

**PORT OF SIUSLAW
Lane County, Oregon**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2020

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
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PO Box 1930
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**PORT OF SIUSLAW
Lane County, Oregon**

BOARD OF COMMISSIONERS

Terry Duman
PO Box 2740
Florence, OR 97439

President
Position No. 1
Term Expires June 30, 2021

Bill Meyer
75 Harbor St., Unit 306
Florence, OR 97439

1st Vice-President
Position 5
Term Expires June 30, 2021

Craig Brandt
5732 Nicholson Rd.
Florence, OR 97439

2nd Vice-President
Position No. 2
Term Expires June 30, 2023

Mike Buckwald
11934 E. Mapleton Rd.
Mapleton, OR 97453

Secretary
Position No. 3
Term Expires June 30, 2021

Craig Zolezzi
5370 Buckskin Bob
Florence, OR 97439

Treasurer
Position No. 4
Term Expires June 30, 2023

ADMINISTRATION

Port Manager

David Huntington

Legal Counsel

Jim Brewer
Fewel, Brewer and Coulombe

ADDRESS

100 Harbor Street
Florence, Oregon 97439

**PORT OF SIUSLAW
Lane County, Oregon**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Siuslaw
Florence, OR 97439

Report on the Financial Statements

I have audited the accompanying financial statements of the business-type activities of Port of Siuslaw (Port) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Members:
AICPA OSCP & OAIA

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port of Siuslaw as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information


Accounting principles generally accepted in the United States of America require that the management's discussions and analysis, listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The accompanying supplemental information, the General Fund and Capital Maintenance Fund schedule of budget to actual and reconciliation to net position, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, this supplemental information is fairly stated, in all material respects, in relation to the basis financial statements as a whole.

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated October 9, 2020 on my consideration of Port of Siuslaw's compliance with certain laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing and not to provide an opinion on compliance.



SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
October 9, 2020

PORT OF SIUSLAW

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended June 30, 2020

The Management's Discussion and Analysis (MD&A) provides an introduction of the basic financial statements and an analytical overview of the Port's financial activities. The MD&A discusses and analyzes the operating results, financial position and future prospects of the Port of Siuslaw (Port), a municipal government organized under Oregon Revised Statute (ORS)777. It should be read in conjunction with the basic financial statements for the fiscal year ending June 30, 2020, including the notes to the financial statements.

The Port is operated as an enterprise form of government, a hybrid between general government and private enterprise. Taxes provide only a small portion of the Port's income. The Port relies on profit or at lease self-sufficiency from Port operations to provide public services and accomplish its economic development function. Consequently, the Port accounts for its financial activities using a proprietary fund 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:

- Statement of Net Position that provides an overview of the current and non-current portions of assets owned by the Port, the current and long-term portions of liabilities owned by the Port and the net difference available as a resource for future operations and activities.
- Statement of Revenues, Expenses and Changes in Net Position that summarizes the operation expenditures of the Port and how operation revenues, taxes, grants and other resources cover those expenditures. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur.
- Statement of Cash Flows that provides an objective summary of the financial condition of the Port's cash balance as actual cash is received and disbursed along with non-cash transactions. The cash flow statement is prepared using the direct method and includes reconciliations of operating income to net cash provided by operating activities as required by GASB 34.
- Notes to the financial statements provide additional information that is essential to a full understanding of the account information provided in the Port's statements.

Supplementary information includes:

- Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual - Modified Accrual Basis, compares the budget to actual accounting transactions in the General Operating Fund, the Port's only fund.

Financial Highlights

- The Port's net position at June 30, 2020 is \$5,652,132 representing a \$222,765 decrease from \$5,874,897 at June 30, 2019. This change represents 3.94% and mostly resulted from a decrease in revenues.
- The Port's cash balance decreased by \$136,807 from \$1,181,979 at June 30, 2019 to \$1,045,172 at June 30, 2020, a 13.09% decrease. The Port's current assets, other than cash, consisting of tax and trade receivables, inventory and prepaid assets increased \$2,739 from \$46,842 at June 30, 2019 to \$49,581 at June 30, 2020, a 5.52% change. This is mostly due to a higher investing and property tax receivable balance at year-end. Overall, total current assets decreased \$134,068, a net change of 12.25%.
- The Port's capital assets at June 30, 2020 in the amount of \$13,278,319, reduced by accumulated depreciation in the amount of \$7,450,897 for a net of \$5,827,422.

