



**PORT OF NEWPORT
LINCOLN COUNTY, OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2023

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

**PORT OF NEWPORT
LINCOLN COUNTY, OREGON
FOR THE YEAR ENDED JUNE 30, 2023**

BOARD OF COMMISSIONERS

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

All Commissioners receive mail at the address below:

Registered Agent and Address:

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

PORT OF NEWPORT
FINANCIAL STATEMENTS
Year Ended June 30, 2023
TABLE OF CONTENTS

	<u>Page</u>
MANAGEMENT’S DISCUSSION AND ANALYSIS	i-iii
Independent Auditor’s Report	1-2
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	6-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Required Supplementary Information – Pension Information	28
Notes to Required Supplementary Information	29
SUPPLEMENTAL INFORMATION	
Combining Schedule of Assets, Liabilities and Net Position	30
Combining Schedule of Revenues, Expenses, and Changes in Net Position	31
Combining Schedule of Cash Flows	32
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – General Fund	33
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – Bonded Debt Fund	34
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – Facility Maintenance Reserve Fund	35
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – Construction Fund	36
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – NOAA Lease Revenue Fund	37
Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget to Actual – NOAA Capital Maintenance Fund	38

**PORT OF NEWPORT
FINANCIAL STATEMENTS**

Year Ended June 30, 2023

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>
SUPPLEMENTAL INFORMATION (CONTINUED)	
Schedule of Tax Collections and Unpaid Balances – Port Levy	39
Schedule of Tax Collections and Unpaid Balances – Bond Levy	40
REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS	
Independent Auditor’s Report Required by Oregon State Regulations	41-42

**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

This discussion and analysis of the Port of Newport (the Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the Port's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS (in thousands)

- Total assets of the Port are \$81.9M with capital assets of \$68.6M net of accumulated depreciation. Current assets are \$10.5M at June 30, 2023.
- The assets of the Port exceeded its liabilities at the close of the fiscal year by \$46.1M (Net Position).
- The Port's net position decreased by \$97K from June 30, 2022.
- Total operating revenue was \$10M, which is 11% higher than the prior year.
- Total operating expenses for the year were \$10.5M, which is 32% higher than the prior year.

Overview of the Financial Statements

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

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

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

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

**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2023**

Table 1 – Net Position

	<u>2023</u>	<u>2022</u>
Assets and deferred outflows		
Cash and investments	\$ 6,274,782	\$ 9,231,490
Cash restricted for debt payments	3,179,885	-
Capital assets, net	68,658,875	70,368,006
Other	<u>3,873,032</u>	<u>3,348,205</u>
Total assets and deferred outflows	<u>81,986,574</u>	<u>82,947,701</u>
Liabilities and deferred inflows		
Current	3,373,091	3,376,992
Other liabilities	<u>32,498,919</u>	<u>33,358,566</u>
Total liabilities and deferred inflows	<u>35,872,010</u>	<u>36,735,558</u>
Net position		
Invested in capital assets, net of related debt	47,977,716	48,925,934
Unrestricted (deficit)	(5,043,037)	(2,713,791)
Restricted	<u>3,179,885</u>	<u>-</u>
Total net position	<u>\$ 46,114,564</u>	<u>\$ 46,212,143</u>

Table 2 – Revenues and Expenses

	<u>2023</u>	<u>2022</u>
Operating revenues		
Tenant rents	\$ 6,006,411	\$ 6,912,906
Taxes and assessments	959,533	1,094,862
Miscellaneous	<u>3,080,588</u>	<u>1,242,030</u>
Total operating revenues	<u>10,046,532</u>	<u>9,249,798</u>
Operating expenses		
Personnel services	2,737,886	2,057,877
Materials and services	4,328,689	2,800,133
Depreciation	<u>3,512,608</u>	<u>3,295,280</u>
Total operating expenses	<u>10,579,183</u>	<u>8,153,290</u>
Total operating income (loss)	<u>(532,651)</u>	<u>1,096,508</u>
Non-operating revenues (expenses)		
Grants	1,315,000	114,148
Interest income	133,049	34,116
Interest expense	<u>(1,012,977)</u>	<u>(1,041,085)</u>
Net non-operating revenues (expenses)	<u>435,072</u>	<u>(892,821)</u>
Change in net position	(97,579)	203,687
Net position, beginning of year	<u>46,212,143</u>	<u>46,008,456</u>
Net position, end of year	<u>\$ 46,114,564</u>	<u>\$ 46,212,143</u>

**PORT OF NEWPORT
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2023**

Capital Assets

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

	<u>2023</u>	<u>2022</u>
Capital assets		
Land	\$ 20,221,521	\$ 20,221,521
Construction in progress	344,232	2,197,221
Building and land improvements	39,527,793	36,859,275
Docks and piers	58,483,428	57,664,918
Equipment	2,324,331	2,154,893
Accumulated depreciation	<u>(52,242,430)</u>	<u>(48,729,822)</u>
Total net capital assets	<u>\$ 68,658,875</u>	<u>\$ 70,368,006</u>

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

Long-Term Obligations

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

	<u>2023</u>	<u>2022</u>
Long-Term Debt		
General obligation bonds	\$ 10,815,000	\$ 11,235,000
Revenue bond	13,895,000	15,245,000
Full faith and credit obligations	1,830,000	2,055,000
State of Oregon loans	3,176,669	3,340,024
State of Oregon construction line of credit	1,660,000	699,795
Bank loans and other	<u>119,491</u>	<u>219,829</u>
Total long-term debt	<u>\$ 31,496,160</u>	<u>\$ 32,794,648</u>

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

Budgetary Highlights

The Port's budget for the fiscal year 2022-23 was adopted by the Port Commission in June 2022 and certified by the Lincoln County Clerk in July 2022. There was one supplemental budget adopted resulting in changes to the appropriations during the year. The budget to actual annual activity is presented for both the original and final budget amounts as required supplementary information.

Economic Factors and Next Year's Budgets and Rates

As part of the Port's strategic planning and business planning process, regional and national economic trends and forecasts are reviewed and forecasted to help produce the annual budget. In the Port's 2023-24 budget, operating expenditures and revenues are forecast to remain consistent with prior years. The capital improvement budget for 2023-24 assumes capital projects estimated at \$9M for work on buildings and additional work on pier docks.

