



ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011

PORT OF SIUSLAW

June 30, 2011

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	June 30, 2013
Joshua Greene 2610 Kingwood, Suite 3 Florence, OR 97439	Position 2	June 30, 2015
John Scott PO Box 147 Florence, OR 97439	Position 3	June 30, 2013
Ralph Saulsgiver 84178 Clear Lake Road Florence, OR 97439	Position 4	June 30, 2015
Sally Owens 15590 HWY 36 Deadwood, OR 97430	Position 5	June 30, 2015

ADMINISTRATION

<u>NAME</u>	<u>POSITION</u>	<u>START DATE</u>
Mark Freeman	Port Manager	July 23, 2007
Susan Lacer	Administrative Assistant	May 3, 2007
Dina McClure	Administrative Assistant	December 22, 2009
John Wolf	Legal Counsel	

REGISTERED OFFICE

Port of Siuslaw
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**PORT OF SIUSLAW
FLORENCE, OREGON**

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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, 2011, 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 opinions 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.

As discussed in Note 1, The Port prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position - modified cash basis- of the Port as of June 30, 2011, and the changes in its financial position - modified cash basis - and its cash flows - modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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 opinions 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
January 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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 2011 (hereafter referred to as 2011).

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 \$4,919,877 in 2010 to \$5,141,797 in 2011 or \$221,920, a percentage change of 4.5%. Port ending net assets were reduced by depreciation in 2011 by \$370,056.

The Port's change in net assets declined from \$604,775 to \$(192,782) or \$(797,557), a percentage change of (131.88) %. Operating revenues increased from \$488,041 to \$507,319 or \$19,278, a percentage change of 4.0%. Non-operating revenues declined from \$990,958 to \$345,637 or \$(645,321), a percentage change of (65.1) %.

The Port's cash balance decreased from \$1,286,037 at the end of 2010 to \$202,207 at the end of 2011 or \$(1,083,830), a percentage change of (84.3) %.

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Net assets for current and prior year are:

	<u>2011</u>	<u>2010</u>	<u>Increases (decreases)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 162,116	\$ 1,246,152	\$ (1,084,036)
Taxes receivable	16,413	16,443	(30)
Accounts receivable	1,220	1,221	(1)
Grants receivable	-	-	-
Inventory	5,982	5,982	-
Other assets	20,994	29,378	(8,384)
Total current assets	<u>206,725</u>	<u>1,299,175</u>	<u>(1,092,450)</u>
Non-current assets:			
Capital assets, net	6,165,936	4,249,209	1,916,727
Restricted cash	40,091	39,885	206
Total non-current assets	<u>6,206,027</u>	<u>4,289,094</u>	<u>1,916,933</u>
Total assets	<u>6,412,752</u>	<u>5,588,269</u>	<u>824,483</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Payroll related liabilities	16,217	(956)	17,173
Deposits	42,265	41,699	566
Other liabilities	-	-	-
Accrued interest	16,284	-	16,284
Current portion of long-term debt	51,832	28,934	22,899
Total current liabilities	<u>126,598</u>	<u>69,676</u>	<u>56,922</u>
Non-current liabilities:			
Long-term debt	<u>1,144,357</u>	<u>598,716</u>	<u>627,650</u>
Total liabilities	<u>1,270,955</u>	<u>668,392</u>	<u>684,572</u>
NET ASSETS			
Invested in capital assets			
net of related debt	4,969,747	(587,765)	5,557,512
Restricted	-	4,249,209	(4,249,209)
Unrestricted	172,050	1,258,433	(1,086,383)
Total net assets	<u>\$ 5,141,797</u>	<u>\$ 4,919,877</u>	<u>\$ 221,920</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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

