Port of Newport

PORT OF NEWPORT
LINCOLN COUNTY, OREGON

FINANCIAL STATEMENTS

Year Ended June 30, 2024

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

PORT OF NEWPORT

LINCOLN COUNTY, OREGON

FOR THE YEAR ENDED JUNE 30, 2024

BOARD OF COMMISSIONERS

Name	Position	Term Expires
Walter Chuck Newport, Oregon	1	June 30, 2027
Kelley Retherford Newport, Oregon	2	June 30, 2025
Gil Sylvia Newport, Oregon	3	June 30, 2027
Jeff Lackey Newport, Oregon	4	June 30, 2025
Pat Ruddiman Newport, Oregon	5	June 30, 2027

All Commissioners receive mail at the address below:

Registered Agent and Address:

Paula J. Miranda, Executive Director
600 SE Bay Boulevard
Newport, OR 97365

PORT OF NEWPORT

FINANCIAL STATEMENTS

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Port of Newport
Newport, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Port of Newport (the Port), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our 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, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Kern & Thompson, LLC | 1800 SW First Avenue, Suite 410 | Portland, Oregon 97201 | Phone: (503) 222-3338 |

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Commissioners
Port of Newport
Newport, Oregon

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension schedules to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

The supplementary combining schedules, budgetary comparison information, and schedules of tax collections as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects to the basic financial statements as a whole.

Other Report on State Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated December 17, 2024, on our consideration of Port of Newport's compliance with certain provisions of 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 our testing of compliance and the results of that testing and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants

Eric A. Zehntbauer, CPA
Partner
Portland, Oregon
December 17, 2024

PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

This discussion and analysis of the Port of Newport (the Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the Port's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS (in thousands)

- Total assets of the Port are $98.0M with capital assets of $68.8M net of accumulated depreciation. Current assets are $9.3M at June 30, 2024.

- The assets of the Port exceeded its liabilities at the close of the fiscal year by $44.2M (Net Position).

- The Port's net position decreased by $1.9M from June 30, 2023.

- Total operating revenue was $9.2M, which is 9% lower than the prior year.

- Total operating expenses for the year were $11.3M, which is 7% higher than the prior year.

Overview of the Financial Statements

This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB).

The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a statement of net position which includes the Port's assets, liabilities, and net position (assets minus liabilities) at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which represents the sources and uses of cash for the year.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, which further explains and supports the information in the financial statements.

The analysis in the following; Table 1 focuses on the net position of the Port; Table 2 focuses on the revenues and expenses of the Port.

Table 1 – Net Position

	2024	2023
Assets and deferred outflows		
Cash and investments	$ 5,769,212	$ 6,274,782
Cash restricted for debt payments	161,323	3,179,885
Capital assets, net	68,767,305	68,658,875
Other	23,303,132	3,873,032
Total assets and deferred outflows	**98,000,972**	**81,986,574**
Liabilities and deferred inflows		
Current	4,170,229	3,373,091
Other liabilities	49,630,361	32,498,919
Total liabilities and deferred inflows	**53,800,590**	**35,872,010**
Net position		
Net investment in capital assets	49,420,119	47,977,716
Unrestricted (deficit)	(5,381,060)	(5,043,037)
Restricted	161,323	3,179,885
Total net position	$ **44,200,382**	$ **46,114,564**

Table 2 – Revenues and Expenses

	2024	2023
Operating revenues		
Tenant rents	$ 5,573,975	$ 6,006,411
Taxes and assessments	971,656	959,533
Miscellaneous	2,679,237	3,080,588
Total operating revenues	**9,224,868**	**10,046,532**
Operating expenses		
Personnel services	3,136,315	2,737,886
Materials and services	4,521,744	4,328,689
Depreciation	3,657,537	3,512,608
Total operating expenses	**11,315,596**	**10,579,183**
Total operating income (loss)	**(2,090,728)**	**(532,651)**
Non-operating revenues (expenses)		
Grants	32,245	1,315,000
Interest income	1,194,713	133,049
Interest expense	(1,050,412)	(1,012,977)
Net non-operating revenues (expenses)	**176,546**	**435,072**
Change in net position	**(1,914,182)**	**(97,579)**
Net position, beginning of year	46,114,564	46,212,143
Net position, end of year	$ **44,200,382**	$ **46,114,564**

Capital Assets

The following table lists the Port's capital assets and their value as of June 30:

	2024	2023
Capital assets		
Land	$ 20,221,521	$ 20,221,521
Construction in progress	3,521,855	344,232
Building	19,436,454	19,450,754
Land improvements	20,077,039	20,077,039
Docks and piers	58,483,428	58,483,428
Equipment	2,802,054	2,199,409
Vehicles	124,922	124,922
Accumulated depreciation	(55,899,968)	(52,242,430)
Total net capital assets	$ **68,767,305**	$ **68,658,875**

For further information on the Port's capital assets, see Note E of the financial statements.

Long-Term Obligations

The following is a summary of long-term debt obligations of the Port as of June 30:

	2024	2023
Long-Term Debt		
General obligation bonds	$ 10,380,000	$ 10,815,000
Revenue bond	12,515,000	13,895,000
Full faith and credit obligations	1,595,000	1,830,000
State of Oregon loans	5,190,622	3,176,669
State of Oregon construction line of credit	-	1,660,000
Bank loans and other	46,563	119,491
Total long-term debt	$ **29,727,185**	$ **31,496,160**

Additional information on the Port's long-term debt can be found in Note G of the financial statements.

Budgetary Highlights

The Port's budget for the fiscal year 2023-24 was adopted by the Port Commission in June 2023 and certified by the Lincoln County Clerk in July 2023. There were no supplemental budgets adopted. The budget to actual annual activity is presented for both the original and final budget amounts as required supplementary information.

Economic Factors and Next Year's Budgets and Rates

As part of the Port's strategic planning and business planning process, regional and national economic trends and forecasts are reviewed and forecasted to help produce the annual budget. In the Port's 2024-25 budget, operating expenditures and revenues are forecast to increase from prior years. The capital improvement budget for 2024-25 assumes capital projects estimated at $50M for work on buildings and additional work on pier docks. This amount is contingent upon grants being awarded to fund these projects.

Contacting the Port's Financial Management

If you have questions about this report or need additional information, contact the Port of Newport, 600 SE Bay Boulevard, Newport, OR 97365.

PORT OF NEWPORT

STATEMENT OF NET POSITION

June 30, 2024

ASSETS

Current assets	
Cash and investments	$ 5,769,212
Cash - restricted	161,323
Property tax receivable	44,285
Receivables, net of allowances	564,937
Prepaid expenses	315,956
Lease receivable	2,451,823
Total current assets	**9,307,536**
Noncurrent assets	
Capital assets	
Depreciable capital assets	100,923,897
Non-depreciable capital assets	23,743,375
Accumulated depreciation	(55,899,967)
Capital assets, net	68,767,305
ROU asset, net	392,150
Lease receivable	16,973,596
Bond cost	285,491
Unamortized bond discount	6,805
Total noncurrent assets	**86,425,347**
Deferred outflows of resources	
Advanced refunding outflows, net of amortization	884,515
Pension related outflows	1,383,574
Total noncurrent assets	**2,268,089**
Total assets and deferred outflows	**$ 98,000,972**

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	$ 897,150
Accrued payroll	233,817
Accrued interest payable	160,899
Lease deposits	392,216
Lease liability - current	51,625
Notes payable - current	381,147
Bond payable - current	2,105,000
Total current liabilities	**4,221,854**
Noncurrent liabilities	
Notes payable	4,856,039
Bonds payable	22,385,000
Unamortized bond premium	592,965
Lease liability	354,975
Net pension liability	2,362,438
Total noncurrent liabilities	**30,551,417**
Deferred inflows of resources	**19,027,319**
Net position	
Net investment in capital assets	49,420,119
Restricted	161,323
Unrestricted	(5,381,060)
Total net position	**44,200,382**
Total liabilities, deferred inflows and net position	**$ 98,000,972**

See notes to financial statements.

