$ 15,868,965	295,810,336
Cash and deposits with financial institutions					89,486,132
					$ 385,296,468

Following are the cash and investments and maturities for Marine & Other at June 30, 2015:

	Investment Maturities (in years)				
	Less than 1	1 - 2	2 - 3	3 - 5	Value
U.S. Treasuries	$ 6,115,409	$ 1,859,248			$ 7,974,657
U.S. Agencies	19,284,590	29,011,449	$ 39,413,929	$ 8,141,108	95,851,076
Municipal debt		185,926	352,890	262,823	801,639
Corporate indebtedness	12,723,992	9,411,768	8,375,505	942,466	31,453,731
	$ 38,123,991	$ 40,468,391	$ 48,142,324	$ 9,346,397	136,081,103
State of Oregon local government investment pool					44,245,865
Cash and deposits with financial institutions					3,947,895
					$ 184,274,863

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

3. Cash and Investments, continued:

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

Oregon Revised Statutes (ORS) limit investments in corporate indebtedness to those rated P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard and Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. At June 30, 2015, all corporate indebtedness in the Port's investment portfolio met or exceeded these ratings requirements.

Oregon Revised Statutes (ORS) limit investments in municipal debt to those lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a national recognized statistical rating organization. In addition, lawfully issued debt obligations of the agencies and instrumentalities of the States of California, Idaho and Washington and political subdivisions of those states are authorized if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a national recognized statistical rating organization. Port investment policy on credit risk follows ORS requirements. At June 30, 2015, all municipal debt in the Port's investment portfolio met or exceeded these ratings requirements.

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

Deposits with financial institutions include bank demand deposits. The total bank balance as shown on the bank statements was $7,566,262. Of these deposits, $250,000 was covered by federal depository insurance and $7,316,262 was covered by collateral pledged by the Port's qualified depositories. In accordance with ORS 295, the collateral pledged is held by the agent of the qualified depositories; is designated as subject to the Pledge Agreement between the agent, the qualified depositories, and the Oregon Office of the State Treasurer (OST); and is held for the benefit of the OST on behalf of the Port.

Balance sheet classification:	2015			2014
	Airport	Marine & Other	Total	Total
Unrestricted cash and cash equivalents	$ 58,440	$ 48,140,319	$ 48,198,759	$ 52,173,252
Unrestricted equity in pooled investments	100,056,307	121,442,974	221,499,281	212,531,913
Restricted cash and equity in pooled investments	285,181,721	14,691,570	299,873,291	180,410,652
	$ 385,296,468	$ 184,274,863	$ 569,571,331	$ 445,115,817

As required by federal law, the Port held investments (classified as restricted assets) with a par value of $3,150,000 at both June 30, 2015 and 2014, as collateral for certain accrued liabilities for workers' compensation (Note 10). Federal law requires these investments to be in only certain prescribed negotiable securities.

Certain investment earnings are paid to the Airport from the Port General Fund pooled investments when earned. At June 30, 2015 and 2014, approximately $225,705,000 and $183,885,000, respectively, of the Airport's investments represent a percentage allocation of the Port's total investments.

4. Receivables:

Port operations are concentrated within the aviation industry for the Airport and the marine shipping industry for Marine & Other. Principal customers in these industries are national airlines, an international marine container terminal management company, and international steamship lines/agents. Each of these principal customers is affected by changes in industry market and other economic conditions. The Port evaluates the financial capacity of prospective and current customers to determine their ability to pay amounts due on a timely basis. Various forms of collateral, including irrevocable standby letters of credit and pledges from other related industry customers under a joint agreement, are obtained from certain customers, mainly for the Airport, where these pledges encompass substantially all trade receivables. Accounts receivable are monitored on an ongoing basis, and allowances for doubtful accounts are established and maintained. Total trade receivables for the aviation industry were approximately $13,000,000 at June 30, 2015 and $14,200,000 at June 30, 2014. Total trade receivables for the marine shipping industry were approximately $1,400,000 at June 30, 2015 and $2,300,000 at June 30, 2014. Total grants receivable for the Airport were approximately $3,000,000 at June 30, 2015 and $2,200,000 at June 30, 2014. Total grant receivables for marine and other were approximately $3,000,000 at June 30, 2015 and $4,800,000 at June 30, 2014. Other significant receivables include interest on investments and a dredging contract.

5. Properties:

Properties activity for the year ended June 30, 2015 was as follows:

Airport:	Beginning Balances	Additions	Disposals & Transfers	Completed Projects	Ending Balances
Capital Assets being depreciated:					
Land improvements	$ 650,066,329		$ (13,398)	$ 61,676,151	$ 711,729,082
Buildings and equipment	1,264,709,478		(4,383,838)	20,475,389	1,280,801,029
Total capital assets being depreciated	1,914,775,807		(4,397,236)	82,151,540	1,992,530,111
Less accumulated depreciation:					
Land improvements	338,969,109	$ 31,173,446	(14,931)		370,127,624
Buildings & equipment	572,687,652	48,513,873	(3,947,966)		617,253,559
Total accumulated depreciation	911,656,761	79,687,319	(3,962,897)		987,381,183
Total capital assets being depreciated, net	1,003,119,046	(79,687,319)	(434,339)	82,151,540	1,005,148,928
Capital assets not being depreciated:					
Land	68,042,167				68,042,167
Construction in progress	90,514,122	77,332,801		(82,151,540)	85,695,383
Total capital assets not being depreciated	158,556,289	77,332,801		(82,151,540)	153,737,550
Airport capital assets,net	$ 1,161,675,335	$ (2,354,518)	$ (434,339)	$	$ 1,158,886,478
Marine & Other:					
Capital Assets being depreciated:					
Land improvements	$ 243,817,885		$ 1,009,997	$ 15,641,490	$ 260,469,372
Buildings and equipment	230,070,590		(1,486,446)	18,115,328	246,699,472
Total capital assets being depreciated	473,888,475		(476,449)	33,756,818	507,168,844
Less accumulated depreciation:					
Land improvements	159,960,834	$ 9,054,603	(506,138)		168,509,299
Buildings & equipment	162,284,541	10,827,185	(1,677,154)		171,434,572
Total accumulated depreciation	322,245,375	19,881,788	(2,183,292)		339,943,871
Total capital assets being depreciated, net	151,643,100	(19,881,788)	1,706,843	33,756,818	167,224,973
Capital assets not being depreciated:					
Land	76,190,770		(439,052)	7,971,045	83,722,763
Construction in progress	68,023,527	19,385,291	(1,516,135)	(41,727,863)	44,164,820
Total capital assets not being depreciated	144,214,297	19,385,291	(1,955,187)	(33,756,818)	127,887,583
Marine & Other capital assets,net	$ 295,857,397	$ (496,497)	$ (248,344)	$	$ 295,112,556

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

5. <u>Properties</u>, continued:

The Port leases to others certain land, buildings, and equipment at various locations for terms ranging from 2 to 99 years. All leases are accounted for as operating leases. Costs of properties leased at June 30, 2015 included above are:

	Airport	Marine & Other	Total Port
Land and improvements	$ 4,446,566	$ 22,202,002	$ 26,648,568
Building & equipment	659,011,822	39,047,162	698,058,984
	663,458,388	61,249,164	724,707,552
Accumulated depreciation	(369,143,724)	(30,465,978)	(399,609,702)
	$ 294,314,664	$ 30,783,186	$ 325,097,850

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

	Airport	Marine & Other	Total Port
2016	$ 42,351,000	$ 20,683,000	$ 63,034,000
2017	19,269,000	17,338,000	36,607,000
2018	13,909,000	17,120,000	31,029,000
2019	13,492,000	16,121,000	29,613,000
2020	13,232,000	13,016,000	26,248,000
Thereafter	68,786,000	165,178,000	233,964,000
Total	$ 171,039,000	$ 249,456,000	$ 420,495,000

Contingent rental revenues are included in operating revenues, primarily for Airport terminal area space, and were as follows in 2015 and 2014:

	Airport	Marine & Other	Total Port
2015	$ 55,900,000	$ 2,500,000	$ 58,400,000
2014	$ 58,300,000	$ 3,200,000	$ 61,500,000

6. Long-Term Debt:

At June 30, 2015, long-term debt consisted of the following:

	Bonds Payable at June 30, 2015		
Limited Tax Pension bonds:	Pension	Airport Revenue	Passenger Facility Charge Revenue
2002 Series (issued in fiscal 2002, original issue $54,952,959):			
7.25% to 7.41%, due serially through fiscal 2020	$ 4,367,565		
6.85%, due serially from fiscal 2020 through fiscal 2028	37,320,000		
6.6%, due fiscal 2025	6,205,000		
2005 Series (issued in fiscal 2006, original issue $20,230,000):			
4.859%, due fiscal 2020	4,415,000		
5.004%, due fiscal 2028	12,995,000		
Portland International Airport revenue bonds:			
Series Eighteen (issued in fiscal 2008, original issue $138,890,000 variable interest rate):			
currently 0.08%, due fiscal 2027		$ 51,200,000	
currently 0.10%, due fiscal 2027		51,205,000	
Series Nineteen (issued in fiscal 2009, original issue $131,965,000):			
4.25% to 5.0%, due serially through fiscal 2018		8,450,000	
Series Twenty (issued in fiscal 2011, original issue $157,050,000):			
5.0%, due serially through fiscal 2029		82,505,000	
3.0% to 5.0%, due serially through fiscal 2031		25,165,000	
4.25%, due fiscal 2041		16,640,000	
Series Twenty-One A and B (issued in fiscal 2011, original issue $56,770,000):			
5.0%, due serially through fiscal 2016		365,000	
5.0%, due serially through fiscal 2019		30,615,000	
Series Twenty-One C (issued in fiscal 2012, original issue $27,685,000):			
4.375% to 5.0%, due serially through fiscal 2024		27,685,000	
Series Twenty-Two (issued in fiscal 2015, original issue $90,050,000):			
4.0% to 5.0%, due serially through fiscal 2024		41,695,000	
5.0%, due fiscal 2040		21,245,000	
5.0%, due fiscal 2045		27,110,000	
Series Twenty-Three (issued in fiscal 2015, original issue $109,440,000):			
5.0%, due serially through fiscal 2036		86,190,000	
5.0%, due fiscal 2039		23,250,000	
Passenger Facility Charge revenue bonds:			
Series 2011A (issued in fiscal 2012, original issue $75,670,000):			
3.0% to 5.5%, due serially through fiscal 2032			$ 72,015,000
Series 2012A (issued in fiscal 2013, original issue $57,725,000 variable interest rate):			
currently 0.8809%, due fiscal 2019			57,530,000
Series 2012B (issued in fiscal 2013, original issue $25,070,000):			
5.0%, due serially through fiscal 2019			18,655,000
Totals, including $1,541,806, $25,585,000, and $6,160,000 respectively, due within one year	$ 65,302,565	$ 493,320,000	$ 148,200,000

6. Long-Term Debt, continued:

	Contracts and Loans Payable at June 30, 2015
City of Portland, local improvement district installment payment contract (issued in fiscal 2003, original amount $10,189,218), 5.32%, payable in monthly installments ranging from $45,603 due on July 1, 2015 to $55,887 due on April 1, 2023, including $563,271 due within one year	$ 5,245,005
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2009, original amount available $2,000,000), 0.0%, payable in annual installments of $200,000 due March 31, 2016 through March 31, 2021, including $200,000 due within one year	1,200,000
State of Oregon Department of Transportation, Multimodal Transportation Funds loan (issued in fiscal 2011, original amount available $7,427,000), 0.0%, payable in annual installments of $742,700 due July 1, 2016 through July 1, 2022	5,198,900
State of Oregon Business Development Department Special Public Works Fund loan (issued in fiscal 2009, original amount available $8,700,000), 2.00% to 4.00%, payable in annual installments ranging from $355,326 due December 1, 2015 to $573,262 due December 1, 2030, including $355,326 due within one year	7,120,884
State of Oregon Business Development Department, port revolving fund loan (issued in fiscal 2009, original amount available $1,500,000), 5.13%, payable in semi-annual installments ranging from $26,190 due January 1, 2016 to $116,327 due July 1, 2031, including $26,190 due within one year	1,334,119
State of Oregon Business Development Department, port revolving fund loan (issued in fiscal 2010, original amount available $1,500,000), 5.13%, payable in semi-annual installments ranging from $23,951 due January 1, 2016 to $109,108 due January 1, 2032, including $23,951 due within one year	1,275,287
Banc of America Leasing & Capital, LLC, (issued in fiscal 2013, original amount $15,100,000), 4.5%, payable in monthly installments ranging from $64,625 due August 1, 2015 to $115,011 due June 1, 2028, including $791,700 due within one year	13,551,137
Banc of America Leasing & Capital, LLC, (issued in fiscal 2014, original amount $2,303,000), 2.84%, payable in monthly installments ranging from $31,270 due August 1, 2015 to $35,193, due October 1, 2019, including $380,162 due within one year	1,692,876
Total, including $2,340,600 due within one year	$ 36,618,208