Contacting the Port's Financial Management

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Port of Newport
Newport, Oregon

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the business-type activities of Port of Newport (the Port), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion section of the report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Port, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matter Giving Rise to the Qualified Opinion

Management has not adopted a methodology for applying GASB 87 for lease accounting. Under this statement a lessor is required to recognize a lease receivable and deferred inflow of resources for leased assets, which would increase both assets and liabilities. The amount by which this departure would affect the assets, deferred inflows of resources, fund balances, and expense has not been determined.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

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

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

To the Board of Commissioners
Port of Newport

- 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

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

Other Information

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

Other Report on State Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated May 20, 2024, on our consideration of Port of Newport's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants



Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
May 20, 2024

PORT OF NEWPORT
STATEMENT OF NET POSITION

June 30, 2023

ASSETS

Current assets	
Cash and investments	\$ 6,274,782
Cash - restricted	3,179,885
Property tax receivable	36,941
Receivables, net of allowances	738,366
Prepaid expenses	301,472
Total current assets	<u>10,531,446</u>
Noncurrent assets	
Capital assets	
Depreciable capital assets	100,335,552
Non-depreciable capital assets	20,565,753
Accumulated depreciation	(52,242,430)
Capital assets, net	<u>68,658,875</u>
Bond cost	310,214
Unamortized bond discount	6,805
Total noncurrent assets	<u>68,975,894</u>
Deferred outflows of resources	
Advanced refunding outflows, net of amortization	943,699
Pension related outflows	1,535,535
Total noncurrent assets	<u>2,479,234</u>
Total assets and deferred outflows	<u>\$ 81,986,574</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	\$ 371,805
Accrued payroll	209,492
Accrued interest payable	175,981
Lease deposits	257,203
Notes payable - current	308,610
Bond payable - current	2,050,000
Total current liabilities	<u>3,373,091</u>
Noncurrent liabilities	
Construction line of credit	1,660,000
Notes payable	2,987,550
Bonds payable	24,490,000
Unamortized bond premium	643,426
Net pension liability	1,952,932
Total noncurrent liabilities	<u>31,733,908</u>
Deferred inflows of resources	<u>765,011</u>
Net position	
Investment in capital assets, net of related debt	47,977,716
Restricted	3,179,885
Unrestricted	(5,043,037)
Total net position	<u>46,114,564</u>
Total liabilities, deferred inflows and net position	<u>\$ 81,986,574</u>

See notes to financial statements.

PORT OF NEWPORT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2023

Operating revenues	
Moorages and leases	\$ 6,006,411
Property tax	959,533
RV Park	1,735,281
Services	630,918
Fees	602,467
Other	111,922
Total operating revenues	<u>10,046,532</u>
Operating expenses	
Salary and wage	1,759,353
Payroll tax and benefit	978,533
Administration, promotion and marketing	451,625
Maintenance	698,637
Utilities	687,351
Insurance	467,895
Professional fees	123,515
Service fees	890,371
Supplies	124,733
Other	884,562
Depreciation	3,512,608
Total operating expenses	<u>10,579,183</u>
Operating income (loss)	<u>(532,651)</u>
Non-operating revenues (expenses)	
Grants and reimbursements	1,315,000
Interest income	133,049
Interest expense	(1,012,977)
Total non-operating revenues (expenses)	<u>435,072</u>
Change in net position	(97,579)
Net position, beginning of year	<u>46,212,143</u>
Net position, end of year	<u>\$ 46,114,564</u>

See notes to financial statements.

PORT OF NEWPORT
STATEMENT OF CASH FLOWS
Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from tenants	\$ 8,816,685
Cash received from property taxes	967,538
Cash received from others	26,744
Payments to vendors	(4,152,438)
Payments to employees	(2,737,886)
Net cash provided by (used in) operating activities	<u>2,920,643</u>
Cash flows from investing activities:	
Interest income	<u>106,305</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	5,284
Transfers to other funds	<u>(5,284)</u>
Net cash provided by (used in) noncapital financing activities	<u>-</u>
Cash flows from capital and related financing activities:	
Acquisitions of capital assets	(1,803,477)
Cash received from grants	1,315,000
Bond discount	60,928
Bond premium	(50,522)
Advance from new debt	960,205
Payments on notes and bonds payable	(2,358,694)
Interest paid	(1,027,211)
Net cash provided by (used in) capital and related financing activities	<u>(2,903,771)</u>
Change in cash and cash equivalents	223,177
Cash and cash equivalents	
Beginning of year	<u>9,231,490</u>
End of year	\$ <u><u>9,454,667</u></u>
Reported in the Balance Sheet as:	
Unrestricted	\$ 6,274,782
Restricted	<u>3,179,885</u>
Total	\$ <u><u>9,454,667</u></u>
Reconciliation of operating income (loss) to cash provided by (used in) operating activities:	
Operating income (loss)	\$ (532,651)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation and amortization	3,512,608
Non operating revenues	26,744
(Increase) decrease in current assets:	
Operating receivables	(262,309)
Prepaid expense	(10,795)
Increase (decrease) in current liabilities:	
Accounts payable and compensated absences	(27,085)
Pension liabilities	<u>214,131</u>
Net cash provided by (used in) operating activities	\$ <u><u>2,920,643</u></u>

See notes to financial statements.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – DESCRIPTION OF ORGANIZATION

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

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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

Departure From Accounting Pronouncement

During the fiscal year ended June 30, 2022, GASB Statement No. 87, Leases (“GASB 87”) became effective. This standard revised the accounting, presentation, and disclosure requirements for governmental lessors and lessees. GASB 87 requires lessees to capitalize the present value of all lease obligations as right-of-use assets and record a corresponding long-term liability for the present value of the contractual lease payments.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Departure From Accounting Pronouncement (Continued)

Additionally, GASB 87 requires lessors to recognize a lease receivable and deferred inflows of resources for the effects of its leasing activities and requires enhanced disclosures for both lessees and lessors. Management has not adopted a methodology for applying GASB 87 for lease accounting. Under this statement a lessor is required to recognize a lease receivable and deferred inflow of resources for leased assets, which would increase both assets and liabilities. The amount by which this departure would affect the assets, deferred inflows or resources, fund balances, and expense has not been determined.

Basis of Accounting and Measurement Focus

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

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

The Port has defined operating revenues to include lease fees, RV park fees, launch dock, hoist and moorage fees. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and administration expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expenses. This includes property taxes, investment interest, gain (loss) on sale of capital assets, and non-operating grant revenue and amortization costs.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

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

Construction Fund - This fund is used for the construction of major capital facilities.

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Measurement Focus (Continued)

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

NOAA Capital Maintenance Fund – This fund is used to protect the long-term investments of assets including renewal, repair, or replacement costs at the NOAA facility.

Budget Policies and Budgetary Control

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

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

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

Cash Deposits and Investments

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash 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 C.

Receivables

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

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

Capital Assets and Depreciation

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

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

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

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

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Long-Term Obligations

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

Estimates

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

Deferred Outflows/Inflows of Resources

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

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

Pension Retirement Plan

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

Net Position

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position (Continued)

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

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

Unrestricted - all other net assets reported in this category.

Restricted Assets and Related Liabilities

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

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

NOTE C – CASH AND INVESTMENTS

The Port's cash and investments are held in bank financial institutions listed as qualified bank depositories by the Oregon State Treasurer.