PORT OF NEWPORT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2024

Operating revenues	
Moorages and leases	$ 5,573,975
Property tax	971,656
RV Park	1,337,277
Services	372,923
Fees	745,254
Other	116,333
Total operating revenues	**9,117,418**
Operating expenses	
Salary and wage	2,022,493
Payroll tax and benefit	1,113,822
Administration, promotion and marketing	439,037
Maintenance	1,364,514
Utilities	648,974
Insurance	524,656
Professional fees	166,689
Service fees	797,323
Supplies	106,583
Other	473,968
Depreciation	3,657,537
Total operating expenses	**11,315,596**
Operating income (loss)	**(2,198,178)**
Non-operating revenues (expenses)	
Grants and reimbursements	32,245
Gain on sale of asset	107,450
Interest income	1,194,713
Interest expense	(1,050,412)
Total non-operating revenues (expenses)	**283,996**
Change in net position	**(1,914,182)**
Net position, beginning of year	46,114,564
Net position, end of year	**$ 44,200,382**

See notes to financial statements.

PORT OF NEWPORT

STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

Cash flows from operating activities:		
Cash received from tenants	$	7,704,774
Cash received from property taxes		965,437
Payments to vendors		(3,981,990)
Payments to employees		(2,971,246)
Net cash provided by (used in) operating activities		**1,716,975**
Cash flows from investing activities:		
Interest income		**1,194,713**
Cash flows from noncapital financing activities:		
Transfers from other funds		156,830
Transfers to other funds		(156,830)
Net cash provided by (used in) noncapital financing activities		-
Cash flows from capital and related financing activities:		
Acquisitions of capital assets		(3,644,067)
Cash received from grants		32,245
Bond discount		54,506
Bond premium		(44,037)
Advance from new debt		2,347,345
Payments on notes and bonds payable		(4,116,318)
Interest paid		(1,065,494)
Net cash provided by (used in) capital and related financing activities		**(6,435,820)**
Change in cash and cash equivalents		**(3,524,132)**
Cash and cash equivalents		
Beginning of year		9,454,667
End of year	$	**5,930,535**
Reported in the Balance Sheet as:		
Unrestricted	$	5,769,212
Restricted		161,323
Total	$	**5,930,535**
Reconciliation of operating income (loss) to cash provided by (used in) operating activities:		
Operating income (loss)	$	(2,198,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization		3,657,537
(Increase) decrease in current assets:		
Operating receivables		(19,259,334)
Prepaid expense		(14,484)
Increase (decrease) in current liabilities:		
Accounts payable and compensated absences		2,203,046
Changes to deferred inflows		17,158,750
Pension liabilities		169,638
Net cash provided by (used in) operating activities	$	**1,716,975**

See notes to financial statements.

NOTE A – DESCRIPTION OF ORGANIZATION

The Port of Newport, located in Lincoln County, Oregon (the Port) was established in 1910 pursuant to Section 8 Chapter 31 of the Session Laws of the State of Oregon 1909. The Port's mission is to build and maintain waterfront facilities and promote/support projects and programs in cooperation with other community organizations and businesses that will retain and create new jobs and increase community economic development.

Control of the Port is vested in its five-member commission. Commissioners are elected to office by voters within the Port District, which encompasses the majority of Lincoln County. Administrative functions are delegated to individuals who report to and are responsible to the commission. The chief administrative officer is the executive director.

The accompanying basic financial statements present all funds, for which the Port is considered to be financially accountable. The criteria used in making this determination includes the appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependence on the primary government. Based upon the evaluation of these criteria, the Port is a primary government with no includable component units.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The accounts of the Port are organized on the basis of proprietary fund types, specifically 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 governing body is that costs of providing goods and services be financed or recovered primarily through user charges. The activities of these funds are accounted for with a separate set of self-balancing accounts that comprise the Port's assets, liabilities, net position, revenues and expenses. The Port uses several individual funds for state legal compliance that are combined and reported as a unitary enterprise similar to a commercial entity organized for profit for financial reporting. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of an activity; or (ii) that are required by laws and regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these fund types are included on the Statement of Net Position. Net position (i.e. total assets net of total liabilities) is segregated into invested in capital assets, net of related debt, restricted for debt service, and unrestricted components.

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Port has defined operating revenues to include lease fees, RV park fees, launch dock, hoist and moorage fees. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues 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) on sale of capital assets, and non-operating grant revenue and amortization costs.

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 following funds collectively comprise the enterprise activities reported by the Port:

General Fund - This fund is used to account for the financial resources of the Port that are not accounted for in any other fund. Principal sources of revenue are from property taxes, service fees and lease revenue. Primary expenditures are for maintenance and personnel services.

Bonded Debt Fund - This fund accounts for the redemption of general obligation bonds and interest thereon. The principal source of revenue is property taxes.

Facilities Maintenance Reserve Fund - This fund is used to account for the accumulation of funds for maintenance, repairs, and capital improvements.

Construction Fund - This fund is used for the construction of major capital facilities and is dissolved as of June 30, 2024.

NOAA Lease Revenue Fund – This fund accounts for expenditures relating to capital improvements for the NOAA MOC-P facility. Current resources consist primarily of lease payments. This fund services the bond repayment and covers facilities maintenance costs over the term of the lease.

Reserve Fund – The fund is used for matches to grants and other capital or non-capital projects at the Port. Any funds used from the Reserve Fund must be repaid within 6 years. The fund balance shall not fall below $300,000. The Executive Director may authorize use of the fund but must report use to the commission.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policies and Budgetary Control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except for agency funds. A budget is prepared for each fund in accordance with the modified accrual basis of accounting with certain modifications and legal requirements set forth in the Oregon Local Budget Law (ORS 294.305 to 294.565). The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The Port established the levels of budgetary control at the department level for the General Fund, and at the fund level for all other funds. Appropriations lapse at the end of each fiscal year.

The Port begins its budgeting process by appointing Budget Committee members for three year terms. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in March or April and the hearing is held in May or June. The Board of Commissioners adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

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.

Cash 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, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

The Port's investment policies are governed by Oregon statutes. The statutes authorize the Port to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, high-grade commercial paper, and the State Treasurer's Local Government Investment Pool (LGIP). See Note C.

Lease receivables

The Port recognizes lease contracts that have a term exceeding one year that meet the definition of an other than short-term lease. The Port uses the same interest rate it charges to the lessee as the discount rate or that is implicit in the contract to the lessee. Short-term lease receipts and variable receipts not included in the measurement of the lease receivable are recognized as income when earned.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

Terminal, marina, and tenant rent receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivable.

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Subscription Based Information Technology Arrangement – SBITA

The Port recognizes a subscription-based information technology asset and corresponding liability when an agreement conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction in accordance with GASB 96. The Port amortizes subscription-based assets on a straight-line basis. Any variable payments associated with the contract are expensed as incurred, as they are deemed a current expense. There were no SBITA's for the year ended June 30, 2024.

