

**PORT OF UMPQUA**

**Reedsport, Oregon**

**AUDIT REPORT**

**JUNE 30, 2025**

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**

<b>President</b>	Carey Jones 5159 Smith River RD Reedsport, OR 97467
<b>Vice-President</b>	Joe Mulkey 8240 Lower Smith River RD Reedsport, OR 97467
<b>Secretary</b>	Donna Train 193 Thornton Oar Lane Reedsport, OR 97467
<b>Treasurer</b>	Randy DuVal 1833 Deans Creek RD Reedsport, OR 97467
<b>Assistant Secretary</b>	Deborah Yates 723 Mill Ave. Reedsport, OR 97467

**ADMINISTRATION**

<b>Port Manager</b>	Scott Kent
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**OFFICE**

1877 Winchester Ave.  
Reedsport, Oregon 97467

**REGISTERED AGENT**

Scott Kent  
1877 Winchester Ave  
Reedsport, OR 97467

PORT OF UMPQUA  
Reedsport, Oregon

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page  
List of Commissioners  
Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report .....	1-2
Management's Discussion and Analysis.....	I-III
Basic Financial Statements	
Statement of Net Position .....	3
Statement of Revenues, Expenses and Changes in Net Position .....	4
Statement of Cash Flows.....	5
Notes to Financial Statements .....	6-13

SUPPLEMENTARY INFORMATION

Description of Budgetary Funds.....	14
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Cash Basis	
General Fund .....	15
Dock Reserve Fund .....	16
Maintenance Reserve Fund .....	17
Capital Projects Reserve Fund .....	18
Reconciliation of Revenues and Expenditures (Budgetary Basis) to the Statement of Revenues, Expenses and Changes in Net Position.....	19

AUDITOR'S COMMENTS AND DISCLOSURES

Independent Auditor's Report Required by Oregon State Regulations .....	20-21
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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Port of Umpqua  
Reedsport, Oregon

### Report on the Audit of the Financial Statements

#### 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, 2025, 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, 2025, 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 objective is 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 is the responsibility of management and, 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 presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Legal and Regulatory Requirements**

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated November 12, 2025 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  
November 12, 2025

## 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, 2025. 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, 2025 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.

#### Statement of Net Position

	<u>2025</u>	<u>Restated 2024</u>	<u>Variance</u>
<b>Assets</b>			
Current and other assets	\$ 1,659,521	\$ 1,538,062	\$ 121,459
Capital assets, net of accumulation			
Depreciation and amortization	1,067,181	1,122,414	(55,233)
Other assets	<u>807,130</u>	<u>817,755</u>	<u>(10,625)</u>
Total assets	<u>\$ 3,533,832</u>	<u>\$ 3,478,231</u>	<u>\$ 55,601</u>
<b>Liabilities</b>			
Current liabilities	\$ 8,525	\$ 21,792	\$ (13,267)
Long-term liabilities	<u>11,025</u>	<u>11,446</u>	<u>(421)</u>
Total liabilities	<u>19,550</u>	<u>33,238</u>	<u>(13,688)</u>
<b>Deferred inflows of resources</b>			
Deferred inflows of resource-lease	<u>756,868</u>	<u>758,105</u>	<u>(1,237)</u>
<b>Net Position</b>			
Net investment in capital assets	1,067,181	1,122,414	(55,233)
Unrestricted	<u>1,690,233</u>	<u>1,564,474</u>	<u>125,759</u>
Total net position	<u>2,757,414</u>	<u>2,686,888</u>	<u>70,526</u>
Total liabilities and net position	<u>\$ 3,533,832</u>	<u>\$ 3,478,231</u>	<u>\$ 55,601</u>

## Summary of Operations and Changes in Net Position

Below is a summary of operations of the current fiscal year ending June 30, 2025 compared to the prior year.

### Change in Net Position at Fiscal Year End

	<u>2025</u>	<u>Restated 2024</u>	<u>Variance</u>
<b>Revenues</b>			
Program			
Charges for services	\$ 57,723	\$ 33,684	\$ 24,039
Leases and rentals	51,559	55,599	(4,040)
General			
Property taxes	262,464	252,626	9,838
Grant	-	38,856	(38,856)
Interest income	25,956	3,718	22,238
Total revenues	<u>397,702</u>	<u>384,483</u>	<u>13,219</u>
<b>Expenses</b>			
Program			
Charges for services	269,063	290,209	(21,146)
Depreciation and amortization	58,113	58,446	(333)
Total expenses	<u>327,176</u>	<u>348,655</u>	<u>(21,479)</u>
<b>Change in net position</b>	70,526	35,828	34,698
<b>Net Position - Beginning of year</b>	<u>2,686,888</u>	<u>2,651,060</u>	<u>35,828</u>
<b>Net Position - End of year</b>	<u><u>\$2,757,414</u></u>	<u><u>\$2,686,888</u></u>	<u><u>\$ 70,526</u></u>

### Restated

In reconciling the current year fund balance, it was determined current liabilities were overstated by \$5,012. The June 30, 2024 net position presentation has been revised accordingly as well as charges for services in the change in net position.