	<u>2011</u>	<u>2010</u>	<u>Increases (decreases)</u>
OPERATING REVENUES			
Leases	\$ 132,165	\$ 141,312	\$ (9,147)
Moorage	44,399	47,792	(3,393)
Storage	20,045	21,738	(1,693)
Marine fuel sales	55,246	41,083	14,163
Campground fees	243,164	224,391	18,773
Repairs and maintenance revenue	<u>12,300</u>	<u>11,725</u>	<u>575</u>
Total operating revenues	<u>507,319</u>	<u>488,041</u>	<u>19,278</u>
OPERATING EXPENSES			
Salaries	247,742	247,182	560
Benefits	55,122	64,451	(9,329)
Supplies	25,820	18,601	7,219
Utilities	79,650	78,946	704
Fuel	50,332	40,930	9,402
Rentals	6,463	5,348	1,115
Repairs and maintenance	66,927	60,516	6,411
Professional services	37,834	17,580	20,254
Travel	16,386	10,480	5,906
Insurance	42,005	39,025	2,980
Advertising & public relations	34,194	17,082	17,112
Taxes & licenses	16,651	22,169	(5,518)
Other expense	33,542	32,822	720
Depreciation expense	<u>370,056</u>	<u>248,669</u>	<u>121,387</u>
Total operating expenses	<u>1,082,724</u>	<u>903,801</u>	<u>178,923</u>
Net operating income	<u>(575,405)</u>	<u>(415,760)</u>	<u>(159,645)</u>
NON OPERATING REVENUES (EXPENSES)			
Property taxes	256,204	248,660	7,544
State forest sales	23,079	14,589	8,490
Grants	96,005	756,485	(660,480)
Interest income	4,021	6,235	(2,214)
Interest expense	(36,986)	(29,577)	(7,409)
Miscellaneous income	<u>40,300</u>	<u>24,143</u>	<u>16,157</u>
Total non-operating revenues (expenses)	<u>382,623</u>	<u>1,020,535</u>	<u>(637,912)</u>
Change in net assets	<u>(192,782)</u>	<u>604,775</u>	<u>(797,557)</u>
NET ASSETS			
Net assets, beginning	4,919,877	4,313,556	606,321
Prior period adjustments	414,702	1,546	413,156
Restated beginning net assets	<u>5,334,579</u>	<u>4,315,102</u>	<u>1,019,477</u>
Net assets, ending	<u>\$5,141,797</u>	<u>\$ 4,919,877</u>	<u>\$ 221,920</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>	
				<u>Amount</u>	<u>Percent</u>
General Fund:					
Total revenues	\$ 766,627	\$ 766,627	\$ 830,355	\$ 63,728	8.31%
Expenditures					
Personal services	311,029	311,029	297,352	13,677	4.40%
Materials and services	337,452	337,452	390,980	(53,528)	-15.86%
Capital outlay	632,500	1,071,500	958,152	113,348	10.58%
Debt service	83,573	83,573	69,234	14,339	17.16%
Contingency	85,000	85,000	-	85,000	100.00%
Total expenditures	<u>1,449,554</u>	<u>1,888,554</u>	<u>1,715,718</u>	<u>5,053,826</u>	<u>267.60%</u>
Loan proceeds	901,000	901,000	601,000	(300,000)	-33.30%
Transfer out	(20,000)	(20,000)	(20,000)	-	0.00%
Net change in fund balance	<u>\$ 198,073</u>	<u>\$ (240,927)</u>	<u>\$ (304,363)</u>	<u>\$ (63,436)</u>	<u>26.33%</u>
Special Revenue Grants Fund:					
Total revenues	\$2,967,060	\$ 2,967,060	\$ 96,005	\$ (2,871,055)	-96.76%
Expenditures					
Materials and services	12,584	12,584	11,074	1,510	12.00%
Capital outlay	<u>1,444,476</u>	<u>2,954,476</u>	<u>887,882</u>	<u>556,594</u>	<u>18.84%</u>
Total expenditures	<u>1,457,060</u>	<u>2,967,060</u>	<u>898,956</u>	<u>558,104</u>	<u>18.81%</u>
Net change in fund balance	<u>\$ 1,510,000</u>	<u>\$ -</u>	<u>\$ (802,951)</u>	<u>\$ (2,312,951)</u>	<u>0.00%</u>
Capital Maintenance Reserve Fund:					
Total revenues	\$ 2,500	\$ 2,500	\$ 598	\$ (1,902)	-76.08%
Expenditures					
Capital outlay	<u>191,065</u>	<u>191,065</u>	-	<u>191,065</u>	<u>100.00%</u>
Total expenditures	<u>191,065</u>	<u>191,065</u>	-	<u>191,065</u>	<u>100.00%</u>
Transfer in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	-	<u>0.00%</u>
Net change in fund balance	<u>\$ (168,565)</u>	<u>\$ (168,565)</u>	<u>\$ 20,598</u>	<u>\$ 189,163</u>	<u>0.00%</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

Variations between Budget and Actual Results

The Port exceeded budgeted general fund revenues by \$63,728 in 2011, an increase of 8.31%. This was due primarily to conservative revenue estimates based on the still struggling economy. General fund expenditures remained mostly under budget, with the exception of Materials and Services which were over budget in part because of continuing repairs to F dock in the recreational marina, as well as ongoing and increasing expenses to maintain aging facilities. Personal services, Capital outlay and Debt service expenditures all ended the year under budget. The Maple Street Landing and Transient Dock project exceeded projected costs by approximately \$139,000, requiring an increase in the loan acquired by the Port to complete the project. Other grant projects finished the year on or under budget.

