PORT OF UMPQUA

Reedsport, Oregon

AUDIT REPORT

JUNE 30, 2022

Prepared By
SIGNE GRIMSTAD
Certified Public Accountant
530 NW 3rd, Suite E
PO Box 1930
Newport, Oregon 97365

PORT OF UMPQUA
Reedsport, Oregon

BOARD OF COMMISSIONERS

President	Keith Tymchuk 1405 Ranch Road Reedsport, OR 97467
Vice-President	Eric Boe PO Box 1601 Winchester Bay, OR 97467
Secretary	Carey Jones 5159 Smith River Road Reedsport, OR 97467
Treasurer	Joe Mulkey 5240 Ridgeway Drive Reedsport, OR 97467
Assistant Secretary	Scott Kent 2689 Bowman RD Reedsport, OR 97467

ADMINISTRATION

Port Manager	Charmaine Vitek

ADDRESS

1877 Winchester Ave.
Reedsport, Oregon 97467

PORT OF UMPQUA
Reedsport, Oregon

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Umpqua
Reedsport, Oregon

Opinion

I have audited the accompanying financial statements of the business-type activities of Port of Umpqua (Port) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Port of Umpqua as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 of Umpqua'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

My 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 my 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 material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the 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, I:

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

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

Supplementary Information

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

Other Reporting Required by Oregon State Regulations

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated December 9, 2022 on my consideration of Port of Umpqua's compliance with certain laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my compliance testing and not to provide an opinion on compliance.

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 9, 2022

PORT OF UMPQUA

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Port of Umpqua (Port), we offer readers of the Port's financial statements this narrative overview and analysis of the financial business-type activities of the Port for the fiscal year ended June 30, 2022. This management discussion and analysis is presented at the front of each year's financial statements. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in the Port's financial statements and the notes thereto, which follow this narrative. The Port's audit report for the year ended June 30, 2022 was unmodified with no qualifications or exceptions noted.

The Port's basic financial statements include:

- Statement of Net Position for proprietary/business-type activities that provides an overview of assets owned by the Port, the debts owed by the Port and the net difference available as a resource for future operations and activities.
- Statement of Revenues, Expenses and Changes in Net Position that summarizes the operation expenses of the Port and how operation revenues, taxes, grants and other resources cover those expenditures.
- Statement of Cash Flows that provides an objective summary of the financial condition of the Port as actual cash is received and disbursed.

Overview of Financial Statements

The Statement of Net Position shows information concerning the Port's assets, liabilities and net position. Net position is the difference between assets and liabilities. Increases or decreases may indicate, over time, if the financial position of the Port is improving or deteriorating.

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

	2022	Revised 2021	Variance
Assets			
Current and other assets	$ 2,138,281	$ 1,231,526	$ 906,755
Capital assets, net of accum. dep.	1,246,344	1,256,162	(9,818)
Total assets	$ 3,384,625	$ 2,487,688	$ 896,937
Liabilities			
Current and other liabilities	$ 21,071	$ 27,596	$ (6,525)
Total liabilities	21,071	27,596	(6,525)
Deferred inflows of resources			
Deferred inflows of resources-lease	759,074	0	759,074
Net Position			
Net invested in capital assets	1,233,674	1,243,109	(9,435)
Unrestricted	1,370,806	1,216,981	153,825
Total net position	2,604,480	2,460,090	144,390
Total liabilities and net position	$ 3,384,625	$ 2,487,688	$ 896,939

Revised

The Statement of Net Position was revised for the adoption of GASB No. 87 Lease. The revision to receivables, capital assts, payables and Deferred Inflows of Resources allows for a comparison between years.

Summary of Operations and Changes in Net Position

Below is a summary of operations of the current fiscal year ending June 30, 2022 compared to the prior year.

Change in Net Position at Fiscal Year End

	2022	Revised 2021	Variance
Revenues			
Program			
Charges for services	$ 75,441	$ 61,487	$ 13,954
Leases and rentals	48,426	24,380	24,046
General			
Property taxes	223,983	231,211	(7,228)
Land Sale	135,000	0	135,000
Investment income	169	666	(497)
Miscellaneous income	12,405	14,017	(1,612)
Total revenues	495,424	331,761	163,663
Expenses			
Program			
Charges for Services	293,530	227,088	66,442
Depreciation	57,505	56,723	782
General			
Grant	0	1,000	(1,000)
Total expenses	351,035	284,811	66,224
Change in net position	144,389	46,950	97,439
Net position - July 1	2,460,090	2,413,140	46,950
Net position - June 30	$ 2,604,479	$ 2,460,090	$ 144,389

Financial Highlights

Total assets of the Port are $3,384,625 with Capital Assets of $1,246,344 net of accumulated depreciation. The majority of capital assets is in real estate. Current Assets are $2,138,281 at June 30, 2022.

