



ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2012

PORT OF SIUSLAW

June 30, 2012

Board of Commissioners

<u>Name and Address</u>	<u>Position</u>	<u>Term Expires</u>
John Buchanan 1405 Yew Street Florence OR 97439	Position 1	30 June 2013
Joshua Greene Suite 3, 2610 Kingwood Street Florence OR 97439	Position 2	30 June 2015
John Scott PO Box 147 Florence OR 97439	Position 3	30 June 2013
Bill Fleenor 09359 Hwy 126 Mapleton OR 97453	Position 4	30 June 2015
Robert Thorp 494 Sherwood Lp Florence OR 97439	Position 5	30 June 2013

Administration

<u>Name and Address</u>	<u>Position</u>
Robert Forsythe PO Box 1220 Florence OR 97439	Port Manager
Dina McClure PO Box 1220 Florence OR 97439	Administrative Assistant
John Wolf Speer Hoyt LLC Suite 700, 975 Oak Street Eugene OR 97401	Legal Counsel

Registered Office

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PORT OF SIUSLAW

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REPORT OF INDEPENDENT AUDITORS

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Port of Siuslaw
Florence, Oregon 97439

We have audited the accompanying financial statements of the Port of Siuslaw (the Port), Florence, Oregon, as of and for the year ended June 30, 2012, which collectively comprise the Port's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management of the Port. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2012, and the changes in its financial position and its cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Port. The individual fund financial statements and other supplementary information are presented for purpose of additional analysis and are not a required part of the basic financial statements. Those statements and information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Emerald CPA Group, LLP

By *William H. Trotter*
William H. Trotter, Partner
Eugene, Oregon
February 7, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis presents the highlights of the financial activities and financial position of the Port of Siuslaw (Port) for the fiscal year ending 30 June 2012 (hereafter referred to as 2012).

The Port is a public enterprise form of government, a hybrid between general government and private enterprise. Taxes provide only a small portion of the Port's income, and the Port relies on profit or at least self-sufficiency from Port operations to provide public services and accomplish its economic development function. Consequently, the Port accounts for its financial activities using proprietary funds similar to those in the private sector, and follows "business-type activity" rather than "government" reporting requirements.

Financial Statements

The Port's basic financial statements include:

- A statement of Net Assets that provides an overview of assets owned by the Port, the debts owed by the Port, and the net difference available as a resource for future operations and activities.
- A statement of Revenues, Expenses, and Changes in Fund Net Assets that summarizes the operating expenses of the Port, and how operating revenues, taxes, grants and other resources cover those expenditures.
- A statement of Cash Flows that provides an objective summary of the "real money" financial condition of the Port as actual cash is received and disbursed.

Supplementary information includes:

- A combining Balance Sheet shows how each budgetary fund contributes to total assets of the Port.
- A combining Statement of Revenues, Expenses and Changes in Fund Net Assets shows how expenditure requirements and income resources are related to each budgetary fund.
- A combining Statement of Cash Flows shows the receipt and disbursement of cash within each fund.
- Statements of Revenues, Expenses and Changes in Budget and Actual Balances for each budgetary fund provide supporting details.
- Schedule of Property Tax Transactions

Financial highlights

Total ending net assets of the Port increased from \$4,691,857 in 2011 to \$5,124,509 in 2012 or \$425,775, a percentage change of 9.2%. Port ending net assets were reduced by depreciation in 2012 by \$416,093.

The Port's change in net assets increased from \$(228,020) to \$17,950 or \$245,970, a percentage change of 107.9%. Operating revenues increased from \$472,081 to \$546,323 or \$74,242, a percentage change of 15.7%. Non-operating revenues increased from \$382,623 to \$452,507 or \$69,884, a percentage change of 18.3 %. A special one-time sale of fixed assets realized a gain of \$149,408.

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

The Port's cash balance increased from \$202,207 at the end of 2011 to \$202,507 at the end of 2012 or \$300, a percentage change of 0.2 %.

Net assets for current and prior year are:

	2012	2011	Increases (decreases)
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 197,499	\$ 162,116	\$ 35,383
Taxes receivable	19,154	16,413	2,741
Accounts receivable	2,813	2,801	12
Inventory	12,859	5,982	6,877
Other assets	20,014	20,994	(980)
Total current assets	<u>252,339</u>	<u>208,306</u>	<u>44,033</u>
Non-current assets:			
Capital assets, net	6,133,452	6,165,936	(32,484)
Restricted cash	5,008	40,091	(35,083)
Total non-current assets	<u>6,138,460</u>	<u>6,206,027</u>	<u>(67,567)</u>
Total assets	<u>\$ 6,390,799</u>	<u>\$ 6,414,333</u>	<u>\$ (23,534)</u>
LIABILITIES			
Current liabilities:			
Payroll related liabilities	\$ 17,053	\$ 16,217	\$ 836
Deposits	8,662	42,265	(33,603)
Deferred revenue	63,624	36,819	26,805
Accrued interest	32,305	16,284	16,021
Current portion of long-term debt	304,159	51,832	252,327
Total current liabilities	<u>425,803</u>	<u>163,417</u>	<u>262,386</u>
Non-current liabilities:			
Long-term debt	<u>840,487</u>	<u>598,716</u>	<u>241,771</u>
Total liabilities	<u>1,266,290</u>	<u>762,133</u>	<u>504,157</u>
NET ASSETS			
Invested in capital assets			
net of related debt	4,988,806	4,969,747	19,059
Restricted	-	-	-
Unrestricted	<u>135,703</u>	<u>(277,890)</u>	<u>413,593</u>
Total net assets	<u>\$ 5,124,509</u>	<u>\$ 4,691,857</u>	<u>\$ 432,652</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

The Changes in net assets for the current and prior year are:

	<u>2012</u>	<u>2011</u>	Increases (decreases)
OPERATING REVENUES			
Leases	\$ 161,342	\$ 132,165	\$ 29,177
Moorage	50,199	44,399	5,800
Storage	22,190	20,045	2,145
Marine fuel sales	60,195	55,246	4,949
Campground fees	240,097	207,926	32,171
Repairs and maintenance revenue	12,300	12,300	-
Total operating revenues	<u>546,323</u>	<u>472,081</u>	<u>74,242</u>
OPERATING EXPENSES			
Salaries	259,057	247,742	11,315
Benefits	63,817	55,122	8,695
Supplies	24,826	25,820	(994)
Utilities	79,833	79,650	183
Fuel	50,184	50,332	(148)
Rentals	4,984	6,463	(1,479)
Repairs and maintenance	56,447	66,927	(10,480)
Professional services	45,938	37,834	8,104
Travel	6,519	16,386	(9,867)
Insurance	41,008	42,005	(997)
Advertising & public relations	18,690	34,194	(15,504)
Taxes & licenses	23,775	16,651	7,124
Other expense	39,417	33,542	5,875
Depreciation expense	416,093	370,056	46,037
Total operating expenses	<u>1,130,588</u>	<u>1,082,724</u>	<u>47,864</u>
Net operating income	<u>(584,265)</u>	<u>(610,643)</u>	<u>26,378</u>
NON OPERATING REVENUES (EXPENSES)			
Property taxes	262,014	256,204	5,810
State forest sales	28,014	23,079	4,935
Grants	203,691	96,005	107,686
Interest income	9,501	4,021	5,480
Interest expense	(73,482)	(36,986)	(36,496)
Miscellaneous income	22,769	40,300	(17,531)
Total non-operating revenues (expenses)	<u>452,507</u>	<u>382,623</u>	<u>69,884</u>
Special item-gain on sale of fixed assets	<u>149,708</u>	<u>-</u>	<u>149,708</u>
Change in net assets	<u>17,950</u>	<u>(228,020)</u>	<u>245,970</u>
NET ASSETS			
Net assets, beginning	5,106,559	4,919,877	186,682
Net assets, ending	<u>\$5,124,509</u>	<u>\$4,691,857</u>	<u>\$ 432,652</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Operating revenues continue to be insufficient to meet operating, debt and capital expense needs, and to offset depreciation. Tax revenues are necessary to cover part of our operating costs. Operating revenues and non-operating tax revenues are not yet sufficient to support a proper level of capital maintenance. Rate adjustments are needed to address ongoing operational cost increases and to cover capital investments. Grants are necessary to maintain the Port's public use facilities. Grants and loans remain vital in support of meaningful capital maintenance and improvement programs.

Budgetary comparison

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget	
				Amount	Percent
General Fund:					
Total revenues	\$ 821,917	\$ 821,917	\$ 954,021	\$ 132,104	16.07%
Expenditures					
Personal services	309,085	309,085	322,874	(13,789)	-4.46%
Materials and services	375,299	375,299	393,083	(17,784)	-4.74%
Capital outlay	573,176	722,084	358,523	363,561	50.35%
Debt service	118,333	118,333	109,005	9,328	7.88%
Contingency	90,000	90,000	-	90,000	100.00%
Total expenditures	1,465,893	1,614,801	1,183,485	431,316	26.71%
Loan proceeds	375,000	375,000	-	(375,000)	-100.00%
Transfer out	(20,000)	(20,000)	(20,000)	-	0.00%
Proceeds from sale of fixed assets	500	149,408	149,708	300	0.20%
Net change in fund balance	<u>\$ (288,476)</u>	<u>\$ (288,476)</u>	<u>\$ (99,756)</u>	<u>\$ 188,720</u>	-65.42%
Special Revenue Grants Fund:					
Total revenues	\$1,668,740	\$1,668,542	\$ 137,194	\$ (1,531,348)	-91.78%
Expenditures					
Materials and services	4,264	4,066	2,586	(1,480)	-36.40%
Capital outlay	1,578,000	1,578,000	26,932	(1,551,068)	-98.29%
Total expenditures	1,582,264	1,582,066	29,518	(1,552,548)	-98.13%
Net change in fund balance	<u>\$ 86,476</u>	<u>\$ 86,476</u>	<u>\$ 107,676</u>	<u>\$ 21,200</u>	24.52%
Capital Maintenance Reserve Fund:					
Total revenues	\$ 450	\$ 450	\$ -	\$ (450)	-100.00%
Expenditures					
Capital outlay	40,000	40,000	-	(40,000)	-100.00%
Total expenditures	40,000	40,000	-	(40,000)	-100.00%
Transfer in	20,000	20,000	20,000	-	0.00%
Net change in fund balance	<u>\$ (19,550)</u>	<u>\$ (19,550)</u>	<u>\$ 20,000</u>	<u>\$ 39,550</u>	-202.30%

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Variations between Budget and Actual Results

The Port exceeded budgeted general fund revenues by \$132,104 in 2012, an increase of 16.1%. This was due primarily to conservative revenue estimates based on the still struggling economy. General fund expenditures for personal services exceeded budgeted amounts by \$13,789 and materials and services by \$17,784. Capital outlay and Debt service expenditures ended the year under budget. Expenditures for the Grants Fund and the Capital Maintenance Reserve Fund were under budget.

Changes in fixed assets:

	<u>Balance</u> <u>07/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reclassified</u>	<u>Balance</u> <u>06/30/12</u>
Land and Improvements:	\$ 4,054,985	\$ -	\$ -	\$ -	\$ 4,054,985
Buildings and Docks	5,461,092	380,609	-	-	5,841,701
Equipment and Vehicles	<u>732,491</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>735,491</u>
 Total capital assets	 <u>10,248,568</u>	 <u>383,609</u>	 <u>-</u>	 <u>-</u>	 <u>10,632,177</u>
 Less accumulated depreciation:					
Land and Improvements	981,777	69,244	-	-	1,051,021
Buildings and Docks	2,617,303	251,270	-	-	2,868,573
Equipment and Vehicles	<u>483,552</u>	<u>95,579</u>	<u>-</u>	<u>-</u>	<u>579,131</u>
 Total accumulated depreciation	 <u>4,082,632</u>	 <u>416,093</u>	 <u>-</u>	 <u>-</u>	 <u>4,498,725</u>
 Net capital assets	 <u>\$ 6,165,936</u>	 <u>\$ (32,484)</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 6,133,452</u>