Changes in fixed assets:

	<u>Balance 07/01/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>Reclassified</u>	<u>Balance 06/30/11</u>
Land and Improvements:	4,023,377	31,608	-	-	4,054,985
Buildings and Docks	3,357,173	218,403	-	1,885,516	5,461,092
Equipment and Vehicles	<u>535,398</u>	<u>197,093</u>	-	-	<u>732,491</u>
 Total capital assets	 <u>7,915,948</u>	 <u>447,104</u>	 <u>-</u>	 <u>1,885,516</u>	 <u>10,248,568</u>
 Less accumulated depreciation:					
Land and Improvements	914,112	67,665	-	-	981,777
Buildings and Docks	2,346,324	225,142	-	45,837	2,617,303
Equipment and Vehicles	<u>406,303</u>	<u>77,249</u>	-	-	<u>483,552</u>
 Total accumulated depreciation	 <u>3,666,739</u>	 <u>370,056</u>	 <u>-</u>	 <u>45,837</u>	 <u>4,082,632</u>
 Net capital assets	 <u>\$ 4,249,209</u>	 <u>\$ 77,048</u>	 <u>\$ -</u>	 <u>\$ 1,839,679</u>	 <u>\$6,165,936</u>

Changes in long-term debt:

	<u>Balance 7/1/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2011</u>	<u>Due within one year</u>	<u>Interest Paid</u>	<u>Total Payments</u>
Notes Payable:							
OBD Loan No. 52130	146,419	-	16,811	129,608	23,411	5,282	22,093
OBD Loan No. L0004	155,018	-	6,660	148,358	7,060	9,301	15,961
OBD Loan No. 1000214241	250,000	-	-	250,000	-	11,280	11,280
Siuslaw Bank Loan No. 524016	75,000	-	2,336	72,664	2,446	5,964	8,300
 OBD Loan N. 625186	 <u>-</u>	 <u>601,000</u>	 <u>5,441</u>	 <u>595,559</u>	 <u>18,915</u>	 <u>5,159</u>	 <u>10,600</u>
	 <u>\$ 626,437</u>	 <u>\$ 601,000</u>	 <u>\$ 31,248</u>	 <u>\$ 1,196,189</u>	 <u>\$ 51,832</u>	 <u>\$ 36,986</u>	 <u>\$ 68,234</u>

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

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

The Port has been advised by the US Army Corps of Engineers that damage to the jetty system at the entrance of the Siuslaw River is significant. An American Recovery and Reinvestment Act (ARRA) Federal appropriation of \$350,000 was awarded on behalf of the Port of Siuslaw. This Major Maintenance Study of the Siuslaw jetties has commenced. When completed, a plan will be in place to address jetty repairs and allow the Port to request Federal funding for this repair work. When Federal appropriations are awarded to repair the jetties, the repair costs may be significant. 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. 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 Operations and Maintenance in FY10-11 maintained the channel and entrance to the Siuslaw River. This level of funding addresses the most critical dredging needs at the mouth of the river and the immediately adjacent channel area(s). Dredging up to the Highway 101 Bridge at Florence is sporadic and is dependent on overall river conditions near the mouth of the river. That is, if dredging at the mouth is completed and funding allows, the upriver channel is dredged. Dredging needs past the Highway 101 Bridge and up to Mapleton are not addressed by this level of funding and might require a special appropriation. Insufficient maintenance dredging impacts the navigability of the Siuslaw River, the related commercial and recreational activity on the waterway, and may also impact Port operations and operating revenues.

The turning basin in front of the wharf and marina at the Port was dredged using \$1.462 million in ARRA funds, awarded to the ACOE for this dredging on behalf of the Port of Siuslaw. Dredging of over 97,000 cubic yards restored authorized depths and was completed in August 2010.

Portions of the Port's marine facility assets (such as docks and the wharf) are at the end of their service life and require rehabilitation and/or replacement. Deferred maintenance from past years on other Port assets means higher costs for repair or replacement in the coming years. Capital investment for the rehabilitation or replacement will require Federal and/or State financial assistance. Port operations may suffer if maintenance or replacement projects are not realized.

In August 2010, 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.

Monthly rental income, moorage revenues and marine fuel sales would be the operating revenues most significantly impacted should some of the situations reported above come to pass. However, such impacts are not expected in the immediate short term future.

It should be noted that repercussions arising from the continuing financial turmoil, reduced grant funding opportunities and debt load requirements as part of these grant opportunities may

**PORT OF SIUSLAW
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2011**

limit the scope of what the Port will be able to accomplish in the coming years. Debt service levels will rise and limit funding for other uses.

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 1499 Bay Street, PO Box 1220, Florence, Oregon 97439.