The assets of the Port exceeded its liabilities at the close of the fiscal year by $2,604,480 (net position). Of this amount $1,370,806 may be used to meet the Port's ongoing obligations.

Investment in capital assets is $1,233,674.

Total liabilities are $21,071 with no long term liabilities.

The Port's net position increased by $144,390 from June 30, 2021.

Total operating revenues for the fiscal year 2021-22 was $123,867 which is an increase of $38,000 over the prior year.

Total operating expenses for the fiscal year 2021-22 was $351,035, representing an increase of $67,224.

The Port of Umpqua is an enterprise fund similar to a commercial entity for reporting purposes. From the summary, it is apparent operational revenues do not meet operational expenses, requiring property taxes and other non-operational sources to support the enterprise.

Debt Administration

In the 2021-22 fiscal year the Port continues to remain debt free. No long term or short term debt was incurred.

Budgetary Highlights

Revenues and expenses remained within the existing budget requirements.

Economic Outlook

Port Manager Charmaine Vitek retired as of June 30, 2022. Scott Kent took over management on July 1, 2022. Charmaine Vitek remains as a consultant with the port to assist with the transition.

The Senate Appropriations Committee approved $702,000 for clamshell dredging the Winchester Bay boat basin entrance and $250,000 for the south jetty repair. This year, the dredge, Yaquina, spent nine days during the summer of 2022 dredging the Umpqua River bar. The fiscal year 2023 civil works for the Army Corps of Engineers (March 2022) indicates a total of $1,278,000 for operation and maintenance for the Umpqua River. Efforts to pursue annual dredging are ongoing.

Approximately 1.3 acres of land in the area known at the industrial park was sold to Northwest Landscape Maintenance in November 2021. The purpose of the sale was to facilitate infrastructure development, including sanitary sewer, water, and power upgrades by the tenant. The sale price was $135,000. The down payment by Northwest Landscape Maintenance was approximately $40,000 (for a net loan of $95,000). Northwest Landscape Maintenance pays the Port of Umpqua $900 per month, which covers principal and interest and additional money directed to the principal. The payment is deposited in the Capital Project Reserve fund. The payment schedule is for ten years at an interest rate of 1.5 percent.

The Port of Umpqua purchased a 1.59 acre parcel of land in Winchester Bay, Oregon at 511 Ork Rock Road from Douglas County, known as the Umpqua Spit, which was previously being leased from Douglas County for approximately $580 per month. The purchase was for $65,000 and closed in April 2021. The parcel, including the commercial dock was leased to Pacific Dream, who took over operations in October 2021. Their monthly lease is $2,078, plus, the Port receives $0.03 per pound for fish and crab and $0.01 per pound for squid for products that are offloaded at the commercial dock. This revenue is deposited into the General Fund. Hoist and ice fees are no longer being collected as these services are being performed by Pacific Dream Seafoods, this includes maintenance to both the hoist and ice machine.

The Port of Umpqua is updating its strategic business plan with the assistance of Lane Council of Governments. The port applied for and received a grant from Business Oregon in the amount of $28,875. The estimated total cost for the strategic business plan is $38,500 and is expected to be completed by November 2023.

Financial Contact

The Port's financial statements are designed to present citizens, taxpayers, investors and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability. If you have questions about this report or need additional financial information, please contact the Port Manager at 1877 Winchester Avenue, Reedsport, Oregon, 97467.