Changes in long-term debt:

	<u>Balance</u> <u>7/1/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/2012</u>	<u>Due within</u> <u>one year</u>	<u>Interest</u> <u>Paid</u>	<u>Total</u> <u>Payments</u>
Notes Payable:							
OBD Loan No. 52130	\$ 129,608	\$ -	\$ 23,122	\$ 106,486	\$ 24,300	\$ 6,335	\$ 29,457
OBD Loan No. L0004	148,358	-	7,060	141,298	7,483	8,901	15,961
OBD Loan No. 1000214241	250,000	-	-	250,000	250,000	11,310	11,310
Siuslaw Bank Loan No. 524016	72,664	-	2,446	70,218	2,562	3,430	5,876
OBD Loan N. 625186	<u>595,559</u>	<u>-</u>	<u>18,915</u>	<u>576,644</u>	<u>19,814</u>	<u>27,485</u>	<u>46,400</u>
	 <u>\$ 1,196,189</u>	 <u>\$ -</u>	 <u>\$ 51,543</u>	 <u>\$ 1,144,646</u>	 <u>\$ 304,159</u>	 <u>\$ 57,461</u>	 <u>\$ 109,004</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Facts, Decisions, or Conditions that may have a Significant Effect on Financial Position or Results of Operations

A major maintenance study of the Siuslaw jetties completed. The US Army Corps of Engineers has indicated that over 475 feet of the jetties need to be replaced. The Corps has also indicated that the federal government has no immediate plan in place to fix or repair small port jetties or infrastructure. Failure to complete the repairs in a timely manner could impact the navigability of the Siuslaw River as well as the related commercial and recreational activity of the waterway. Our local representatives and congressional office are working to find funds to assist in the financing these types of projects. They hope to stop the raiding of the Harbor Maintenance Trust Fund so that those funds can be used as they were intended. Reduction of activity on the waterway would have an as yet undetermined impact on Port operations and operating revenues.

The US Army Corps of Engineers have indicated that no monies have been allocated to continue dredging operations of the Siuslaw River thru FY 13-14. The lack of maintenance at the mouth of the river will continue to make crossings of the bar dangerous for recreational and commercial vessels. These conditions will continue to affect the revenues generated by both recreational and commercial boating and fishing.

The Wharf repair was made possible, when in August 2011, the Port received a \$1.5 million grant in the Oregon Department of Transportation's Connect III funding to repair the 1966 vintage wharf. This project will begin in 2012 and ensure economic stability for the Port as well as the City of Florence due to the economic effects of business operations associated with the wharf.

The Port's Wharf is in the process of being reengineered and rebuilt. We expect that this action should extend the service life of this structure by 30 to 40 years. The Port's marine facility assets and docks, have been repaired and or replaced extending their service life 15 to 20 years. These actions will ensure the Port's ability to operate mooring operations, commercial building operations, fuel vending, and commercial fishing operations well into the future.

The next major project that needs attending is the bulkhead on the eastern end of the Port property. This bulkhead runs from the public boat ramp east approximately 800 feet. The existing bulkhead is starting to fail, which if not attended to will cause a loss of recreational moorage space along with the fueling station access and approximately 20 recreational vehicle parking sites. The Port is in the process of seeking drawings and estimates, so that a grant search may commence.

At present our debt service level is approximately 1.5 million dollars. The Port needs to restructure this debt to reduce the approximate \$138,000.00 annual payments. This debt may be paid down during FY 13-14 by the sale of surplus real property as well as investment property purchased for the intent of increasing revenue.

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

We should remember that in the aftermath of the country's financial crisis lending and grant funding is much more difficult. With our current indebtedness these funds may be much more difficult to come by

Financial Contact

The Port's financial statements are designed to present citizens, taxpayers, investors and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability. If you have questions about this report or need additional financial information, please contact the Port Manager at 100 Harbor Street, PO Box 1220, Florence, Oregon 97439.

BASIC FINANCIAL STATEMENTS

PORT OF SIUSLAW
Statement of Net Assets
June 30, 2012

ASSETS:

Current assets:

Cash and cash equivalents	\$ 197,499
Taxes receivable	19,154
Accounts receivable	2,813
Inventory	12,859
Other assets	20,014
Total current assets	<u>252,339</u>

Non-current assets:

Capital assets, net	6,133,452
Restricted cash	5,008
Total non-current assets	<u>6,138,460</u>

Total assets	<u><u>\$6,390,799</u></u>
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LIABILITIES:

Current liabilities:

Payroll related liabilities	\$ 17,053
Deposits	8,662
Deferred revenue	63,624
Accrued interest	32,305
Current portion of long-term debt	304,159
Total current liabilities	<u>425,803</u>

Non-current liabilities:

Long-term debt	<u>840,487</u>
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Total liabilities	<u>1,266,290</u>
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NET ASSETS:

Invested in capital assets, net of related debt	4,988,806
Restricted	-
Unrestricted	<u>135,703</u>

Total net assets	<u>5,124,509</u>
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Total liabilities and net assets	<u><u>\$6,390,799</u></u>
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The accompanying notes are an integral part of these financial statements

PORT OF SIUSLAW
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2012

OPERATING REVENUES:

Leases	\$ 161,342
Moorage	50,199
Storage	22,190
Marine fuel sales	60,195
Campground fees	240,097
Repairs and maintenance revenue	<u>12,300</u>
Total operating revenues	<u>546,323</u>

OPERATING EXPENSES:

Salaries	259,057
Benefits	63,817
Supplies	24,826
Utilities	79,833
Fuel	50,184
Rentals	4,984
Repairs and maintenance	56,447
Professional services	45,938
Travel	6,519
Insurance	41,008
Advertising & public relations	18,690
Taxes & licenses	23,775
Other expense	39,417
Depreciation expense	<u>416,093</u>
Total operating expenses	<u>1,130,588</u>