Future debt service requirements on bonds, contracts and loans payable for the five succeeding fiscal years and in five year increments thereafter are:

	Airport					
	Revenue Bonds		Passenger Facility Charge Revenue Bonds		Marine & Other	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 25,585,000	$ 17,313,279	$ 6,160,000	$ 4,972,282	$ 3,882,406	$ 6,547,469
2017	28,095,000	17,929,145	6,770,000	4,660,963	4,874,100	6,716,603
2018	27,665,000	17,007,868	7,445,000	4,318,531	5,083,690	6,818,357
2019	28,735,000	16,042,144	7,830,000	3,993,079	5,304,267	6,932,637
2020	25,520,000	15,159,276	8,105,000	3,794,753	5,397,374	6,854,730
2021-2025	127,300,000	63,203,077	46,955,000	17,730,378	44,892,023	17,351,372
2026-2030	86,785,000	43,634,446	44,020,000	11,469,637	31,423,993	3,813,900
2031-2035	54,205,000	28,845,400	20,915,000	1,154,338	1,062,920	54,581
2036-2040	60,325,000	14,046,918				
2041-2045	23,140,000	3,414,519				
2046-2050	5,965,000	149,125				
	$ 493,320,000	$ 236,745,197	$ 148,200,000	$ 52,093,961	$ 101,920,773	$ 55,089,649

6. Long-Term Debt, continued:

Changes in long-term debt for the year ended June 30, 2015 were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Airport:				
Long-term debt outstanding	$ 586,185,000	$ 199,490,000	$ (144,155,000)	$ 641,520,000
less: current portion	(31,360,000)	(31,745,000)	31,360,000	(31,745,000)
Long-term portion outstanding	$ 554,825,000	$ 167,745,000	$ (112,795,000)	$ 609,775,000
Marine & Other:				
Long-term debt outstanding	$ 106,400,875		$ (4,480,102)	$ 101,920,773
less: current portion	(3,688,517)	$ (3,882,406)	3,688,517	(3,882,406)
Long-term portion outstanding	$ 102,712,358	$ (3,882,406)	$ (791,585)	$ 98,038,367

In addition, at June 30, 2015 and 2014, the Port has accrued $5,467,758 and $6,050,851, respectively, within the Marine & Other activity, for interest payable in future years, which is included in long-term debt on the balance sheet. Within the Airport activity, $41,261,906 and $14,090,831 in unamortized bond issuance premium is included in long-term debt on the balance sheet at June 30, 2015 and 2014, respectively. At June 30, 2015 and 2014, the Port has recorded $30,751,161 and $17,914,510, respectively, within the Airport activity, for the difference between the reacquisition price and the net carrying amount of refunded bonds, which is recorded as a deferred outflow of resources on the balance sheet.

CONTRACTS, LOANS AND PENSION BONDS

Contracts and loans in Marine & Other are payable from revenues of the Port, including existing property tax levies.

Limited Tax Pension Bonds were issued to fund the Port's estimated unfunded actuarial accrued liability as of April 1, 2002 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. Bonds maturing on June 1, 2025 are redeemable at the option of the Port on or after June 1, 2007 at par, in whole or in part, by lot, on any date up to June 1, 2025. Bonds maturing on June 1, 2028 are subject to mandatory redemption, at par, prior to maturity, in part, by lot, beginning June 1, 2020, and on each June 1 thereafter. Interest for certain of the 2002 Limited Tax Pension Bonds is payable only at maturity.

Limited Tax Pension Bonds were also issued to fund the Port's estimated unfunded actuarial accrued liability as of October 1, 2005 (Note 8). These bonds are backed by a pledge of the full faith and credit of the Port's Marine & Other activity, and debt service is payable from Marine & Other revenues, including existing property tax levies. Additional property taxes may not be levied for debt service on these bonds. These bonds are subject to optional redemption by the Port, in whole or in part, on any date, at a price equal to the greater of par or a discounted value, as defined. Bonds maturing on June 1, 2020 are subject to mandatory redemption, at par, prior to maturity, in part, beginning June 1, 2015, and on each June 1 thereafter. Bonds maturing on June 1, 2028 are subject to like mandatory redemption, beginning June 1, 2021, and on each June 1 thereafter.

PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS

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

6. Long-Term Debt, continued:

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

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

- General account for all other permitted uses.

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

These Ordinances established debt service reserve accounts in an Airport revenue bond fund to accumulate the maximum debt service requirements, as defined in the Ordinances, for any future fiscal year for all outstanding bonds. Debt service reserve insurance may be substituted for any portion of the bond reserve requirement. For all outstanding Airport revenue bonds, the bond reserve requirement has been met.

Section 16(ii) of Ordinance No. 155 and Section 5f of Ordinance No. 323 further stipulate that defined net revenues in each fiscal year must equal at least 130 percent of defined debt service requirements. The Airport has complied with this provision of the Ordinances for the years ended June 30, 2015 and 2014.

On July 1, 2010, contracts with major airline customers became effective in which the airlines have provided financial guarantees sufficient to meet the net revenues requirement for airline supported activities, primarily airfield and terminal operations. On July 1, 2015, new ten year contracts with essentially the same terms become effective. Net revenues of other activities, primarily parking, air cargo, and a portion of rental car operations are neither guaranteed nor limited to specified levels by these contracts. The contracts also contain an annual revenue sharing provision through June 30, 2015 in which fees to signatory airlines are discounted $6,000,000 annually. The annual discount is subject to certain 1) reductions, contingent on the Port managing operating expenses to a defined target level, and 2) increases, contingent on Airport coverage ratio thresholds. The discount amount was increased by $4,016,894 for fiscal 2015 and by $3,956,899 for fiscal 2014.

In fiscal 2015, the Port issued Series Twenty-Three bonds, the proceeds of which were deposited in an irrevocable trust with an escrow agent to advance refund $112,795,000 of Series Nineteen bonds and used to pay costs of issuing the Series Twenty-Three bonds. As a result, the $112,795,000 of Series Nineteen bonds are considered defeased and the trust account assets and the liability for those bonds are not included in the financial statements. Cash flows to pay debt service on the new Series Twenty-Three bonds are $13.1 million less than the cash flows required to pay debt service of the defeased bonds, resulting in a net present value savings of $9.4 million. The Series Twenty-Three bonds have a 5 percent coupon rate with maturities ranging from 2018 to 2038. Series Twenty-Three bonds maturing on or before July 1, 2025 are not subject to optional redemption prior to maturity. Series Twenty-Three bonds maturing on or after July 1, 2026 are redeemable at the option of the Port on or after July 1, 2025 at 100 percent of the principal amount plus accrued interest.

In fiscal 2015, the Port issued Series Twenty-Two bonds to pay, or to reimburse the Port for the payment of, costs of the construction, acquisition, equipment and installation of certain improvements in or around the Airport terminal and shared infrastructure, including upgrades to the heating, cooling and water, stormwater and wastewater utility systems; expansion of the terminal electrical substation; renovation, expansion and improvement of concession facilities and common areas in the post-security area of the terminal; relocation of the security exit ways; replacement of the Airport access control system and modernization of the IT and telecommunication center; construction of public safety and security facilities; and rehabilitation or replacement of the exterior concourse roofs and skylights; to capitalize a portion of the interest on the Series Twenty-Two bonds, to cash fund $4,484,700 in debt service reserve, and to pay costs of issuing the Series Twenty-Two bonds. The bonds have a 5 percent coupon rate with maturities ranging from 2019 to 2044. Series Twenty-Two bonds maturing on or before July 1, 2024 are not subject to optional redemption prior to maturity. Series Twenty-Two bonds maturing on or after July 1, 2025 are redeemable at the option of the Port on or after July 1, 2024 at 100 percent of the principal amount plus accrued interest.

6. Long-Term Debt, continued:

Series Twenty-One C bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series Twenty-One C bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

Series Twenty-One A and B bonds are not subject to redemption prior to maturity.

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

Series Nineteen bonds maturing on or before July 1, 2018 are not subject to redemption prior to maturity. Series Nineteen bonds maturing on or after July 1, 2019 were advance refunded and defeased during fiscal 2015 by placing proceeds from the Series Twenty-Three bonds in an irrevocable trust with an escrow agent. As a result, the trust account assets and the liability for the defeased bonds are not included in the financial statements. At June 30, 2015, $112,795,000 of the Series Nineteen defeased debt was still outstanding.

Series Eighteen variable rate demand bonds bear an interest rate that is generally reset weekly by remarketing agents, and cannot exceed 12 percent. Payments of principal and interest on the Series Eighteen bonds and the purchase price of Series Eighteen bonds that are subject to optional or mandatory purchase and not remarketed will be payable by draws on an irrevocable direct pay letter of credit. Series Eighteen bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part, by lot, on any business day. In the event that Series Eighteen bonds are not remarketed and the irrevocable direct pay letter of credit is drawn upon, the draw will constitute a liquidity advance by the letter of credit bank. The Port must repay the liquidity advance over a term of five years at a variable interest rate based on the greater of the bank's prime rate plus 1 percent, the federal funds rate plus 2 percent, or 7.5 percent.

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

PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS

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

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

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

The Series 2012A variable rate bonds were issued in the form of index bonds bearing an interest rate that is generally reset weekly based on an applicable spread of 75 basis points plus 70 percent of 1 month LIBOR, and cannot exceed 12 percent.

6. Long-Term Debt, continued:

The Series 2012A bonds have a maturity date of July 1, 2024 and are subject to mandatory sinking account payments prior to maturity. The Series 2012A bonds were directly purchased by a single buyer for an initial purchase period ending August 1, 2016. Series 2012A bonds are redeemable at the option of the Port, at par, prior to maturity, in whole or in part. At the end of the initial purchase period, the Port may repurchase the outstanding bonds at par, or redeem the bonds in installments over a three year period with an interest rate based on the greater of the prime rate plus 1 percent, the federal funds rate plus 2 percent, or 7.0 percent.

Series 2012B bonds are not subject to redemption prior to their stated maturities.

Series 2011A bonds maturing on or before July 1, 2021 are not subject to optional redemption prior to maturity. Series 2011A bonds maturing on or after July 1, 2022 are redeemable at the option of the Port on or after July 1, 2021 at 100 percent of the principal amount plus accrued interest.

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

DERIVATIVE INSTRUMENTS

At June 30, 2015, the Airport had the following hedging derivative instruments outstanding:

Item	Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
A	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 4,782,500	7/1/2005	7/1/2025	Pay 5.1292%, receive 68% 1 month LIBOR	$ (659,000)
B	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$ 4,782,500	7/1/2005	7/1/2025	Pay 5.1339%, receive 68% 1 month LIBOR	$ (659,000)
C	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$45,435,000	7/1/2006	7/1/2026	Pay 4.9356%, receive 68% 1 month LIBOR	$ (6,231,000)
D	Pay-fixed interest rate swap	Hedge of changes in cash flows on the 2008 Series 18 bonds	$45,435,000	7/1/2006	7/1/2026	Pay 4.9403%, receive 68% 1 month LIBOR	$ (6,231,000)

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments A, B, C, and D, collectively, the Airport received three equal up-front payments totaling $9,293,538. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was $(13,780,000) at June 30, 2015 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $681,606 and a noncurrent liability of $2,818,542 at June 30, 2015. Hedge accounting is applied to the derivatives, and accordingly, the cumulative change in fair value of the derivatives (at-market interest rate swaps) were recorded as deferred outflows of $13,780,000, which is a decrease of $1,876,000 from the June 30, 2014 amount.

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

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

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2015 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative A and C	A+ / Aa3
Derivative B and D	AAA / Aa2

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2015, none of the Airport's interest rate swaps were exposed to credit risk.

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

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps A, B, C, and D are variable-rate demand obligation (VRDO) bonds that are remarketed weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedging the VRDO bonds, because the variable-rate payments received by the Airport on these derivative instruments are based on a rate or index other than the interest rates the Airport pays on the VRDO bonds. At June 30, the weighted-average interest rate on the Airport's VRDO bonds is 0.09 percent, while 68 percent of 1 month LIBOR is approximately 0.1268 percent.

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

Derivative instruments A, B, C and D require the Airport to post collateral in the event that its Standard & Poors credit rating drops below A-. The collateral posted is to be in the form of cash or U.S. Treasury securities in the amount of the negative fair value of the interest rate swap. The Airport's credit rating is AA- at June 30, 2015; therefore, no collateral has been posted for these derivative instruments.