### Financial Highlights

Total assets of the Port are \$3,533,832 with Capital Assets of \$1,067,181 net of accumulated depreciation and amortization. The majority of capital assets is in real estate. Current Assets are \$1,659,521 at June 30, 2025.

The assets of the Port exceeded its liabilities at the close of the fiscal year by \$2,757,414 (net position). Of this amount \$1,690,233 may be used to meet the Port's ongoing obligations.

Investment in capital assets is \$1,067,181.

Total liabilities are \$19,550.

The Port's net position increased by \$34,698 from June 30, 2024.

Total operating revenues for the fiscal year 2024-25 was \$70,523 which is an increase of \$34,698 over the prior year.

Total operating expenses for the fiscal year 2024-25 was \$327,176, representing a decrease of \$21,479.

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 Port.

## **Debt Administration**

In the 2024-25 fiscal year the Port continues to remain debt free other than the reporting of leases under GASB 87. No long term or short term debt was incurred in the current year.

## **Budgetary Highlights**

Revenues and expenses remained within the existing budget requirements.

## **Economic Outlook**

Tenants at the Port of Umpqua Business Center and Parcel 2 (downtown Reedsport) include Tyree Oil, Greyguns, Daypubs, Hideaway Project, and Reedsport Massage, and Angela R Arndt Counselling. The total annual lease revenue is in excess of \$30,000 per year. Additionally, the Port receives monthly payments of \$900 from Northwest Landscape Management from the sale of Parcel 3 (downtown Reedsport). These funds are deposited in the capital reserve fund. The Port leases land located in Winchester Bay, known as the "Umpqua Spit" to Pacific Dream Seafoods in the amount of \$2,204 per month. The Port receives 0.03 \$/lb for fish and crab, 0.01 \$/lb for squid, and 0.015 \$/lb for shrimp; these funds are deposited in the general fund account. Revenue from moorage at the wharf in downtown Reedsport is deposited in the dock reserve fund account.

To expand the Port's economic development goal, the Port is considering acquiring property in Winchester Bay Salmon Harbor; maybe to take over operations of the east basin. Currently, we are looking at costs to remove three docks and replace with a modern commercial vessel dock. Talks with Douglas County are ongoing. No price has been established

The Port has retained SHN Engineering to provide surveying services in the area of the downtown Reedsport wharf to determine if there is legal access from the public right of way to the wharf. Legal access is in question due to ambiguous legal descriptions and surveying from the 1991 sale of the Reedsport shipyard. The local shipyard is doing their own due diligence regarding ownership. No agreement has yet been reached. Should we have access, we are planning to install five power pedestals and reconnect the lights for the wharf.

Staffing at the Port has not changed in the last year. Currently there are two employees: Scott Kent (Port Manager, 1.0 FTE) and Karen Halstead (Senior Administrative Assistant, 0.75 FTE ).

## **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, 2025

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 1,605,658
Receivables- Accounts	28,357
- Lease	1,237
Prepaid expenses	15,259
Note receivable, current portion	<u>9,010</u>
Total current assets	<u>1,659,521</u>

**Capital Assets**

Land	204,477
Work in progress	2,880
Buildings and equipment, net of accumulated depreciation	848,378
Right of use, net of amortization	<u>11,446</u>
Total capital assets	<u>1,067,181</u>

**Other Assets**

Operating lease, net of annual portion	755,631
Note receivable, net of annual portion	<u>51,499</u>
Total other assets	<u>807,130</u>
Total assets	<u><u>\$ 3,533,832</u></u>

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts payable	\$ 983
Compensated absences	7,121
Lease payable	<u>435</u>
Total current liabilities	<u>8,539</u>

**LONG TERM LIABILITIES**

Lease payable, net of annual portion	<u>11,011</u>
Total long term liabilities	<u>11,011</u>
Total liabilities	<u>19,550</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - lease	<u>756,868</u>
Total deferred inflows of resources	<u>756,868</u>