Operating income (loss) (584,265)

NON-OPERATING REVENUES (EXPENSES):

Property taxes	262,014
State forest sales	28,014
Grants	203,691
Interest and investment revenue	9,501
Interest expense	(73,482)
Miscellaneous revenue	<u>22,769</u>
Total nonoperating revenues (expenses)	<u>452,507</u>

Income (loss) before special item (131,758)

Special item - gain (loss) on sale of fixed assets 149,708

Change in net assets 17,950

Net assets, beginning 5,106,559

Net assets - ending \$5,124,509

The accompanying notes are an integral part of these financial statements

PORT OF SIUSLAW
Statement of Cash Flows
For the Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 539,513
Payments to suppliers	(397,518)
Payments to employees	<u>(322,038)</u>
Net cash provided by operating activities	<u>(180,043)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property tax receipts	259,273
Other Grants	66,497
Other receipts (payments)	<u>50,783</u>
Net cash provided by noncapital financing activities	<u>376,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants received	137,194
Payments on Loans	(51,543)
Purchases of capital assets	(383,609)
Interest paid on capital debts	(57,461)
Sale of assets	<u>149,708</u>
Net cash provided by capital related financing activities	<u>(205,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	9,501
Net cash provided (used) by investing activities	<u>9,501</u>
Net increase (decrease) in cash and cash equivalents	<u>300</u>
Cash Balances - beginning of the year	<u>202,207</u>
Cash Balances - end of the year	<u><u>\$ 202,507</u></u>
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (Loss)	\$ (584,265)
Adjustments to reconcile operating income:	
Depreciation expense	416,093
Change in assets and liabilities:	
(Increase) decrease in receivables	(12)
(Increase) decrease in prepaid expense	980
(Increase) decrease in inventories	(6,877)
Increase (decrease) in payroll related liabilities	836
Increase (decrease) in deposits	(33,603)
Increase (decrease) in deferred revenue	<u>26,805</u>
Net cash provided by operating activities	<u><u>\$ (180,043)</u></u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

1. Summary of Significant Accounting Policies

A. REPORTING ENTITY

The Port of Siuslaw is organized under the provision of State of Oregon statutes for a port. The governing body is the Board of Commissioners, which is composed of five elected members. The administrative functions of the Port are directed by the Port manager, who reports to the Board of Commissioners. The Port is a primary government and there were no other organizations (component units) that the Port was financially accountable for that would be required to be included in these financial statements.

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The financial statements have been prepared in accordance with the modified cash basis, a basis of accounting other than accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Accruals for accounts receivable and accounts payable have been omitted. The Port follows the "business-type activities" reporting requirements of GASB Statement No. 34 that provides a comprehensive one-column look at the Port's financial activities.

The Port's basic financial statements have applied, consistent with its modified cash basis of accounting, the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989 unless those pronouncements conflict or contradict Governmental Accounting Standards Board (GASB) pronouncements. The Port has elected not to follow subsequent private-sector guidance. (GASB 34 Para 115-d)

The proprietary fund type is used by the Port to account for activities similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration.

Operating revenues generally result from providing services to customers. Principal operating revenues include moorage, leases, marine fuel sales and RV Park fees. All other revenues, including property taxes, and grants not meeting this definition is reported as non-operating revenues.

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

The Port reports the following budgeted proprietary funds:

General operating fund is used to account for most of the Port's operations. Primary revenues are leases, moorage fees, storage fees, RV park fees and sale of marine fuel. Capital assets and debt service are recorded as expenditures.

Special revenue grants fund is used to account for monies received from intergovernmental grantors, and for expenditures of those monies. Capital assets are recorded as expenditures.

Capital maintenance reserve fund is used to accumulate money for financing the cost of any service, project, property or equipment that the Port can legally perform or acquire. Capital assets are recorded as expenditures.

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

C. BUDGETS

Budgets are prepared and adopted, and expenditures are appropriated, in accordance with the Local Budget Law. Budgets are adopted on the cash-basis of accounting, which is not in conformity with generally accepted accounting principles, but is an acceptable method for Oregon Municipal Corporations under Oregon Local Budget Law. All annual appropriations lapse at fiscal year end. The Port does not use encumbrance accounting.

Unexpected additional resources may be added to the budget through the use of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, approval by the budget committee and adoption by the Board of Commissioners. Management may modify original and supplemental budgets by the use of appropriation transfers between the levels of control within a fund. Such transfers require the approval of the Board of Commissioners.

During the fiscal year, General fund personal services exceeded budgeted appropriations by \$13,789 and General Fund materials and services exceeded budgeted appropriations by \$17,784.

D. CASH AND CASH EQUIVALENTS

The cash and cash equivalents reported on the balance sheets include petty cash and change funds, checking account and money market account balances.

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

E. RECEIVABLES AND PAYABLES

Receivables are recorded on the balance sheet in accordance with the policies enumerated in paragraph above.

For the current year the Port levied taxes at the permanent rate of 0.1474 per \$1,000 of assessed value within the taxing Port. Measure 50 establishes the permanent rate and allows for an increase of the assessed value of 3% per year.

Lane County makes all assessments of property value, and levies and collects the taxes for the Port and all other taxing Ports within the County. Assessments of property values are as of January 1 of each year. Real property taxes are levied and attach as an enforceable lien on property on July 1. Taxes are payable in three installments on November 15, February 15, and May 15. A 3% discount is allowed for payment in full on November 15.

F. INVENTORIES AND PREPAID ITEMS

Inventories are stated at the lower of cost or market. Cost is determined by the first-in/first-out method for all inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in statement of net assets.

G. CAPITAL ASSETS

Capital assets include land and land improvements; buildings and buildings improvements; equipment and machinery; infrastructure; and construction in progress. The Port's capitalization threshold is \$3,000, and on estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Purchased fixed assets are valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated fixed assets are valued at estimated fair market value on the date received.

Depreciation is computed using the straight-line method over the estimated useful life of the assets. Estimated useful lives are 10 to 20 years for buildings and improvements, 5 to 10 years for equipment, and 20 years for parking lot and RV loop improvements.