BASIC FINANCIAL STATEMENTS

PORT OF SIUSLAW
STATEMENT OF NET ASSETS

June 30, 2011

ASSETS:

Current assets:

Cash and cash equivalents	\$ 162,116
Taxes receivable	16,413
Accounts receivable	1,220
Grants receivable	-
Inventory	5,982
Other assets	20,994
Total current assets	<u>206,725</u>

Non-current assets:

Capital assets, net	6,165,936
Restricted cash	40,091
Total non-current assets	<u>6,206,027</u>

Total assets	<u><u>\$6,412,752</u></u>
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LIABILITIES:

Current liabilities:

Accounts payable	\$ -
Payroll related liabilities	16,217
Deposits	42,265
Other liabilities	-
Accrued interest	16,284
Current portion of long-term debt	51,832
Total current liabilities	<u>126,598</u>

Non-current liabilities:

Long-term debt	<u>1,144,357</u>
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Total liabilities	<u>1,270,955</u>
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NET ASSETS:

Invested in capital assets, net of related debt	4,969,747
Restricted	-
Unrestricted	172,050
Total net assets	<u>5,141,797</u>

Total liabilities and net assets	<u><u>\$6,412,752</u></u>
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The accompanying notes are an integral part of these financial statements

**PORT OF SIUSLAW
FLORENCE, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS**

For the fiscal year ended June 30, 2011

OPERATING REVENUES:	
Leases	\$ 132,165
Moorage	44,399
Storage	20,045
Marine fuel sales	55,246
Campground fees	243,164
Repairs and maintenance revenue	12,300
Total operating revenues	<u>507,319</u>
 OPERATING EXPENSES:	
Salaries	247,742
Benefits	55,122
Supplies	25,820
Utilities	79,650
Fuel	50,332
Rentals	6,463
Repairs and maintenance	66,927
Professional services	37,834
Travel	16,386
Insurance	42,005
Advertising & public relations	34,194
Taxes & licenses	16,651
Other expense	33,542
Depreciation expense	370,056
Total operating expenses	<u>1,082,724</u>
 Operating income (loss)	 (575,405)
 NON-OPERATING REVENUES (EXPENSES):	
Property taxes	256,204
State forest sales	23,079
Grants	96,005
Interest income	4,021
Interest expense	(36,986)
Miscellaneous	40,300
Total nonoperating revenues (expenses)	<u>382,623</u>
 Change in net assets	 <u>(192,782)</u>
Net assets, beginning	4,919,877
Prior period adjustments	414,702
Restated beginning net assets	<u>5,334,579</u>
 Net assets - ending	 <u>\$ 5,141,797</u>

The accompanying notes are an integral part of these financial statements

PORT OF SIUSLAW
STATEMENT OF CASH FLOWS
For the fiscal year ended June 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 507,319
Payments to suppliers	(1,800,419)
Payments to employees	(295,032)
Net cash provided by operating activities	<u>(1,588,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property tax receipts	256,234
Other Grants	13,680
Other receipts (payments)	63,258
Net cash provided by noncapital financing activities	<u>333,172</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants received	82,325
Payments on Loans	(31,127)
Purchases of capital assets	(447,104)
Interest paid on capital debts	(37,985)
Net cash provided by capital related financing activities	<u>(433,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	4,021
Proceeds of loans	601,000
Net cash provided (used) by investing activities	<u>605,021</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,083,830)</u>
Balances - beginning of the year	<u>1,286,037</u>
Balances - end of the year	<u>\$ 202,207</u>
RECONCILIATION OF OPERATING INCOME TO NET	
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income (Loss)	\$ (575,405)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	370,056
Change in assets and liabilities:	
(Increase) decrease in other current assets	(120)
(Increase) decrease in inventories	-
Increase (decrease) in payables	(1,383,229)
Increase (decrease) in accrued expenses	566
Net cash provided by operating activities	<u>\$ (1,588,132)</u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

PORT OF SIUSLAW, OREGON

For the Fiscal Year Ended June 30, 2011 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, OREGON

For the Fiscal Year Ended June 30, 2011 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, personal services exceeded budgeted appropriations by \$53,528.

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, OREGON

For the Fiscal Year Ended June 30, 2011 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, OREGON

**For the Fiscal Year Ended June 30, 2011
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, OREGON

For the Fiscal Year Ended June 30, 2011 Notes to the Financial Statements

2. Cash and Cash Equivalents

Cash and cash equivalents consisted of the following as of June 30, 2011.

Cash in financial institutions	\$	201,857
Petty cash		<u>350</u>
Total cash	\$	<u>202,207</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 \$254,735. Of these deposits, the total covered by federal deposit insurance was \$250,000 at June 30, 2011.