**Net Position**

Net investment in capital assets	1,067,181
Unrestricted	<u>1,690,233</u>
Total net position	<u>2,757,414</u>
Total liabilities and net position	<u><u>\$ 3,533,832</u></u>

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, 2025**

<b>OPERATING REVENUES</b>	
Charges for services	\$ 57,723
Leases and rentals	<u>51,559</u>
Total operating revenues	<u>109,282</u>
<b>OPERATING EXPENSES</b>	
Personnel services	150,491
Materials and services	118,572
Depreciation and amortization	<u>58,113</u>
Total operating expenses	<u>327,176</u>
Operating Income (Loss)	<u>(217,894)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
Property taxes	262,464
Interest income	<u>25,956</u>
Total non-operating revenue (expenses)	<u>288,420</u>
Change in net position	<u>70,526</u>
NET POSITION - Beginning of year	2,681,876
Prior period adjustment	<u>5,012</u>
Net position - restated	<u>2,686,888</u>
NET POSITION - End of year	<u>\$ 2,757,414</u>

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, 2025

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 106,539
Cash payments for goods and services	(134,517)
Cash payments for employees and benefits	<u>(150,229)</u>
Net cash provided (used) by operating activities	<u>(178,207)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Taxes collected	<u>262,488</u>
Net cash provided (used) by noncapital financing activities	<u>262,488</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	24,970
Proceeds from note receivable	10,799
Asset amortization	<u>(2,880)</u>
Total cash flows from investing activities	<u>32,889</u>
Net increase (decrease) in cash and cash equivalents	117,170
<b>Cash and cash equivalents - Beginning of year (unrestricted)</b>	<u>1,488,488</u>
<b>Cash and cash equivalents - End of year (unrestricted)</b>	<u>\$ 1,605,658</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (217,894)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation and amortization	58,113
(Increase)decrease in operating assets	
Accounts receivable	(2,743)
Prepaid expense	(1,995)
Increase (decrease) in operating liabilities	
Accounts payable	(13,950)
Compensated absences	<u>262</u>
Net cash provided (used) by operating activities	<u>\$ (178,207)</u>

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

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**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.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Deposits and Investments - Continued**

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.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**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. 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 leases, poundage, and 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, 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.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**Budget Law and Practice - Continued**

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:

	<u>Balance</u>
Cash on hand	\$ 75
Deposits with financial institutions	1,604,322
Douglas County	<u>1,261</u>
Total cash and cash equivalents	<u>\$ 1,605,658</u>

**Deposits**

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of \$1,618,906 of which \$500,000 was covered by FDIC. See *Custodial Credit Risk*.

*Custodial Credit Risk*

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.

*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.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**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:

	<u>Balance</u>
Property taxes	\$ 23,352
Accounts receivable	<u>5,005</u>
Total receivables	<u>\$ 28,357</u>

**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 as of June 30, 2025 is \$60,509.

**NOTE 6 - CAPITAL ASSETS**

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

	<u>7/01 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30 Balance</u>
Capital assets not being depreciated				
Land	\$ 204,477	\$ 0	\$ 0	\$ 204,477
Work in progress	<u>0</u>	<u>2,880</u>	<u>0</u>	<u>2,880</u>
Total not being depreciated	<u>204,477</u>	<u>2,880</u>	<u>0</u>	<u>207,357</u>
Capital assets being depreciated				
Buildings and improvements	3,114,117	0	0	3,114,117
Furniture and equipment	237,478	0	0	237,478
Intangible assets – Right of use	<u>15,319</u>	<u>0</u>	<u>0</u>	<u>15,319</u>
Total depreciable at historical cost	<u>3,366,914</u>	<u>0</u>	<u>0</u>	<u>3,366,914</u>
Accumulated depreciation				
Buildings and improvements	(2,359,545)	(50,175)	0	(2,409,720)
Furniture and equipment	(85,980)	(7,517)	0	(93,497)
Intangible assets – Right of use	<u>(3,452)</u>	<u>(421)</u>	<u>0</u>	<u>(3,873)</u>
Total accumulated depreciation	<u>(2,448,977)</u>	<u>(58,113)</u>	<u>0</u>	<u>(2,507,090)</u>
Total depreciable, net	<u>917,937</u>	<u>(58,113)</u>	<u>0</u>	<u>859,824</u>
Capital assets, net	<u>\$1,122,414</u>	<u>\$ (55,233)</u>	<u>\$ 0</u>	<u>\$1,067,181</u>

Current year depreciation is \$57,692 and amortization \$421.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**NOTE 7 – LEASED ASSETS AND LEASED LIABILITIES**

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.