The following condensed financial information summarizes the Port's financial position for the fiscal year ending June 30.

Statement of Net Position

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Assets			
Current and other assets	\$ 1,094,753	\$ 1,228,821	\$ (134,068)
Capital assets, net of accum. dep.	<u>5,827,422</u>	<u>5,965,263</u>	<u>(137,841)</u>
Total assets	<u>\$ 6,922,173</u>	<u>7,194,084</u>	<u>\$ (271,909)</u>
Liabilities			
Current and other liabilities	\$ 382,847	\$ 361,630	\$ 21,217
Long-term debt	<u>887,194</u>	<u>957,557</u>	<u>(70,363)</u>
Total liabilities	<u>1,270,041</u>	<u>1,319,187</u>	<u>(49,146)</u>
Net Position			
Net invested in capital assets	4,868,662	4,938,211	(69,549)
Unrestricted	<u>783,470</u>	<u>936,686</u>	<u>(153,216)</u>
Total net position	<u>5,652,132</u>	<u>5,874,897</u>	<u>(222,765)</u>
Total liabilities and net position	<u>\$ 6,922,173</u>	<u>\$ 7,194,084</u>	<u>\$ (271,911)</u>

The largest portion of the Port's net position reflects its investment in capital assets (i.e., land, marina and docks, and the campground/RV park) less the related outstanding long-term debt used to acquire those assets. The Port uses these capital assets to provide services to customers and to collect revenue for Port operations; consequently, these capital assets are not available for future spending. Although the Port's net investment in capital assets is reported net of the long-term debt, it should be noted that the resources needed to repay this debt must be provided from customers and other sources, since the capital assets themselves cannot be used to liquidate the long-term debt.

Summary of Operations and Changes in Net Position

Below is a summary of operations of the current fiscal year ending June 30, 2020 compared to the prior year.

Change in Net Position at Fiscal Year End

	<u>2020</u>	<u>2019</u>	<u>Variance</u>
Operating Revenues			
Campground revenue	\$ 523,803	\$ 552,453	\$ (28,650)
Leases and moorage	283,924	299,464	(15,540)
Other fees for services	<u>78,413</u>	<u>120,873</u>	<u>(42,460)</u>
Total revenues	<u>886,140</u>	<u>972,790</u>	<u>(86,650)</u>
Operating Expenses			
Personnel services	378,495	315,149	63,346
Materials and services	732,471	488,580	243,891
Depreciation	<u>352,303</u>	<u>337,491</u>	<u>14,812</u>
Total expenses	<u>1,463,269</u>	<u>1,141,220</u>	<u>322,049</u>
Net operating income (expense)	<u>(577,129)</u>	<u>(168,430)</u>	<u>(408,699)</u>
Non-Operating Revenues(Expenses)			
Property taxes	367,793	367,425	368
Non-operating revenues (expenses)	<u>(13,429)</u>	<u>191,355</u>	<u>(204,784)</u>
Total non-operating rev (exp)	<u>354,364</u>	<u>558,780</u>	<u>(204,416)</u>
Change in net position	(222,765)	390,350	(613,115)
Net position - Beginning of year	<u>5,874,897</u>	<u>5,484,547</u>	<u>390,350</u>
Net position - End of year	<u>\$ 5,652,132</u>	<u>\$ 5,874,897</u>	<u>\$ (222,765)</u>

Financial Highlights

- Overall, the Port had an decrease in operating revenues in the amount of \$86,650 and a increase in operating expenditures in the amount of \$322,049. Non-operating revenues and expenses decreased \$204,416. Overall, the Port's change in net position decreased \$222,765.
- The Port's operating expenditures remain higher than revenues, for a net operating loss of \$(557,129).
- The Port did not obtain additional debt during the fiscal year 2020 and made all required repayments on the long-term debt.