PORT OF UMPQUA
Reedsport, Oregon

STATEMENT OF NET POSITION as of June 30, 2022

ASSETS		
Current Assets		
Cash and cash equivalents	$	1,256,498
Receivables- Accounts		23,726
- Leases		270
Prepaid expenses		9,135
Note receivable, current portion		8,957
Total current assets		1,298,586
Capital Assets		
Land		166,682
Work in progress		151,815
Buildings and equipment, net of accumulated depreciation		915,177
Right of uses, net of amortization		12,670
Total capital assets		1,246,344
Other Assets		
Operating lease, net of annual portion		758,804
Note receivable, net of annual portion		80,891
Total other assets		839,695
Total assets	$	3,384,625
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	$	75
Compensated absences		1,500
Operating lease		395
Total current liabilities		1,970
LONG TERM LIABILITIES		
Operating lease, net of annual portion		12,275
Compensated absences, net of annual portion		6,826
Total long term liabilities		19,101
Total liabilities		21,071
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - lease		759,074
Total deferred inflows of resources		759,074
Net Position		
Net invested in capital assets		1,233,674
Unrestricted		1,370,806
Total net position		2,604,480
Total liabilities and net position	$	3,384,625

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

PORT OF UMPQUA
Reedsport, Oregon

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION for the Year Ended June 30, 2022

OPERATING REVENUES		
Charges for services	$	75,441
Leases and rentals		48,426
Total operating revenues		123,867
OPERATING EXPENSES		
Personnel services		157,415
Materials and services		136,115
Depreciation and amortization		57,505
Total operating expenses		350,424
Operating Income (Loss)		(226,557)
NON-OPERATING REVENUE (EXPENSES)		
Property taxes		223,983
Interest income		169
Miscellaneous income		12,405
Land sale		135,000
Total non-operating revenue (expenses)		371,557
Change in net position		145,000
NET POSITION - Beginning of year		2,460,090
NET POSITION - End of year	$	2,605,090

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

PORT OF UMPQUA
Reedsport, Oregon

STATEMENT OF CASH FLOWS for the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	$	134,029
Cash payments for goods and services		(136,603)
Cash payments for employees and benefits		(161,721)
Net cash provided (used) by operating activities		(164,295)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Taxes collected		225,107
Asset sales proceeds		51,406
Received from State forest sales		1,383
Insurance proceeds		6,151
Net cash provided (used) by noncapital financing activities		284,047
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions		(47,687)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income		169
Net increase (decrease) in cash and cash equivalents		72,234
Cash and cash equivalents - Beginning of year (unrestricted)		1,184,264
Cash and cash equivalents - End of year (unrestricted)	$	1,256,498
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$	(227,168)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization		57,505
(Increase)decrease in operating assets		
Accounts receivable		11,894
Increase (decrease) in operating liabilities		
Accounts payable		(2,220)
Compensated absences		(4,306)
Net cash provided (used) by operating activities	$	(164,295)
Noncash		
Acquisition of leased asset with addition to lease liability	$	12,670

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Port of Umpqua (Port) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting standards.

The accounting and reporting framework and the more significant accounting principles and practices are disclosed below.

Reporting Entity

The Port of Umpqua, organized under the general laws of the State of Oregon, was formed to create economic development and quality jobs by maintaining and adding waterborne and land transportation infrastructure. The Board of Commissioners, composed of five members, oversee management in its operations.

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

Measurement Focus, Presentation and Basis of Accounting

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

The Port maintains four funds used to account for operations that are financed and operated in a manner similar to private business enterprises.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense result from providing, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Enterprise funds charge to customers for sales and services. Operating expense for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expense not meeting this definition are reported as nonoperating revenues and expenses.

When 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deposits and Investments

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 3.

Accounts Receivable

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

Property Taxes

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

Capital Assets

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The Port does not have a written capitalization policy; however, it recognizes assets with an initial cost or donated value of $5,000 and life over more than one year.

Assets subject to depreciation are depreciated over their estimated useful lives on the straight-line basis. The useful lives are 15 to 40 years for docks, ramps, heavy equipment, and buildings, 10 years for intangibles, and 5 to 15 years for small and medium equipment.

Compensated Absences

The Port's policy is to recognize accumulated earned but unused vacation and sick pay benefits up to 30 days per year, beginning after 90 days of employment. Vacation and sick pay are computed using the employee pay rates in effect at the time they are earned.

Prepaid Items

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

Deferred Inflows of Resources and Unearned Revenue

The Port recognizes revenues when earned. Amounts received in advance of the period in which services are rendered are recorded as a liability, unearned revenue. The Port recognizes inflows of resources that relate to future periods as deferred inflows of resources. Deferred inflows represents future lease revenue.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Net Position

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

Restricted Assets

Assets that may be refunded or are committed to be used for the payment of bonded debt are classed as restricted assets on the balance sheet. Restricted resources are expended first to fund appropriations for which those restrictions are to be utilized.