The Port uses money market bank accounts and time certificates of deposit for its temporary investments. Amounts held in such accounts are treated as cash equivalents, as the accounts can be accessed as needed. Cash and investments consist of the following at June 30, 2023:

Deposits with financial institutions:	
Demand deposits	\$ 9,454,667
Time certificate of deposit	<u>-</u>
Total	<u>\$ 9,454,667</u>
Reported in:	
Statement of net position	
Cash and investments	\$ 6,274,781
Cash restricted for grants	1,278,305
Cash restricted for debt payments	<u>1,901,581</u>
Total	<u>\$ 9,454,667</u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The Port does not have a formal policy that places a limit on the amount that may be invested with any one issuer. The Port's investments are 100% invested in time certificates of deposit.

Custodial Credit Risk

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance was \$9,740,045. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the Port has no exposure to custodial credit risk for deposits with financial institutions.

NOTE D – RECEIVABLES

Receivables consist of the following at June 30, 2023:

Property taxes receivable	\$	36,941
Grant receivable		-
Tenant receivables		788,366
Allowance for uncollectible tenant rents		<u>(50,000)</u>
	\$	<u><u>775,307</u></u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE E – CAPITAL ASSETS

The following table is a summary of capital assets:

	Balances June 30, 2022	Additions	Transfers/ Deletions	Balances June 30, 2023
Land	\$ 20,221,521	\$ -	\$ -	\$ 20,221,521
Construction in process	2,197,221	1,645,634	(3,498,623)	344,232
Buildings and land improvements	36,859,275	2,668,518	-	39,527,793
Docks & Piers	57,664,918	818,510	-	58,483,428
Equipment	2,154,893	169,438	-	2,324,331
Total property and equipment	<u>119,097,828</u>	<u>5,302,100</u>	<u>(3,498,623)</u>	<u>120,901,305</u>
Less accumulated depreciation	<u>(48,729,822)</u>	<u>(3,512,608)</u>	<u>-</u>	<u>(52,242,430)</u>
 Total capital assets, net	 <u>\$ 70,368,006</u>	 <u>\$ 1,789,492</u>	 <u>\$ (3,498,623)</u>	 <u>\$ 68,658,875</u>

NOTE F – TENANT LEASING ACTIVITIES

The Port leases certain properties to tenants under long-term non-cancelable operating leases. The depreciated cost of the leased properties aggregated approximately \$17,135,063 as of June 30, 2023, with annual depreciation expense of approximately \$1,341,085. Tenant leases include a 20-year lease for a MOC-P with the National Oceanic and Atmospheric Administration (“NOAA”). NOAA lease revenue is pledged for the 2010 Revenue Bonds (see Note G). The annual rent under this lease is approximately \$2,552,500 which is included in the schedule below.

The minimum future payments to be received under non-cancelable leases are as follows:

Year Ending June 30,	
2024	\$ 3,354,000
2025	3,273,000
2026	3,191,000
2027	3,001,000
2028	2,652,000
Thereafter	<u>7,362,000</u>
	<u>\$ 22,833,000</u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – CONSTRUCTION LINES OF CREDIT

On December 22, 2021, the Port entered into a non-revolving construction line of credit, with Oregon Infrastructure Finance Authority for the development of an administrative building. During the construction phase, the line accrues interest at 2.25% annually, with interest added to the balance of the line. The maximum amount available is \$810,000, and as of June 30, 2023, the balance on the line was \$810,000. The contract converts to permanent financing upon completion of construction, and will be amortized over the permanent financing period. The loan is secured by real property.

On December 22, 2021, the Port entered into a second non-revolving construction line of credit, with Oregon Infrastructure Finance Authority for the development of an administrative building. During the construction phase, the line accrues interest at 2.25% annually, with interest added to the balance of the line. The maximum amount available is \$950,000, and as of June 30, 2023, the balance on the line was \$850,000. The contract converts to permanent financing upon completion of construction, and will be amortized over the permanent financing period. The loan is secured by real property.

NOTE H – LONG-TERM OBLIGATIONS

Bonds and Loans Payable

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

In the fiscal year ending June 30, 2013, the Port obtained financing for construction of the International Terminal. The Port negotiated a \$3,000,000 loan with a \$500,000 grant from the Oregon Infrastructure Finance Authority (IFA). Additional financing was obtained under a forgivable loan from the State of Oregon Business Development in the amount of \$400,000. The non-interest-bearing loan is secured by a promissory note payable over ten years, with \$310,417 remaining at June 30, 2023.

In the fiscal year ending June 30, 2013, the Port refinanced two Special Public Works Fund Community Facility loans outstanding of \$2,624,942 and received new funding of \$890,000 for improvements to the Port's International Terminal.

On June 16, 2016, the Port issued Series 2016 refunding bonds for \$7,610,000. The amount of \$8,348,133 was sent to the escrow agent for refunding of GO Bond Series 2007 callable portion in the amount of \$4,135,878 and GO Bond Series 2008 callable portion in the amount of \$4,272,080. The Port realized a net present value savings of approximately \$944,963. As of June 30, 2023, remaining defeased GO bonds consist of 2007 series of \$2,930,000 and 2008 series of \$3,080,000. In 2016 the bonds were legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. Defeased debt is no longer a liability of the Port.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2023

NOTE H – LONG-TERM OBLIGATIONS (CONTINUED)

In December of 2019, the Port issued Series 2019 refunding bonds for \$5,320,000 realizing a net present value savings of \$802,184. The amount of \$5,612,972 was sent to the escrow agent for refunding of GO Bond Series 2011 callable portion in the amount of \$4,855,000. As of June 30, 2023, the remaining defeased GO Bond balance is \$4,695,000. The bond was legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. The defeased debt is no longer a liability of the Port.

In December of 2019, the Port issued another Series 2019 refunding bond for \$17,855,000 realizing a net present value savings of \$2,548,900. The amount of \$17,976,861 was sent to the escrow agent for refunding of Revenue Bond Series 2010 callable portion in the amount of \$17,165,000. As of June 30, 2023, the remaining defeased revenue bond balance is \$12,635,000. The bond was legally turned over to an escrow agent with sufficient funding (principal received combined with the earnings on that principal during the time the agent holds the funds) to service this debt. The defeased debt is no longer a liability of the Port.