Capital Assets and Debt Administration

As of June 30, 2020, the Port had \$5,827,422 in capital assets, net of accumulated depreciation. The Port's capital assets changed by 2.37% during 2020. This change can be attributed to current year additions, and depreciation. For more detailed information on changes in capital assets, refer to the notes to the financial statements.

The Port's total long-term debt decreased by \$70,363 or 7.93%. For more detailed information on changes in long-term debt, refer to the notes to the financial statements.

Budgetary Highlights

- The Port was well within budgeted amounts at the object classification levels in the funds except for capital outlay. The General Operating Fund's expenditures were \$1,420,549 which is less than budgeted by \$1,334,463, a difference of 6.06.

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 David Huntington, Port Manager, Port of Siuslaw, 100 Harbor Street, Florence, Oregon 97439 or telephone 541-997-3426.

**PORT OF SIUSLAW
Lane County, Oregon**

STATEMENT OF NET POSITION as of June 30, 2020

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,045,172
Accounts receivables	1,671
Property taxes receivable	13,885
Inventory	6,530
Prepaid expenses	<u>27,493</u>
 Total current assets	 <u>1,094,751</u>

Capital Assets

Land and non-depreciable capital assets	2,617,874
Capital assets, net of accumulated depreciation	<u>3,209,548</u>
 Total capital assets	 <u>5,827,422</u>
 Total assets	 <u>\$ 6,922,173</u>

LIABILITIES AND NET POSITION

Current Liabilities

Accounts payable	\$ 63,482
Accrued payroll and related expenses	14,561
Deposits	7,360
Unearned revenue	216,396
Accrued interest payable	9,482
Long-term debt, current portion	<u>71,566</u>
 Total current liabilities	 <u>382,847</u>

Long-term Liabilities

Long-term debt, net of current portion	<u>887,194</u>
 Total liabilities	 <u>1,270,041</u>

Net Position

Net investment in capital assets	4,868,662
Unrestricted	<u>783,470</u>
 Total net position	 <u>5,652,132</u>
 Total liability and net position	 <u>\$ 6,922,173</u>

The notes to the financial statements are an integral part of this statement.

**PORT OF SIUSLAW
Lane County, Oregon**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION for the Year Ended June 30, 2020**

OPERATING REVENUES

Campground revenue	\$ 523,803
Leases	191,103
Moorage	92,821
Storage	9,033
Marine fuel	25,934
Other income	<u>43,446</u>
 Total operating revenues	 <u>886,140</u>

OPERATING EXPENSES

Cost of services	1,110,966
Depreciation	<u>352,303</u>
 Total operating expenses	 <u>1,463,269</u>

Operating Income (Loss) (577,129)

NONOPERATING REVENUES (EXPENSES)

Property taxes	367,793
Grant revenue	19,000
Interest income	14,400
Interest expense	<u>(46,829)</u>
 Total nonoperating revenues (expenses)	 <u>354,364</u>

Change in Net Position (222,765)

NET POSITION - Beginning of year 5,874,897

NET POSITION - End of year \$ 5,652,132

The notes to the financial statements are an integral part of this statement.

**PORT OF SIUSLAW
Lane County, Oregon**

STATEMENT OF CASH FLOWS for the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 603,245
Cash payments for goods and services	(432,341)
Cash payments for employees and benefits	<u>(378,495)</u>
Net cash provided (used) by operating activities	<u>(207,591)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from property taxes	330,947
Cash received from State forest sales	<u>36,020</u>
Net cash provided (used) by noncapital financing activities	<u>366,967</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(214,462)
Principal payments on long-term debt	(68,292)
Interest paid on long-term debt	<u>(46,829)</u>
Net cash provided (used) by capital and related financing activities	<u>(329,583)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	14,400
Grant proceeds	<u>19,000</u>
Net cash provided (used) by investing activities	<u>33,400</u>
Net increase (decrease) in cash and cash equivalents	(136,807)
Cash and cash equivalents - Beginning of year	<u>1,181,979</u>
Cash and cash equivalents - End of year	<u><u>\$ 1,045,172</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (577,129)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	352,303
(Increase) decrease in operating assets	
Accounts receivables	(1,598)
Prepaid expenses	(313)
Increase (decrease) in operating liabilities	
Accounts payable	(45,119)
Accrued payroll and related expenses	(39)
Deposits	(1,840)
Unearned revenue	<u>66,144</u>
Net cash provided (used) by operating activities	<u><u>\$ (207,591)</u></u>

The notes to the financial statements are an integral part of this statement.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Siuslaw (Port) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to proprietary funds of government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are disclosed in subsequent sections of this Note.