Operating Revenues, Non-Operating Revenues and Operating Expenses

The Port has defined operating revenues to include lease, hoist, moorage, poundage, and ice machine fees. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization. Non-operating revenues are revenues of the Port not directly attributable to the services provided. This includes property taxes, investment interest, Coos Bay Wagon Road fees, and granted monies.

Use of Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Law and Practice

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Budget Law and Practice

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Cash and cash equivalents as of June 30 consist of the following:

	Balance
Cash on hand	$ 75
Deposits with financial institutions	1,255,160
Douglas County	1,263
Total cash and cash equivalents	$1,256,498

Deposits

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of $1,268,362 of which $250,000 was covered by FDIC. See *Custodial Credit Risk*.

Custodial Credit Risk

As required by Oregon Revised Statues, 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.

Interest rate risk

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

Credit risk

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

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Concentration of Credit Risk

The Port places no limit on the amount the Port may invest in any one investment or issuer. For the current year, the Port held 100% of funds in a demand deposit account at the local bank.

NOTE 4 - RECEIVABLES

Receivables at year end consist of the following:

	Balance
Property taxes	$ 22,995
Accounts receivable	731
Total receivables	$ 23,726

NOTE 5 - NOTE RECEIVABLE

On November 15, 2021, the Port closed on a sale of land located in the Industrial Park for $135,000. In closing, $38,852 was received with a $95,000 note, payable monthly over 10 years with interest at 1.5%. The balance at year end is $89,848.

NOTE 6 - CAPITAL ASSETS

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

	Revised 7/01 Balance	Increases	Decreases	6/30 Balance
Capital assets not being depreciated				
Land	$ 166,682	$ 0	$ 0	$ 166,682
Work in progress	131,503	47,688	27,376	151,815
Total not being dep	298,185	47,688	27,376	318,497
Capital assets being depreciated				
Buildings and improvements	2,972,722	27,375	0	3,000,097
Furniture and equipment	258,105	0	7,727	250,378
Intangible assets – Right of use	15,319	0	0	15,319
Total depreciable at historical cost	3,246,146	27,375	7,727	3,265,779
Accumulated depreciation				
Buildings and improvements	2,211,385	47,802	0	2,259,187
Furniture and equipment	74,518	9,320	7,727	76,111
Intangible assets – Right of uses	2,266	383	0	1,883
Total accumulated depreciation	2,288,169	57,505	7,727	2,338,391
Total depreciable, net	957,977	(30,130)	0	927,847
Capital assets, net	$1,256,162	$ 17,558	$ 27,376	$1,246,344

Current year depreciation is $57,122 and amortization $383.

Revised

The Statement of Net Position was revised for the adoption of GASB No. 87 Lease. The revision to receivables, capital assts, payables and Deferred Inflows of Resources allows for a comparison between years.

NOTE 7 – LEASED ASSETS AND LEASED LIABILITIES

With the implementation of GASB Statement No. 87 Leases, effective for the current year ending June 30, 2022, all existing and newly acquired leases were reviewed for classifying for both lessor and lessee recording. By implementing the new GASB, a receivable or payable is recognized.

Lessee - Lease Payable

Leased asset and liability activity for the year ended June 30:

	7/1 Balance	Increases	Decreases	6/30 Balance
State of Oregon	$ 15,319	$ -	$ -	$ 15,319
Less - accum. amort.	(2,266)	(383)	-	(2,649)
Leased asset, net	$ 13,053	$ (383)	$ -	$ 12,670
Total liabilities	$ 13,053	$ (383)	$ -	$ 12,670

Amortization expense of $383 and interest expense of $424 were charged to operations.