Capital Assets and Depreciation

Capital assets include land and improvements, buildings, and equipment. In addition, certain capital assets purchased may be capitalized regardless of the thresholds established.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method according to the following criteria:

Asset Classification	Capitalization Threshold	Useful Life in Years
Land improvements	$ 5,000	10 - 20
Buildings	5,000	25 - 40
Docks	5,000	30 - 60
Equipment	5,000	5 - 10

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees are permitted to accumulate earned but unused paid time off ("PTO"). PTO is recognized as expense when earned. Compensated absences are reported and accrued with other payroll liabilities in the Statement of Net Position.

Long-Term Obligations

Long-term obligations are reported at face value, net of applicable discounts. Costs related to the issuance of debt are deferred and amortized over the lives of the various debt issues.

Estimates

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that apply to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that apply to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Pension Retirement Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (OPERS) and additions to/deductions from OPERS's fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Port's financial statements. Net position is divided into three components:

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the Port's creditors, by enabling legislation, by grantors, and other contributors.

Unrestricted - all other net assets reported in this category.

Restricted Assets and Related Liabilities

Assets whose use is restricted for construction related to the marine terminal redevelopment project, the National Oceanic and Atmospheric Administration (NOAA), Marine Operations Center-Pacific (MOC-P) project, the facilities maintenance reserve, and the payment of bonded debt service, as well as all related liabilities are segregated on the Statement of Net Position.

Where both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources to the limits of the policies and statutes governing them first, then unrestricted resources as they are needed.

NOTE C – CASH AND INVESTMENTS

The Port’s cash and investments are held in bank financial institutions listed as qualified bank depositories by the Oregon State Treasurer and with the State Treasurer Local Government Investment Pool.

The Port uses money market bank accounts and time certificates of deposit for its temporary investments. Amounts held in such accounts are treated as cash equivalents, as the accounts can be accessed as needed. Cash and investments consist of the following at June 30, 2024:

Deposits with financial institutions:	
Demand deposits	$ 919,054
Local government investment pool	5,011,481
Total	$ 5,930,535
Reported in:	
Statement of net position	
Cash and investments	$ 5,769,212
Cash restricted for debt payments	161,323
Total	$ 5,930,535

NOTE C – CASH AND INVESTMENTS (CONTINUED)

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 policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Credit Risk

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. Oregon Statutes limit investments to general obligations of the 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.

Concentration of Credit Risk

The Port does not have a formal policy that places a limit on the amount that may be invested with any one issuer.

Custodial Credit Risk

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance was $5,930,535. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds 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.

NOTE D – RECEIVABLES

Receivables consist of the following at June 30, 2024:

Property taxes receivable	$ 44,285
Tenant receivables	614,937
Allowance for uncollectible tenant rents	(50,000)
	$ 609,222

NOTE E – CAPITAL ASSETS

The following table is a summary of capital assets:

	Balances June 30, 2023	Additions	Transfers/ Deletions	Balances June 30, 2024
Capital assets not depreciated:				
Land	$ 20,221,521	$ -	$ -	20,221,521
Construction in process	344,233	3,298,065	(120,443)	3,521,855
Total capital assets not depreciated	20,565,754	3,298,065	(120,443)	23,743,376
Capital assets being depreciated:				
Land improvements	20,077,039	-	-	20,077,039
Buildings	19,450,754	-	(14,300)	19,436,454
Docks & Piers	58,483,428	-	-	58,483,428
Equipment	2,199,409	588,345	14,300	2,802,054
Vehicles	124,922	-	-	124,922
Total capital assets being depreciated	100,335,552	588,345	-	100,923,897
Less accumulated depreciation				
Land improvements	(12,080,750)	(630,376)	-	(12,711,126)
Buildings	(8,572,272)	(643,355)	-	(9,215,627)
Docks & Piers	(29,722,720)	(2,265,174)	-	(31,987,894)
Equipment	(1,768,813)	(112,213)	-	(1,881,026)
Vehicles	(97,876)	(6,419)	-	(104,295)
Total accumulated depreciation	(52,242,431)	(3,657,537)	-	(55,899,968)
Net capital assets being depreciated	48,093,121	(3,069,192)	-	45,023,929
Total capital assets, net	$ 68,658,875	$ 228,873	$ (120,443)	$ 68,767,305

NOTE F – LEASES

The Port leases docks, land, buildings, moorings and equipment to various companies under operating leases. In most cases, rents are at a fixed rate per month. The majority of the operating leases contain renewal options at a negotiable rate.

The Port is a lessor for noncancellable leases of docks, land, buildings, moorings and equipment with lease terms through 2031. For the year ending June 30, 2024, the Port recognized $3,024,968 in lease revenue released from the deferred inflow of resources charged to the lessees included in lease income on the statement of revenue, expenses, and change in net position. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the fiscal year.

NOTE F – LEASES (CONTINUED)

The future principal and interest lease receipts as of June 30, 2024 were as follows:

Year Ending June 30,	Total	Interest	Principal
2025	$ 3,278,522	$ 826,699	$ 2,451,822
2026	3,334,408	712,405	2,622,002
2027	3,364,799	591,816	2,772,982
2028	3,047,899	470,884	2,577,015
2029	3,128,769	350,818	2,777,951
Thereafter	6,569,342	304,898	6,223,647
	$ 22,723,739	$ 3,257,520	$ 19,425,419

NOTE G – LONG-TERM OBLIGATIONS

Bonds and Loans Payable

The general obligation bonds, full faith and credit obligation bond, and State of Oregon loans are direct obligations and pledge the full faith and credit of the Port. The revenue bonds are secured by the NOAA lease revenue and the required reserve was fully funded with bond proceeds. The funds provided by obligations and other financing loans, were and continue to be used for the acquisition, repair and construction of capital assets.

In the fiscal year ending June 30, 2013, the Port obtained financing for construction of the International Terminal. The Port negotiated a $3,000,000 loan with a $500,000 grant from the Oregon Infrastructure Finance Authority (IFA). Additional financing was obtained under a forgivable loan from the State of Oregon Business Development in the amount of $400,000. The non-interest-bearing loan is secured by a promissory note payable over ten years, with $287,500 remaining at June 30, 2024.

In the fiscal year ending June 30, 2013, the Port refinanced two Special Public Works Fund Community Facility loans outstanding of $2,624,942 and received new funding of $890,000 for improvements to the Port's International Terminal. For year ending June 30, 2024 the outstanding balance of the two Special Works loans are $1,919,958 and $287,500 respectively and the balance of the terminal loan is $670,880.

On June 16, 2016, the Port issued Series 2016 refunding bonds for $7,610,000. The amount of $8,348,133 was sent to the escrow agent for refunding of GO Bond Series 2007 callable portion in the amount of $4,135,878 and GO Bond Series 2008 callable portion in the amount of $4,272,080. The Port realized a net present value savings of approximately $944,963. As of June 30, 2024, remaining defeased GO bonds consist of 2007 series of $2,755,000 and 2008 series of $2,915,000. In 2016 the bonds were legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. Defeased debt is no longer a liability of the Port.

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

In December of 2019, the Port issued Series 2019 refunding bonds for $5,320,000 realizing a net present value savings of $802,184. The amount of $5,612,972 was sent to the escrow agent for refunding of GO Bond Series 2011 callable portion in the amount of $4,855,000. As of June 30, 2024, the remaining defeased GO Bond balance is $4,610,000. The bond was legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. The defeased debt is no longer a liability of the Port.

In December of 2019, the Port issued another Series 2019 refunding bond for $17,855,000 realizing a net present value savings of $2,548,900. The amount of $17,976,861 was sent to the escrow agent for refunding of Revenue Bond Series 2010 callable portion in the amount of $17,165,000. As of June 30, 2024, the remaining defeased revenue bond balance is $11,345,000. The bond was legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. The defeased debt is no longer a liability of the Port.