Reporting Entity

The Port, organized under the laws pertaining to port districts in the State of Oregon as provided by Oregon Revised Statute (ORS)777, was formed in 1909 and is located on the Siuslaw River in and near the City of Florence, Lane County, Oregon. The Port of Siuslaw's mission is to deliver high-quality asset management and economic development services that result in measurable economic and community development benefits for communities throughout the Port District. The Board of Commissioners, composed of five members, oversee management in its operations. The daily management of the Port is under the supervision of the General Manager, who is appointed by the Board.

There are various other governmental agencies and special service districts which provide services within the Port's boundaries. However, the Port is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements.

Measurement Focus, Basis of Presentation and Accounting

Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

The Port maintains two funds, the General Operating Fund and the Capital Maintenance Fund. The General Fund is a proprietary type of fund used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees. The Capital Maintenance Fund is for maintenance and improvements. It's principal source of revenue is from General Fund transfers.

The Port's General Operating Fund discloses on an enterprise fund basis. Enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the statement of net position. The Port's net position is segregated into two amounts: net investment in capital assets, and unrestricted. 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.

The Port distinguishes operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services from the Port's ongoing operations. The principle operating revenues include campground/RV park revenue, lease income from rental of Port properties, moorage storage, fuel sales, and various other service fees. Operating expenses are those expenses directly related to providing

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Presentation and Accounting

the services including depreciation and administration expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expenses. This includes property taxes, investment interest, gain (loss) sale of capital assets, and non-operating grant revenue.

Deposits and Investments

The Port's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Port's cash management policies are governed by state statutes. Statutes authorize the Port to invest in specific types of investments, including time certificates of deposit, and the Oregon State Treasurer's Local Government Investment Pool. The Local Government Investment Pool (LGIP) is part of the Oregon Short-Term fund maintained by the State Treasurer of Oregon. Investment policies are governed by statute and the Oregon Investment Council. See Note 3.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

Inventory

Inventory consists of fuel and diesel at the marina. Inventory is valued at the lower of cost or fair value.

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at their estimated fair value on the date received. Interest costs are capitalized as part of the costs during the period of construction based on borrowing costs incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable. The Port has a written capitalization policy of \$3,000 with a life beyond one year.

Capital assets constructed with tax-exempt borrowing may include capitalized interest. All interest costs of the borrowing less any interest earned on investments acquired with the proceeds of the borrowing are capitalized from the date of the borrowing until the assets are ready for their intended use.

Assets subject to depreciation are depreciated over their estimated useful lives on the straight-line basis. The useful lives:

Land improvements (campground, parking lots and marina)	10 - 20 years
Building and docks	2 - 30 years
Equipment, furniture and vehicles	5 - 10 years

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Compensated Absences

Accrued vacation pay is recognized as an expense and liability when earned and used by employees. Accrued sick pay is recorded only when used as it does not vest when earned.

Unearned Revenue

This represents cash received prior to the fiscal year end in which it is recognized as revenue.

Net Position

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

Investment in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt (revenue bonds and other debt obligations) that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposing legal mandates. Unrestricted consists of all other net assets not included in the above categories.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

The Port legally adopts an annual budget prior to July 1 through passage of a resolution in accordance with the legal requirements set forth in the Oregon Local Budget Law. The resolution authorizes fund appropriations at the following control levels: personnel services, materials and services, capital outlay, debt service, interfund transactions, operating contingency, and all other requirement levels. Expenditures cannot legally exceed appropriations at these control levels.