The Port has a lease agreement with the State of Oregon for submerged and submersible land. The terms of the lease are November 1, 2014 through October 31, 2029 with payments of $807 per year or an amount set by redetermination at any time after the first anniversary date of the lease. In the current year the payment was $964 and future rental payments are as follows:

Future maturities of the lease liability are as follows:

Fiscal year	Principal	Interest
2023	$ 395	$ 412
2024	408	399
2025	421	386
2026	435	372
2027	449	358
2028-32	2,475	1,560
2033-37	2,904	1,131
2038-42	3,407	628
2043-45	1,776	108
Total	$ 12,670	$ 5,354

Lessor - Lease Receivable

In the current year the Port leased a building, ramp and docking facilities to Pacific Dream Seafood, Inc. The term of the lease is for ten years starting September 8, 2021 and expiring September 8, 2031. Pacific Dreams Seafoods Inc. is expected to exercise its option to renew the lease for a further 3 consecutive periods of 10 years each. The lease requires monthly payments of $2,078 for the first two-year period, with each year afterwards increasing between 2% and 4% following the Consumer Price Index (CPI). In the current year the payment was $964, and future rental payments were based on a 2% CPI increase being applicable and all options to renew the lease were exercised.

NOTE 7 – LEASED ASSETS AND LEASED LIABILITIES - Continued

Leased asset and liability activity for the year ended June 30:

	7/1 Balance	Increases	Decreases	6/30 Balance
Real Estate lease	$ -	$759,861	$ -	$ 759,861
Less - accum. Amort.	-	(786)	-	(786)
Leased asset, net	$ -	$759,075	$ -	$ 759,075
Total liabilities	$ -	$759,075	$ -	$ 759,075

The value of the leased asset at the beginning of the lease was estimated at $759,861, with the present value of 40 years of lease payments discounted at 3.25%. The leased asset is being amortized over the lease term.

Future maturities of the lease liability are as follows:

Fiscal year	Principal	Interest
2023	$ 270	$ 24,666
2024	700	24,652
2025	1,237	24,621
2026	1,803	24,573
2027	2,398	24,505
2028-32	22,019	120,787
2033-37	41,993	115,677
2038-42	67,160	106,919
2043-47	98,612	93,586
2048-52	137,647	74,555
2053-57	185,814	48,474
2058-62	199,422	14,269
Total	$ 759,075	$697,284

The lease inflows of resource for the current year is as follows:

	Total
Lease revenue	$ 786
Lease interest	19,994
Total lease inflows	$ 20,780

NOTE 8 - DEFERRED COMPENSATION PLAN

The Port offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Port employees, permits a portion of salary to be deferred into future years when there is retirement, termination, death, or an unforeseeable emergency. It is administered by independent plan administrators through administrative service agreements. The Port's administrative involvement is limited to transmitting amounts withheld from payroll and contributions by the Port to the plan administrator who performs investing function.

NOTE 8 - DEFERRED COMPENSATION PLAN - Continued

The Port does not have any liability for losses under the plan but does have the duty to administer the plan in a prudent manner. In accordance with GASB No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the plan's assets are not included in the accompanying balance sheet.

NOTE 9 - POSTEMPLOYMENT BENEFITS

For the year ended June 30, 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was effective. This statement provides guidance for accounting for liabilities related to retiree healthcare and other non-pension postemployment benefits (OPEB). At June 30, 2022, the Port's net OPEB liability/(asset) and deferred inflows and outflows were determined by management not to be material to the financial statements taken as a whole. Accordingly, no assets or liabilities relating to OPEB have been reported on the government-wide statements.

NOTE 10 - OTHER INFORMATION

Risk Management

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

Evaluation of Subsequent Events

The Port has evaluated subsequent events through December 9, 2022, the date which the financial statements were available to be issued.

PORT OF UMPQUA
Reedsport, Oregon

SUPPLEMENTAL SECTION

PORT OF UMPQUA
Reedsport, Oregon

DESCRIPTION OF BUDGETARY FUNDS

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

Budgetary comparison schedules include the following funds:

General Fund
The 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 general administration.

Dock Reserve Fund
The fund is used to account for expenditures for major construction and improvement. Principal sources of revenue are moorage fees.

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

Capital Projects Reserve Fund
The fund is used for capital improvements, acquisitions, investments, and operations.