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

H. NET ASSETS

GASB Statement No. 34 reports equity as "net assets" rather than "fund balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of the Port's obligations.

I. USE OF ESTIMATES

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

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2012.

Cash in financial institutions	\$	197,456
Cash with Hercules reservation systems		4,701
Petty cash		<u>350</u>
Total	\$	<u>202,507</u>

Deposits with financial institutions are comprised of bank demand deposits. Total bank balances, as shown on the bank's records at year-end were \$234,452. Of these deposits, the total covered by federal deposit insurance was \$250,000 at June 30, 2012.

Custodial credit risk - deposits: This is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. In order to minimize this risk, the State of Oregon established the Public Funds Collateralization Program (PFCP).

PFCP is an application created by the Office of the State Treasurer (OST) to facilitate bank depository, custodian and public official compliance with Oregon Revised Statutes 295 (ORS) effective on July 1, 2008. Requirements described on PFCP for depository banks, custodian banks and local governments are set forth as the following:

Banks are required to report quarterly to the State Treasurer, providing quarter-end public funds balance in excess of the FDIC limits, net worth, and FDIC capitalization information. The FDIC assigns each bank with a capitalization category quarterly, either well capitalized, adequately capitalized or undercapitalized. The PFCP calculates, based on this information, the bank's minimum collateral (maximum liability) that must be pledged with the custodian for the next quarter. The maximum liability is reported to the bank, OST and custodian.

The custodian banks hold the collateral pledged by the banks. OST provides the custodian the maximum liability for each bank. Banks will request security pledges, releases and substitutions through the PFCP. The custodian will process the transactions as approved by OST and maintain an inventory of pledged securities. OST will monitor that adequate collateral is pledged at all times and that all banks comply with the requirements of ORS.

Public officials are required to verify that deposit accounts in excess of deposit insurance limits are only maintained at financial institutions included on the list of qualified depositories found on the OST's web site. Public officials are also required to report at least annually, or within 10 days of a change, the banks they do business with, and contact information for the public official. It is the responsibility of the public official to ensure compliance with these requirements in order to eliminate personal liability in the event of a bank loss.

The District's depository bank was listed on the Treasurer's web site, "Qualified Depositories for Public Fund", throughout the fiscal year.

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

3. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance 07/01/11	Additions	Reductions	Reclassified	Balance 06/30/12
Land and Improvements:	4,054,985	-	-	-	4,054,985
Buildings and Docks	5,461,092	380,609	-	-	5,841,701
Equipment and Vehicles	732,491	3,000	-	-	735,491
Total capital assets	10,248,568	383,609	-	-	10,632,177
Less accumulated depreciation:					
Land and Improvements	981,777	69,244	-	-	1,051,021
Buildings and Docks	2,617,303	251,270	-	-	2,868,573
Equipment and Vehicles	483,552	95,579	-	-	579,131
Total accumulated depreciation	4,082,632	416,093	-	-	4,498,725
Net capital assets	<u>\$ 6,165,936</u>	<u>\$ (32,484)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,133,452</u>

4. Long-term debt

A. DESCRIPTION OF FINANCING AGREEMENTS

In 1995 the Port borrowed \$60,000 from the Oregon Business Development (OBD) Department's Oregon Port Revolving Loan Fund for a Port Development Project. In April of 1999 the Port borrowed an additional \$113,113 and during the fiscal year ended June 30, 2000, the OEDD advanced an additional \$157,753. Debt service is \$7,364 quarterly through 2016, including interest payments at 5%. At June 30, 2012, the balance due on this Commercial Dock and Business Site Development Project loan no. 52130 is \$129,608.

The Port borrowed \$189,139 in April 2000 from the Oregon Business Development Department's Special Works Fund. Debt service is \$15,961 annually through 2025, including 6% interest. At June 30, 2012, the balance due on this loan no. L0004 is \$148,358. This was for commercial dock and business site development.

The Oregon Business Development Department required part of their dredging funds awarded to the Port to be a loan. In March and April 2009 the Port borrowed \$75,000. This loan no. 524016 is payable in annual amounts on December 1 in the amount of \$5,876 including interest at 4.72 percent. This loan was for marina dredging.

In August 2008, Siuslaw Bank lent the Port \$250,000 with interest rate at 4.45%. In 2013, the Port will make a balloon payment. This loan no. was for the Port to obtain free and clear title to the property for future economic development.

In 2012 the Oregon Business Development Department lent the Port \$601,000. Payments are due quarterly in the amount of \$11,600 including interest at 4.67 percent. This loan no. 525186 was for the Maple Street landing and dock rehabilitation.

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

4. Long-term debt(continued)

B. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Due within one year	Interest Paid	Total Payments
OBD Loan No. 52130	\$ 129,608	\$ -	\$ 23,122	\$ 106,486	\$ 24,300	6,335	29,457
OBD Loan No. L0004	148,358	-	7,060	141,298	7,483	8,901	15,961
OBD Loan No. 1000214241	250,000	-	-	250,000	250,000	11,310	11,310
Siuslaw Bank Loan No. 524016	72,664	-	2,446	70,218	2,562	3,430	5,876
OBD Loan N. 625186	595,559	-	18,915	576,644	19,814	27,485	46,400
Total	\$ 1,196,189	\$ -	\$ 51,543	\$ 1,144,646	\$ 304,159	\$ 57,461	\$ 109,004

C. DEBT SERVICE REQUIREMENTS

Future debt service requirements on the above loans payable are as follows:

Year Ending June 30,	OBD Loan No. 520130			OBD Loan No. L00004			Siuslaw Bank Loan - 1000214241		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	24,300	9,583	33,883	7,483	8,478	15,961	250,000	11,125	261,125
2014	25,538	7,445	32,983	7,932	8,029	15,961	-	-	-
2015	26,840	5,198	32,038	8,408	7,553	15,961	-	-	-
2016	28,207	2,836	31,043	8,912	7,049	15,961	-	-	-
2017	1,601	91	-	9,447	6,514	15,961	-	-	-
2018-2022	-	-	-	56,451	23,354	79,805	-	-	-
2023-2027	-	-	-	42,665	5,220	47,885	-	-	-
2028-2032	-	-	-	-	-	-	-	-	-
Total	\$ 106,486	\$ 25,153	\$ 129,947	\$ 141,298	\$ 66,197	\$ 207,495	\$ 250,000	\$ 11,125	\$ 261,125

Year Ending June 30,	OBD Loan No. 524016			OBD Loan No. 625186			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2013	2,562	3,314	5,876	19,814	26,586	46,400	304,159	59,086	363,245
2014	2,683	3,193	5,876	20,756	25,644	46,400	56,909	44,311	101,220
2015	2,809	3,067	5,876	21,742	24,658	46,400	59,799	40,476	100,275
2016	2,942	2,934	5,876	22,775	23,624	46,399	62,836	36,443	99,279
2017	3,081	2,795	5,876	23,858	22,542	46,400	37,987	31,942	69,929
2018-2022	17,727	11,653	29,380	137,414	94,585	231,999	211,592	129,592	341,184
2023-2027	22,325	7,055	29,380	173,319	58,679	231,998	238,309	70,954	309,263
2028-2032	16,089	1,542	17,631	156,966	14,888	171,854	173,055	16,430	189,485
Total	\$ 70,218	\$ 35,553	\$ 105,771	\$ 576,644	\$ 291,206	\$ 867,850	\$ 1,144,646	\$ 429,234	\$ 1,573,880

PORT OF SIUSLAW

For the Year Ended June 30, 2012 Notes to the Financial Statements

5. Prior period adjustment

The beginning balance of net assets in the General Fund is adjusted by \$(35,238) to reflect the accounts receivable and deferred revenue at Hercules reservations service at the beginning of the year.

6. Contingent liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustments by grantor agencies. Any disallowed costs, including amounts already collected, may constitute a liability of the applicable funds.

7. Deferred compensation plan

The Port offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time port employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. Investment balance as of June 30, 2012 was \$50,900.

8. Risk management

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Port participates in the Special District Association of Oregon. The Port has not significantly reduced insurance coverage in the past three years nor has it paid claims in excess of its insurance coverage.

SUPPLEMENTARY FINANCIAL INFORMATION

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the council of the government is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charge; or where the council of the government has decided that periodic determination of revenue earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

General Operating Fund - The General Operating Fund is used to account for most of the Port's operations. Primary revenues are leases, moorage fees, storage fees, RV park fees and sale of marine fuel. Fixed assets are recorded at cost at the time of acquisition and depreciation is recognized as an expense in the generally accepted accounting principles (GAAP) proprietary fund presentation. For budgetary purposes acquisition of fixed assets is treated as expenditure and depreciation expense is not recognized.

Special Revenue Grants Fund - This fund is used to account for monies received from intergovernmental grantors, and for expenditures of those monies.

Capital Maintenance Reserve Fund – This fund is used to accumulate money for financing the cost of any service, project, property or equipment that the Port of Siuslaw can legally perform or acquire.

PORT OF SIUSLAW
Statement of Net Assets
Proprietary Funds
June 30, 2012

	<u>Enterprise Funds</u>			
	<u>General Operating Fund</u>	<u>Special Revenue Grants Fund</u>	<u>Capital Maintenance Reserve Fund</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 158,495	\$ -	\$ 39,004	\$ 197,499
Taxes receivable	19,154	-	-	19,154
Accounts Receivable, net	2,813	-	-	2,813
Due from other funds	-	14,442	188,109	202,551
Inventories	12,859	-	-	12,859
Prepaid Expenses	20,014	-	-	20,014
Total current assets	<u>213,335</u>	<u>14,442</u>	<u>227,113</u>	<u>454,890</u>
Non-current assets:				
Capital Assets:				
Capital assets, net	4,738,513	1,393,682	1,257	6,133,452
Restricted cash	5,008	-	-	5,008
Total non-current assets	<u>4,743,521</u>	<u>1,393,682</u>	<u>1,257</u>	<u>6,138,460</u>
Total assets	<u>\$ 4,956,856</u>	<u>\$ 1,408,124</u>	<u>\$ 228,370</u>	<u>\$ 6,593,350</u>
LIABILITIES				
Current Liabilities:				
Accrued interest payable	32,305	-	-	32,305
Due to other funds	202,551	-	-	202,551
Payroll related liabilities	17,053	-	-	17,053
Deposits	8,662	-	-	8,662
Deferred revenue	63,624	-	-	63,624
Current portion of long-term debt	304,159	-	-	304,159
Total current liabilities	<u>628,354</u>	<u>-</u>	<u>-</u>	<u>628,354</u>
Non-current liabilities:				
Bonds, notes and loans payable	840,487	-	-	840,487
Total non-current liabilities	<u>840,487</u>	<u>-</u>	<u>-</u>	<u>840,487</u>
Total liabilities	<u>1,468,841</u>	<u>-</u>	<u>-</u>	<u>1,468,841</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,593,867	1,393,682	1,257	4,988,806
Unrestricted	(105,852)	14,442	227,113	135,703
Total net assets	<u>3,488,015</u>	<u>1,408,124</u>	<u>228,370</u>	<u>5,124,509</u>
Total liabilities and net assets	<u>\$ 4,956,856</u>	<u>\$ 1,408,124</u>	<u>\$ 228,370</u>	<u>\$ 6,593,350</u>