As of June 30, 2023, the defeased General Obligation bonds are as follows:

GO 2007 defeased bonds	\$	2,930,000
GO 2008 defeased bonds		3,080,000
Revenue Bond 2010 defeased bonds		12,635,000
GO Bond 2011 defeased bonds		<u>4,695,000</u>
 Total balance of defeased bonds	 \$	 <u><u>23,340,000</u></u>

In January of 2017, the Port signed a letter of understanding with Oregon Brewing Company on improvements to property. The cost of the improvements were shared with the Port, resulting in the Port recognizing a contribution and a no interest obligation of \$210,295, payable over five years to Oregon Brewing Company.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE H – LONG-TERM OBLIGATIONS (CONTINUED)

Transactions for notes payable for the year ended June 30, 2023 were as follows:

	Balance			Balance	Due Within One Year		
	30-Jun-22	Additions	Reductions		30-Jun-23	Principal	Interest
Bonded Debt Fund							
General Obligation Bonds							
Series 2016	\$ 6,190,000	\$ -	\$ 310,000	\$ 5,880,000	\$ 320,000	\$ 218,250	\$ 538,250
Series 2019	5,045,000	-	110,000	4,935,000	115,000	165,609	280,609
Total Bonded Debt Fund	\$ 11,235,000	\$ -	\$ 420,000	\$ 10,815,000	\$ 435,000	\$ 383,859	\$ 818,859
General Fund							
Full Faith and Credit OB							
Series 2013	\$ 2,055,000	\$ -	\$ 225,000	\$ 1,830,000	\$ 235,000	\$ 53,233	\$ 288,233
State of Oregon Loans							
Special Public Works Fund Loans							
Q10001	807,940	-	-	807,940	72,491	44,357	116,848
L12005	2,196,667	-	138,355	2,058,312	138,355	74,502	212,857
Promissory	335,417	-	25,000	310,417	25,000	-	25,000
First Interstate							
2019 129700956	165,882	-	60,982	104,900	58,173	3,091	61,264
Toyota							
2017 CM Forklift Capital Lease	1,312	-	1,312	-	-	-	-
Financial Pacific Leasing							
2017 NIT Forklift Capital Lease	7,067	-	7,067	-	-	-	-
Oregon Brewing Company							
	45,569	-	30,978	14,591	14,591	-	14,591
Total General Fund	\$ 5,614,854	\$ -	\$ 488,694	\$ 5,126,160	\$ 543,610	\$ 175,183	\$ 718,793
NOAA Fund							
Revenue							
Series 2019	\$ 15,245,000	\$ -	\$ 1,350,000	\$ 13,895,000	\$ 1,380,000	\$ 378,214	\$ 1,758,214
	15,245,000	-	1,350,000	13,895,000	1,380,000	378,214	1,758,214
Totals	\$ 32,094,854	\$ -	\$ 2,258,694	\$ 29,836,160	\$ 2,358,610	\$ 937,256	\$ 3,295,866

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE H – LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of notes payable as of June 30, 2023, were as follows:

Year Ended June 30,	Full Faith Series 2013		NOAA Series 2019		Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 235,000	\$ 53,233	\$ 1,380,000	\$ 378,214	\$ 25,000	\$ -
2025	235,000	46,182	1,415,000	343,365	25,000	-
2026	245,000	38,983	1,455,000	306,226	25,000	-
2027	210,000	32,157	1,490,000	266,725	25,000	-
2028	215,000	25,783	1,535,000	224,528	25,000	-
2029-33	630,000	46,524	6,620,000	420,075	125,000	-
2034-38	60,000	1,050	-	-	60,417	-
2039-43	-	-	-	-	-	-
2044-48	-	-	-	-	-	-
	<u>\$ 1,830,000</u>	<u>\$ 243,912</u>	<u>\$ 13,895,000</u>	<u>\$ 1,939,133</u>	<u>\$ 310,417</u>	<u>\$ -</u>

Year Ended June 30,	Q10001		L12005		First Interstate	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 72,491	\$ 21,109	\$ 138,355	\$ 79,856	\$ 58,173	\$ 3,091
2025	74,696	18,904	143,710	74,502	46,727	986
2026	76,968	16,632	149,271	68,940	-	-
2027	79,309	14,291	155,048	63,163	-	-
2028	81,722	11,878	161,049	57,163	-	-
2029-33	422,754	45,123	903,698	187,361	-	-
2034-38	-	-	407,181	24,087	-	-
2039-43	-	-	-	-	-	-
2044-48	-	-	-	-	-	-
	<u>\$ 807,940</u>	<u>\$ 127,937</u>	<u>\$ 2,058,312</u>	<u>\$ 555,072</u>	<u>\$ 104,900</u>	<u>\$ 4,077</u>

Year Ended June 30,	GO 2019		GO 2016		Oregon Brewing Company	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	115,000	\$ 165,609	\$ 320,000	\$ 218,250	\$ 14,590	\$ -
2025	120,000	162,739	335,000	205,150	-	-
2026	120,000	159,613	350,000	191,450	-	-
2027	120,000	156,373	360,000	177,250	-	-
2028	130,000	152,928	370,000	162,650	-	-
2029-33	710,000	702,156	2,115,000	570,950	-	-
2034-38	1,160,000	567,359	2,030,000	142,475	-	-
2039-43	2,460,000	135,000	-	-	-	-
2044-48	-	-	-	-	-	-
	<u>\$ 4,935,000</u>	<u>\$ 2,201,777</u>	<u>\$ 5,880,000</u>	<u>\$ 1,668,175</u>	<u>\$ 14,590</u>	<u>\$ -</u>

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE H – LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of notes payable as of June 30, 2023, were as follows:

Year Ended June 30,	Total	
	Principal	Interest
2024	\$ 2,358,610	\$ 919,362
2025	2,395,133	851,828
2026	2,421,239	781,844
2027	2,439,357	709,959
2028	2,517,771	634,930
2029-33	11,526,452	1,972,189
2034-38	3,717,598	734,971
2039-43	2,460,000	135,000
2044-48	-	-
	\$ 29,836,160	\$ 6,740,082

NOTE I – COMMITMENTS AND CONTINGENCIES

Paid Time Off

As of June 30, 2023, the Port recorded a liability for accumulated unused paid time off (“PTO”) of \$98,381. It is the Port's policy to pay unused PTO upon retirement or termination of employment, subject to limitations based on years of service.

Risk Management

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

NOTE J – PENSION RETIREMENT PLAN

Defined Benefit Pension Plan

General Information about the Pension Plan:

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

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

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

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

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
 - Member was employed by a OPERS employer at the time of death,
 - Member died within 120 days after termination of OPERS-covered employment,
 - Member died as a result of injury sustained while employed in a OPERS-covered job, or
 - Member was on an official leave of absence from a OPERS-covered job at the time of death.
3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

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

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.
3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.
4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions:

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

Employer contribution rates during the period were based on the December 31, 2019, actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivisions have made lump sum payments to establish side accounts, and their rates have been reduced. The Port has not established any such side accounts.