**Lessee - Lease Payable**

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

	7/1			6/30
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
State of Oregon - Right of use	\$ 15,319			\$ 15,319
Less - accum. Amort.	(3,452)	(421)		(3,873)
Leased asset, net	<u>\$ 11,867</u>	<u>\$ (421)</u>	<u>\$ -</u>	<u>\$ 11,446</u>
 Total liabilities	 <u>\$ 11,867</u>	 <u>\$ (421)</u>	 <u>\$ -</u>	 <u>\$ 11,446</u>

Amortization expense of \$421 and interest expense of \$386 were charged to operations.

Future maturities of the lease commitments are as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 435	\$ 372
2027	449	358
2028	464	343
2029	479	328
2030	494	313
2031-35	2,724	1,311
2036-40	3,196	839
2041-45	3,205	293
Total	<u>\$ 11,446</u>	<u>\$ 4,157</u>

**Lessor - Lease Receivable**

In 2022, 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). Future rental payments were based on a 2% CPI increase being applicable and all options to renew the lease were exercised.

**PORT OF UMPQUA  
Reedsport, Oregon**

NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025

**NOTE 7 – LEASED ASSETS AND LEASED LIABILITIES - Continued**

**Lessor - Lease Receivable**

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

	7/1			6/30
	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Real Estate lease	\$ 759,861			\$ 759,861
Less - accum. Amort.	(1,756)	(1,237)		(2,993)
Leased asset, net	<u>\$ 758,105</u>	<u>\$ (1,237)</u>	<u>\$ -</u>	<u>\$ 756,868</u>
Deferred inflows of resources	<u>\$ 758,105</u>	<u>\$ (1,237)</u>	<u>\$ -</u>	<u>\$ 756,868</u>

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 annual lease receivable is as follows:

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 1,803	\$ 24,573
2027	2,398	24,505
2028	3,023	24,418
2029	3,680	24,310
2030	4,370	24,180
2031-35	33,434	118,112
2036-40	56,405	110,916
2041-45	85,199	99,536
2046-50	121,030	82,932
2051-55	165,341	59,850
2056-60	219,851	28,778
2061-62	60,333	1,236
	<u>\$ 756,868</u>	<u>\$ 623,346</u>

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

	<u>Total</u>
Lease revenue	\$ 1,237
Lease interest	24,621
Total lease inflows	<u>\$ 25,858</u>

**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.

**PORT OF UMPQUA  
Reedsport, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
for the Year End June 30, 2025**

**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**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* provides guidance for accounting for liabilities related to retiree healthcare and other non-pension employment benefits (OPEB). At June 30, 2024, the District'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 – PRIOR PERIOD ADJUSTMENT**

In reconciling the fund balance as of June 30, 2024, it was determined personnel services was overstated by \$5,012 and the current liability on the statement of net position was overstated the same.

**NOTE 11 - 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 November 12, 2025, the date which the financial statements were available to be issued.

**PORT OF UMPQUA  
Reedsport, Oregon**

**SUPPLEMENTARY INFORMATION**

**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 - CASH BASIS for the Year Ended June 30, 2025**

**GENERAL FUND**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
Property taxes - current	\$ 252,720	\$ 252,720	\$ 254,901	\$ 2,181
Property taxes - prior	9,000	9,000	7,587	(1,413)
Interest	100	100	10,503	10,403
Leases	7,632	7,632	10,184	2,552
Umpqua spit revenue	25,680	25,680	23,988	(1,692)
Poundage	60,000	60,000	40,513	(19,487)
Building rental	24,400	24,400	17,387	(7,013)
Miscellaneous	1,000	1,000	0	(1,000)
Total revenues	380,532	380,532	365,063	(15,469)
<b>EXPENDITURES</b>				
Personnel services	185,500	191,500	150,229	41,271
Materials and services	300,500	300,500	120,279	180,221
Capital outlay	140,000	147,000	0	147,000
Special payments	125,000	125,000	0	125,000
Contingency	361,065	348,065	0	348,065
Total expenditures	1,112,065	1,112,065	270,508	841,557
Excess (def) of revenues over expenditures	(731,533)	(731,533)	94,555	826,088
FUND BALANCE - Beg of year (Budget)	731,533	731,533	828,623	97,090
FUND BALANCE - End of year (Budget)	\$ 0	\$ 0	923,178	\$ 923,178
<b>GAAP ADJUSTMENTS - Reconciled to June 30, 2024</b>			1,165,608	
Capital asset activity				
Depreciation			(57,692)	
Asset acquisition			2,880	
Change in accrual accounts				
Accounts payable			7,108	
Accounts receivable			2,743	
Prepaid insurance			1,995	
Property tax receivable			(24)	
Compensated absences			(262)	
Note receivable			(9,813)	
Prior period adjustment			5,012	
FUND BALANCE - End of year (GAAP)			\$ 2,040,733	