At June 30, 2015, the Airport had the following investment derivative instruments outstanding:

Item	Type	Notional Amount	Effective Date	Maturity Date	Terms	Fair Value
E	Pay-fixed interest rate swap	$ 34,518,000	7/1/2009	7/1/2024	Pay 4.975%, receive 68% 1 month LIBOR	$ (5,218,000)
F	Pay-fixed interest rate swap	$ 23,012,000	7/1/2009	7/1/2024	Pay 4.955%, receive 68% 1 month LIBOR	$ (3,428,000)

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

At the inception of each interest rate swap agreement, the fixed rate on each of the swaps was off-market such that the Airport received an up-front payment; for derivative instruments E and F, the Airport received an up-front payment totaling $5,453,000. As such, each swap is comprised of a derivative instrument, an at-market swap, and a companion borrowing instrument represented by the upfront payment. The fair value of the derivatives was $(8,646,000) at June 30, 2015 and is recorded on the Airport's balance sheet as a noncurrent liability; the unamortized balance of the borrowing is recorded on the Airport's balance sheet as a restricted current liability of $599,272 and a noncurrent liability of $3,066,007 at June 30, 2015. In fiscal 2013, the 2009A PFC variable rate bonds hedged by derivative instruments E and F were refunded; therefore, for accounting and financial reporting purposes, these derivatives are considered investment derivative instruments. Accordingly, the decrease in fair value of the swaps of $534,000 during fiscal 2015 was recorded as interest revenue on the statement of revenues, expenses, and changes in net position.

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

Credit risk. The Airport has two separate counterparties for these interest rate swaps. To minimize its exposure to loss related to credit risk, it is the Port's policy to enter into interest rate swaps with counterparties which have demonstrated experience in these types of financial instruments and either 1) rated in one of the top three rating categories by at least two nationally recognized rating agencies, or 2) will collateralize in accordance with all statutory requirements. The June 30, 2015 credit rating for each of the counterparties is as follows:

Derivative Instrument	Counterparty Credit Rating
Derivative E	A+ / Aa3
Derivative F	A- / Baa1

Interest rate swaps with positive fair values are exposed to credit risk; interest rate swaps with negative fair values are not exposed to credit risk. At June 30, 2015, none of the Airport's interest rate swaps were exposed to credit risk.

Basis risk. The variable rate debt hedged by the Airport's interest rate swaps E and F are index rate bonds with rates that are reset weekly. The Airport is exposed to basis risk on its pay-fixed interest rate swap derivative instruments that are hedged to the index rate bonds, because the variable-rate payments received by the Airport on these derivative instruments are based on a rate other than the interest rate the Airport pays on the index rate bonds. At June 30, the weighted–average interest rate on the Airport's index rate bonds is approximately 0.8809 percent, while 68 percent of 1 month LIBOR is approximately 0.1268 percent.

Derivative instrument E requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below A- or if the negative fair value of that derivative instrument exceeds $15 million. The Airport's credit rating is AA- at June 30, 2015, and the negative fair value of derivative instrument E does not exceed $15 million; therefore, no collateral has been posted for this derivative instrument. Derivative instrument F requires the Airport to post collateral in the event that its Standard & Poors credit rating drops below BBB- or if there is a negative fair value of that derivative instrument. Derivative instrument F has a negative fair value at June 30, 2015; therefore, the Airport has posted $5,160,000 in collateral with the counterparty (included in restricted cash and equity in pooled investments on the Airport's balance sheet).

As rates vary, variable rate bond interest payments and net swap payments will vary. Although not a prediction by the Port of future interest cost of the variable rate bonds or of the impact of interest rate swaps, following are debt service requirements of the Airport's hedged variable rate debt and related net swap payments, using rates as of June 30, 2015:

6. Long-Term Debt, continued:

	Variable Rate Airport Revenue Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2016	$ 9,710,000	$ 83,426	$ 4,163,302	$ 13,956,728
2017	10,165,000	74,277	3,718,776	13,958,053
2018	8,865,000	66,299	3,300,042	12,231,341
2019	9,025,000	58,176	2,866,195	11,949,371
2020	9,410,000	49,707	2,409,891	11,869,598
2021-2025	40,880,000	130,322	6,063,809	47,074,131
2026-2030	14,350,000	6,107	326,069	14,682,176
	$ 102,405,000	$ 468,314	$ 22,848,084	$ 125,721,398

	Variable Rate Passenger Facility Charge Bonds			
	Principal	Interest	Interest Rate Swaps, net	Total
2016	$ 105,000	$ 505,857	$ 2,777,787	$ 3,388,644
2017	110,000	504,888	2,772,218	3,387,106
2018	120,000	503,831	2,701,769	3,325,600
2019	2,790,000	479,254	2,441,639	5,710,893
2020	7,955,000	409,178	2,046,421	10,410,599
2021-2025	46,450,000	859,978	4,053,380	51,363,358
	$ 57,530,000	$ 3,262,986	$ 16,793,214	$ 77,586,200

7. Industrial Revenue Bonds:

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

Following is a summary of industrial revenue bonds outstanding at June 30:

	2015	2014
Bonds issued for:		
Airport industrial facilities	$ 17,300,000	$ 17,300,000
Marine & Other facilities	71,000,000	109,100,000
Total bonds payable	$ 88,300,000	$ 126,400,000

8. Pension Plans and Deferred Compensation Plan:

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

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position, have been determined on the same basis as they are reported by PERS. PERS uses accrual basis accounting for all funds, recognizing revenues when earned, contributions when due, benefits in the month they are earned, and withdrawals in the month they are due and payable. PERS issues a publicly available financial report, which may be obtained at www.oregon.gov/pers or by writing to PERS, PO Box 23700, Tigard, Oregon 97281.

The rate of employee contributions (6 percent of annual covered salary) is established by state statute, and the rate of employer contributions to PERS is set periodically by PERS based on actuarial valuations. The Port's contribution rate was 9.56 percent of annual covered payroll for fiscal years 2015 and 2014. The Port also pays the required employee contribution. The Port, by electing to join the State and Local Government Rate Pool, effective January 1, 2002, is part of the cost-sharing multiple-employer segment of the pension plan. Limited tax pension bonds were issued to fund the Port's estimated unfunded actuarial accrued liability of $54,068,039 as of April 1, 2002, and $20,012,029 as of October 1, 2005. The proceeds from these bond issues are held by PERS in side accounts specific to the Port, and are factors in the calculation of the Port's employer contribution rates and Net Pension Asset (NPA). Of these bond issue amounts, $25,550,920 and $11,244,225 were applicable to the Airport, and were recorded on the Airport balance sheet as liabilities (due to Marine & Other). The Airport liability is reduced proportionately as the Marine & Other activity makes principal payments on the pension bonds. Principal payments on the pension bonds were made in the amounts of $1,436,100 and $1,338,640 in fiscal 2015 and 2014, respectively, of which $731,388 and $678,184 were applicable to the Airport.

The 2003 Oregon legislature adopted a number of amendments to the benefit structure of PERS, later modified by the Oregon Supreme Court. In addition to adopting amendments to the benefit structure of PERS, the 2003 legislature passed HB 2020, which established a successor pension plan to PERS, the Oregon Public Service Retirement Plan (OPSRP). All public employees hired on or after August 29, 2003, unless membership was previously established in PERS, become participants in OPSRP, generally after six months of employment. OPSRP is a hybrid pension plan with two components, the Pension Program (a defined benefit program) and the Individual Account Program (IAP) (a defined contribution program), and is administered by PERS, the agency. The Pension Program is funded by employer contributions. For general service members, normal retirement age is 65 or age 58 with 30 years of service, and for police and fire members, normal retirement age is 60 or age 53 with 25 years of service. Retirement benefits under the Pension Program are calculated using a formula based on final average salary, as defined, and years of service. The IAP is funded by a 6 percent employee contribution (which may be paid by the employer for the employee). The Port pays the employee contribution. Employee contributions are placed in an employee account, accounts are adjusted for earnings or losses, and are paid at retirement, either as a lump sum or in installments. Effective January 1, 2004, required 6 percent employee contributions for PERS members are paid to the member's IAP account rather than the member's PERS account, as required by the 2003 legislation. The Port's employer contribution rate to OPSRP, set periodically by PERS based on actuarial valuations, was 6.27 percent of annual covered payroll for general service members and 9.0 percent for police and fire members for fiscal 2015 and 2014; the Port also pays the required employee contributions of 6 percent of annual covered salary.

The Port's fiscal 2015 and 2014 contributions recognized by PERS were $5,332,217 and $4,831,085. Actuarial determinations are not made solely as to Airport employees. PERS contributions of $2,394,351 and $2,229,859 were applicable to the Airport for fiscal years 2015 and 2014, respectively.

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

The Port adopted GASB 68 for the year ending June 30, 2015. GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense. For defined benefit pensions, GASB 68 identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. GASB 68 requires the liability of employers to employees for defined benefit plans (Net Pension Liability (NPL) or Net Pension Asset (NPA)) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (Total Pension Liability (TPL) or Total Pension Asset (TPA)), less the amount of the pension plan's fiduciary net position. Prior to implementing GASB 68, employers participating in cost-sharing plans recognized annual pension expense equal to their contractually required contribution to the plan. Upon the adoption of GASB 68, employers participating in cost-sharing plans recognize their proportionate share of the collective pension amounts for all benefits provided through the plan based on an allocation methodology.

As of June 30, 2015, the Port recognized its proportion of the PERS NPA, Deferred Outflows of Resources, Deferred Inflows of Resources, and pension expense. Information for years prior to 2015 was not made available to employers by PERS, and Port, as allowed by GASB, did not restate fiscal year 2014 to reflect the impacts of GASB 68. The TPL was determined based on an actuarial valuation as of December 31, 2012 and rolled forward to the measurement date of June 30, 2014. The basis for the Port's proportion is actuarially determined by comparing the employer's projected long-term contribution effort to the Plan with the total projected long-term contribution effort of all employers.

The Port's proportionate share of the collective NPA of PERS is $14,416,804, or 0.636022 percent of the total. For the year ended June 30, 2015, the Port recognized negative pension expense of $13,420,092 as its proportionate share of PERS pension expense. Actuarial determinations are not made solely as to Airport employees. $6,115,126 of the NPA, and $5,887,703 of the negative pension expense, was applicable to the Airport.

Actuarial assumptions used in the valuation upon which the TPL is based were as follows:

- Investment Rate of Return: 7.75 percent per annum
- Projected Salary Increases: 3.75 percent overall payroll growth
- Inflation Rate: 2.75 percent per annum

Mortality assumptions for healthy retirees and beneficiaries are based on RP-2000 Sex-distinct, generational per Scale AA. Active members' mortality rates are a percentage of healthy retiree rates that vary by group. Disabled retirees mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study, which reviewed experience for the four-year period ended on December 31, 2012.

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

GASB 68 generally requires that a blended discount rate be used to measure the TPL (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and

8. Pension Plans and Deferred Compensation Plan, continued:

administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

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

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.
- Based on these circumstances, it is PERS' independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

The discount rate used to measure the TPA of PERS was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, PERS' fiduciary net position was projected to be available to make all projected future benefit payments of current PERS members. Therefore, the long-term expected rate of return on PERS investments was applied to all periods of projected benefit payments to determine the TPA.

The Port's $14,416,804 proportionate share of the NPA was calculated using the discount rate of 7.75 percent as of the measurement date of June 30, 2014. If a discount rate 1 percentage point lower (6.75%) were used in the calculation, it would result in a NPL for the Port of $30,529,583. If a discount rate 1 percentage point higher (8.75%) were used in the calculation, it would result in a NPA for the Port of $52,430,906.

Deferred items are calculated at the PERS level and allocated to the Port based upon its proportionate share. For the measurement date of June 30, 2014, there was:

- No difference between expected and actual experience.
- No difference due to changes of assumptions.
- A net difference of $27,818,592 between projected and actual earnings which is being amortized as a deferred inflow of resources over a closed five-year period.
- No change in proportion.
- A difference of $854,922 between employer contributions and proportionate share of contributions, which is being amortized as a deferred inflow of resources over 5.6 years, the remaining service lives of all plan participants.

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

Port employer contributions for PERS made after the measurement date are reported as deferred outflows on the balance sheet in the amount of $5,332,217; these contributions will be recognized as a reduction in the Port's NPL for the year ended June 30, 2016. $2,394,351 of the deferred outflows were applicable to the Airport at June 30, 2015. Deferred inflows related to PERS will be recognized as a reduction in pension expense as follows:

Fiscal Year Ending June 30,	Deferred Inflow of Resouces - Airport	Deferred Inflow of Resouces - Marine & Other	Deferred Inflow of Resouces - Total
2016	$ 3,132,702	$ 4,007,799	$ 7,140,501
2017	3,132,702	4,007,799	7,140,501
2018	3,132,702	4,007,799	7,140,501
2019	3,132,702	4,007,799	7,140,501
2020	48,921	62,589	111,510
Thereafter			
Total	$ 12,579,729	$ 16,093,785	$ 28,673,514

Subsequent to the measurement date, the Oregon Supreme Court ruled in the Moro decision that certain provisions of Oregon Senate Bill 861, signed into law in October 2013, which limited post-retirement COLA on benefits accrued prior to that date, were unconstitutional. This results in a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the TPL and employers' NPL / NPA has not been fully determined.