Budgets are prepared using the modified accrual basis of accounting. A reconciliation schedule brings the budget basis to full accrual for compliance with generally accepted accounting principles.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY- Continued

Budget Law and Practice

Unexpected additional resources may be added to the budget through the use of a supplemental budget. The supplemental budget process requires hearings before the public, publications in newspapers, and approval by the Board. Only the Board may modify original and supplemental budgets by the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require the Board's approval by adoption of a resolution.

Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the Board. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Port lapse at year end.

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, are classified in the accompanying statement of net position as follows:

	<u>Balance</u>
Cash on hand	\$ 1,000
Deposits with financial institutions	<u>1,044,172</u>
Total cash and cash equivalents	<u><u>\$1,045,172</u></u>

Deposits

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of \$1,040,497, \$500,000 of which is covered under FDIC. See Custodial Credit Risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Port's deposits may not be returned to it. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance are held at qualified depositories for public funds. All qualified depositories are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result the Port has no exposure to custodial credit risk for deposits with financial institutions.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Port does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Deposits

Credit risk

Oregon Statutes limit investments to general obligations of U.S. government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, high-grade commercial paper and the State Treasurer's Local Government Investment Pool. The Port has no investment policy that would further limit its investment choices. The LGIP is unrated for credit risk.

Concentration of credit risk

The Port places no limit on the amount the Port may invest in any one issuer. For the current fiscal year, 100% of its deposits were held at one bank.

NOTE 4 - RECEIVABLES

Receivables at year end consist of the following:

	<u>Balance</u>
Accounts receivable	\$ 1,671
Property taxes	13,885
Total receivables	<u>\$ 15,556</u>

Accounts Receivable

Accounts receivable are unsecured and consist primarily of rents due from tenants within the campground/RV park and from rental of Port properties. The Port provides an allowance for receivables if it believes it may not collect in full. Port management evaluates the collect ability of its accounts based on a combination of factors. Port management believes that all current receivables are collectable and has not recorded an allowance for doubtful accounts.

Property Taxes

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected receivables are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

PORT OF SIUSLAW
Lane County, Oregon

NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020

NOTE 5 - CAPITAL ASSETS

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

	<u>7/01</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30</u> <u>Balance</u>
Capital assets not being depreciated				
Construction in progress	\$ 405,356	\$ 0	\$ (405,356)	\$ 0
Land	<u>2,617,874</u>	<u>0</u>	<u>0</u>	<u>2,617,874</u>
Total capital assets not being dep.	<u>3,023,230</u>	<u>0</u>	<u>(405,356)</u>	<u>2,617,874</u>
Capital assets being depreciated				
Land improvements - campground/ RV park, parking lots and marina	1,527,969	439,076	0	1,967,045
Buildings and docks	7,765,296	175,098	0	7,940,394
Equipment and vehicles	<u>747,362</u>	<u>5,644</u>	<u>0</u>	<u>753,006</u>
Total depreciable capital assets	<u>10,040,625</u>	<u>619,818</u>	<u>0</u>	<u>10,660,445</u>
Accumulated depreciation				
Land improvements - campground/ RV park, parking lots and marina	1,362,196	57,356	0	1,419,552
Buildings and docks	5,017,634	280,881	0	5,298,515
Equipment and vehicles	<u>718,764</u>	<u>14,066</u>	<u>0</u>	<u>732,830</u>
Total accumulated depreciation	<u>7,098,595</u>	<u>352,303</u>	<u>0</u>	<u>7,450,897</u>
Total depreciable, net	<u>2,942,031</u>	<u>267,515</u>	<u>0</u>	<u>3,209,548</u>
Capital assets, net	<u>\$ 5,965,263</u>	<u>\$ 267,515</u>	<u>\$ (405,356)</u>	<u>\$ 5,827,422</u>

Current year depreciation is \$352,303.

NOTE 6 - LONG-TERM DEBT

The Port is obligated under the following long-term loans at year end:

Loan No. L0004: OBDD - The Port borrowed \$189,139 in April 2000 from OBDD's Special Works Fund (SPWF). Debt service is \$15,961 annually through 2025, including 6% interest. At June 30 the balance due is \$67,234. This was for commercial dock and business site development.