Employer contributions for the year ended June 30, 2023, were \$200,916, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023, were: (1) Tier1/Tier 2 – 19.69% and (2) OPSRP general service – 15.56%.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Valuations:

The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years. For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40 percent
Long-term expected rate of return	6.90 percent
Discount rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation</p>

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Discount Rate:

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0 %	3.0 %	0.0 %
Debt Securities	15.0	25.0	20.0
Public Equity	32.5	42.5	37.5
Private Equity	14.0	21.0	17.5
Real Estate	9.5	15.5	12.5
Alternative Equity	0.0	12.5	12.5
Opportunity Portfolio	0.0	3.0	0.0
Total			100.0 %

Long-Term Expected Rate of Return:

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

PORT OF NEWPORT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Asset Class	Target		Compound Annual Return (Geometric)	
Core Fixed Income	9.60	%	4.07	%
Short-Term Bonds	9.60		3.68	
Bank Leveraged Loans	3.60		5.19	
High Yield Bonds	1.20		5.74	
Large / Mid Cap US Equities	16.17		6.30	
Small / Micro Cap US Equities	2.70		13.47	
Developed Foreign Equities	13.48		6.91	
Emerging Foreign Equities	4.24		7.69	
Non-US Small Cap Equities	1.93		7.25	
Private Equity	17.50		8.33	
Real Estate (Property)	10.00		5.55	
Real Estate (REITS)	2.50		6.69	
Hedge Funds	1.88		9.65	
Timber & Farmland	2.26		11.73	
Infrastructure	2.25		6.67	
Commodities	1.13		3.79	
Assumed Inflation – Mean			2.40	

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

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

	1% Decrease (5.9%)	Current Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension (liability)/asset	\$ 3,463,355	\$ 1,952,932	\$ 688,777

Pension plan fiduciary net position:

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

At June 30, 2023, the Port reported a liability of \$1,952,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2023. The Port's proportion of the net pension asset was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. **Normal Cost Rate:** The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. **Unfunded Actuarial Liability (UAL) Rate:** If system assets are less than the actuarial liability, a UAL exists. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is simply the UAL itself. The UAL represents the portion of the projected long-term contribution effort related to past service.

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

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

At June 30, 2023 measurement date, the Port's proportionate share of the net pension liability was 0.01275425%, which changed from its proportionate share measured as of June 30, 2022 of 0.00940440%.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2023, the Port recognized pension expense of (\$191,154). At June 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 94,799	\$ 12,179
Changes of assumptions	306,426	2,800
Net difference between projected and actual earnings on investments	-	349,146
Changes in proportionate share	902,493	46,869
Differences between employer contributions and proportionate share of contributions	<u>-</u>	<u>354,017</u>
Total (prior to post-measurement date contributions)	1,303,718	765,011
Contributions made subsequent to measurement date	<u>231,817</u>	<u>N/A</u>
Net Deferred Outflow/(Inflow) of Resources	\$ <u><u>1,535,535</u></u>	\$ <u><u>765,011</u></u>

Deferred outflows of resources related to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year subsequent to June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Employer subsequent fiscal years</u>	<u>Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)</u>
2024	\$ 386,184
2025	139,038
2026	(17,708)
2027	236,162
2028	26,848
Thereafter	<u>-</u>
Net Deferred Outflow/(Inflow) of Resources	\$ <u><u>770,524</u></u>

Changes in Plan Provisions Subsequent to Measurement Date:

There were no changes in Plan provisions subsequent to the June 30, 2022, measurement date.

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Changes in Assumptions:

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

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

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

Death Benefits

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

Contributions

Employees contribute six percent of covered payroll for general service employees. For fiscal year 2023, employees contributed \$88,607 with VOYA Financial to maintain IAP participant records.

NOTE K – OTHER POST EMPLOYMENT BENEFITS

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

PORT OF NEWPORT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE K – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

The OPEB liability for both components was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2020 rolled forward to June 30, 2023. The Port's proportionate share of the OPEB liability was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. Based on the Port's small impact on the state-wide pool, the Port's proportionate share of the OPEB asset as of June 30, 2023, was \$42,199, which was insignificant to the Port's financial statements.

NOTE L – OPERATING LEASE

The Port leases submerged and submersible land under five separate agreements with the Oregon State Land Board and Department of State Lands, the last expiring November 30, 2031. The lease terms require an annual rental payment due on the lease anniversary date each year, subject to adjustment in accordance with the provisions of OAR 141-082-011. The agreements may also be renewed for unlimited successive 15-year terms. The amount of lease expense recognized for the year ended June 30, 2023 was \$90,425.

Future minimum lease payments required under the agreements are as follows:

Year ending June 30,	
2024	\$ 68,000
2025	70,000
2026	72,000
2027	56,000
2028	41,000
Thereafter	<u>167,000</u>
	<u>\$ 474,000</u>

NOTE M – OVER EXPENDITURE OF APPROPRIATIONS

The Port overexpended the following fiscal 2023 appropriations:

NOAA Lease Fund:	
Debt service	\$ 11,503

NOTE N – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 20, 2024 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF NEWPORT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION INFORMATION

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset)	0.01275%	0.00940%	0.00720%	0.00394%	0.00567%	0.00549%	0.00454%	0.00285%	0.00753%	0.00753%
Proportionate share of the net pension liability (asset)	\$ 1,952,932	\$ 1,125,376	\$ 1,571,763	\$ 682,015	\$ 858,385	\$ 739,360	\$ 680,933	\$ 163,496	\$ (170,613)	\$ 384,108
Covered-employee payroll	1,415,881	1,106,858	870,159	557,083	718,008	817,153	736,082	607,922	689,517	771,581
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	137.9%	101.7%	180.6%	122.4%	119.6%	90.5%	92.5%	26.9%	-24.7%	49.8%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.6%	75.8%	80.2%	85.0%	83.1%	80.5%	91.9%	103.6%	92.0%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	514,016	\$ 107,852	\$ 88,633	\$ 67,824	\$ 78,769	\$ 42,074	\$ 2,682	\$ 8,986	\$ 21,005	\$ 24,249
Contributions in relation to the contractually required contribution	<u>200,916</u>	<u>203,271</u>	<u>165,579</u>	<u>56,263</u>	<u>34,500</u>	<u>42,074</u>	<u>2,682</u>	<u>9,108</u>	<u>21,371</u>	<u>25,214</u>
Contribution deficiency (excess)	<u>313,100</u>	<u>\$ (95,419)</u>	<u>\$ (76,946)</u>	<u>\$ 11,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122)</u>	<u>\$ (366)</u>	<u>\$ (965)</u>
Covered-employee payroll	1,415,881	\$ 1,106,858	\$ 870,159	\$ 557,083	\$ 718,008	\$ 817,153	\$ 736,082	\$ 607,922	\$ 689,517	\$ 771,581
Contributions as a percentage of covered-employee payroll	14.2%	18.4%	19.0%	10.1%	4.8%	5.1%	0.4%	1.5%	3.1%	3.3%