Subsequent to the measurement date, the Oregon Supreme Court ruled in the Moro decision that certain provisions of Oregon Senate Bill 861, signed into law in October 2013, which limited post-retirement COLA on benefits accrued prior to that date, were unconstitutional. This results in a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The Moro decision will increase the benefits available to plan members and the allocated liability of plan employers, including the Port. The effect of this decision has not been fully determined, but is expected to be significant to the plan liabilities.

The Port offers all its employees with six full months of service a deferred compensation plan created in accordance with IRC Section 457. The plan permits eligible employees to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of an employee trust, held for the exclusive benefit of participants and their beneficiaries, and are not subject to the claims of the Port's general creditors. The Port has little administrative involvement with the plan and does not perform the investing function. Therefore, the plan assets are not included on the balance sheet.

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

The Port administers a single-employer defined-benefit healthcare plan which provides certain qualifying employees retiring under PERS or OPSRP with Port-paid healthcare coverage for the qualifying retiree until age 65. This program is being phased out, and is not offered to any employees that did not meet eligibility requirements by December 31, 2011. The Port does not issue a publicly available report on the plan. Contributions to the plan are made on a pay-as-you-go basis.

Under Oregon State law, employees retiring under PERS or OPSRP may continue their health insurance coverage through the Port until eligible for Medicare (usually age 65). Coverage may be elected for the retiring employee, their spouse, and for qualifying dependents. Premiums are paid by the retiree at the Port's pooled rate, which is the same rate paid for active employees. Retirees, on average, are expected to have higher health care costs than active employees, primarily due to the

9. Postemployment Healthcare Benefits, continued:

older average age of retirees. Since the same premium applies to both groups, the premiums paid for active employees by the Port are subsidizing the premiums for retirees. As a result, there is an 'implicit subsidy' paid by the Port; the implicit subsidy associated with retiree health care costs paid during the last year is also considered to be a contribution from the Port.

The Port's other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the Port's annual OPEB cost for the year, the amount contributed to the plan, and changes in the Port's net OPEB obligation:

	Airport	Marine & Other
Annual required contribution	$ 241,811	$ 193,730
Interest on net OPEB obligation	46,320	(5,000)
Adjustment to annual required contribution	(65,667)	7,089
Annual OPEB cost (expense)	222,464	195,819
Contributions made	(196,969)	(238,378)
Increase (decrease) in net OPEB obligation	25,495	(42,559)
Net OPEB obligation (asset) - beginning of year	1,158,000	(125,000)
Net OPEB obligation (asset) - end of year	$ 1,183,495	$ (167,559)

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
Airport:			
2015	$ 222,464	88.5%	$ 1,183,495
2014	230,000	98.3%	1,158,000
2013	382,000	84.0%	1,154,000
Marine & Other:			
2015	$ 195,819	121.7%	$ (167,559)
2014	223,000	156.5%	(125,000)
2013	374,000	113.1%	1,000

A schedule of the funding progress of the plan appears below:

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal - Actuarial Accrued Liability (UAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b - a) / c)
Airport:	7/1/2015	$ 0	$ 3,001,205	$ 3,001,205	0%	N/A	N/A
Marine & Other:	7/1/2015	0	2,392,840	2,392,840	0%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and are subject to continual revision as actual results are compared to past expectations and new estimates

9. Postemployment Healthcare Benefits, continued:

are made about the future. Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits in force at the valuation date and the pattern of sharing benefit costs between the Port and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. In the July 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used.

The July 1, 2015 actuarial assumptions included a 4.0 percent investment rate of return and an annual healthcare cost trend rate of 7.5 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after five years. Healthcare cost trends are also modified to reflect the expected impact of the Affordable Care Act excise tax starting in 2018. The Port's unfunded actuarial accrued liability is being amortized over 30 years as a flat dollar amount.

10. Risk Management:

The Port has a comprehensive risk management program which primarily utilizes commercial insurance, with certain self-insurance, to provide protection from losses involving property, liability, injuries to personnel and errors and omissions, with various deductibles and self-insured retentions.

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

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

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

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

	Fiscal Year Ended June 30,	
	2015	2014
Beginning liability	$ 1,233,570	$ 1,293,957
Current year claims and changes in estimates	619,765	413,542
Claim payments	(744,330)	(473,929)
Ending liability	$ 1,109,005	$ 1,233,570

Approximately $502,370 and $624,300 of the liability was applicable to the Airport at June 30, 2015 and 2014, respectively.

11. Commitments and Contingencies:

At June 30, 2015, land acquisition and construction contract commitments aggregated approximately $59,300,000 for the Airport, $1,200,000 for Marine & Other, and $60,500,000 in total.

At June 30, 2015, the Port held $11.3 million received from a tenant for a transaction scheduled to close within one year. The amount is included in the balance sheet for Marine & Other as a current restricted liability payable from restricted assets.

11. <u>Commitments and Contingencies</u>, continued:

The Port, in the regular course of business, is named as a defendant in lawsuits. Although litigation is inherently uncertain, management of the Port does not believe that the ultimate resolution of these lawsuits and other contingencies which, for the most part, are normal to the Port's business, will have any material effect upon its financial statements.

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

In December 2000, the Environmental Protection Agency (EPA) listed the Portland Harbor, including uplands portions, on the National Priorities List of Superfund sites pursuant to the Comprehensive Environmental Response Compensation and Liability Act. The EPA and the Oregon Department of Environmental Quality (DEQ) have identified the Port and other (PRPs) as potentially liable for cleanup of the site. The Port and other PRPs have signed an Administrative Order on Consent (AOC) to perform remedial investigation and evaluation activities for the site. Uplands activities are being conducted under the supervision of the DEQ. The Port has accrued approximately $12,000,000 for its estimated remaining share of the costs of these Portland Harbor investigative activities at June 30, 2015. Cleanup costs for the Portland Harbor are not yet estimable under GAAP, and the Port's ultimate share of cleanup costs is not known. Within the Portland Harbor, there are certain Port-owned, or formerly owned facilities that require remedial investigation and/or cleanup. The Port entered into a separate AOC with the EPA governing early action cleanup activities on one of these sites. The Port has accrued approximately $21,500,000 in estimated remaining costs for this cleanup at June 30, 2015. At another site, the Port has accrued approximately $22,100,000 in estimated remaining costs at June 30, 2015. Both these sites are accounted for within the Marine & Other activity.

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

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

	2015			2014		
	Airport	Marine & Other	Total	Airport	Marine & Other	Total
Beginning liability	$ 4,975,000	$ 51,439,441	$ 56,414,441	$ 1,771,489	$ 49,867,023	$ 51,638,512
Accruals	(35,000)	3,186,097	3,151,097	3,203,511	2,603,927	5,807,438
Reclassifications (to) from current		(456,141)	(456,141)		(1,031,509)	(1,031,509)
Ending liability	$ 4,940,000	$ 54,169,397	$ 59,109,397	$ 4,975,000	$ 51,439,441	$ 56,414,441

The Port leases from others, under operating leases, certain computer software, warehouse and office space, copiers, and submerged lands. These leases expire at varying times through fiscal 2020. Total rental expense (all minimum rentals) for operating leases approximated $193,000 and $194,000 for Marine & Other in 2015 and 2014, respectively, and $358,000 and $414,000 for the Airport in 2015 and 2014, respectively. Future minimum rental payments on noncancelable operating leases for the five succeeding fiscal years and five year increments thereafter are:

	Airport	Marine & Other	Total Port
2016	$ 164,234	$ 189,919	$ 354,153
2017	162,976	183,595	346,571
2018	162,976	184,146	347,122
2019	162,976	75,465	238,441
2020	162,976	22,672	185,648
2021-2025	4,408	1,889	6,297
Total	$ 820,546	$ 657,686	$ 1,478,232

12. Net Position Deficit and Budget Overexpenditures:

The Port has a net position deficit of $92,913,154 in the Airport PFC Fund (a fund within the Airport activity) as of June 30, 2015. The deficit exists because bond proceeds are recorded in or reimbursed to construction funds and related long-term debt is recorded in this fund. In the General Fund, the Port overexpended one budget appropriation item. An overexpenditure of $362,123 resulted from payment of long-term interest on deferred interest obligations (bonds) where interest expense was recorded in prior years but paid in fiscal 2015. In the Airport Revenue Fund, an appropriation was overexpended for Other expense as a result of issuance costs incurred when refinancing a debt obligation to obtain a more favorable interest rate; such expenditures of proceeds of bonds issued to refund previously issued bonds are allowed for under ORS 294.338(4)c.

REQUIRED SUPPLEMENTARY INFORMATION

THE PORT OF PORTLAND
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR DEFINED-BENEFIT HEALTHCARE PLAN

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal - Actuarial Accrued Liability (UAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded ratio (a / b)	Covered Payroll (c)	UAAL as a percentage of covered payroll ((b - a) / c)
Airport						
7/1/2011	$0	$3,908,000	$3,908,000	0%	N/A	N/A
7/1/2013	$0	$2,739,000	$2,739,000	0%	N/A	N/A
7/1/2015	$0	$3,001,205	$3,001,205	0%	N/A	N/A
Marine & Other						
7/1/2011	$0	$4,096,000	$4,096,000	0%	N/A	N/A
7/1/2013	$0	$2,705,000	$2,705,000	0%	N/A	N/A
7/1/2015	$0	$2,392,840	$2,392,840	0%	N/A	N/A

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

Measurement date as-of June 30,	**2014**	**2013**
Port share of Net Pension Liability (Asset) - percentage	0.636022%	0.636022%
Port share of Net Pension Liability (Asset) - amount [A]	$ (14,416,804)	$ 32,457,134
Port covered-employee payroll [B]	$ 61,267,000	$ 60,855,267
Port share of Net Pension Liability (Asset) as a percentage of Port covered-employee payroll [A/B]	(23.5%)	53.3%
PERS fiduciary net position as a percentage of TPL	103.6%	92.0%

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

Fiscal Year:	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008** [1]	**2007**	**2006**
Actuarially Determined Contribution	$ 5,332	$ 4,831	$ 5,030	$ 4,966	$ 1,902	$ 1,764	$ 3,614	$ 3,411	$ 3,889	$ 4,188
Contribution in relation to Actuarially Determined Contribution	5,332	4,831	5,030	4,966	1,902	1,764	3,614	3,411	3,889	4,188
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
Covered Employee Payroll	$ 66,637	$ 61,267	$ 60,855	$ 60,447	$ 56,138	$ 54,943	$ 55,905	$ 53,775	$ 49,336	$ 46,907
Contribution as a percentage of Covered Employee Payroll	8.0%	7.9%	8.3%	8.2%	3.4%	3.2%	6.5%	6.3%	7.9%	8.9%

[1] Effective in Port fiscal year 2008, the actuarial methodology utilized by PERS for determining employer contributions changed from entry age normal to projected unit credit.