Loan No. 524016: Business Oregon - This loan was required by the State of Oregon as part of their dredging funds awarded to the Port. In March and April 2009, the Port borrowed \$75,000 from the Marine Navigation Improvement Fund (MNIF). This loan originated on December 1, 2010 and is payable in 20 annual installments on December 1 in the amount of \$5,876 including interest at 4.72%. This loan was for dredging to remove and dispose sediment in the commercial basin, sport basin and public boat launch ramp. The balance on this loan at June 30 is \$45,997. Collateral is any taxes which the Port may levy in the commercial basin, sport boat basin, and launch ramp areas.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 6 - LONG-TERM DEBT - Continued

The Port is obligated under the following long-term loans at year end:

Loan No. 525186: Business Oregon - The Port started a Maple Street landing and dock rehabilitation program using a line of credit from the State of Oregon through its Business Development Department. The Maple Street landing and dock rehabilitation program is located within the Port's commercial dock and business site development project on 2.58 acres in and around Nopal Street and the Siuslaw River. In December 2010, the line of credit was secured by a promissory note between the State of Oregon using funds from the Port Revolving Loan Funds (PRLF) in the amount of \$601,000. Payments are due in 80 quarterly installments in the amount of \$11,600 including interest at 4.67%. The balance due at June 30 is \$376,533.

Loan No. 525196: Business Oregon - In 2013, the State of Oregon acting by and through the Infrastructure Finance Authority of the Business Development Department lent the Port \$371,988 for wharf rehabilitation within the Port's commercial dock and business site development project on 2.58% acres in and around Nopal Street and the Siuslaw River. Payments are due in 80 quarterly installments in the amount of \$11,600 including interest at 4.67%. The balance due at June 30 is \$282,982.

Loan No. 1000220591: Banner Bank - In August 2008, Siuslaw Bank lent the Port \$250,000 with an interest rate at 4.45%. In 2014, the Port refinanced this loan to gain title to property for future economic development. The collateral for this loan is approximately 40 acres of land in Lane County, Oregon for \$247,500. Soon after, Banner Bank purchased Siuslaw Bank and retained the Port's loan without modifications.

In December of 2018 the Port refinanced the loan, extending the life to November 5, 2033. Monthly payments are \$1,432 including interest at a variable interest rate of 3.25%. The balance owing at June 30 is \$186,014.

During the year ended June 30, the following changes occurred in long term liabilities:

	Principal			6/30 Balance	Due 1 yr.	Interest Accrued
	7/1 Balance	Additions	Reductions			
State of Oregon						
Loan No.L0004	\$ 78,486	\$ 0	\$ 11,252	\$ 67,234	\$ 11,927	\$ 2,353
Loan No.524016	49,535	0	3,538	45,997	3,705	1,266
Loan No.525186	403,957	0	27,424	376,533	28,727	4,418
Loan No.525196	298,115	0	15,133	282,982	15,901	3,450
Banner Bank						
Loan No.1000220591	196,959	0	10,945	186,014	11,307	490
Totals	<u>\$ 1,027,052</u>	<u>\$ 0</u>	<u>\$ 68,292</u>	<u>\$ 958,760</u>	<u>\$ 71,566</u>	<u>\$11,977</u>

Total interest expense for the year is \$46,828, with none capitalized.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 6 - LONG-TERM DEBT - Continued

The future annual requirements to amortize all current and long-term debt is as follows:

Fiscal Year <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future Requirements</u>
6-30-21	\$ 71,567	\$ 43,555	\$ 115,122
6-30-22	75,002	40,119	115,121
2023-27	399,897	143,787	543,684
2028-32	360,698	50,634	411,332
2033-35	<u>51,596</u>	<u>1,440</u>	<u>53,036</u>
Totals	<u>\$ 958,760</u>	<u>\$ 279,535</u>	<u>\$ 1,238,295</u>

NOTE 7 - OPERATING LEASES

Port of Siuslaw is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Port's statement of net position.