As of June 30, 2024, the defeased General Obligation bonds are as follows:

GO 2007 defeased bonds	$ 2,755,000
GO 2008 defeased bonds	2,915,000
Revenue Bond 2010 defeased bonds	11,345,000
GO Bond 2011 defeased bonds	4,610,000
Total balance of defeased bonds	$ 21,625,000

In December of 2023 the Port converted two construction lines of credit with from the Oregon Infrastructure Finance Authority, used for construction of the administrative building, to permanent financing. The outstanding balance of the loans as of June 30, 2024 are $931,075 and $793,864 respectively.

In January of 2024, the Port replaced a crane with funding from the Oregon Infrastructure Finance Authority. The balance as of June 30, 2024 is $587,345.

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Transactions for notes payable for the year ended June 30, 2024 were as follows:

Bonded Debt Fund	Balance 30-Jun-23	Additions	Reductions	Balance 30-Jun-24	Due Within One Year Principal	Interest	Total
General Obligation Bonds							
Series 2016	$ 5,880,000	$ -	$ 320,000	$ 5,560,000	$ 335,000	$ 205,150	$ 540,150
Series 2019	4,935,000	-	115,000	4,820,000	120,000	162,739	282,739
Total Bonded Debt Fund	**$ 10,815,000**	**$ -**	**$ 435,000**	**$ 10,380,000**	**$ 455,000**	**$ 367,889**	**$ 822,889**

General Fund	Balance 30-Jun-23	Additions	Reductions	Balance 30-Jun-24	Due Within One Year Principle	Interest	Total
Full Faith and Credit OB							
Series 2013	$ 1,830,000	$ -	$ 235,000	$ 1,595,000	$ 235,000	$ 46,182	$ 281,182
State of Oregon Loans							
Oregon Infrastruction Authority							
Q10001	807,940	-	137,060	670,880	74,883	18,717	93,600
L12005	2,058,312	-	138,355	1,919,957	143,710	74,502	218,212
Promissory	310,417	-	22,917	287,500	25,000	-	25,000
L22001	-	810,000	16,136	793,864	32,819	17,586	50,405
525206	-	950,000	18,924	931,076	38,492	20,626	59,118
525207	-	587,345	-	587,345	19,680	21,534	41,214
First Interstate							
2019 129700956	104,900	-	58,337	46,563	46,563	985	47,548
Oregon Brewing Company	14,589	-	14,589	-	-	-	-
Total General Fund	**$ 5,126,158**	**$ 2,347,345**	**$ 641,318**	**$ 6,832,185**	**$ 616,147**	**200,132**	**$ 816,279**

NOAA Fund	Balance 30-Jun-23	Additions	Reductions	Balance 30-Jun-24	Due Within One Year Principle	Interest	Total
Revenue							
Series 2019	$ 13,895,000	$ -	$ 1,380,000	$ 12,515,000	$ 1,415,000	$ 343,365	$ 1,758,365
	13,895,000	-	1,380,000	12,515,000	1,415,000	343,365	1,758,365
Totals	**$ 29,836,158**	**$ 2,347,345**	**$ 2,456,318**	**$ 29,727,185**	**$ 2,486,147**	**$ 911,386**	**$ 3,397,533**

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of notes payable as of June 30, 2024, were as follows:

Year Ended	GO 2019		GO 2016		Full Faith Series 2013	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 120,000	$ 162,739	$ 335,000	$ 205,150	$ 235,000	$ 46,182
2026	120,000	159,613	350,000	191,450	245,000	38,983
2027	120,000	156,373	360,000	177,250	210,000	32,157
2028	130,000	152,928	370,000	162,650	215,000	25,783
2029	135,000	149,211	390,000	147,450	225,000	19,014
2030-34	735,000	679,089	2,200,000	484,650	465,000	28,560
2035-39	1,790,000	515,555	1,555,000	81,325	-	-
2040-44	1,670,000	60,660	-	-	-	-
	$ 4,820,000	**$ 2,036,168**	**$ 5,560,000**	**$ 1,449,925**	**$ 1,595,000**	**$ 190,679**

Year Ended	Q10001		L12005		Promissory Note	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 74,696	$ 18,904	$ 143,710	$ 74,502	$ 25,000	$ -
2026	76,968	16,632	149,271	68,940	25,000	-
2027	79,309	14,291	155,048	63,163	25,000	-
2028	81,722	11,878	161,049	57,163	25,000	-
2029	84,207	9,393	167,281	50,931	25,000	-
2030-34	273,978	12,482	938,671	152,387	125,000	-
2035-39	-	-	204,928	8,130	37,500	-
2040-44	-	-	-	-	-	-
	$ **670,880**	$ **83,580**	$ **1,919,958**	$ **475,216**	$ **287,500**	$ **-**

Year Ended	Loan 129700956		L22001		Loan 525206	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	46,563	$ 986	$ 32,819	$ 17,586	$ 38,492	$ 20,626
2026		-	33,564	16,842	39,365	19,753
2027	-	-	34,326	16,080	40,258	18,859
2028	-	-	35,104	15,301	41,172	17,946
2029	-	-	35,901	14,505	42,106	17,012
2030-34	-	-	192,100	59,928	225,302	70,286
2035-39	-	-	214,906	37,122	252,050	43,538
2040-44	-	-	215,145	11,609	252,331	13,615
	$ 46,563	**$ 986**	**$ 793,865**	**$ 188,973**	**$ 931,076**	**$ 221,635**

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Year Ended	Loan 525207		NOAA Series 2019		Totals	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2025	$ 19,680	$ 21,534	$ 1,415,000	$ 343,365	$ 2,486,147	$ 911,574
2026	21,230	19,984	1,455,000	306,226	2,515,398	838,423
2027	21,999	19,215	1,490,000	266,725	2,535,940	764,113
2028	22,795	18,419	1,535,000	224,528	2,616,842	686,596
2029	23,619	17,595	1,580,000	179,412	2,708,114	604,523
2030-34	131,550	74,520	5,040,000	240,663	10,326,601	1,802,565
2035-39	157,133	48,936	-	-	4,211,517	734,606
2040-44	189,339	18,378	-	-	2,326,627	104,262
	$ 587,345	**$ 238,581**	**$ 12,515,000**	**$ 1,560,919**	**$ 29,727,186**	**$ 6,446,662**

NOTE H – COMMITMENTS AND CONTINGENCIES

Paid Time Off

As of June 30, 2024, the Port recorded a liability for accumulated unused paid time off (“PTO”) of $128,718. It is the Port's policy to pay unused PTO upon retirement or termination of employment, subject to limitations based on years of service.

Risk Management

The Port is exposed to various risks of loss related to theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Port purchases commercial insurance to minimize its exposure to these risks. Settled claims resulting from these risks have historically not exceeded commercial insurance coverage.

NOTE I – PENSION RETIREMENT PLAN

Defined Benefit Pension Plan

General Information about the Pension Plan:

Name of the pension plan: The Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple-employer defined benefit plan.

Plan description. Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. OPERS issues a publicly available financial report that can be obtained at:

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan: (Continued)

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Benefits provided under Chapter 238-Tier One / Tier Two:

1. *Pension Benefits.* The ORS 238 Defined Benefit Pension Plan provides benefits to members hired *before* August 29, 2003.

   The OPERS retirement benefit is payable monthly for life to covered members upon reaching the minimum retirement age. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

   - Member was employed by a OPERS employer at the time of death,
   - Member died within 120 days after termination of OPERS-covered employment,
   - Member died as a result of injury sustained while employed in a OPERS-covered job, or
   - Member was on an official leave of absence from a OPERS-covered job at the time of death.