**PORT OF UMPQUA  
Reedsport, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - CASH BASIS for the Year Ended June 30, 2025**

**DOCK RESERVE FUND**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 20	\$ 3,955	\$ 3,935
Moorage	<u>1,000</u>	<u>14,467</u>	<u>13,467</u>
Total revenues	1,020	18,422	17,402
<b>EXPENDITURES</b>			
Capital outlay	<u>181,867</u>	<u>0</u>	<u>181,867</u>
Excess (def) of revenues over expenditures	(180,847)	18,422	199,269
FUND BALANCE - Beginning of year (Budget)	<u>180,847</u>	<u>182,231</u>	<u>1,384</u>
FUND BALANCE - End of year (Budget)	<u><u>\$ 0</u></u>	<u><u>\$ 200,653</u></u>	<u><u>\$ 200,653</u></u>

**PORT OF UMPQUA  
Reedsport, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - CASH BASIS for the Year Ended June 30, 2025**

**MAINTENANCE RESERVE FUND**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Interest	\$ 30	\$ 988	\$ 958
<b>EXPENDITURES</b>			
Capital outlay	55,908	10,697	45,211
Excess (def) of revenues over expenditures	(55,878)	(9,709)	46,169
FUND BALANCE - Beginning of year (Budget)	55,878	55,987	109
FUND BALANCE - End of year (Budget)	\$ 0	\$ 46,278	\$ 46,278

**PORT OF UMPQUA  
Reedsport, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL - CASH BASIS for the Year Ended June 30, 2025**

**CAPITAL PROJECTS RESERVE FUND**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 50	\$ 9,524	\$ 9,474
Miscellaneous	<u>10,800</u>	<u>10,799</u>	<u>(1)</u>
Total revenues	10,850	20,323	9,473
<b>EXPENDITURES</b>			
Capital outlay	<u>448,607</u>	<u>0</u>	<u>448,607</u>
Excess (def) of revenues over expenditures	(437,757)	20,323	458,080
FUND BALANCE - Beginning of year (Budget)	<u>437,757</u>	<u>449,427</u>	<u>11,670</u>
FUND BALANCE - End of year (Budget)	<u>\$ 0</u>	<u>\$ 469,750</u>	<u>\$ 469,750</u>

**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, 2025**

	Total Revenues	Total Expenditures	Net
<b>Budgetary Basis</b>			
General Fund	\$ 365,063	\$ 270,508	\$ 94,555
Dock Reserve Fund	18,422	0	18,422
Maintenance Reserve Fund	988	10,697	(9,709)
Capital Projects Reserve Fund	20,323	0	20,323
 Total budgetary basis	 \$ 404,796	 \$ 281,205	 123,591
<b>Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis</b>			
Capital asset activity			
Depreciation			(57,692)
Asset acquisition			2,880
Change in accrual accounts			
Accounts payable			7,108
Accounts receivable			2,743
Prepaid insurance			1,995
Property taxes receivable			(24)
Compensated absences			(262)
Note receivable			(9,813)
 Change in net position			 70,526
NET POSITION - Beginning of year			2,681,876
Prior period adjustment			5,012
Net position - restated			2,686,888
NET POSITION - End of year			\$ 2,757,414

**PORT OF UMPQUA  
Reedsport, Oregon**

**AUDITOR'S COMMENTS AND DISCLOSURES**

# GRIMSTAD CPA

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541.265.5411 | [INFO@GRIMSTAD-ASSOC.COM](mailto:INFO@GRIMSTAD-ASSOC.COM)

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## 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, 2025, 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 November 12, 2025.

### 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).
- 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).

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

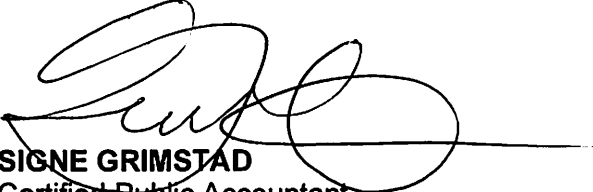
In planning and performing my audit of the financial statements, I considered Port of Umpqua's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, 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  
November 12, 2025