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.

PORT OF SIUSLAW, OREGON

**For the Fiscal Year Ended June 30, 2011
Notes to the Financial Statements**

2. Cash and Cash Equivalents (continued)

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

3. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance 07/01/10	Additions	Reductions	Reclassified	Balance 06/30/11
Land and Improvements:	4,023,377	31,608	-	-	4,054,985
Buildings and Docks	3,357,173	218,403	-	1,885,516	5,461,092
Equipment and Vehicles	535,398	197,093	-	-	732,491
 Total capital assets	<u>7,915,948</u>	<u>447,104</u>	<u>-</u>	<u>1,885,516</u>	<u>10,248,568</u>
 Less accumulated depreciation:					
Land and Improvements	914,112	67,665	-	-	981,777
Buildings and Docks	2,346,324	225,142	-	45,837	2,617,303
Equipment and Vehicles	406,303	77,249	-	-	483,552
 Total accumulated depreciation	<u>3,666,739</u>	<u>370,056</u>	<u>-</u>	<u>45,837</u>	<u>4,082,632</u>
 Net capital assets	<u>\$ 4,249,209</u>	<u>\$ 77,048</u>	<u>\$ -</u>	<u>\$ 1,839,679</u>	<u>\$ 6,165,936</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, 2011, 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, 2011, 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

PORT OF SIUSLAW, OREGON

**For the Fiscal Year Ended June 30, 2011
Notes to the Financial Statements**

4. Long-term debt (continued)

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 2011 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.

B. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011, was as follows:

	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Due within one year	Interest Paid	Total Payments
OBD Loan No. 52130	\$ 146,419	\$ -	\$ 16,811	\$ 129,608	\$ 23,411	5,282	22,093
OBD Loan No. L0004	155,018	-	6,660	148,358	7,060	9,301	15,961
OBD Loan No. 1000214241	250,000	-	-	250,000	-	11,280	11,280
Siuslaw Bank Loan No. 524016	75,000	-	2,336	72,664	2,446	5,964	8,300
OBD Loan N. 625186	-	601,000	5,441	595,559	18,915	5,159	10,600
	<u>\$ 626,437</u>	<u>\$ 601,000</u>	<u>\$ 31,248</u>	<u>\$ 1,196,189</u>	<u>\$ 51,832</u>	<u>\$ 36,986</u>	<u>\$ 68,234</u>

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
2012	23,411	6,046	29,457	7,060	8,901	15,961	-	11,125	11,125
2013	24,604	4,853	29,457	7,483	8,478	15,961	250,000	11,125	261,125
2014	25,857	3,600	29,457	7,932	8,029	15,961	-	-	-
2015	27,175	2,282	29,457	8,408	7,553	15,961	-	-	-
2016	28,561	898	29,459	8,912	7,049	15,961	-	-	-
2017-2021	-	-	-	53,255	26,550	79,805	-	-	-
2022-2026	-	-	-	55,308	8,538	63,846	-	-	-
2027-2031	-	-	-	-	-	-	-	-	-
Total	<u>\$ 129,608</u>	<u>\$ 17,679</u>	<u>\$ 147,287</u>	<u>\$ 148,358</u>	<u>\$ 75,098</u>	<u>\$ 223,456</u>	<u>\$ 250,000</u>	<u>\$ 22,250</u>	<u>\$ 272,250</u>

PORT OF SIUSLAW, OREGON

**For the Fiscal Year Ended June 30, 2011
Notes to the Financial Statements**

4. Long-term debt (continued)

Year Ending June 30,	OBD Loan No. 524016			OBD Loan No. 625186			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2012	2,446	3,430	5,876	18,915	27,485		51,832	56,987	108,819
2013	2,562	3,314	5,876	19,814	26,586	46,400	304,463	54,356	358,819
2014	2,683	3,193	5,876	20,756	25,644	46,400	57,228	40,466	97,694
2015	2,809	3,067	5,876	21,742	24,658	46,400	60,134	37,560	97,694
2016	2,942	2,934	5,876	22,775	23,624	46,399	63,190	34,505	97,695
2017-2021	16,928	12,452	29,380	131,180	100,819	231,999	201,363	139,821	341,184
2022-2026	21,319	8,061	29,380	165,456	66,542	231,998	242,083	83,141	325,224
2027-2031	20,975	2,532	23,507	194,921	23,333	218,254	215,896	25,865	241,761
Total	<u>\$ 72,664</u>	<u>\$ 38,983</u>	<u>\$ 111,647</u>	<u>\$ 595,559</u>	<u>\$ 318,691</u>	<u>\$ 867,850</u>	<u>\$ 1,196,189</u>	<u>\$ 472,701</u>	<u>\$ 1,668,890</u>

5. Restatement of beginning net assets

Beginning net assets were restated to correct errors and to reflect additional balance sheet accounts. The adjustments are:

Prior period adjustments:	
Interest expense corrections	\$ (5,361)
Compensated absences	(9,341)
Accrued interest payable	(10,709)
Other assets corrections	(8,505)
Capital assets, Maple Street Wharf	1,898,235
Payable to ODOT for Maple Street Wharf	(1,503,780)
Correction of capital assets	54,163
Total	<u>\$ 414,702</u>

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.