3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

   Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

General Information about the Pension Plan: (Continued)

Benefits provided under Chapter 238A-OPSRP Pension Program (OPSRP DB):

1. *Pension Benefits.* The ORS 238A Defined Benefit Pension Program provides benefits to members hired *on or after* August 29, 2003.

   This portion of the OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

   General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions:

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2021, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. The Port has not established any such side accounts.

Employer contributions for the year ended June 30, 2024, were $200,916, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2024, were: (1) Tier1/Tier 2 – 23.58% and (2) OPSRP general service – 20.22%.

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Valuations:

The employer contribution rates effective July 1, 2021, through June 30, 2024, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2021
Measurement Date	June 30, 2023
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with *Moro* decision; blend based on service.
Mortality	**Healthy retirees and beneficiaries:** Pub-2010 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Active members:** Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. **Disabled retirees:** Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Valuations: (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate:

The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	20.0 %	30.0 %	25.0 %
Debt Securities	22.5	32.5	27.5
Public Equity	9.0	16.5	12.5
Private Equity	17.5	27.5	20.0
Real Estate	2.5	10.0	7.5
Alternative Equity	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Total			100.0 %

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2021 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Discount Rate: (Continued)

Asset Class	Target		Compound Annual Return (Geometric)	
Global Equity	27.50	%	7.07	%
Private Equity	25.50		8.83	
Core Fixed Income	25.00		4.50	
Real Estate	12.25		5.83	
Master Limited Partnerships	0.75		6.02	
Infrastructire	1.50		6.51	
Hedge Funds of Funds - Multistrategy	1.25		6.27	
Hedge Fund Equity - Hedge	0.63		6.48	
Hedge Fund - Macro	5.62		4.83	
Assumed Inflation – Mean			2.40	

Sensitivity of the Port's proportionate share of the net pension liability to changes in the discount rate:

The following presents the Port's proportionate share of the net pension (liability) asset calculated using the current discount rate as well as the Port's net pension liability as if it were calculated using a discount rate 1 percentage point lower or higher than the current rate:

	1% Decrease (5.9%)	Current Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension (liability)/asset	$ 3,902,302	$ 2,362,438	$ 1,073,734

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2024, the Port reported a liability of $2,362,438 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, and rolled forward to June 30, 2024. The Port's proportion of the net pension asset was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

2. Unfunded Actuarial Liability (UAL) Rate: If system assets are less than the actuarial liability, a UAL exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the UAL itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

Analyzing both rate components, the projected long-term contribution effort is simply the sum of the PVFNC and UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2024 measurement date, the Port's proportionate share of the net pension liability was 0.01261266%, which changed from its proportionate share measured as of June 30, 2023 of 0.01275425%.

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2024, the Port recognized pension expense of $146,661. At June 30, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 115,530	$ 9,367
Changes of assumptions	209,865	1,565
Net difference between projected and actual earnings on investments	42,463	25,139
Changes in proportionate share	640,611	-
Differences between employer contributions and proportionate share of contributions	-	316,134
Total (prior to post-measurement date contributions)	1,008,469	352,205
Contributions made subsequent to measurement date	375,005	-
Net Deferred Outflow/(Inflow) of Resources	$ 1,383,474	$ 352,205

Deferred outflows of resources related to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year subsequent to June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post-measurement date contributions)
2025	$ 582,519
2026	52,020
2027	302,474
2028	95,002
2029	(646)
Thereafter	-
Net Deferred Outflow/(Inflow) of Resources	$ 1,031,369

NOTE I – PENSION RETIREMENT PLAN (CONTINUED)

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes in Plan provisions subsequent to the June 30, 2023, measurement date.

Changes in Assumptions:

There were no key changes implemented since the December 31, 2021, valuation. Additional detail and a comprehensive list of methods and assumptions can be found in the 2020 Experience Study for the System, which was published July 2021.

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

Participants in OPERS defined benefit pension plans also participate in the OPSRP Individual Account Program (IAP), a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

Employees contribute six percent of covered payroll for general service employees. For fiscal year 2024, employees contributed $107,300 with VOYA Financial to maintain IAP participant records.

NOTE J – OTHER POST EMPLOYMENT BENEFITS

The Port provides other postemployment benefits (“OPEB”) for the benefit of its employees. The Port’s OPEB combines two separate plans. The Port provides an implicit rate subsidy for retiree health insurance premiums administered by the Special District Association of Oregon (SDAO), and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan (RHIA). The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs.

The OPEB liability for both components was measured as of June 30, 2023, and was determined by an actuarial valuation as of December 31, 2021 rolled forward to June 30, 2024. The Port’s proportionate share of the OPEB liability was based on the Port’s projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. Based on the Port’s small impact on the state-wide pool, the Port’s proportionate share of the OPEB asset as of June 30, 2024, was $16,383, which was insignificant to the Port’s financial statements.

NOTE K – OPERATING ROU LEASE ASSET AND LIABILITY

Nature of Leases

The Port has entered into the following lease arrangements:

- **Operating Lease**

  The Port leases submerged and submersible land under five separate agreements with the Oregon State Land Board and Department of State Lands, the last expiring November 30, 2031, two of the leases are short term. The lease terms require an annual rental payment due on the lease anniversary date each year, subject to adjustment in accordance with the provisions of OAR 141-082-011. The agreements may also be renewed for unlimited successive 15-year terms. There are no executory costs.

  The Port uses the implicit interest rate used for leases where the Port is the lessee accordingly, the present value of the minimum lease costs has been calculated using the rate of 4.0% as of the inception of the lease to arrive at the value of the right-of-use (“ROU”) asset and corresponding lease liability.

- **Short-Term Leases**

  There are two short-term leases that are for a period of 12 months or less.

NOTE K – OPERATING ROU LEASE ASSET AND LIABILITY (CONTINUED)

Summary of Lease Accounting

Description	Initial Liability	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
Right-of-use lease liability:					
DSL 11873	$ 300,000	$ 300,000	$ -	$ (27,986)	$ 272,014
DSL 45552	86,000	86,000	-	(7,949)	78,051
DSL 11720	68,000	68,000	-	(11,465)	56,535
Total	$ 454,000	$ 454,000	$ -	$ (47,400)	$ 406,600

Future minimum lease payments and reconciliation to the statement of financial position at June 30, 2024, are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 51,625	$ 16,487	68,112
2026	55,775	14,380	70,155
2027	60,452	11,808	72,260
2028	65,523	8,905	74,428
2029	53,917	6,514	60,431
Thereafter	119,308	5,320	124,628
	$ 406,600	$ 63,414	$ 470,014

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF NEWPORT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION INFORMATION

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.01261%	0.01275%	0.00940%	0.00720%	0.00394%	0.00567%	0.00549%	0.00454%	0.00285%	0.00753%
Proportionate share of the net pension liability (asset)	$ 2,362,438	$ 1,952,932	$ 1,125,376	$ 1,571,763	$ 682,015	$ 858,385	$ 739,360	$ 680,933	$ 163,496	$ (170,613)
Covered-employee payroll	1,339,250	1,415,881	1,106,858	870,159	557,083	718,008	817,153	736,082	607,922	689,517
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	176.4%	137.9%	101.7%	180.6%	122.4%	119.6%	90.5%	92.5%	26.9%	-24.7%
Plan fiduciary net position as a percentage of the total pension liability	81.6%	84.5%	87.6%	75.8%	80.2%	85.0%	83.1%	80.5%	91.9%	103.6%

SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 301,816	$ 514,016	$ 107,852	$ 88,633	$ 67,824	$ 78,769	$ 42,074	$ 2,682	$ 8,986	$ 21,005
Contributions in relation to the contractually required contribution	234,121	200,916	203,271	165,579	56,263	34,500	42,074	2,682	9,108	21,371
Contribution deficiency (excess)	$ 67,695	$ 313,100	$ (95,419)	$ (76,946)	$ 11,561	$ 44,269	$ -	$ -	$ (122)	$ (366)
Covered-employee payroll	$ 1,339,250	$ 1,415,881	$ 1,106,858	$ 870,159	$ 557,083	$ 718,008	$ 817,153	$ 736,082	$ 607,922	$ 689,517
Contributions as a percentage of covered-employee payroll	17.5%	14.2%	18.4%	19.0%	10.1%	4.8%	5.1%	0.4%	1.5%	3.1%

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

Actuarial assumptions and other changes are described in the notes to the accompanying financial statements.