SUPPLEMENTARY INFORMATION

THE PORT OF PORTLAND
ORGANIZATION AND INTERNAL FUND DIVISIONS

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

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

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

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

General Fund

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

Bond Construction Fund

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

Airport Revenue Fund

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

Airport Revenue Bond Fund

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

Airport Construction Fund

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

PFC Fund

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

PFC Bond Fund

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

CFC Fund

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

THE PORT OF PORTLAND

RECONCILIATION OF BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

for the year ended June 30, 2015

	Budgetary (Accrual) Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Port Funds:			
General Fund	$ 61,866,176	$ 103,695,852	$ (41,829,676)
Bond Construction Fund	16,662,588	16,602,164	60,424
Airport Revenue Fund	205,913,836	88,866,553	117,047,283
Airport Revenue Bond Fund	4,519,561	48,890,748	(44,371,187)
Airport Construction Fund	105,395,982	62,681,622	42,714,360
PFC Fund	32,439,737	5,817	32,433,920
PFC Bond Fund	27,746	14,067,214	(14,039,468)
CFC Fund	14,299,059	40	14,299,019
Totals - budgetary reporting basis	$ 441,124,685	$ 334,810,010	106,314,675
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			78,939,487
Internal costs on capital projects			13,824,357
Interest expense capitalized			5,051,680
Depreciation and amortization expense			(99,569,107)
Noncash GASB 68 pension expense			18,701,556
Expenses that will be expended in future years			(2,677,892)
Contributions from governmental agencies			(14,202,760)
Bond sale and loan proceeds			(103,246,346)
Bond and contract payable principal expenditures			39,425,183
Difference between property sale proceeds and loss on sales			(329,294)
Change in unearned revenues and certain rents, notes, and contracts receivable			3,103,027
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,180,767)
Expensed capital outlay expenditures			(1,131,541)
Other			1,499,896
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 43,522,154

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

THE PORT OF PORTLAND

RECONCILIATION OF AIRPORT BUDGETARY REVENUES AND EXPENDITURES TO INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

for the year ended June 30, 2015

	Budgetary (Accrual) Basis *		Excess Revenues
	Revenues	Expenditures	(Expenditures)
Airport Funds:			
Airport Revenue Fund	$ 205,913,836	$ 88,866,553	$ 117,047,283
Airport Revenue Bond Fund	4,519,561	48,890,748	(44,371,187)
Airport Construction Fund	105,395,982	62,681,622	42,714,360
PFC Fund	32,439,737	5,817	32,433,920
PFC Bond Fund	27,746	14,067,214	(14,039,468)
CFC Fund	14,299,059	40	14,299,019
Totals - budgetary reporting basis	$ 362,595,921	$ 214,511,994	148,083,927
Add (deduct) adjustments to budgetary reporting basis which are necessary to reflect results of operations on financial reporting basis in accordance with generally accepted accounting principles:			
Capital outlay expenditures			62,337,323
Internal costs on capital projects			1,577,378
Interest expense capitalized			5,051,680
Depreciation and amortization expense			(79,687,319)
Noncash GASB 68 pension expense			8,259,787
Contributions from governmental agencies			(8,386,926)
Bond sale proceeds			(102,086,977)
Bond principal expenditures			34,800,077
Allocation of pension debt service			(4,244,340)
Difference between property sale proceeds and loss on sales			(134,612)
Change in unearned revenues and certain rents, notes, and contracts receivable			3,100,297
Amortization of bond issuance costs and deferred charges on refunding bonds			(2,189,354)
Intra-Port services received, provided, and overhead			(20,866,861)
Other			(289,453)
Income before contributions and transfers per Statement of Revenues, Expenses, and Changes in Net Assets			$ 45,324,627

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

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Resources				Over
		Transfers			(Under)
	Original	In (Out)	Budget	Actual	Budget
REVENUES:					
Operating revenues:					
Administration	$ 85,000		$ 85,000	$ 65	$ (84,935)
Marine	31,633,887		31,633,887	32,024,832	390,945
Industrial Development	9,747,417		9,747,417	3,047,312	(6,700,105)
Navigation	14,437,638	$ 3,500,000	17,937,638	19,159,151	1,221,513
General Aviation	3,589,291		3,589,291	3,412,193	(177,098)
	59,493,233	3,500,000	62,993,233	57,643,553	(5,349,680)
Interest	1,405,812		1,405,812	2,702,980	1,297,168
Debt proceeds				1,159,369	1,159,369
Fixed asset sales and other				360,274	360,274
Total revenues	60,899,045	3,500,000	64,399,045	61,866,176	(2,532,869)
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund	3,044,775		3,044,775	2,749,834	(294,941)
Airport Construction Fund	7,361,995	3,000,000	10,361,995	9,497,147	(864,848)
Airport Revenue Fund	28,340,068		28,340,068	27,136,754	(1,203,314)
Total transfers	38,746,838	3,000,000	41,746,838	39,383,735	(2,363,103)
Total revenues and transfers	99,645,883	6,500,000	106,145,883	101,249,911	(4,895,972)
BEGINNING WORKING CAPITAL	107,627,547		107,627,547	139,074,538	31,446,991
Total resources	$ 207,273,430	$ 6,500,000	$ 213,773,430	$ 240,324,449	$ 26,551,019

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
GENERAL FUND
(BUDGETARY BASIS), continued
for the year ended June 30, 2015

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Administration	$ 49,285,622		$ 49,285,622	$ 46,454,964	$ 2,830,658
Marine	25,411,129	$ 2,000,000	27,411,129	21,519,803	5,891,326
Industrial Development	5,393,902		5,393,902	4,361,284	1,032,618
Navigation	10,256,882	3,500,000	13,756,882	13,464,888	291,994
General Aviation	2,543,838	1,000,000	3,543,838	3,238,568	305,270
Long-term debt payments	11,033,671		11,033,671	11,395,794	(362,123)
System development charges/other	5,000		5,000		5,000
Other environmental	2,822,403	5,500,000	8,322,403	3,260,551	5,061,852
Contingencies	76,832,640	(5,500,000)	71,332,640		71,332,640
Total expenditures	183,585,087	6,500,000	190,085,087	103,695,852	86,389,235
TRANSFERS TO OTHER FUNDS:					
Bond Construction Fund	23,203,630		23,203,630		23,203,630
Airport Revenue Fund	484,713		484,713	745,283	(260,570)
Total transfers	23,688,343		23,688,343	745,283	22,943,060
Total expenditures and transfers	$ 207,273,430	$ 6,500,000	$ 213,773,430	104,441,135	$ 109,332,295
ENDING WORKING CAPITAL				$ 135,883,314	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
BOND CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Interest and other	$ 103,140		$ 103,140	$ 106,212	$ 3,072
Grants	19,990,846		19,990,846	5,815,834	(14,175,012)
	20,093,986		20,093,986	5,922,046	(14,171,940)
Tax and tax items:					
Current property tax levy - net	9,890,076		9,890,076	10,491,101	601,025
Interest on taxes				249,441	249,441
	9,890,076		9,890,076	10,740,542	850,466
Total revenues	29,984,062		29,984,062	16,662,588	(13,321,474)
TRANSFERS FROM OTHER FUNDS:					
General Fund	23,203,630		23,203,630		(23,203,630)
Airport Revenue Fund	7,038,501	$ 10,000,000	17,038,501	10,187,917	(6,850,584)
Total transfers	30,242,131	10,000,000	40,242,131	10,187,917	(30,054,214)
BEGINNING WORKING CAPITAL	10,000,000		10,000,000	14,272,689	4,272,689
Total resources	$ 70,226,193	$ 10,000,000	$ 80,226,193	41,123,194	$ (39,102,999)

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Capital outlay	$ 57,151,642	$ 10,000,000	$ 67,151,642	16,602,164	$ 50,549,478
Contingencies	10,000,000		10,000,000		10,000,000
Total expenditures	67,151,642	10,000,000	77,151,642	16,602,164	60,549,478
TRANSFERS TO OTHER FUNDS:					
General Fund	3,044,775		3,044,775	2,749,834	294,941
Airport Revenue Fund	29,776		29,776	2,411,107	(2,381,331)
Total transfers	3,074,551		3,074,551	5,160,941	(2,086,390)
Total expenditures and transfers	$ 70,226,193	$ 10,000,000	$ 80,226,193	21,763,105	$ 58,463,088
ENDING WORKING CAPITAL				$ 19,360,089	

THE PORT OF PORTLAND

SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS

AIRPORT REVENUE FUND

(BUDGETARY BASIS)

for the year ended June 30, 2015

	Resources Original	Resources Transfers In (Out)	Resources Revised	Actual	Over (Under) Budget
REVENUES:					
Operating revenue - Portland International Airport	$ 201,857,140		$ 201,857,140	$ 203,872,194	$ 2,015,054
Interest and other	512,236		512,236	2,020,486	1,508,250
Grants				21,156	21,156
Total revenues	202,369,376		202,369,376	205,913,836	3,544,460
TRANSFERS FROM OTHER FUNDS:					
General Fund	484,713		484,713	745,283	260,570
Bond Construction Fund	29,776		29,776	2,411,107	2,381,331
Airport Construction Fund	1,258,503		1,258,503	1,624,681	366,178
CFC Fund	150,000		150,000		(150,000)
Total transfers	1,922,992		1,922,992	4,781,071	2,858,079
Total revenues and transfers	204,292,368		204,292,368	210,694,907	6,402,539
BEGINNING WORKING CAPITAL	77,800,443		77,800,443	94,209,860	16,409,417
Total resources	$ 282,092,811		$ 282,092,811	304,904,767	$ 22,811,956

	Appropriations Original	Appropriations Transfers In (Out)	Appropriations Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Operating expenditures	$ 88,515,286		$ 88,515,286	88,471,777	$ 43,509
Other	5,000		5,000	394,776	(389,776)
Contingencies	79,200,000	$ (3,000,000)	76,200,000		76,200,000
Total expenditures	167,720,286	(3,000,000)	164,720,286	88,866,553	75,853,733
TRANSFERS TO OTHER FUNDS:					
General Fund	28,340,068		28,340,068	27,136,754	1,203,314
Bond Construction Fund	7,038,501	10,000,000	17,038,501	10,187,917	6,850,584
Airport Construction Fund	26,858,003	(7,000,000)	19,858,003	29,145,858	(9,287,855)
Airport Revenue Bond Fund	45,917,505		45,917,505	49,374,794	(3,457,289)
CFC Fund	6,218,448		6,218,448	5,509,801	708,647
Total transfers	114,372,525	3,000,000	117,372,525	121,355,124	(3,982,599)
Total expenditures and transfers	$ 282,092,811	$	$ 282,092,811	210,221,677	$ 71,871,134
ENDING WORKING CAPITAL				$ 94,683,090	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT REVENUE BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 22,788	$ 34,861	$ 12,073
Bond sale proceeds	7,500,000	4,484,700	(3,015,300)
Total revenues	7,522,788	4,519,561	(3,003,227)
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	45,917,505	49,374,794	3,457,289
Airport Construction Fund	5,500,000		(5,500,000)
Total transfers	51,417,505	49,374,794	(2,042,711)
Total revenues and transfers	58,940,293	53,894,355	(5,045,938)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE	25,439,577	21,174,336	(4,265,241)
Total resources	$ 84,379,870	75,068,691	$ (9,311,179)

	Appropriations	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 51,440,293	48,890,748	$ 2,549,545
Total expenditures	51,440,293	48,890,748	$ 2,549,545
UNAPPROPRIATED BALANCE	32,939,577		
	$ 84,379,870		
ENDING RESTRICTED NET ASSETS AVAILABLE FOR FUTURE DEBT SERVICE		$ 26,177,943	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
AIRPORT CONSTRUCTION FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Resources				Over
	Original	Transfers In (Out)	Revised	Actual	(Under) Budget
REVENUES:					
Grants	$ 11,219,058		$ 11,219,058	$ 8,358,695	$ (2,860,363)
Interest and other	367,740		367,740	538,623	170,883
Bond sale proceeds	100,000,000		100,000,000	96,498,664	(3,501,336)
Total revenues	111,586,798		111,586,798	105,395,982	(6,190,816)
TRANSFERS FROM OTHER FUNDS:					
Bond Construction Fund					
Airport Revenue Fund	26,858,003	$ (7,000,000)	19,858,003	29,145,858	9,287,855
CFC Fund	12,500,000		12,500,000	1,523,249	(10,976,751)
PFC Fund	458,000		458,000	712,469	254,469
Total transfers	39,816,003	(7,000,000)	32,816,003	31,381,576	(1,434,427)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	51,108,459		51,108,459	46,634,726	(4,473,733)
Total resources	$ 202,511,260	$ (7,000,000)	$ 195,511,260	183,412,284	$ (12,098,976)

	Appropriations				(Over)
	Original	Transfers In (Out)	Revised	Actual	Under Budget
EXPENDITURES:					
Capital outlay	$ 139,226,799		$ 139,226,799	62,337,323	$ 76,889,476
Bond issue costs/other	1,500,000		1,500,000	344,299	1,155,701
Contingencies	47,663,963	$ (10,000,000)	37,663,963		37,663,963
Total expenditures	188,390,762	(10,000,000)	178,390,762	62,681,622	115,709,140
TRANSFERS TO OTHER FUNDS:					
General Fund	7,361,995	3,000,000	10,361,995	9,497,147	864,848
Airport Revenue Fund	1,258,503		1,258,503	1,624,681	(366,178)
Airport Revenue Bond Fund	5,500,000		5,500,000		5,500,000
Total transfers	14,120,498	3,000,000	17,120,498	11,121,828	5,998,670
Total expenditures and transfers	$ 202,511,260	$ (7,000,000)	$ 195,511,260	73,803,450	$ 121,707,810
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 109,608,834	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 36,920	$ 257,301	$ 220,381
Passenger facility charges	31,613,275	32,182,436	569,161
Total revenues	31,650,195	32,439,737	789,542
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION	27,827,301	37,412,174	9,584,873
Total resources	$ 59,477,496	69,851,911	$ 10,374,415

	Appropriations	Actual	(Over) Under Budget
EXPENDITURES:			
Other	$ 10,000	5,817	$ 4,183
Contingencies	44,404,619		44,404,619
Total expenditures	44,414,619	5,817	44,408,802
TRANSFERS TO OTHER FUNDS:			
PFC Bond Fund	14,604,877	14,062,421	542,456
Airport Construction Fund	458,000	712,469	(254,469)
Total transfers	15,062,877	14,774,890	287,987
Total expenditures and transfers	$ 59,477,496	14,780,707	$ 44,696,789
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION		$ 55,071,204	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
PFC BOND FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 31,116	$ 27,746	$ (3,370)
Total revenues	31,116	27,746	(3,370)
TRANSFERS FROM OTHER FUNDS:			
PFC Fund	14,604,877	14,062,421	(542,456)
BEGINNING RESTRICTED NET ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE	15,476,035	14,327,648	(1,148,387)
Total resources	$ 30,112,028	28,417,815	$ (1,694,213)