PORT OF SIUSLAW, OREGON

For the Fiscal Year Ended June 30, 2011 Notes to the Financial Statements

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, 2011 was \$50,344.

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
COMBINING STATEMENT OF NET ASSETS

June 30, 2011

	General Operating	Special Revenue Grants	Capital Maintenance Reserve	Totals
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 112,977	\$ 30,190	\$ 18,949	\$ 162,116
Due from other funds	-	-	188,164	188,164
Taxes receivable	16,413	-	-	16,413
Accounts receivable	1,220	-	-	1,220
Grants receivable	-	-	-	-
Inventory	5,982	-	-	5,982
Other assets	20,994	-	-	20,994
Total current assets	157,586	30,190	207,113	394,889
Non-current assets:				
Capital assets, net	4,636,203	1,525,347	4,386	6,165,936
Restricted cash	40,091	-	-	40,091
Total non-current assets	4,676,294	1,525,347	4,386	6,206,027
Total assets	\$ 4,833,880	\$ 1,555,537	\$ 211,499	\$ 6,600,916
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll related liabilities	16,217	-	-	16,217
Deposits	42,265	-	-	42,265
Other liabilities	-	-	-	-
Accrued interest	16,284	-	-	16,284
Due to other funds	64,740	123,424	-	188,164
Current portion of long-term debt	51,832	-	-	51,832
Total current liabilities	191,338	123,424	-	314,762
Non-current liabilities:				
Long-term debt	1,144,357	-	-	1,144,357
Total liabilities	1,335,695	123,424	-	1,459,119
NET ASSETS:				
Invested in capital assets, net of related debt	3,440,014	1,525,347	4,386	4,969,747
Restricted	-	-	-	-
Unrestricted	58,171	(93,234)	207,113	172,050
Total net assets	3,498,185	1,432,113	211,499	5,141,797
Total liabilities and net assets	\$ 4,833,880	\$ 1,555,537	\$ 211,499	\$ 6,600,916

PORT OF SIUSLAW

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the year ended June 30, 2011**

	General Operating	Special Revenue Grants	Capital Maintenance Reserve	Totals
OPERATING REVENUES:				
Leases	\$ 132,165	\$ -	\$ -	\$ 132,165
Moorage	44,399	-	-	44,399
Storage	20,045	-	-	20,045
Marine fuel sales	55,246	-	-	55,246
Campground fees	243,164	-	-	243,164
Repairs and maintenance revenue	12,300	-	-	12,300
Total operating revenues	<u>507,319</u>	<u>-</u>	<u>-</u>	<u>507,319</u>
OPERATING EXPENSES:				
Salaries	247,742	-	-	247,742
Benefits	55,122	-	-	55,122
Supplies	25,810	10	-	25,820
Utilities	79,650	-	-	79,650
Fuel	50,332	-	-	50,332
Rentals	6,463	-	-	6,463
Repairs and maintenance	66,927	-	-	66,927
Professional services	37,834	-	-	37,834
Travel	16,386	-	-	16,386
Insurance	42,005	-	-	42,005
Advertising & public relations	23,130	11,064	-	34,194
Taxes & licenses	16,651	-	-	16,651
Other expense	33,542	-	-	33,542
Depreciation expense	217,000	149,624	3,432	370,056
Total operating expenses	<u>918,594</u>	<u>160,698</u>	<u>3,432</u>	<u>1,082,724</u>
Operating income (loss)	<u>(411,275)</u>	<u>(160,698)</u>	<u>(3,432)</u>	<u>(575,405)</u>
NON-OPERATING REVENUES (EXPENSES):				
Property taxes	256,204	-	-	256,204
State forest sales	23,079	-	-	23,079
Grants	-	96,005	-	96,005
Interest income	3,423	-	598	4,021
Interest expense	(36,986)	-	-	(36,986)
Miscellaneous	40,300	-	-	40,300
Total nonoperating revenues (expenses)	<u>286,020</u>	<u>96,005</u>	<u>598</u>	<u>382,623</u>
Income (Loss) before transfers	<u>(125,255)</u>	<u>(64,693)</u>	<u>(2,834)</u>	<u>(192,782)</u>
Transfers in	-	-	20,000	20,000
Transfer out	(20,000)	-	-	(20,000)
Change in net assets	<u>(145,255)</u>	<u>(64,693)</u>	<u>17,166</u>	<u>(192,782)</u>
Net assets, beginning	3,228,738	1,496,806	194,333	4,919,877
Prior period adjustments	414,702	-	-	414,702
Restated beginning net assets	<u>3,643,440</u>	<u>1,496,806</u>	<u>194,333</u>	<u>5,334,579</u>
Net assets, ending	<u>\$ 3,498,185</u>	<u>\$ 1,432,113</u>	<u>\$ 211,499</u>	<u>\$ 5,141,797</u>