SUPPLEMENTAL INFORMATION

PORT OF NEWPORT

COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION

June 30, 2024

ASSETS

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	Reserve Fund	Total Enterprise Funds
Current assets							
Cash and investments	$ (196,950)	$ -	$ 467,626	$ -	$ 3,129,539	$ 2,368,997	$ 5,769,212
Cash - restricted	-	161,323	-	-	-	-	161,323
Property tax receivables	6,597	37,688	-	-	-	-	44,285
Receivables, net of allowances	564,937	-	-	-	-	-	564,937
Prepaid expense	199,217	-	-	-	116,739	-	315,956
Lease receivable	533,807	-	-	-	1,918,016	-	2,451,823
Total current assets	**1,107,608**	**199,011**	**467,626**	**-**	**5,164,294**	**2,368,997**	**9,307,536**
Noncurrent assets							
Capital assets							
Depreciable capital assets	62,452,134	-	-	-	38,471,763	-	100,923,897
Non depreciable capital assets	23,743,375	-	-	-	-	-	23,743,375
Accumulated depreciation	(35,624,467)	-	-	-	(20,275,500)	-	(55,899,967)
Capital assets, net	50,571,042	-	-	-	18,196,263	-	68,767,305
ROU asset, net	392,150	-	-	-	-	-	392,150
Lease receivable	1,199,628	-	-	-	15,773,968	-	16,973,596
Bond cost	-	125,945	-	-	159,546	-	285,491
Unamortized bond discount	-	6,805	-	-	-	-	6,805
Total noncurrent assets	**52,162,820**	**132,750**	**-**	**-**	**34,129,777**	**-**	**86,425,347**
Deferred outflows of resources							
Advanced refunding outflows, net of amortization	-	516,877	-	-	367,638	-	884,515
Pension related outflows	1,314,396	-	-	-	69,178	-	1,383,574
Total deferred outflows	**1,314,396**	**516,877**	**-**	**-**	**436,816**	**-**	**2,268,089**
Total assets and deferred outflows	**$ 54,584,824**	**$ 848,638**	**$ 467,626**	**$ -**	**$ 39,730,887**	**$ 2,368,997**	**$ 98,000,972**

LIABILITIES AND NET POSITION

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	Reserve Fund	Total Enterprise Funds
Current liabilities							
Accounts payable	$ 875,628	$ -	$ -	$ -	$ 21,522	$ -	$ 897,150
Accrued payroll	225,353	-	-	-	8,464	-	233,817
Accrued interest payable	10,334	-	-	-	150,565	-	160,899
Lease deposits	392,216	-	-	-	-	-	392,216
Lease liability - current	51,625	-	-	-	-	-	51,625
Notes payable - current	381,147	-	-	-	-	-	381,147
Bonds payable - current	235,000	455,000	-	-	1,415,000	-	2,105,000
Total current liabilities	**2,171,303**	**455,000**	**-**	**-**	**1,595,551**	**-**	**4,221,854**
Noncurrent liabilities							
Notes payable	4,856,039	-	-	-	-	-	4,856,039
Bonds payable	1,360,000	9,925,000	-	-	11,100,000	-	22,385,000
Unamortized bonds premium	64,515	528,450	-	-	-	-	592,965
Lease liability	354,975	-	-	-	-	-	354,975
Net pension liability	2,244,316	-	-	-	118,122	-	2,362,438
Total noncurrent liabilities	**8,879,845**	**10,453,450**	**-**	**-**	**11,218,122**	**-**	**30,551,417**
Deferred inflows of resources							
Long term lease	1,518,364	-	-	-	17,158,750	-	18,677,114
Pension related inflows	332,694	-	-	-	17,511	-	350,205
Total deferred inflows	**1,851,058**	**-**	**-**	**-**	**17,176,261**	**-**	**19,027,319**
Net position							
Net investment in capital assets	43,738,856	-	-	-	5,681,263	-	49,420,119
Restricted	-	161,323	-	-	-	-	161,323
Unrestricted	(2,056,238)	(10,221,135)	467,626	-	4,059,690	2,368,997	(5,381,060)
Total net position	**41,682,618**	**(10,059,812)**	**467,626**	**-**	**9,740,953**	**2,368,997**	**44,200,382**
Total liabilities, deferred inflows and net position	**$ 54,584,824**	**$ 848,638**	**$ 467,626**	**$ -**	**$ 39,730,887**	**$ 2,368,997**	**$ 98,000,972**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2024

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	Reserve Fund	Total Enterprise Funds
Operating revenues							
Moorages and leases	$ 3,089,398	$ -	$ -	$ -	$ 2,484,577	$ -	$ 5,573,975
Property tax	133,659	837,997	-	-	-	-	971,656
RV park	1,337,277	-	-	-	-	-	1,337,277
Services	372,923	-	-	-	-	-	372,923
Fees	745,254	-	-	-	-	-	745,254
Other	116,333	-	-	-	-	-	116,333
Total operating revenues	**5,794,844**	**837,997**	**-**	**-**	**2,484,577**	**-**	**9,117,418**
Operating expenses							
Salary and wage	1,867,964	-	-	-	154,529	-	2,022,493
Payroll tax and benefit	996,536	-	-	-	117,286	-	1,113,822
Administration, promotion and marketing	419,315	-	-	-	19,722	-	439,037
Maintenance	493,603	-	-	-	870,911	-	1,364,514
Utilities	633,272	-	-	-	15,702	-	648,974
Insurance	303,782	-	-	-	220,874	-	524,656
Professional fees	143,686	-	-	-	23,003	-	166,689
Service fees	703,099	-	-	-	94,224	-	797,323
Supplies	106,583	-	-	-	-	-	106,583
Other	291,118	-	-	-	182,850	-	473,968
Depreciation	2,022,874	-	-	-	1,634,663	-	3,657,537
Total operating expenses	**7,981,832**	**-**	**-**	**-**	**3,333,764**	**-**	**11,315,596**
Operating income (loss)	**(2,186,988)**	**837,997**	**-**	**-**	**(849,187)**	**-**	**(2,198,178)**
Non-operating revenues (expenses)							
Grants and reimbursements	32,245	-	-	-	-	-	32,245
Gain on sale of asset	107,450	-	-	-	-	-	107,450
Interest income	152,017	8,543	20,773	69	922,389	90,922	1,194,713
Interest expense	(262,519)	(383,023)	-	-	(404,870)	-	(1,050,412)
Total non-operating revenues (expenses)	**29,193**	**(374,480)**	**20,773**	**69**	**517,519**	**90,922**	**283,996**
Income (loss) before transfers and other changes in net losses	**(2,157,795)**	**463,517**	**20,773**	**69**	**(331,668)**	**90,922**	**(1,914,182)**
Transfer from other funds	146,371	-	10,459	-	-	-	156,830
Transfer to other funds	(10,460)	-	(133,155)	(13,215)	-	-	(156,830)
Change in net position	**(2,021,884)**	**463,517**	**(101,923)**	**(13,146)**	**(331,668)**	**90,922**	**(1,914,182)**
Net position, beginning of year	43,704,502	(10,523,329)	569,549	13,146	10,072,621	2,278,075	46,114,564
Net position, end of year	**$ 41,682,618**	**$ (10,059,812)**	**$ 467,626**	**$ -**	**$ 9,740,953**	**$ 2,368,997**	**$ 44,200,382**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