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

PORT OF NEWPORT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

SUPPLEMENTAL INFORMATION

PORT OF NEWPORT
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND NET POSITION
June 30, 2023

ASSETS

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	NOAA Capital Maintenance Fund	Total Enterprise Funds
Current assets							
Cash and investments	\$ 1,375,032	\$ -	\$ 569,549	\$ 13,146	\$ 2,393,155	\$ 1,923,900	\$ 6,274,782
Cash - restricted for grant	1,278,305	139,859	-	-	1,761,721	-	3,179,885
Property tax receivables	5,472	31,469	-	-	-	-	36,941
Receivables, net of allowances	738,366	-	-	-	-	-	738,366
Grant receivable	-	-	-	-	-	-	-
Prepaid expense	188,253	-	-	-	113,219	-	301,472
Due from (due to)	74,426	-	-	-	(428,601)	354,175	-
Total current assets	3,659,854	171,328	569,549	13,146	3,839,494	2,278,075	10,531,446
Noncurrent assets							
Capital assets							
Depreciable capital assets	61,863,789	-	-	-	38,471,763	-	100,335,552
Non depreciable capital assets	20,565,753	-	-	-	-	-	20,565,753
Accumulated depreciation	(33,601,593)	-	-	-	(18,640,837)	-	(52,242,430)
Capital assets, net	48,827,949	-	-	-	19,830,926	-	68,658,875
Bond cost	-	132,941	-	-	177,273	-	310,214
Bond discount	-	6,805	-	-	-	-	6,805
Total noncurrent assets	48,827,949	139,746	-	-	20,008,199	-	68,975,894
Deferred outflows of resources							
Advanced refunding outflows	-	553,084	-	-	390,615	-	943,699
Pension related outflows	1,458,759	-	-	-	76,776	-	1,535,535
Total deferred outflows	1,458,759	553,084	-	-	467,391	-	2,479,234
Total assets and deferred outflows	\$ 53,946,562	\$ 864,158	\$ 569,549	\$ 13,146	\$ 24,315,084	\$ 2,278,075	\$ 81,986,574

LIABILITIES AND NET POSITION

Current liabilities							
Accounts payable	\$ 334,733	\$ -	\$ -	\$ -	\$ 37,072	\$ -	\$ 371,805
Accrued payroll	199,612	-	-	-	9,880	-	209,492
Accrued interest payable	11,368	-	-	-	164,613	-	175,981
Lease deposits	257,203	-	-	-	-	-	257,203
Notes payable and assessment debt - current	308,610	-	-	-	-	-	308,610
Bonds payable - current	235,000	435,000	-	-	1,380,000	-	2,050,000
Total current liabilities	1,346,526	435,000	-	-	1,591,565	-	3,373,091
Noncurrent liabilities							
Construction line of credit	1,660,000	-	-	-	-	-	1,660,000
Notes payable	2,987,550	-	-	-	-	-	2,987,550
Bonds payable	1,595,000	10,380,000	-	-	12,515,000	-	24,490,000
Bonds premium	70,939	572,487	-	-	-	-	643,426
Pension	1,855,285	-	-	-	97,647	-	1,952,932
Total noncurrent liabilities	8,168,774	10,952,487	-	-	12,612,647	-	31,733,908
Deferred inflows of resources							
Lease related related inflows	-	-	-	-	-	-	-
Pension related inflows	726,760	-	-	-	38,251	-	765,011
Total deferred inflows	726,760	-	-	-	38,251	-	765,011
Net position							
Investment in capital assets, net of related debt	42,041,789	-	-	-	5,935,926	-	47,977,715
Restricted	1,278,305	139,859	-	-	1,761,721	-	3,179,885
Unrestricted	384,408	(10,663,188)	569,549	13,146	2,374,974	2,278,075	(5,043,036)
Total net position	43,704,502	(10,523,329)	569,549	13,146	10,072,621	2,278,075	46,114,564
Total liabilities, deferred inflows and net position	\$ 53,946,562	\$ 864,158	\$ 569,549	\$ 13,146	\$ 24,315,084	\$ 2,278,075	\$ 81,986,574

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

PORT OF NEWPORT
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2023

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	NOAA Capital Maintenance Fund	Total Enterprise Funds
Operating revenues							
Moorages and leases	\$ 3,298,201	\$ -	\$ -	\$ -	\$ 2,708,210	\$ -	\$ 6,006,411
Property tax	127,583	831,950	-	-	-	-	959,533
RV park	1,735,281	-	-	-	-	-	1,735,281
Services	630,918	-	-	-	-	-	630,918
Fees	602,467	-	-	-	-	-	602,467
Other	100,557	-	-	-	11,365	-	111,922
Total operating revenues	6,495,007	831,950	-	-	2,719,575	-	10,046,532
Operating expenses							
Salary and wage	1,616,208	-	-	-	143,145	-	1,759,353
Payroll tax and benefit	901,767	-	-	-	76,766	-	978,533
Administration, promotion and marketing	431,256	-	-	-	20,369	-	451,625
Maintenance	656,847	-	-	-	41,790	-	698,637
Utilities	663,093	-	-	-	24,258	-	687,351
Insurance	262,669	-	-	-	205,226	-	467,895
Professional fees	121,598	-	-	-	1,917	-	123,515
Service fees	784,132	-	-	-	106,239	-	890,371
Supplies	124,733	-	-	-	-	-	124,733
Other	620,473	-	-	-	264,089	-	884,562
Depreciation	2,046,807	-	-	-	1,465,801	-	3,512,608
Total operating expenses	8,229,583	-	-	-	2,349,600	-	10,579,183
Operating income (loss)	(1,734,576)	831,950	-	-	369,975	-	(532,651)
Non-operating revenues (expenses)							
Grants and reimbursements	1,315,000	-	-	-	-	-	1,315,000
Interest income	29,961	6,161	37,749	73	5,736	53,369	133,049
Interest expense	(164,813)	(398,194)	-	-	(449,970)	-	(1,012,977)
Total non-operating revenues (expenses)	1,180,148	(392,033)	37,749	73	(444,234)	53,369	435,072
Income (loss) before transfers and other changes in net losses	(554,428)	439,917	37,749	73	(74,259)	53,369	(97,579)
Transfer from other funds	-	-	5,284	-	-	-	5,284
Transfer to other funds	(5,284)	-	-	-	-	-	(5,284)
Change in net position	(559,712)	439,917	43,033	73	(74,259)	53,369	(97,579)
Net position, beginning of year	44,264,214	(10,963,246)	526,516	13,073	10,146,880	2,224,706	46,212,143
Net position, end of year	\$ 43,704,502	\$ (10,523,329)	\$ 569,549	\$ 13,146	\$ 10,072,621	\$ 2,278,075	\$ 46,114,564