The Port leases facilities to various individuals and businesses. Rent agreements vary from month-to-month up to ten years. The cost and book value of leased facilities is not determinable given the mixed-use nature of Port property. As of June 30 minimum rental payments from operating leases having non-cancelable lease terms in excess of one year are as follows:

<u>Year Ended June 30</u>	<u>Rental Receipts</u>
2021	\$ 189,625
2022	189,625
2023	189,625
2024	189,625
2025-31	<u>428,525</u>
Total	<u>\$ 1,187,025</u>

The Port has entered into two principal lease agreements with the Oregon Department of State Lands. The Waterway Lease ML-10508 is for the use of the wharf, including the commercial marina of 2,488 square feet, the marine industrial area of 5,194 square feet and the non-marine use area of 14,889 square feet. The lease runs from September 1, 2004 to August 31, 2020 with rent of 3% of gross income determined by the provisions of OAR 141-082-0100 in effect at the time. For the current year rent was \$12,671.

The Waterway Lease ML-9188 is for the submerged areas of the East and West basins. The East and West basin lease ML-9188 runs from December 1, 2006 to December 17, 2021 with rent of 3% of gross income determined by the provision of OAR 141-082-0100 in effect at the time. For the current year, rent was \$4,028.

**PORT OF SIUSLAW
Lane County, Oregon**

**NOTES TO FINANCIAL STATEMENTS
as of June 30, 2020**

NOTE 8 - DEFERRED COMPENSATION PLAN

The Port offers a Governmental 457(B) plan to employees. This plan is adopted under the Provisions of Internal Revenue Code Section 457 which establishes deferred compensation plans of state and local governmental employers. The plan offers employees a regular and long-term savings pattern through a payroll deduction feature. Employee contributions and earnings on the plan assets are tax deferred until withdrawn from the plan by the employee.

The plan is administered by Nationwide Retirement Solutions. Administrative duties include tracking fund assets by employee participant. The Port's fiduciary responsibility ends when it transfers funds to Nationwide Retirement Solutions equal to the amount deducted from the employee's wage.

NOTE 9 - POSTEMPLOYMENT BENEFITS

For the year ended June 30, 2020, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was effective. This statement provides guidance for accounting for liabilities related to retiree healthcare and other non-pension portemployment benefits (OPEB). At June 30, 2020, the Port's net OPEB liability/(asset) and deferred inflows and outflows were determined by management not to be material to the financial statements taken as a whole. Accordingly, no assets or liabilities relating to OPEB have been reported on the government-wide statements.

NOTE 10 - OTHER INFORMATION

Tax Abatement

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose information about those agreements. The Port has not entered into any tax abatement agreements as of the end of the fiscal year. Therefore, there are no amounts to disclose.

Risk Management

The Port is exposed to various risks of loss related to theft of, damage to and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The Port purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Evaluation of Subsequent Events

In the beginning of March 2020, the COVID-19 virus was declared a global pandemic and later in the same month the Oregon governor issued Executive Order No. 20-12 which directed Oregonians to "Stay Home, Save Lives". It is anticipated communities will be severely impacted with the temporarily closing of businesses. The Port anticipates an increases of expenses and is monitoring possible impact on revenue sources.

Management has evaluated subsequent events through October 9, 2020, the date on which the financial statements were available to be issued.

**PORT OF SIUSLAW
Lane County, Oregon**

SUPPLEMENTAL SECTION

**PORT OF SIUSLAW
Lane County, Oregon**

DESCRIPTION OF BUDGETARY FUNDS

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

The Port uses the following budgetary fund to account for its activities:

General Fund

This fund is used to account for operating revenues and expenses and non-operating items. Primary sources of operating revenue are from the Port's campground/RV park, lease income, moorage and fuel sales. The primary source of non-operating revenues is from property taxes. Primary operating expenses are for maintenance and general administration.

Capital Maintenance Fund

This fund is to account for expenditures on maintenance and improvements. The principal source of funds is transfers from the General Fund.