PORT OF SIUSLAW

**COMBINING STATEMENT OF CASH FLOWS
For the year ended June 30, 2011**

	General Operating	Special Revenue Grants	Capital Maintenance Reserve	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 507,319	\$ -	\$ -	\$ 507,319
Payments to suppliers	(1,077,502)	(722,917)	-	(1,800,419)
Payments to employees	(295,032)	-	-	(295,032)
Net cash provided by operating activities	<u>(865,215)</u>	<u>(722,917)</u>	<u>-</u>	<u>(1,588,132)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property tax receipts	256,234	-	-	256,234
Other Grants	-	13,680	-	13,680
Other receipts (payments)	43,258	-	20,000	63,258
Advances from other funds	64,740	123,424	(188,164)	-
Net cash provided by noncapital financing activities	<u>364,232</u>	<u>137,104</u>	<u>(168,164)</u>	<u>333,172</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received	-	82,325	-	82,325
Payments on Loans	(31,127)	-	-	(31,127)
Purchases of capital assets	(271,065)	(176,039)	-	(447,104)
Interest paid on capital debts	(37,985)	-	-	(37,985)
Net cash provided by capital related financing activities	<u>(340,177)</u>	<u>(93,714)</u>	<u>-</u>	<u>(433,891)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	3,423	-	598	4,021
Proceeds of loans	601,000	-	-	601,000
Net cash provided (used) by investing activities	<u>604,423</u>	<u>-</u>	<u>598</u>	<u>605,021</u>
Net increase (decrease) in cash and cash equivalents	(236,737)	(679,527)	(167,566)	(1,083,830)
Balances - beginning of year	389,805	709,717	186,515	1,286,037
Balances - end of year	<u>\$ 153,068</u>	<u>\$ 30,190</u>	<u>\$ 18,949</u>	<u>\$ 202,207</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (Loss)	\$ (411,275)	\$ (160,698)	\$ (3,432)	\$ (575,405)
Adjustments to reconcile operating income to				
Depreciation expense	217,000	149,624	3,432	370,056
Change in assets and liabilities:				
(Increase) decrease in other current assets	(120)	-	-	(120)
(Increase) decrease in inventories	-	-	-	-
Increase (decrease) in payables	(671,386)	(711,843)	-	-
Increase (decrease) in accrued expenses	566	-	-	566
Net cash provided by operating activities	<u>\$ (865,215)</u>	<u>\$ (722,917)</u>	<u>\$ -</u>	<u>\$ (1,588,132)</u>

PORT OF SIUSLAW
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

GENERAL OPERATING FUND
For the fiscal year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Property taxes	\$ 258,634	\$ 258,634	\$ 256,234	\$ (2,400)
State forest sales	-	-	23,079	23,079
Leases	145,212	145,212	132,165	(13,047)
Moorage	50,681	50,681	44,399	(6,282)
Marine fuel sales	20,000	20,000	55,246	35,246
Campground fees	241,600	241,600	243,164	1,564
Repairs and maintenance	-	-	12,300	12,300
OSMB facilities grant	12,000	12,000	-	(12,000)
Storage	21,000	21,000	20,045	(955)
Miscellaneous	12,500	12,500	40,300	27,800
Sale of assets	-	-	-	-
Interest income	5,000	5,000	3,423	(1,577)
Total revenues	766,627	766,627	830,355	63,728
EXPENDITURES:				
Personal services	311,029	311,029	297,352	13,677
Materials and services	337,452	337,452	390,980	(53,528)
Capital outlay	632,500	1,071,500	958,152	113,348
Debt service	83,573	83,573	69,234	14,339
Contingency	85,000	85,000	-	85,000
Total expenditures	1,449,554	1,888,554	1,715,718	172,836
Excess (deficiency) of revenues over expenditures	(682,927)	(1,121,927)	(885,363)	236,564
OTHER FINANCING SOURCES (USES):				
Loan proceeds	901,000	901,000	601,000	(300,000)
Transfers in	-	-	-	-
Transfer out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	881,000	881,000	581,000	(300,000)
Net change in fund balance	198,073	(240,927)	(304,363)	(63,436)
Fund balance, beginning	300,000	300,000	358,788	58,788
Fund balance, ending	\$ 498,073	\$ 59,073	54,425	\$ (443,648)
Reconciliation to gaap basis:				
Receivables			16,412	
Capital assets, net			4,636,203	
Other assets			20,397	
Inventory			5,982	
Other liabilities			(39,045)	
Long-term debt			(1,196,189)	
Total reconciling items			3,443,760	
Net assets ending			\$ 3,498,185	