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

PORT OF NEWPORT
COMBINING SCHEDULE OF CASH FLOWS
Year Ended June 30, 2023

	General Fund	Bonded Debt Fund	Facilities Maintenance Reserve Fund	Construction Fund	NOAA Lease Revenue Fund	NOAA Capital Maintenance Fund	Total Enterprise Funds
Cash flows from operating activities:							
Cash received from tenants	\$ 6,097,110	\$ -	\$ -	\$ -	\$ 2,719,575	\$ -	\$ 8,816,685
Cash received from property taxes	127,583	839,955	-	-	-	-	967,538
Cash received from others	-	-	26,744	-	-	-	26,744
Payments to vendors	(3,534,920)	-	-	-	(617,518)	-	(4,152,438)
Payments to employees	(2,517,975)	-	-	-	(219,911)	-	(2,737,886)
Net cash provided by (used in) operating activities	171,798	839,955	26,744	-	1,882,146	-	2,920,643
Cash flows from investing activities:							
Interest income	29,961	6,161	11,005	73	5,736	53,369	106,305
Cash flows from noncapital financing activities:							
Advances (to) from other funds	(392,688)	-	-	-	218,744	173,944	-
Transfers from other funds	-	-	5,284	-	-	-	5,284
Transfers to other funds	(5,284)	-	-	-	-	-	(5,284)
Net cash provided by (used in) noncapital financing activities	(397,972)	-	5,284	-	218,744	173,944	-
Cash flows from capital and related financing activities:							
Property and equipment (additions) deletions	(1,789,178)	-	-	-	(14,299)	-	(1,803,477)
Cash received from grants	1,315,000	-	-	-	-	-	1,315,000
Bond discount	-	43,201	-	-	17,727	-	60,928
Bond premium	(6,485)	(44,037)	-	-	-	-	(50,522)
Advance from new debt	960,205	-	-	-	-	-	960,205
Bonds refunded	-	-	-	-	-	-	-
Payments on notes and bonds payable	(488,694)	(420,000)	-	-	(1,350,000)	-	(2,258,694)
Interest paid	(166,009)	(398,194)	-	-	(463,008)	-	(1,027,211)
Net cash provided by (used in) capital and related financing activities	(175,161)	(819,030)	-	-	(1,809,580)	-	(2,803,771)
Change in cash and cash equivalents	(371,374)	27,086	43,033	73	297,046	227,313	223,177
Cash and cash equivalents, beginning of year	3,024,711	112,773	526,516	13,073	3,857,830	1,696,587	9,231,490
Cash and cash equivalents, end of year	\$ 2,653,337	\$ 139,859	\$ 569,549	\$ 13,146	\$ 4,154,876	\$ 1,923,900	\$ 9,454,667
Reported in the Balance Sheet as:							
Unrestricted	\$ 1,375,032	\$ -	\$ 569,549	\$ 13,146	\$ 2,393,155	\$ 1,923,900	\$ 6,274,782
Restricted	1,278,305	139,859	-	-	1,761,721	-	3,179,885
Total	\$ 2,653,337	\$ 139,859	\$ 569,549	\$ 13,146	\$ 4,154,876	\$ 1,923,900	\$ 9,454,667
Reconciliation of operating income (loss) to cash provided by(used in) operating activities:							
Operating income (loss)	\$ (1,734,576)	\$ 831,950	\$ -	\$ -	\$ 369,975	\$ -	\$ (532,651)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation and amortization	2,046,807	-	-	-	1,465,801	-	3,512,608
Non operating revenues	-	-	26,744	-	-	-	26,744
(Increase) decrease in current assets:							
Operating receivables	(270,314)	8,005	-	-	-	-	(262,309)
Prepaid expenses	(4,130)	-	-	-	(6,665)	-	(10,795)
Increase (decrease) in current liabilities							
Accounts payable and compensated absences	(47,585)	-	-	-	20,500	-	(27,085)
Changes to debt related deferred inflows	-	-	-	-	-	-	-
Pension liabilities	181,596	-	-	-	32,535	-	214,131
Debt related	-	-	-	-	-	-	-
Net cash provided by (used in) operating activities	\$ 171,798	\$ 839,955	\$ 26,744	\$ -	\$ 1,882,146	\$ -	\$ 2,920,643

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Moorage	\$ 1,914,229	\$ 1,914,229	\$ 2,244,902	\$ 330,673
Leases	783,000	783,000	880,285	97,285
RV park	1,437,663	1,437,663	1,508,344	70,681
Services	1,128,684	1,128,684	630,918	(497,766)
Intergovernmental	4,546,940	4,546,940	1,315,000	(3,231,940)
Fees	4,000	4,000	802,467	798,467
Property taxes	125,000	125,000	127,583	2,583
Interest	2,500	2,500	29,961	27,461
Miscellaneous	100,700	100,700	285,617	184,917
Total revenues	10,042,716	10,042,716	7,825,077	(2,217,639)
Expenditures				
Personnel services	2,592,862	2,592,862	2,303,111	289,751
Material and services	5,359,330	5,359,330	3,238,381	2,120,949
Capital outlay	9,023,271	9,023,271	2,215,598	6,807,673
Debt service	1,076,516	1,076,516	661,189	415,327
Operating contingency	350,000	350,000	-	350,000
Total expenditures	18,401,979	18,401,979	8,418,279	9,983,700
Excess (deficiency) of revenues over expenditures	(8,359,263)	(8,359,263)	(593,202)	7,766,061
Other financing sources (uses)				
Loan Proceeds	1,808,000	1,808,000	960,205	2,768,205
Transfers in	2,368,531	2,368,531	-	2,368,531
Transfers out	(500,000)	(500,000)	(5,284)	494,716
Total other financing sources (uses)	3,676,531	3,676,531	954,921	5,631,452
Net changes in fund balances	(4,682,732)	(4,682,732)	361,719	5,044,451
Fund balance, beginning of year	6,883,958	6,883,958	2,852,290	(4,031,668)
Fund balance, end of year	\$ 2,201,226	\$ 2,201,226	3,214,009	\$ 1,012,783
Reconciliation to GAAP				
Capital assets, net of depreciation			48,827,949	
Bonds and notes payable			(6,786,159)	
Accrued interest			(11,368)	
Deferred outflows			1,458,759	
Net pension liability			(1,855,285)	
Deferred inflows			(726,760)	
Bond premium			(70,939)	
Deposits			(257,203)	
Compensated absences			(88,501)	
Net position, end of year			\$ 43,704,502	