	Budget	Actual	(Over) Under Budget
EXPENDITURES:			
Long-term debt payments	$ 14,635,993	14,067,214	$ 568,779
Total expenditures	14,635,993	14,067,214	$ 568,779
UNAPPROPRIATED BALANCE	15,476,035		
	$ 30,112,028		
ENDING RESTRICTED NET ASSETS			
AVAILABLE FOR FUTURE DEBT SERVICE		$ 14,350,601	

THE PORT OF PORTLAND
SCHEDULE OF RESOURCES, EXPENDITURES AND TRANSFERS
CFC FUND
(BUDGETARY BASIS)
for the year ended June 30, 2015

	Budget	Actual	Over (Under) Budget
REVENUES:			
Interest and other	$ 52,522	$ 57,868	$ 5,346
Customer facility charges	13,711,591	14,241,191	529,600
Total revenues	13,764,113	14,299,059	534,946
TRANSFERS FROM OTHER FUNDS:			
Airport Revenue Fund	6,218,448	5,509,801	(708,647)
BEGINNING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION			
Total resources	$ 19,982,561	19,808,860	$ (173,701)

	Appropriations				
	Original	Transfers In (Out)	Revised	Actual	(Over) Under Budget
EXPENDITURES:					
Bank fees and other		$ 5,000	$ 5,000	40	$ 4,960
Contingencies	$ 7,332,561	(5,000)	7,327,561		7,327,561
Total expenditures	7,332,561		7,332,561	40	7,332,521
TRANSFERS TO OTHER FUNDS:					
Airport Revenue Fund	150,000		150,000		150,000
Airport Construction Fund	12,500,000		12,500,000	1,523,249	10,976,751
Total transfers	12,650,000		12,650,000	1,523,249	11,126,751
Total expenditures and transfers	$ 19,982,561	$	$ 19,982,561	1,523,289	$ 18,459,272
ENDING RESTRICTED NET ASSETS AVAILABLE FOR APPROPRIATION				$ 18,285,571	

THE PORT OF PORTLAND
COMBINING BALANCE SHEET – ALL FUNDS
June 30, 2015

ASSETS	Combined All Funds	Marine & Other: Total Marine & Other	Marine & Other: General Fund	Marine & Other: Bond Construction Fund	Airport: Total Airport	Airport: Revenue Fund	Airport: Revenue Bond Fund	Airport: Construction Fund	Airport: PFC Fund	Airport: PFC Bond Fund	Airport: CFC Fund
Current assets:											
Cash and cash equivalents	$ 48,198,759	$ 48,140,319	$ 48,093,655	$ 46,664	$ 58,440	$ 58,440					
Equity in pooled investments	221,499,281	121,442,974	105,396,033	16,046,941	100,056,307	100,056,307					
Restricted Cash and equity in pooled investments	66,689,548	11,378,183	11,378,183		55,311,365		$ 34,858,995	$ 11,113,723	$ 599,272	$ 8,739,375	
Receivables, net of allowance for doubtful accounts	20,336,170	12,574,219	8,872,111	3,702,108	7,761,951	7,761,951					
Prepaid insurance and other assets	5,925,338	2,140,327	2,140,327		3,785,011	3,785,011					
Total current assets	362,649,096	195,676,022	175,880,309	19,795,713	166,973,074	111,661,709	34,858,995	11,113,723	599,272	8,739,375	
Noncurrent assets:											
Restricted assets:											
Cash and equity in pooled investments	233,183,743	3,313,387	3,313,387		229,870,356	14,712,926	26,177,943	106,911,208	51,135,717	14,350,601	$ 16,581,961
Receivables	8,336,723				8,336,723			2,697,626	3,935,487		1,703,610
Total restricted assets	241,520,466	3,313,387	3,313,387		238,207,079	14,712,926	26,177,943	109,608,834	55,071,204	14,350,601	18,285,571
Land held for sale	57,764,684	57,764,684	57,764,684								
Depreciable properties, net of accumulated depreciation	1,172,373,901	167,224,973	167,224,973		1,005,148,928	1,005,148,928					
Nondepreciable properties	281,625,133	127,887,583	83,753,113	44,134,470	153,737,550	68,049,392		85,688,158			
Unamortized bond issue costs	1,577,461	213,535	213,535		1,363,926	1,091,197			272,729		
Net pension assets (GASB 68)	14,416,804	8,301,678	8,301,678		6,115,126	6,115,126					
Due from other funds		31,864,192 *	31,864,192 *								
Other noncurrent assets	830,258	830,258	830,258								
Total noncurrent assets	1,770,108,707	397,400,290	353,265,820	44,134,470	1,404,572,609	1,095,117,569	26,177,943	195,296,992	55,343,933	14,350,601	18,285,571
Deferred outflows of resources:											
Deferred charges on refunding bonds	30,751,162				30,751,162	19,622,894			11,128,268		
Deferred charges on pensions (GASB 68)	5,332,217	2,937,866	2,937,866		2,394,351	2,394,351					
Cumulative decrease in fair value of hedging derivative	13,780,000				13,780,000		13,780,000				
Total deferred outflows of resources	49,863,379	2,937,866	2,937,866		46,925,513	22,017,245	13,780,000		11,128,268		
Total assets	$ 2,182,621,182	$ 596,014,178	$ 532,083,995	$ 63,930,183	$ 1,618,471,196	$ 1,228,796,523	$ 74,816,938	$ 206,410,715	$ 67,071,473	$ 23,089,976	$ 18,285,571
LIABILITIES											
Current liabilities (payable from current assets):											
Current portion of long-term debt	$ 3,882,405	$ 3,882,405	$ 3,882,405								
Accounts payable	22,592,349	13,724,660	13,289,036	$ 435,624	$ 8,867,689	$ 8,867,689					
Accrued wages, vacation and sick leave pay	15,487,738	8,350,777	8,350,777		7,136,961	7,136,961					
Workers' compensation and other accrued liabilities	4,070,563	3,096,594	3,096,594		973,969	973,969					
Total current liabilities (payable from current assets)	46,033,055	29,054,436	28,618,812	435,624	16,978,619	16,978,619					
Restricted liabilities (payable from restricted assets):											
Current portion of long-term debt and other	44,354,061	11,328,183	11,328,183		33,025,878		$ 26,266,606		$ 599,272	$ 6,160,000	
Accrued interest payable	11,171,764				11,171,764		8,592,389			2,579,375	
Accounts payable	10,008,335	50,000	50,000		9,958,335			$ 9,958,335			
Contract retainage payable	1,155,388				1,155,388			1,155,388			
Total restricted current liabilities (payable from restricted assets)	66,689,548	11,378,183	11,378,183		55,311,365		34,858,995	11,113,723	599,272	8,739,375	
Total current liabilities	112,722,603	40,432,619	39,996,995	435,624	72,289,984	16,978,619	34,858,995	11,113,723	599,272	8,739,375	
Noncurrent liabilities:											
Long-term environmental and other accruals	82,683,356	54,407,026	54,407,026		28,276,330	5,850,330	13,780,000		8,646,000		
Long-term debt	754,543,031	103,506,125	103,506,125		651,036,906	503,351,473			147,685,433		
Unearned revenue and other	69,630,716	27,710,211	27,710,211		41,920,505	35,986,737	2,879,846		3,053,922		
Due to other funds					31,864,192 *	31,864,192 *					
Total noncurrent liabilities	906,857,103	185,623,362	185,623,362		753,097,933	577,052,732	16,659,846		159,385,355		
Deferred inflows of resources:											
Deferred pension inflows (GASB 68)	28,673,514	16,093,785	16,093,785		12,579,729	12,579,729					
Total deferred inflows of resources	28,673,514	16,093,785	16,093,785		12,579,729	12,579,729					
Total liabilities	1,048,253,220	242,149,766	241,714,142	435,624	837,967,646	606,611,080	51,518,841	11,113,723	159,984,627	8,739,375	
NET POSITION											
Net investment in capital assets	865,326,980	321,717,572	277,583,102	44,134,470	543,609,408	568,973,928	(26,948,212)	152,674,128	(144,930,436)	(6,160,000)	
Restricted for capital and debt service	187,309,213	3,313,387	3,313,387		183,995,826	313,199	50,246,309	42,622,864	52,017,282	20,510,601	$ 18,285,571
Unrestricted	81,731,769	28,833,453	9,473,364	19,360,089	52,898,316	52,898,316					
Total net position	1,134,367,962	353,864,412	290,369,853	63,494,559	780,503,550	622,185,443	23,298,097	195,296,992	(92,913,154)	14,350,601	18,285,571
Total liabilities and net position	$ 2,182,621,182	$ 596,014,178	$ 532,083,995	$ 63,930,183	$ 1,618,471,196	$ 1,228,796,523	$ 74,816,938	$ 206,410,715	$ 67,071,473	$ 23,089,976	$ 18,285,571

* Amount eliminated in the Combined All Funds column.

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF NET REVENUES
for the year ended June 30, 2015

Operating revenues:	
Airline revenues	$ 90,372,517
Concessions and other rentals	114,152,092
Other	1,417,547
	205,942,156
Interest income - revenue fund and revenue bond fund	848,552
	206,790,708
Costs of operation and maintenance, excluding depreciation:	
Salaries, wages and fringe benefits	43,487,720
Contract, professional and consulting services	28,396,951
Materials and supplies	4,363,769
Utilities	9,107,351
Equipment rents, repair and fuel	1,542,380
Insurance	2,074,715
Travel and management expense	1,325,248
Allocation of general and administration expense of the Port of Portland	20,366,032
Other	4,328,010
	114,992,176
Net revenues, as defined by Section 2(r) of Ordinance No. 155 *	$ 91,798,532

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

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF COMPLIANCE WITH ORDINANCE NOS. 155 AND 323
DEBT SERVICE COVERAGE REQUIREMENTS
for the year ended June 30, 2015

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

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

Net revenues, per accompanying schedule of net revenues		$ 91,798,532
SLB debt service requirement:		
Interest and principal amount	$ 45,513,782	
	x 130%	
Total net revenues required		59,167,917
Excess of net revenues over 130% of SLB debt service requirement		$ 32,630,615

Section 5f of Ordinance No. 323 also requires that in a fiscal year when there is excess principal due, as defined in Section 5f of Ordinance No. 323, the net revenues in excess of 130% of the SLB debt service requirement equal 100% of such excess principal amount.

Excess of net revenues over 130% of SLB debt service requirement		$ 32,630,615
Excess principal amount	$	
	x 100%	
Total additional net revenues required		
Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 32,630,615

In addition, Section 5f of Ordinance No. 323 requires that the net nevenues, together with other amounts that are available to pay other swap obligations, as defined in Ordinance No. 323, are sufficient to pay all other swap obligations and junior lien obligations (Other Obligations) when due.