PORT OF SIUSLAW
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds			Total
	<u>General Operating Fund</u>	<u>Special Revenue Grants Fund</u>	<u>Capital Maintenanc e Reserve</u>	
OPERATING REVENUES				
Charges for services:				
Leases	\$ 161,342	\$ -	\$ -	\$ 161,342
Moorage	50,199	-	-	50,199
Storage	22,190	-	-	22,190
Marine fuel sales	60,195	-	-	60,195
Campground fees	240,097	-	-	240,097
Repairs and maintenance revenues	12,300	-	-	12,300
Total operating revenues	<u>546,323</u>	<u>-</u>	<u>-</u>	<u>546,323</u>
OPERATING EXPENSES				
Personal services		-	-	-
Salaries	\$ 259,057	\$ -	\$ -	\$ 259,057
Benefits	63,817	-	-	63,817
Supplies	22,240	2,586	-	24,826
Utilities	79,833	-	-	79,833
Fuel	50,184	-	-	50,184
Rentals	4,984	-	-	4,984
Repairs and maintenance	56,447	-	-	56,447
Professional services	45,938	-	-	45,938
Travel	6,519	-	-	6,519
Insurance	41,008	-	-	41,008
Advertising and public relations	18,690	0	-	18,690
Taxes and licenses	23,775	-	-	23,775
Other expenses	39,417	-	-	39,417
Depreciation	254,367	158,597	3,129	416,093
Total Operating Expenses	<u>966,276</u>	<u>161,183</u>	<u>3,129</u>	<u>1,130,588</u>
Operating income (loss)	<u>(419,953)</u>	<u>(161,183)</u>	<u>(3,129)</u>	<u>(584,265)</u>
NON-OPERATING REVENUES (EXPENSES)				
Property taxes	262,014			262,014
State forest sales	28,014			28,014
Operating grants and contributions	66,497	137,194	-	203,691
Interest and investment revenue	9,501	-	-	9,501
Interest expense	(73,482)	-	-	(73,482)
Miscellaneous revenue	22,769	-	-	22,769
Miscellaneous expenses	-	-	-	-
Total non-operating revenue (expenses)	<u>315,313</u>	<u>137,194</u>	<u>-</u>	<u>452,507</u>
Income (loss) before transfers and special item:	(104,640)	(23,989)	(3,129)	(131,758)
Transfers in	-	-	20,000	20,000
Transfers out	(20,000)	-	-	(20,000)
Special item - gain (loss) on sale of fixed assets	149,708	-	-	149,708
Change in net assets	25,068	(23,989)	16,871	17,950
Total net assets - beginning	<u>3,462,947</u>	<u>1,432,113</u>	<u>211,499</u>	<u>5,106,559</u>
Total net assets - ending	<u>\$ 3,488,015</u>	<u>\$ 1,408,124</u>	<u>\$ 228,370</u>	<u>\$ 5,124,509</u>

PORT OF SIUSLAW
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2012

	<u>General Operating</u>	<u>Special Revenue Grants</u>	<u>Capital Maintenance Reserve</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 539,513	\$ -	\$ -	\$ 539,513
Payments to suppliers	(394,932)	(2,586)	-	(397,518)
Payments to employees	(322,038)	-	-	(322,038)
Net cash provided by operating activities	<u>(177,457)</u>	<u>(2,586)</u>	<u>-</u>	<u>(180,043)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property tax receipts	259,273	-	-	259,273
Other Grants	66,497	-	-	66,497
Other receipts (payments)	30,783	-	20,000	50,783
Advances from other funds	137,811	(137,866)	55	-
Net cash provided by noncapital financing activities	<u>494,364</u>	<u>(137,866)</u>	<u>20,055</u>	<u>376,553</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received	-	137,194	-	137,194
Payments on Loans	(51,543)	-	-	(51,543)
Purchases of capital assets	(356,677)	(26,932)	-	(383,609)
Interest paid on capital debts	(57,461)	-	-	(57,461)
Sale of assets	149,708	-	-	149,708
Net cash provided by capital related financing activities	<u>(315,973)</u>	<u>110,262</u>	<u>-</u>	<u>(205,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	9,501	-	-	9,501
Net cash provided (used) by investing activities	<u>9,501</u>	<u>-</u>	<u>-</u>	<u>9,501</u>
Net increase (decrease) in cash and cash equivalents	10,435	(30,190)	20,055	300
Cash balances beginning of the year	153,068	30,190	18,949	202,207
Cash balances end of year	<u>163,503</u>	<u>-</u>	<u>39,004</u>	<u>202,507</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (Loss)	(419,953)	(161,183)	(3,129)	(584,265)
Adjustments to reconcile operating income:				
Depreciation expense	254,367	158,597	3,129	416,093
Change in assets and liabilities:				
(Increase) decrease in receivables	(12)	-	-	(12)
(Increase) decrease in prepaid expense	980	-	-	980
(Increase) decrease in inventories	(6,877)	-	-	(6,877)
Increase (decrease) in payroll related liabilities	836	-	-	836
Increase (decrease) in deposits	(33,603)	-	-	(33,603)
Increase (decrease) in deferred revenue	26,805	-	-	26,805
Net cash provided by operating activities	<u>\$ (177,457)</u>	<u>\$ (2,586)</u>	<u>\$ -</u>	<u>\$ (180,043)</u>