COMBINING SCHEDULE OF CASH FLOWS

Year Ended June 30, 2024

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	Reserve Fund	Total Enterprise Funds
Cash flows from operating activities:							
Cash received from tenants	$ 5,753,431	$ -	$ -	$ -	$ 1,951,343	$ -	$ 7,704,774
Cash received from property taxes	133,659	831,778	-	-	-	-	965,437
Payments to vendors	(2,564,528)	-	-	-	(1,417,462)	-	(3,981,990)
Payments to employees	(2,699,431)	-	-	-	(271,815)	-	(2,971,246)
Net cash provided by (used in) operating activities	**623,131**	**831,778**	**-**	**-**	**262,066**	**-**	**1,716,975**
Cash flows from investing activities:							
Interest income	**152,017**	**8,543**	**20,773**	**69**	**922,389**	**90,922**	**1,194,713**
Cash flows from noncapital financing activities:							
Advances (to) from other funds	74,426	-	-	-	(428,601)	354,175	-
Transfers from other funds	146,371	-	10,459	-	-	-	156,830
Transfers to other funds	(10,460)	-	(133,155)	(13,215)	-	-	(156,830)
Net cash provided by (used in) noncapital financing activities	**210,337**	**-**	**(122,696)**	**(13,215)**	**(428,601)**	**354,175**	**-**
Cash flows from capital and related financing activities:							
Property and equipment (additions) deletions	(3,644,067)	-	-	-	-	-	(3,644,067)
Cash received from grants	32,245	-	-	-	-	-	32,245
Bond discount	(6,424)	43,203	-	-	17,727	-	54,506
Bond premium	-	(44,037)	-	-	-	-	(44,037)
Advance from new debt	2,347,345	-	-	-	-	-	2,347,345
Bonds refunded	-	-	-	-	-	-	-
Payments on notes and bonds payable	(2,301,318)	(435,000)	-	-	(1,380,000)	-	(4,116,318)
Interest paid	(263,553)	(383,023)	-	-	(418,918)	-	(1,065,494)
Net cash provided by (used in) capital and related financing activities	**(3,835,772)**	**(818,857)**	**-**	**-**	**(1,781,191)**	**-**	**(6,435,820)**
Change in cash and cash equivalents	**(2,850,287)**	**21,464**	**(101,923)**	**(13,146)**	**(1,025,337)**	**445,097**	**(3,524,132)**
Cash and cash equivalents, beginning of year	2,653,337	139,859	569,549	13,146	4,154,876	1,923,900	9,454,667
Cash and cash equivalents, end of year	**$ (196,950)**	**$ 161,323**	**$ 467,626**	**$ -**	**$ 3,129,539**	**$ 2,368,997**	**$ 5,930,535**
Reported in the Balance Sheet as:							
Unrestricted	$ (196,950)	$ -	$ 467,626	$ -	$ 3,129,539	$ 2,368,997	$ 5,769,212
Restricted	-	161,323	-	-	-	-	$ 161,323
Total	$ **(196,950)**	$ **161,323**	$ **467,626**	$ **-**	$ **3,129,539**	$ **2,368,997**	$ **5,930,535**
Reconciliation of operating income (loss) to cash provided by(used in) operating activities:							
Operating income (loss)	$ (2,186,988)	$ 837,997	$ -	$ -	$ (849,187)	$ -	$ (2,198,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization	2,022,874	-	-	-	1,634,663	-	3,657,537
(Increase) decrease in current assets:							
Operating receivables	(1,561,131)	(6,219)	-	-	(17,691,984)	-	(19,259,334)
Prepaid expenses	(10,964)	-	-	-	(3,520)	-	(14,484)
Increase (decrease) in current liabilities							
Accounts payable and compensated absences	2,220,012	-	-	-	(16,966)	-	2,203,046
Changes to deferred inflows	-	-	-	-	17,158,750	-	17,158,750
Pension liabilities	139,328	-	-	-	30,310	-	169,638
Net cash provided by (used in) operating activities	$ **623,131**	$ **831,778**	$ **-**	$ **-**	$ **262,066**	$ **-**	$ **1,716,975**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL – GENERAL FUND

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Moorage	$ 2,175,000	$ 2,175,000	$ 2,335,279	$ 160,279
Leases	803,968	803,968	917,094	113,126
RV park	1,650,000	1,650,000	1,337,277	(312,723)
Services	1,058,950	1,058,950	372,923	(686,027)
Intergovernmental	15,344,770	15,344,770	32,245	(15,312,525)
Fees	326,000	326,000	745,254	419,254
Property taxes	125,000	125,000	133,658	8,658
Interest	6,500	6,500	70,419	63,919
Miscellaneous	44,301	44,301	223,783	179,482
Total revenues	**21,534,489**	**21,534,489**	**6,167,932**	**(15,366,557)**
Expenditures				
Personnel services	2,938,039	2,938,039	2,693,418	244,621
Material and services	7,092,205	7,092,205	2,947,142	4,145,063
Capital outlay	16,249,299	16,249,299	3,917,558	12,331,741
Debt service	1,092,515	1,092,515	892,567	199,948
Operating contingency	500,000	500,000	-	500,000
Total expenditures	**27,872,058**	**27,872,058**	**10,450,685**	**17,421,373**
Excess (deficiency) of revenues over expenditures	**(6,337,569)**	**(6,337,569)**	**(4,282,753)**	**2,054,816**
Other financing sources (uses)				
Loan Proceeds	1,360,000	1,360,000	687,345	(672,655)
Transfers in	414,695	414,695	146,370	(268,325)
Transfers out	(450,000)	(450,000)	(10,459)	439,541
Total other financing sources (uses)	**1,324,695**	**1,324,695**	**823,256**	**(501,439)**
Net changes in fund balances	(5,012,874)	(5,012,874)	(3,459,497)	1,553,377
Fund balance, beginning of year	4,332,079	4,332,079	3,214,009	(1,118,070)
Fund balance, end of year	**$ (680,795)**	**$ (680,795)**	**(245,488)**	**$ 435,307**
Reconciliation to GAAP				
Capital assets, net of depreciation			50,571,042	
Deferred inflow and lease receivable			53,632	
ROU asset and lease liability			(14,450)	
Bonds and notes payable			(6,832,186)	
Accrued interest			(10,334)	
Deferred outflows pension			1,314,396	
Net pension liability			(2,244,316)	
Deferred inflows			(332,694)	
Bond premium			(64,515)	
Deposits			(392,216)	
Compensated absences			(120,253)	
Net position, end of year			$ **41,682,618**	