PORT OF UMPQUA
Reedsport, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2022

GENERAL FUND

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Property taxes - current	$ 221,190	$ 217,992	$ (3,198)
Property taxes - prior	9,500	8,498	(1,002)
Interest	300	104	(196)
Grants and loans	125,000	0	(125,000)
Leases	20,432	26,637	6,205
Poundage	30,000	67,261	37,261
Keycard/hoist receipts	10,000	8,162	(1,838)
Building rental	10,400	21,406	11,006
Ice machine revenue	12,500	10,563	(1,937)
Miscellaneous	1,000	12,405	11,405
Total revenues	440,322	373,028	(67,294)
EXPENDITURES			
Personnel services	188,200	161,721	26,479
Materials and services	260,700	132,606	128,094
Capital outlay	140,000	52,033	87,967
Special payments	125,000	1,000	124,000
Contingency	334,213	0	334,213
Total expenditures	1,048,113	347,360	700,753
Excess (def) of revenues over expenditures	(607,791)	25,668	633,459
FUND BALANCE - Beg of year (Budget)	607,791	602,510	(5,281)
FUND BALANCE - End of year (Budget)	$ 0	628,178	$ 628,178
GAAP ADJUSTMENTS - Reconciled to June 30, 2021		1,243,232	
Capital asset activity			
Depreciation		(57,122)	
Asset acquistion		47,687	
Change in accrual accounts			
Accounts payable		1,837	
Accounts receivable		(11,894)	
Property tax receivable		(2,507)	
Compensated absences		4,306	
Note receivable		89,848	
FUND BALANCE - End of year (GAAP)		$ 1,943,565	

PORT OF UMPQUA
Reedsport, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2022

DOCK RESERVE FUND

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Interest	$ 88	$ 18	$ (70)
Moorage	400	1,349	949
Total revenues	488	1,367	879
EXPENDITURES			
Capital outlay	176,801	0	176,801
Excess (def) of revenues over expenditures	(176,313)	1,367	177,680
FUND BALANCE - Beginning of year (Budget)	176,313	176,762	449
FUND BALANCE - End of year (Budget)	$ 0	$ 178,129	$ 178,129

PORT OF UMPQUA
Reedsport, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2022

MAINTENANCE RESERVE FUND

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Interest	$ 28	$ 6	$ (22)
EXPENDITURES			
Capital outlay	55,866	0	55,866
Excess (def) of revenues over expenditures	(55,838)	6	55,844
FUND BALANCE - Beginning of year (Budget)	55,838	55,866	28
FUND BALANCE - End of year (Budget)	$ 0	$ 55,872	$ 55,872

PORT OF UMPQUA
Reedsport, Oregon

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2022

CAPITAL PROJECTS RESERVE FUND

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Interest	$ 223	$ 41	$ (182)
EXPENDITURES			
Capital outlay	447,492	0	447,492
Excess (def) of revenues over expenditures	(447,269)	41	447,310
OTHER FINANCING SOURCES (USES)			
Land sale	0	45,152	45,152
Excess (def) of revenues over expenditures and other financing sources (uses)	447,269	45,193	492,462
FUND BALANCE - Beginning of year (Budget)	447,269	381,721	(65,548)
FUND BALANCE - End of year (Budget)	$ 0	$ 426,914	$ 426,914

PORT OF UMPQUA
Reedsport, Oregon

RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION for the Year Ended June 30, 2022

	Total Revenues	Total Expenditures	Net
Budgetary Basis			
General Fund	$ 373,028	$ 347,360	$ 25,668
Dock Reserve Fund	1,367	0	1,367
Maintenance Reserve Fund	6	0	6
Capital Reserve Fund	45,193	0	45,193
Total budgetary basis	$ 419,594	$ 347,360	72,234
Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis			
Capital asset activity			
Depreciation			(57,122)
Asset acquisition			47,687
Change in accrual accounts			
Accounts payable			1,837
Accounts receivable			(11,894)
Property taxes receivable			(2,507)
Compensated absences			4,306
Note receivable			89,848
Change in net position			144,389
NET POSITION - Beginning of year			2,460,090
NET POSITION - End of year			$ 2,604,479

PORT OF UMPQUA
Reedsport, Oregon

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

Board of Commissioners
Port of Umpqua
Reedsport, Oregon

I have audited, in accordance with the auditing standards generally accepted in the United States of America, the basic financial statements of the Port of Umpqua (Port), which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the basic financial statements and have issued my report thereon dated December 9, 2022.

Compliance

As part of obtaining reasonable assurance about whether the Port of Umpqua financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe the Port of Umpqua was not in substantial compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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.

Internal Control Over Financial Reporting

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

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

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

Purpose of this Report

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

SIGNE GRIMSTAD
Certified Public Accountant
Newport, Oregon
December 9, 2022