**PORT OF SIUSLAW
Lane County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2020**

GENERAL FUND

	Original and Final Budget	Actual	Variance
REVENUES			
Operating revenues			
Campground revenue	\$ 530,000	\$ 523,803	\$ (6,197)
Leases	205,000	191,103	(13,897)
Moorage	92,000	92,821	821
Storage	7,780	9,033	1,253
Marine fuel	34,000	25,934	(8,066)
Other income	24,800	25,288	488
Maintenance Assistance Program	19,000	19,000	0
Non-operating revenues			
Property taxes	334,710	367,793	33,083
Interest income	22,800	14,400	(8,400)
Miscellaneous income	10,000	18,158	8,158
Loan	425,000	0	(425,000)
Grant resources	90,000	0	(90,000)
Total revenues	1,795,090	1,287,333	(507,757)
EXPENDITURES			
Personnel services	421,158	378,495	42,663
Materials and services	562,400	432,341	130,059
Capital outlay	984,700	494,592	490,108
Debt service	186,754	115,121	71,633
Contingency	600,000	0	600,000
Total expenditures	2,755,012	1,420,549	1,334,463
Excess (def) of revenues over expenditures	(959,922)	(133,216)	826,706
OTHER FINANCING SOURCES (USES)			
Transfers to Capital Maintenance Fund	(60,000)	(60,000)	0
Excess (def) of revenues over expenditures and transfers	(1,019,922)	(193,216)	826,706
Unappropriated ending fund balance	(43,359)	0	43,359
FUND BALANCE			
Beginning of year (Budget basis)	1,063,281	948,963	(114,318)
End of year (Budget basis)	\$ 0	755,747	\$ 755,747
GAAP ADJUSTMENTS - Reconciled to June, 2019		4,895,930	
Capital asset activity			
Additions		214,462	
Depreciation		(352,303)	
Long-term debt activity			
Principal payments		68,292	
FUND BALANCE - End of year (GAAP basis)		\$ 5,582,128	

**PORT OF SIUSLAW
Lane County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2020**

CAPITAL MAINTENANCE FUND

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES	\$ 0	\$ 0	\$ 0
EXPENDITURES			
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Excess (def) of revenues over expenditures	(20,000)	(20,000)	0
OTHER FINANCING SOURCES (USES)			
Transfers from General Fund	<u>60,000</u>	<u>60,000</u>	<u>0</u>
Excess (def) of revenues over expenditures and transfers	40,000	40,000	0
Unappropriated ending fund balance	(103,152)	0	103,152
FUND BALANCE - Beginning of year (Budget)	<u>63,152</u>	<u>30,006</u>	<u>(33,146)</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 70,006</u>	<u>\$ 70,006</u>

**PORT OF SIUSLAW
Lane County, Oregon**

**RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY
BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION for the Year Ended June 30, 2020**

	Total Revenues	Total Expenditures	Net
Budgetary Basis			
General Fund	\$ 1,287,333	\$ 1,480,549	\$ (193,216)
Capital Maintenance Fund	60,000	20,000	40,000
Total budgetary basis	\$ 1,347,333	\$ 1,500,549	(153,216)
Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis			
Capital asset activity			
Additions			214,462
Depreciation			(352,303)
Long-term debt activity			
Principal payments			68,292
Change in net position			(222,765)
NET POSITION - Beginning of year			5,874,897
NET POSITION - End of year			\$ 5,652,132

**PORT OF SIUSLAW
Lane County, Oregon**

COMPLIANCE SECTION

GRIMSTAD & ASSOCIATES
Certified Public Accountants

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

Board of Commissioners
Port of Siuslaw
Florence, Oregon

I have audited the basic financial statements of the Port of Siuslaw as of and for the year ended June 30, 2020, and have issued my report thereon dated October 9, 2020. I conducted my 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 of Siuslaw financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 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 my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe the Port of Siuslaw 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 Oregon Municipal Corporations, except as noted below:

Interfund Loan

In the Capital Maintenance Fund there was an interfund loan from the General Fund of \$33,151. This loan was budgeted for in the following year 2020-21.

Members:
AICPA OSCPA & OAI

Internal Control Over Financial Reporting

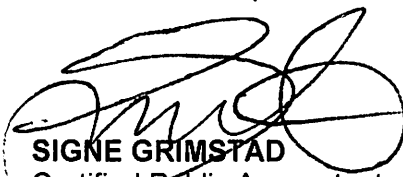
In planning and performing my audit of the financial statements, I considered Port of Siuslaw's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements,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

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

My consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

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



SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
October 9, 2020