Excess of net revenues over 130% of SLB debt service requirement and 100% of excess principal requirement		$ 32,630,615
Other amounts available to pay other swap obligations		
Total available to pay Other Obligations		32,630,615
Other swap obligations	$	
Junior lien obligations		
Total Other Obligations		
Excess amount over 130% of SLB debt service requirement, 100% of excess principal requirement, and Other Obligations		$ 32,630,615

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF REVENUE BOND
CONSTRUCTION ACCOUNT ACTIVITY
for the year ended June 30, 2015

	Bond Proceeds Portion	Capitalized Interest Portion
Construction account, June 30, 2014	$ 1,933,971	$
Bond sale proceeds	91,641,821	4,279,264
Interest income	195,382	6,724
	93,771,174	4,285,988
Construction expenditures	28,225,828	
Transfers to revenue bond fund		3,438,270
Construction account, June 30, 2015	$ 65,545,346	$ 847,718

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

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF GENERAL ACCOUNT AMOUNT AVAILABLE FOR PAYMENT TO AIRPORT REVENUE BOND FUND AND RATIO TO REVENUE BOND DEBT SERVICE REQUIREMENT
for the year ended June 30, 2015

Net revenues, per accompanying schedule of net revenues	$	91,798,532	
Less revenue bond fund interest income		(34,860)	
Applied to General Account, available to be applied to debt service of bonds	$	91,763,672	(1)
Bond debt service requirement, per accompanying schedule of compliance with Ordinance Nos. 155 and 323	$	45,513,782	(2)
Ratio (1)/(2)		2.02	
Required ratio		1.30	

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

THE PORT OF PORTLAND
PORTLAND INTERNATIONAL AIRPORT
SCHEDULE OF PASSENGER FACILITY CHARGE ACTIVITY
for the year ended June 30, 2015

	First Lien Bond Account	First Lien Reserve Account	Capital Account
Balances at June 30, 2014	$ 16,947	$ 14,310,701	$ 37,412,174
PFC revenues:			
PFC bond account	14,062,421		
Capital account			18,120,015
Interest earnings		27,746	270,822
Transfer from reserve account to bond account	27,746	(27,746)	
Bond payments to trustee	(14,067,214)		
Costs of approved PFC projects			(712,469)
Other, net			(19,338)
Balances at June 30, 2015	$ 39,900	$ 14,310,701	$ 55,071,204

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

THE PORT OF PORTLAND
SCHEDULE OF PROPERTY TAX TRANSACTIONS AND OUTSTANDING BALANCES
for the year ended June 30, 2015

Fiscal Year	Property Taxes Receivable June 30, 2014	Current Levy as Extended by Assessors	Deduct Cash Collections	Deduct Discounts Allowed	Cancellations and Adjustments	Property Taxes Receivable June 30, 2015	Interest Collected
2014-15		$ 10,812,142	$ (10,283,947)	$ (280,298)	$ (18,954)	$ 228,943	$ 3,312
2013-14	$ 242,455		(110,636)		(8,145)	123,674	6,164
2012-13	131,126		(38,582)		(3,377)	89,167	5,823
2011-12	99,524		(32,929)		(4,718)	61,877	8,291
2010-11	56,836		(14,094)		(4,039)	38,703	4,608
2009-10 and prior	50,699		(5,236)		(1,510)	43,953	2,673
	$ 580,640	$ 10,812,142	$ (10,485,424)	$ (280,298)	$ (40,743)	$ 586,317	$ 30,871

Reconciliation to income from property taxes:

Current levy	$ 10,812,142
Deduct discounts allowed	(280,298)
Cancellations and adjustments	(40,743)
	$ 10,491,101

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT PRINCIPAL TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2015

			2014-2015 Transactions			Outstanding June 30, 2015	
	Maturity Date	Outstanding at June 30, 2014	Issued	Matured	Redeemed	Total	Due Within One Year
LIMITED TAX PENSION BONDS:							
Series 2002A, 2.00% to 7.41%	06/01/20	$ 5,213,665		$ 846,100	$ 846,100	$ 4,367,565	$ 861,806
Series 2002B, 6.60% to 6.85%	06/01/28	43,525,000				43,525,000	
Series 2005, 4.00% to 5.50%	06/01/28	18,000,000		590,000	590,000	17,410,000	680,000
Total Limited Tax Pension Bonds		66,738,665		1,436,100	1,436,100	65,302,565	1,541,806
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:							
Series 18A, 0.08% *	07/01/26	55,185,000		3,985,000	3,985,000	51,200,000	4,855,000
Series 18B, 0.10% *	07/01/26	55,190,000		3,985,000	3,985,000	51,205,000	4,855,000
Series 19, 4.00% to 5.50%	07/01/38	123,830,000		2,585,000	115,380,000	8,450,000	2,695,000
Series 20A, 3.00% to 5.00%	07/01/40	23,870,000		2,360,000	2,360,000	21,510,000	1,235,000
Series 20B, 2.00% to 4.50%	07/01/40	20,740,000		445,000	445,000	20,295,000	460,000
Series 20C, 4.00% to 5.00%	07/01/28	86,345,000		3,840,000	3,840,000	82,505,000	4,000,000
Series 21A, 3:00% to 5.00%	07/01/15	2,135,000		1,770,000	1,770,000	365,000	365,000
Series 21B, 2.00% to 5.00%	07/01/18	37,405,000		6,790,000	6,790,000	30,615,000	7,120,000
Series 21C, 4.375% to 5.00%	07/01/23	27,685,000				27,685,000	
Series 22, 4.00% to 5.00%	07/01/44		$ 90,050,000			90,050,000	
Series 23, 5.00%	07/01/38		109,440,000			109,440,000	
Total Portland Int'l Airport Revenue Bonds		432,385,000	199,490,000	25,760,000	138,555,000	493,320,000	25,585,000
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:							
Series 2011A, 2.50% to 5.50%	07/01/31	73,490,000		1,475,000	1,475,000	72,015,000	1,505,000
Series 2012A 0 .86% *	07/01/24	57,630,000		100,000	100,000	57,530,000	105,000
Series 2012B 5.00% to 5.75%	07/01/18	22,680,000		4,025,000	4,025,000	18,655,000	4,550,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds		153,800,000		5,600,000	5,600,000	148,200,000	6,160,000
Total Port Bonds		$ 652,923,665	$ 199,490,000	$ 32,796,100	$ 145,591,100	$ 706,822,565	$ 33,286,806
CONTRACTS & LOANS PAYABLE:							
City of Portland LID, Series 2003, 5.32%	04/01/23	$ 5,779,156		$ 534,151	$ 534,151	$ 5,245,005	$ 563,271
Oregon Department of Transportation, MMTF-0001, 0%	03/31/21	1,400,000		200,000	200,000	1,200,000	200,000
Oregon Department of Transportation, MMTF-0003, 0%	07/01/23	5,941,600			742,700	5,198,900	
Oregon Business Development Dept., B08005, 2.00% to 4.00%	12/01/30	7,465,027		344,143	344,143	7,120,884	355,326
Oregon Business Development Dept., 040-188, 5.13%	07/01/31	1,384,551		50,432	50,432	1,334,119	26,190
Oregon Business Development Dept., 040-189, 5.13%	01/01/32	1,321,406		46,119	46,119	1,275,287	23,951
Banc of America Leasing & Capital, LLC, 2.84%	10/01/19	2,062,406		369,530	369,530	1,692,876	380,162
Banc of America Leasing & Capital, LLC, 4.5%	06/01/28	14,308,064		756,927	756,927	13,551,137	791,700
Total Contracts & Loans Payable		$ 39,662,210		$ 2,301,302	$ 3,044,002	$ 36,618,208	$ 2,340,600
TOTAL PORT LONG-TERM DEBT		$ 692,585,875	$ 199,490,000	$ 35,097,402	$ 148,635,102	$ 743,440,773	$ 35,627,406

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2015. Rate is variable, depending on weekly remarketings.

THE PORT OF PORTLAND

SCHEDULE OF BOND AND OTHER LONG-TERM DEBT INTEREST TRANSACTIONS – BY SERIES
FOR THE YEAR ENDED JUNE 30, 2015

		2014 - 15 Transactions				
	Outstanding at June 30, 2014	Issued	Interest Matured and Paid	Interest Fluctuations and Redemptions	Outstanding at June 30, 2015	Maturing Within One Year
LIMITED TAX PENSION BONDS:						
Series 2002A, 2.00% to 7.41%	$ 10,991,336		$ 1,288,900		$ 9,702,436	$ 1,503,194
Series 2002B, 6.60% to 6.85%	31,982,578		2,965,950		29,016,628	2,965,950
Series 2005, 4.00% to 5.50%	7,901,355		893,463		7,007,892	864,795
Total Limited Tax Pension Bonds	50,875,269		5,148,313		45,726,956	5,333,939
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:						
Series 18A, 0.08% *	186,813		33,469	$ (54,780)	208,124	37,076
Series 18B, 0.10% *	280,260		33,613	(13,543)	260,190	46,350
Series 19, 4.00% to 5.50%	100,461,567		6,462,338	93,463,657	535,572	244,447
Series 20A, 3.125% to 5.00%	10,632,160		945,806		9,686,354	864,919
Series 20B, 2.00% to 4.50%	13,474,139		828,863		12,645,276	808,500
Series 20C, 4.00% to 5.00%	35,152,925		4,202,050		30,950,875	4,025,250
Series 21A, 3.00% to 5.00%	62,775		53,650		9,125	9,125
Series 21B, 2.00% to 5.00%	4,853,125		1,700,500		3,152,625	1,352,750
Series 21C, 4.375% to 5.00%	9,992,918		1,320,962		8,671,956	1,320,963
Series 22, 4.00% to 5.00%		$ 89,676,820	1,195,920		88,480,900	4,484,700
Series 23 5%		82,144,200			82,144,200	4,119,200
Total Portland Int'l Airport Revenue Bonds	175,096,682	171,821,020	16,777,171	93,395,334	236,745,197	17,313,280
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:						
Series 2011, 2.50% to 5.50%	50,742,250		3,699,650		47,042,600	3,647,425
Series 2012A 0.88% *	3,663,425		503,052	102,613	3,262,986	505,857
Series 2012B 5.00% to 5.75%	2,821,750		1,033,375		1,788,375	819,000
Total Portland Int'l Airport Passenger Facility Charge Revenue Bonds	57,227,425		5,236,077	102,613	52,093,961	4,972,282
Total Port Bonds	$ 283,199,376	$ 171,821,020	$ 27,161,561	$ 93,497,947	$ 334,566,114	$ 27,619,501
CONTRACTS & LOANS PAYABLE:						
City of Portland LID, Series 2003, 5.32%	$ 1,459,154		$ 294,552		$ 1,164,602	$ 265,432
Oregon Business Development Dept., B08005, 2.00% to 4.00%	2,693,073		251,289		2,441,784	244,406
Oregon Business Development Dept., 040-188, 5.13%	728,299		70,389		657,910	34,220
Oregon Business Development Dept., 040-189, 5.13%	717,001		67,204		649,797	32,711
Banc of America Leasing & Capital, LLC, 2.84%	160,006		53,787		106,219	43,155
Banc of America Leasing & Capital, LLC, 4.5%	4,970,759		628,378		4,342,381	593,605
Total Contracts & Loans Payable	$ 10,728,292		$ 1,365,599		$ 9,362,693	$ 1,213,529
TOTAL PORT LONG-TERM DEBT	$ 293,927,668	$ 171,821,020	$ 28,527,160	$ 93,497,947	$ 343,928,807	$ 28,833,030

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
* Interest rate at June 30, 2015. Rate is variable, depending on weekly remarketings.