PORT OF SIUSLAW

**SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

SPECIAL REVENUE GRANTS FUND

For the fiscal year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
OSMB BIG grant	\$ 480,000	\$ 480,000	\$ -	\$ (480,000)
USFW/CVA grant	22,500	22,500	-	(22,500)
County Ind Dev Rev Fund grant	89,476	89,476	57,941	(31,535)
OSMB facilities grant	367,500	367,500	24,384	(343,116)
Grants	1,996,384	1,996,384	2,880	(1,993,504)
Lane County tourism grant	7,500	7,500	7,500	-
OR Tourism Commission grant	3,700	3,700	3,300	(400)
<hr/>				
Total revenues	2,967,060	2,967,060	96,005	(2,871,055)
<hr/>				
EXPENSES:				
Materials and services	12,584	12,584	11,074	1,510
Capital outlay	1,444,476	2,954,476	887,882	556,594
<hr/>				
Total expenses	1,457,060	2,967,060	898,956	558,104
Excess (deficiency) of revenues over expenses	1,510,000	-	(802,951)	(2,312,951)
<hr/>				
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
<hr/>				
Net change in fund balance	1,510,000	-	(802,951)	(2,312,951)
Fund balance, beginning	-	-	709,717	709,717
Fund balance, ending	\$ 1,510,000	\$ -	(93,234)	\$ (93,234)
<hr/>				
Reconciliation to gaap basis:				
Capital Assets, net			1,525,347	
Net assets, ending			\$ 1,432,113	

PORT OF SIUSLAW

**SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

CAPITAL MAINTENANCE RESERVE FUND

For the fiscal year ended June 30, 2011

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Interest income	\$ 2,500	\$ 2,500	\$ 598	\$ (1,902)
Total revenues	<u>2,500</u>	<u>2,500</u>	<u>598</u>	<u>(1,902)</u>
EXPENSES:				
Materials and services	-	-	-	-
Capital outlay	191,065	191,065	-	191,065
Total expenses	<u>191,065</u>	<u>191,065</u>	<u>-</u>	<u>191,065</u>
Excess (deficiency) of revenues over expenses	<u>(188,565)</u>	<u>(188,565)</u>	<u>598</u>	<u>189,163</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	20,000	20,000	20,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(168,565)	(168,565)	20,598	189,163
Fund balance, beginning	<u>169,098</u>	<u>169,098</u>	<u>186,515</u>	<u>17,417</u>
Fund balance, ending	<u>\$ 533</u>	<u>\$ 533</u>	207,113	<u>\$ 206,580</u>
Reconciliation to gaap basis:				
Capital assets, net			<u>4,386</u>	
Net assets, ending			<u>\$ 211,499</u>	

PORT OF SIUSLAW

SCHEDULE OF PROPERTY TAX TRANSACTIONS

For the fiscal year ended June 30, 2011

<u>Fiscal Year</u>	<u>Levy and Uncollected Balance 6/30/2010</u>	<u>Discounts & Adjustments</u>	<u>Collections</u>	<u>Uncollected Balance 6/30/2011</u>	<u>Interest</u>
2010-11	\$ 281,251	\$ (23,239)	\$ 250,356	\$ 7,656	\$ 1,206
2009-10	8,622	(370)	4,329	3,923	360
2008-09	3,712	(260)	1,390	2,062	296
2007-08	1,643	(76)	858	709	273
2006-07	543	(26)	282	235	105
2005-06	193	(23)	12	158	12
2004-05	159	(9)	10	140	6
Prior Years	<u>1,571</u>	<u>(13)</u>	<u>28</u>	<u>1,530</u>	<u>37</u>
Totals	<u>\$ 297,694</u>	<u>\$ (24,016)</u>	<u>\$ 257,265</u>	<u>\$ 16,413</u>	<u>\$ 2,295</u>

*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 January 23, 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 January 23, 2012 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
January 23, 2012