PORT OF SIUSLAW
Budget and Actual (with Variances)
General Operating Fund
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 265,733	\$ 265,733	\$ 259,273	\$ (6,460)
Sales and miscellaneous taxes	-	-	28,014	28,014
Intergovernmental	105,476	105,476	66,497	(38,979)
Charges for services				
Leases	126,512	126,512	161,342	34,830
Moorage	51,446	51,446	50,199	(1,247)
Storage	22,000	22,000	22,190	190
Marine fuel sales	35,000	35,000	60,195	25,195
Campground fees	232,200	232,200	262,879	30,679
Repairs and maintenance revenues	12,300	12,300	12,300	-
Investment earnings	(3,000)	(3,000)	9,501	12,501
Miscellaneous	(25,750)	(25,750)	21,631	47,381
	<u>821,917</u>	<u>821,917</u>	<u>954,021</u>	<u>132,104</u>
EXPENDITURES				
Current:				
Personal services	309,085	309,085	322,874	(13,789)
Materials and services	375,299	375,299	393,083	(17,784)
Debt Service:				
Principal & interest	118,333	118,333	109,005	9,328
Capital Outlay	573,176	722,084	358,523	363,561
Contingency	90,000	90,000	-	90,000
Total Expenditures	<u>1,465,893</u>	<u>1,614,801</u>	<u>1,183,485</u>	<u>431,316</u>
Excess (deficiency) of revenues over expenditures	<u>(643,976)</u>	<u>(792,884)</u>	<u>(229,464)</u>	<u>563,420</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term loans	375,000	375,000	-	(375,000)
Transfers in	-	-	-	-
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources and uses	<u>355,000</u>	<u>355,000</u>	<u>(20,000)</u>	<u>(375,000)</u>
SPECIAL ITEM				
Proceeds from sale capital assets	<u>500</u>	<u>149,408</u>	<u>149,708</u>	<u>300</u>
Net change in fund balances	(288,476)	(288,476)	(99,756)	188,720
Fund balances - beginning	<u>300,000</u>	<u>300,000</u>	<u>54,425</u>	<u>(245,575)</u>
Fund balances - ending	<u>\$ 11,524</u>	<u>\$ 11,524</u>	<u>(45,331)</u>	<u>\$ (56,855)</u>
Reconciliation to GAAP basis:				
Current assets			50,262	
Capital assets, net			4,738,510	
Current liabilities			(110,780)	
Long-term debt			<u>(1,144,646)</u>	
Total reconciling items			<u>3,533,346</u>	
Net assets, ending			<u>\$ 3,488,015</u>	

PORT OF SIUSLAW
Budget and Actual (with Variances)
Special Revenue Grants Fund
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Connect Oregon Grant	\$ 1,500,000	\$ 1,500,000	\$ -	\$ (1,500,000)
County Ind Dev Rev Fund Grant	89,476	89,476	-	(89,476)
OSMB facilities grant	75,000	75,000	137,392	62,392
Other grants	4,264	4,066	(198)	(4,264)
Total revenues	<u>1,668,740</u>	<u>1,668,542</u>	<u>137,194</u>	<u>(1,531,348)</u>
EXPENDITURES				
Current:				
Public ways and facilities				
Materials and services	4,264	4,066	2,586	1,480
Capital Outlay	<u>1,578,000</u>	<u>1,578,000</u>	<u>26,932</u>	<u>1,551,068</u>
Total Expenditures	<u>1,582,264</u>	<u>1,582,066</u>	<u>29,518</u>	<u>1,552,548</u>
Net change in fund balance	86,476	86,476	107,676	21,200
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>(93,234)</u>	<u>(93,234)</u>
Fund balances - ending	<u>\$ 86,476</u>	<u>\$ 86,476</u>	<u>14,442</u>	<u>\$ (72,034)</u>
Reconciliation to GAAP basis:				
Capital assets, net			<u>1,393,682</u>	
Net assets, ending			<u>\$ 1,408,124</u>	

PORT OF SIUSLAW
Budget and Actual (with Variances)
Capital Maintenance Reserve Fund
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts,</u> <u>Budgetary</u> <u>Basis</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Investment earnings	\$ 450	\$ 450	\$ -	\$ (450)
Total revenues	<u>450</u>	<u>450</u>	<u>-</u>	<u>(450)</u>
EXPENDITURES				
Current:				
Capital Outlay	40,000	40,000	-	40,000
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
Excess (deficiency) of revenues over expenditures	<u>(39,550)</u>	<u>(39,550)</u>	<u>-</u>	<u>39,550</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	20,000	20,000	20,000	-
Transfers out	-	-	-	-
Total other financing sources and uses	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balances	(19,550)	(19,550)	20,000	39,550
Fund balances - beginning	<u>20,662</u>	<u>20,662</u>	<u>207,113</u>	<u>186,451</u>
Fund balances - ending	<u>\$ 1,112</u>	<u>\$ 1,112</u>	<u>227,113</u>	<u>\$ 226,001</u>
Reconciliation to GAAP basis:				
Capital assets, net			<u>1,257</u>	
Net assets, ending			<u>\$ 228,370</u>	

PORT OF SIUSLAW

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the fiscal year ended June 30, 2012

<u>Fiscal Year</u>	<u>Levy and Uncollected Balance 6/30/2011</u>	<u>Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance 6/30/2012</u>	<u>Interest</u>
2011-12	\$ 260,233	\$ 5,060	\$ 256,458	\$ 8,835	\$ 119
2010-11	7,656	(1,105)	1,511	5,040	271
2009-10	3,923	(277)	294	3,352	306
2008-09	2,062	(461)	721	880	357
2007-08	709	(172)	263	274	155
2006-07	235	(45)	21	169	25
2005-06	158	(25)	(7)	140	8
Prior Years	<u>1,670</u>	<u>(194)</u>	<u>12</u>	<u>1,464</u>	<u>37</u>
Totals	<u>\$ 276,646</u>	<u>\$ 2,781</u>	<u>\$ 259,273</u>	<u>\$ 20,154</u>	<u>\$ 1,278</u>

Property Tax - Source Lane County Summary of Property Tax Collections
6/30/2012

*COMMENTS OF THE INDEPENDENT AUDITORS
REQUIRED BY THE STATE OF OREGON MINIMUM STANDARDS
FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS*

COMMENTS OF THE INDEPENDENT AUDITORS
REQUIRED BY MINIMUM STANDARDS FOR
AUDITS OF OREGON MUNICIPAL CORPORATIONS

Board of Commissioners
Port of Siuslaw
Florence, Oregon 97439

We have audited the basic financial statements of the Port of Siuslaw (the Port) for the year ended June 30, 2012, and have issued our report thereon dated February 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes (ORS) as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

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

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

In connection with our testing, nothing came to our attention that caused us to believe the Port was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Municipal corporations.

Members of the Board of Commissioners
Port of Siuslaw
Page 2 of 2

OAR 162-10-320 Internal Control

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

We have separately issued an internal control report dated February 7, 2013 under the provisions of *Statements on Auditing Standards* (SAS) 115.

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

Emerald CPA Group, LLP

By William H. Trotter
William H. Trotter, Partner
Eugene, Oregon
February 7, 2012