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2015

		Date of Issue	Total Requirements	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 to 2024-25	2025-26 to 2029-30	2030-31 to 2034-35	2035-36 to 2039-40	2040-41 to 2044-45	2045-46 to 2049-50
LIMITED TAX PENSION BONDS:														
Series 2002A	-Principal	03/28/02	$ 4,367,565	$ 861,806	$ 877,546	$ 893,815	$ 901,618	$ 832,780						
2.00% to 7.41%	-Interest		9,702,436	1,503,194	1,727,454	1,961,185	2,218,383	2,292,220						
Series 2002B	-Principal	03/28/02	43,525,000					265,000	$ 24,475,000	$ 18,785,000				
6.60% to 6.85%	-Interest		29,016,628	2,965,950	2,965,950	2,965,950	2,965,950	2,965,950	11,815,750	2,371,128				
Series 2005	-Principal	09/23/05	17,410,000	680,000	775,000	875,000	985,000	1,100,000	7,610,000	5,385,000				
4.00% to 5.50%	-Interest		7,007,892	864,795	831,753	794,096	751,580	703,719	2,565,552	496,397				
Total Limited Tax Pension Bonds	-Principal		$ 65,302,565	$ 1,541,806	$ 1,652,546	$ 1,768,815	$ 1,886,618	$ 2,197,780	$ 32,085,000	$ 24,170,000				
Total Limited Tax Pension Bonds	-Interest		$ 45,726,956	$ 5,333,939	$ 5,525,157	$ 5,721,231	$ 5,935,913	$ 5,961,889	$ 14,381,302	$ 2,867,525				
PORTLAND INTERNATIONAL AIRPORT REVENUE BONDS:														
Series 18A	-Principal	06/11/08	$ 51,200,000	$ 4,855,000	$ 5,080,000	$ 4,435,000	$ 4,510,000	$ 4,705,000	$ 20,440,000	$ 7,175,000				
0.08% **	-Interest		208,124	37,076	33,012	29,464	25,856	22,092	57,912	2,712				
Series 18B	-Principal	06/11/08	51,205,000	4,855,000	5,085,000	4,430,000	4,515,000	4,705,000	20,440,000	7,175,000				
0.10% **	-Interest		260,190	46,350	41,265	36,835	32,320	27,615	72,410	3,395				
Series 19	-Principal	11/13/08	8,450,000	2,695,000	2,810,000	2,945,000								
4.00% to 5.50%	-Interest		535,572	244,447	217,500	73,625								
Series 20A	-Principal	11/02/10	21,510,000	1,235,000	1,590,000	1,660,000	1,745,000	685,000	3,745,000	3,975,000	$ 2,740,000	$ 3,375,000	$ 760,000	
3.125% to 5.00%	-Interest		9,686,354	864,919	797,381	716,131	631,006	577,106	2,547,460	1,825,463	1,178,744	531,994	16,150	
Series 20B	-Principal	11/02/10	20,295,000	460,000	485,000	505,000	525,000	545,000	3,060,000	3,635,000	4,415,000	5,430,000	1,235,000	
2.00% to 4.50%	-Interest		12,645,276	808,500	788,450	768,650	748,050	726,650	3,306,651	2,713,251	1,899,906	858,924	26,244	
Series 20C	-Principal	11/02/10	82,505,000	4,000,000	5,590,000	5,860,000	6,165,000	4,845,000	28,085,000	27,960,000				
4.00% to 5.00%	-Interest		30,950,875	4,025,250	3,785,500	3,499,250	3,198,625	2,923,375	10,637,375	2,881,500				
Series 21A	-Principal	04/05/11	365,000	365,000										
3.00% to 5.00%	-Interest		9,125	9,125										
Series 21B	-Principal	04/05/11	30,615,000	7,120,000	7,455,000	7,830,000	8,210,000							
2.00% to 5.00%	-Interest		3,152,625	1,352,750	988,375	606,250	205,250							
Series 21C	-Principal	08/10/11	27,685,000					5,040,000	22,645,000					
4.375% to 5.00%	-Interest		8,671,956	1,320,962	1,320,962	1,320,963	1,320,962	1,194,963	2,193,144					
Series 22	-Principal	09/25/14	90,050,000					1,780,000	10,220,000	13,050,000	16,645,000	21,245,000	21,145,000	$ 5,965,000
4.00% to 5.00%	-Interest		88,480,900	4,484,700	4,484,700	4,484,700	4,484,700	4,449,100	20,840,000	17,945,000	14,249,875	9,536,875	3,372,125	149,125
Series 23	-Principal	03/31/15	109,440,000				3,065,000	3,215,000	18,665,000	23,815,000	30,405,000	30,275,000		
5.00%	-Interest		82,144,200	4,119,200	5,472,000	5,472,000	5,395,375	5,238,375	23,548,125	18,263,125	11,516,875	3,119,125		
Total Portland Int'l Airport Revenue Bonds	-Principal		$ 493,320,000	$ 25,585,000	$ 28,095,000	$ 27,665,000	$ 28,735,000	$ 25,520,000	$ 127,300,000	$ 86,785,000	$ 54,205,000	$ 60,325,000	$ 23,140,000	$ 5,965,000
Total Portland Int'l Airport Revenue Bonds	-Interest		$ 236,745,197	$ 17,313,279	$ 17,929,145	$ 17,007,868	$ 16,042,144	$ 15,159,276	$ 63,203,077	$ 43,634,446	$ 28,845,400	$ 14,046,918	$ 3,414,519	$ 149,125
PORTLAND INTERNATIONAL AIRPORT PASSENGER FACILITY CHARGE REVENUE BONDS:														
Series 2011A	-Principal	11/10/11	$ 72,015,000	$ 1,505,000	$ 1,560,000	$ 1,650,000	$ 1,710,000	$ 150,000	$ 505,000	$ 44,020,000	$ 20,915,000			
2.50% to 5.50%	-Interest		47,042,600	3,647,425	3,578,325	3,506,325	3,430,575	3,385,575	16,870,400	11,469,637	1,154,338			
Series 2012A	-Principal	08/15/12	57,530,000	105,000	110,000	120,000	2,790,000	7,955,000	46,450,000					
0.88%**	-Interest		3,262,986	505,857	504,888	503,831	479,254	409,178	859,978					
Series 2012B	-Principal	10/31/12	18,655,000	4,550,000	5,100,000	5,675,000	3,330,000							
5.00% to 5.75%	-Interest		1,788,375	819,000	577,750	308,375	83,250							
Total Portland Int'l Airport PFC Revenue Bonds	-Principal		$ 148,200,000	$ 6,160,000	$ 6,770,000	$ 7,445,000	$ 7,830,000	$ 8,105,000	$ 46,955,000	$ 44,020,000	$ 20,915,000			
Total Portland Int'l Airport PFC Revenue Bonds	-Interest		$ 52,093,961	$ 4,972,282	$ 4,660,963	$ 4,318,531	$ 3,993,079	$ 3,794,753	$ 17,730,378	$ 11,469,637	$ 1,154,338			
Total Port Bonds	-Principal		$ 706,822,565	$ 33,286,806	$ 36,517,546	$ 36,878,815	$ 38,451,618	$ 35,822,780	$ 206,340,000	$ 154,975,000	$ 75,120,000	$ 60,325,000	$ 23,140,000	$ 5,965,000
Total Port Bonds	-Interest		$ 334,566,114	$ 27,619,500	$ 28,115,265	$ 27,047,630	$ 25,971,136	$ 24,915,918	$ 95,314,757	$ 57,971,608	$ 29,999,738	$ 14,046,918	$ 3,414,519	$ 149,125

THE PORT OF PORTLAND

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF BONDED AND OTHER LONG-TERM DEBT – BY SERIES
AS OF JUNE 30, 2015

		Date of Issue	Total Requirements	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 to 2024-25	2025-26 to 2029-30	2030-31 to 2034-35	2035-36 to 2039-40	2040-41 to 2044-45	2045-46 to 2049-50
CONTRACTS & LOANS PAYABLE:														
City of Portland LID	-Principal	04/01/03	$ 5,245,005	$ 563,271	$ 593,978	$ 626,360	$ 660,507	$ 696,515	$ 2,104,374					
5.32%	-Interest		1,164,602	265,432	234,724	202,342	168,195	132,187	161,722					
Oregon Department of Transportation MMTF-0001	-Principal	05/10/09	1,200,000	200,000	200,000	200,000	200,000	200,000	200,000					
Oregon Department of Transportation MMTF-0003	-Principal	07/06/10	5,198,900		742,700	742,700	742,700	742,700	2,228,100					
Oregon Business Development Dept. B08005	-Principal	08/31/10	7,120,884	355,326	361,532	367,763	379,332	386,262	2,134,962	$ 2,562,445	$ 573,262			
2.00% to 4.00%	-Interest		2,441,784	244,406	237,300	230,069	220,875	209,495	850,692	426,734	22,213			
Oregon Business Development Dept. 040-188	-Principal	03/19/09	1,334,119	26,190	54,413	57,241	60,214	63,343	369,638	476,172	226,908			
5.13%	-Interest		657,910	34,220	66,408	63,581	60,606	57,477	234,465	127,929	13,224			
Oregon Business Development Dept. 040-189	-Principal	09/10/09	1,275,287	23,951	49,760	52,346	55,065	57,926	338,030	435,459	262,750			
5.13%	-Interest		649,797	32,712	63,564	60,978	58,258	55,396	228,587	131,158	19,144			
Banc of America Leasing & Capital, LLC	-Principal	11/01/13	1,692,876	380,162	391,101	402,353	413,930	105,330						
2.84%	-Interest		106,219	43,155	32,216	20,963	9,386	499						
Banc of America Leasing & Capital, LLC	-Principal	06/06/13	13,551,137	791,700	828,070	866,112	905,901	947,518	5,431,919	3,779,917				
4.5%	-Interest		4,342,381	593,605	557,234	519,193	479,404	437,787	1,494,604	260,554				
Total Contracts & Loans Payable	-Principal		$ 36,618,208	$ 2,340,600	$ 3,221,554	$ 3,314,875	$ 3,417,649	$ 3,199,594	$ 12,807,023	$ 7,253,993	$ 1,062,920			
Total Contracts & Loans Payable	-Interest		$ 9,362,693	$ 1,213,530	$ 1,191,446	$ 1,097,126	$ 996,724	$ 892,841	$ 2,970,070	$ 946,375	$ 54,581			
TOTAL PORT LONG-TERM DEBT	-Principal		$ 743,440,773	$ 35,627,406	$ 39,739,100	$ 40,193,690	$ 41,869,267	$ 39,022,374	$ 219,147,023	$ 162,228,993	$ 76,182,920	$ 60,325,000	$ 23,140,000	$ 5,965,000
TOTAL PORT LONG-TERM DEBT	-Interest		$ 343,928,807	$ 28,833,030	$ 29,306,711	$ 28,144,756	$ 26,967,860	$ 25,808,759	$ 98,284,827	$ 58,917,983	$ 30,054,319	$ 14,046,918	$ 3,414,519	$ 149,125

Note: Interest rates relate to original issue. Certain coupons are no longer outstanding.
** Interest rate at June 30, 2015. Rate is variable, depending on weekly remarketings.

		Date of Issue	Total Requirements	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21 to 2024-25	2025-26 to 2029-30	2030-31 to 2034-35	2035-36 to 2039-40	2040-41 to 2044-45	2045-46 to 2049-50
INDUSTRIAL DEVELOPMENT REVENUE BONDS:														
Other Industrial Development Revenue Bonds:														
Horizon Air Project:	-Principal	08/07/97	$ 17,300,000							$ 17,300,000				
1997 Series, 0.04%*	-Interest		82,463	$ 6,920	$ 6,920	$ 6,920	$ 6,920	$ 6,920	$ 34,600	13,263				
Portland Bulk Terminals, L.L.C.:	-Principal	06/12/06	71,000,000									$ 71,000,000		
2006 Series, 0.09%*	-Interest		1,386,630	63,900	63,900	63,900	63,900	63,900	319,500	319,500	$ 319,500	108,630		
Total Other	-Principal		$ 88,300,000							$ 17,300,000		$ 71,000,000		
Total Other	-Interest		$ 1,469,093	$ 70,820	$ 70,820	$ 70,820	$ 70,820	$ 70,820	$ 354,100	$ 332,763	$ 319,500	$ 108,630		
TOTAL INDUSTRIAL REVENUE BONDS	-Principal		$ 88,300,000							$ 17,300,000		$ 71,000,000		
TOTAL INDUSTRIAL REVENUE BONDS	-Interest		$ 1,469,093	$ 70,820	$ 70,820	$ 70,820	$ 70,820	$ 70,820	$ 354,100	$ 332,763	$ 319,500	$ 108,630		

* Interest rate at June 30, 2015. Rate is variable, depending on prime.
Note: Interest rates relate to original issue. Certain coupons are no longer outstanding. This schedule is provided for information purposes only. Industrial development revenue bonds are not a liability or contingent liability of the Port.

THE PORT OF PORTLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2015

Federal Grantor/Pass-through Grantor/ Program Title	Award Period	Federal CFDA Number/Contract #	Current Expenditures
U.S. Department of Transportation:			
Federal Aviation Administration:			
Airport Improvement Program:			
AIP-3-41-0048-72	06/12/14 - 06/30/15	20.106	$ 7,544,813
AIP-3-41-0048-73	07/25/14 - 06/30/15	20.106	331,653
AIP 3-41-0048-74	05/26/15 - 06/30/15	20.106	535,699
AIP-3-41-0025-23	09/24/10 - 06/30/15	20.106	2,950,273
			11,362,438
U.S. Department of Homeland Security:			
Office of Domestic Preparedness			
Urban Area Security Initiative FY12	07/01/11 - 06/30/15	97.067	7,325
Transportation Security Administration			
National Explosives Detection Canine Team Program (M)	04/01/08 - 06/30/15	97.072	252,500
Law Enforcement Officer Reimbursement Program FY13-14	07/01/14 - 09/30/14	97.090	36,800
Law Enforcement Officer Reimbursement Program FY14-15	10/01/14 - 06/30/15	97.090	109,200
			405,825
Equitable Sharing Program			
U.S.Department of Treasury	07/01/14 - 06/30/15	16.922	30,390
U.S. Department of Justice	07/01/14 - 06/30/15	16.922	2,158
			32,548
U.S. General Services Administration:			
Oregon Department of Administrative Services			
Federal Surplus Property	07/01/14 - 06/30/15	39.003	9,189
U.S. Army Corps of Engineers (M):			
Direct:			
Contract Dredging	07/01/14 - 06/30/15	W9127N-11-C-0028	19,919,801
			19,919,801
Total Expenditures of Federal Awards			$ 31,729,801

(M) Major federal programs as defined by OMB Circular A-133

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE REGULATIONS

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 *Minimum Standards for Audits of Oregon Municipal Corporations*

To the Board of Commissioners of the Port of Portland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, the financial statements of the Airport and Marine & Other activities of the Port of Portland (the "Port") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated October 27, 2015.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-000 to 162-010-0320, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of various depositories to secure the deposit of public funds
- The requirements relating to debt
- The requirements relating to the preparation, adoption, and execution of the annual budgets
- The requirements pertaining to insurance and fidelity bonds

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- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies
- The statutory requirements pertaining to the investment of public funds
- The requirements pertaining to the awarding of public contracts and the construction of public improvements

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 Minimum Standards for Audits of Oregon Municipal Corporation, as prescribed by the Secretary of State.

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 Minimum Standards for Audits of Oregon Municipal Corporations in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

By:________________________

Michael MacBryde
Portland, Oregon
October 27, 2015