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL – BONDED DEBT FUND

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Property taxes	$ 818,143	$ 818,143	$ 837,997	$ 19,854
Interest	50	50	8,543	8,493
Total revenues	**818,193**	**818,193**	**846,540**	**28,347**
Expenditures				
Debt service	819,030	819,030	818,857	173
Contingency	10,000	10,000	-	10,000
Total expenditures	**829,030**	**829,030**	**818,857**	**10,173**
Excess (deficiency) of revenues over expenditures	**(10,837)**	**(10,837)**	**27,683**	**38,520**
Other financing sources (uses)				
Debt refunded	-	-	-	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	**-**	**-**	**-**	**-**
Net changes in fund balances	(10,837)	(10,837)	27,683	38,520
Fund balance, beginning of year	95,837	95,837	171,328	75,491
Fund balance, end of year	**$ 85,000**	**$ 85,000**	**199,011**	**$ 114,011**
Reconciliation to GAAP				
Bond cost			125,945	
Deferred outflow, advance refunding valuation			516,877	
Bond discount			6,805	
Bond premium			(528,450)	
Bonds and notes payable			(10,380,000)	
Net position, end of year			**$ (10,059,812)**	

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE -
BUDGET TO ACTUAL – FACILITY MAINTENANCE RESERVE FUND**

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Interest	$ -	$ -	$ 20,773	$ 20,773
Miscellaneous	-	-	-	-
Total revenues	**-**	**-**	**20,773**	**20,773**
Expenditures				
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	**-**	**-**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**20,773**	**20,773**
Other financing sources (uses)				
Transfers out	(400,000)	(400,000)	(133,155)	266,845
Transfers in	1,500,000	1,500,000	10,459	(1,489,541)
Total other financing sources (uses)	**1,100,000**	**1,100,000**	**(122,696)**	**(1,222,696)**
Net changes in fund balances	1,100,000	1,100,000	(101,923)	(1,201,923)
Fund balance, beginning of year	483,285	483,285	569,549	86,264
Fund balance, end of year	**$ 1,583,285**	**$ 1,583,285**	**$ 467,626**	**$ (1,115,659)**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL – CONSTRUCTION FUND

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Interest	$ -	$ -	$ 69	$ 69
Total revenues	**-**	**-**	**69**	**69**
Expenditures				
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	**-**	**-**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**-**	**-**	**69**	**69**
Other financing sources (uses)				
Loan payment	-	-	-	-
Intergovernmental	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(14,695)	(13,215)	1,480
Total other financing sources (uses)	**-**	**(14,695)**	**(13,215)**	**1,480**
Net changes in fund balances	-	(14,695)	(13,146)	1,549
Fund balance, beginning of year	14,695	14,695	13,146	(1,549)
Fund balance, end of year	**$ 14,695**	**$ -**	**$ -**	**$ -**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL – NOAA LEASE REVENUE FUND

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Leases	$ 2,577,240	$ 2,577,240	$ 2,620,515	$ 43,275
Interest	6,500	6,500	75,542	69,042
Miscellaneous	-	-	-	-
Total revenues	**2,583,740**	**2,583,740**	**2,696,057**	**112,317**
Expenditures				
Personnel services	228,127	228,127	265,898	(37,771)
Material and services	1,601,000	1,601,000	1,249,612	351,388
Capital outlay	40,000	40,000	-	40,000
Debt service	1,759,100	1,759,100	1,758,213	887
Contingency	186,913	186,913	-	186,913
Total expenditures	**3,815,140**	**3,815,140**	**3,273,723**	**541,417**
Excess (deficiency) of revenues over expenditures	**(1,231,400)**	**(1,231,400)**	**(577,666)**	**653,734**
Other financing sources (uses)				
Transfers out	1,050,000	1,050,000	-	1,050,000
Debt refunded	-	-	-	-
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	**1,050,000**	**1,050,000**	**-**	**1,050,000**
Net changes in fund balances	(181,400)	(181,400)	(577,666)	(396,266)
Fund balance, beginning of year	2,337,195	2,337,195	3,802,422	1,465,227
Fund balance, end of year	**$ 2,155,795**	**$ 2,155,795**	**3,224,756**	**$ 1,068,961**
Reconciliation to GAAP				
Capital assets, net of depreciation			18,196,263	
Deferred inflow and lease receivable			533,234	
Bonds cost			159,546	
Advance refunding			367,638	
Bonds and notes payable			(12,515,000)	
Accrued interest			(150,565)	
Compensated absences			(8,464)	
Deferred outflows			69,178	
Net pension liability			(118,122)	
Deferred inflows			(17,511)	
Net position, end of year			$ **9,740,953**	

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET TO ACTUAL – RESERVE FUND

Year Ended June 30, 2024

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	**Final**	**Actual**	**Final to Actual**
Revenues				
Interest	1,500	1,500	90,922	89,422
Miscellaneous	-	-	-	-
Total revenues	**1,500**	**1,500**	**90,922**	**89,422**
Expenditures				
Personnel services	-	-	-	-
Material and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	-	-	-	-
Total expenditures	**-**	**-**	**-**	**-**
Excess (deficiency) of revenues over expenditures	**1,500**	**1,500**	**90,922**	**89,422**
Other financing sources (uses)				
Transfers out	-	-	-	-
Debt refunded	-	-	-	-
Bond proceeds	-	-	-	-
Transfers in	186,744	186,744	-	(186,744)
Total other financing sources (uses)	**186,744**	**186,744**	**-**	**(186,744)**
Net changes in fund balances	188,244	188,244	90,922	(97,322)
Fund balance, beginning of year	1,902,777	1,902,777	2,278,075	375,298
Fund balance, end of year	**$ 2,091,021**	**$ 2,091,021**	**$ 2,368,997**	**$ 277,976**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

PORT LEVY

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

June 30, 2024

	Imposed Levy or Balance Uncollected July 1, 2023	Add Levy as Extended by Assessor	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2024
Current						
2023-2024	$ -	$ 142,336	$ (9,568)	$ 28	$ (129,334)	$ 3,462
Prior years						
2022-2023	2,798	-	(50)	1	(1,461)	1,288
2021-2022	899	-	232	72	(516)	687
2020-2021	583	-	114	1	(474)	224
2019-2020	141	-	26	1	(128)	40
2018-2019 and Prior	1,051	-	(99)	-	(56)	896
Total years	**$ 5,472**	**$ 142,336**	**$ (9,345)**	**$ 103**	**$ (131,969)**	**$ 6,597**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

PORT OF NEWPORT

BOND LEVY

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

June 30, 2024

	Imposed Levy or Balance Uncollected July 1, 2023	Add Levy as Extended by Assessor	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2024
Current						
2023-2024	$ -	$ 890,270	$ (57,570)	$ 177	$ (811,166)	$ 21,711
Prior years						
2022-2023	18,245	-	(327)	5	(9,526)	8,397
2021-2022	7,117	-	1,838	570	(4,086)	5,439
2020-2021	4,577	-	97	4	(3,178)	1,500
2019-2020	960	-	185	4	(875)	274
2017-2018 and Prior	570	-	(119)	3	(87)	367
Total years	**$ 31,469**	**$ 890,270**	**$ (55,896)**	**$ 763**	**$ (828,918)**	**$ 37,688**

The accompanying notes and independent auditor's report should be read with the supplemental schedules.

REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Port of Newport
Newport, Oregon

We have audited the basic financial statements of the Port of Newport (the Port) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 17, 2024. 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 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 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.
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 Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the basic financial statements of the Port as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Port's internal control over financial reporting (internal control) 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 the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

Kern & Thompson, LLC | 1800 SW First Avenue, Suite 410 | Portland, Oregon 97201 | Phone: (503) 222-3338 |

KERN THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
Port of Newport
Newport, Oregon

We have identified certain deficiencies in internal control over financial reporting that we have communicated to the Port in a separate report dated December 17, 2024.

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

KERN & THOMPSON, LLC
Certified Public Accountants

Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
December 17, 2024