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Property taxes	\$ 809,574	\$ 809,574	\$ 831,950	\$ 22,376
Interest	50	50	6,161	6,111
Total revenues	<u>809,624</u>	<u>809,624</u>	<u>838,111</u>	<u>28,487</u>
Expenditures				
Debt service	819,030	819,030	819,030	-
Contingency	10,000	10,000	-	10,000
Total expenditures	<u>819,030</u>	<u>819,030</u>	<u>819,030</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(9,406)</u>	<u>(9,406)</u>	<u>19,081</u>	<u>28,487</u>
Other financing sources (uses)				
Debt refunded	-	-	-	-
Debt proceeds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(9,406)	(9,406)	19,081	28,487
Fund balance, beginning of year	104,406	104,406	152,247	47,841
Fund balance, end of year	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>171,328</u>	<u>\$ 76,328</u>
Reconciliation to GAAP				
Bond cost			132,941	
Deferred outflow, advance refunding valuation			553,084	
Bond discount			6,805	
Bond premium			(572,487)	
Bonds and notes payable			<u>(10,815,000)</u>	
Net position, end of year			<u>\$ (10,523,329)</u>	

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Interest	\$ 500	\$ 500	\$ 11,005	\$ 10,505
Miscellaneous	-	-	26,744	26,744
Total revenues	<u>-</u>	<u>-</u>	<u>37,749</u>	<u>37,249</u>
Expenditures				
Capital outlay	-	-	-	-
Contingency	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>37,749</u>	<u>37,249</u>
Other financing sources (uses)				
Transfers out	(528,316)	(528,316)	-	528,316
Transfers in	500,000	500,000	5,284	(494,716)
Total other financing sources (uses)	<u>(28,316)</u>	<u>(28,316)</u>	<u>5,284</u>	<u>33,600</u>
Net changes in fund balances	(28,316)	(28,316)	43,033	71,349
Fund balance, beginning of year	527,816	527,816	526,516	(1,300)
Fund balance, end of year	<u>\$ 499,500</u>	<u>\$ 499,500</u>	<u>\$ 569,549</u>	<u>\$ 70,049</u>

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable) Final to Actual</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 10	\$ 10	\$ 73	\$ 63
Total revenues	<u>10</u>	<u>10</u>	<u>73</u>	<u>63</u>
Expenditures				
Capital outlay	-	-	-	-
Contingency	13,071	13,071	-	13,071
Total expenditures	<u>13,071</u>	<u>13,071</u>	<u>-</u>	<u>13,071</u>
Excess (deficiency) of revenues over expenditures	<u>(13,061)</u>	<u>(13,061)</u>	<u>73</u>	<u>13,134</u>
Other financing sources (uses)				
Loan payment	1,600,000	1,600,000	-	(1,600,000)
Intergovernmental	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(1,600,000)	(1,600,000)	-	1,600,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(13,061)	(13,061)	73	13,134
Fund balance, beginning of year	13,071	13,071	13,073	2
Fund balance, end of year	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 13,146</u>	<u>\$ 13,136</u>

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Leases	\$ 2,572,858	\$ 2,572,858	\$ 2,708,210	\$ 135,352
Interest	6,000	6,000	5,736	(264)
Miscellaneous	-	-	11,366	11,366
Total revenues	<u>2,578,858</u>	<u>2,578,858</u>	<u>2,725,312</u>	<u>146,454</u>
Expenditures				
Personnel services	218,469	218,469	212,032	6,437
Material and services	1,125,822	1,125,822	663,889	461,933
Capital outlay	40,000	40,000	14,300	25,700
Debt service	1,760,800	1,760,800	1,772,303	(11,503)
Contingency	138,429	138,429	-	138,429
Total expenditures	<u>3,283,520</u>	<u>3,283,520</u>	<u>2,662,524</u>	<u>620,996</u>
Excess (deficiency) of revenues over expenditures	<u>(704,662)</u>	<u>(704,662)</u>	<u>62,788</u>	<u>767,450</u>
Other financing sources (uses)				
Transfers out	(240,035)	(240,035)	-	(240,035)
Debt refunded	-	-	-	-
Bond proceeds	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources (uses)	<u>(240,035)</u>	<u>(240,035)</u>	<u>-</u>	<u>(240,035)</u>
Net changes in fund balances	(944,697)	(944,697)	62,788	1,007,485
Fund balance, beginning of year	341,241	341,241	3,739,634	3,398,393
Fund balance, end of year	<u>\$ (603,456)</u>	<u>\$ (603,456)</u>	<u>3,802,422</u>	<u>\$ 4,405,878</u>
Reconciliation to GAAP				
Capital assets, net of depreciation			19,830,926	
Bonds cost			177,273	
Advance refunding			390,615	
Bonds and notes payable			(13,895,000)	
Accrued interest			(164,613)	
Accrued payroll			(9,880)	
Deferred outflows			76,776	
Net pension liability			(97,647)	
Deferred inflows			(38,251)	
Net position, end of year			<u>\$ 10,072,621</u>	

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

PORT OF NEWPORT

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

Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
Revenues				
Interest	5,000	5,000	53,369	48,369
Miscellaneous	-	-	-	-
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>53,369</u>	<u>48,369</u>
Expenditures				
Personnel services	-	-	-	-
Material and services	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
Contingency	1,039,530	1,039,530	-	1,039,530
Total expenditures	<u>1,039,530</u>	<u>1,039,530</u>	<u>-</u>	<u>1,039,530</u>
Excess (deficiency) of revenues over expenditures	<u>(1,034,530)</u>	<u>(1,034,530)</u>	<u>53,369</u>	<u>1,087,899</u>
Other financing sources (uses)				
Transfers out	-	-	-	-
Debt refunded	-	-	-	-
Bond proceeds	-	-	-	-
Transfers in	186,744	186,744	-	(186,744)
Total other financing sources (uses)	<u>186,744</u>	<u>186,744</u>	<u>-</u>	<u>(186,744)</u>
Net changes in fund balances	(847,786)	(847,786)	53,369	901,155
Fund balance, beginning of year	1,888,717	1,888,717	2,224,706	335,989
Fund balance, end of year	<u>\$ 1,040,931</u>	<u>\$ 1,040,931</u>	<u>\$ 2,278,075</u>	<u>\$ 1,237,144</u>

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

PORT OF NEWPORT
PORT LEVY
SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES
June 30, 2023

	Imposed Levy or Balance Uncollected July 1, 2022	Add Levy as Extended by Assessor	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2023
Current						
2022-2023	\$ -	\$ 136,202	\$ (8,664)	\$ 51	\$ (124,791)	\$ 2,798
Prior years						
2021-2022	2,421	-	(295)	-	(1,227)	899
2020-2021	1,215	-	(160)	-	(472)	583
2019-2020	694	-	(68)	-	(485)	141
2018-2019	182	-	(69)	-	(118)	(5)
2016-2017 and Prior	997	-	99	-	(40)	1,056
Total years	\$ 5,509	\$ 136,202	\$ (9,157)	\$ 51	\$ (127,133)	\$ 5,472

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

PORT OF NEWPORT

BOND LEVY

SCHEDULE OF TAX COLLECTIONS AND UNPAID BALANCES

June 30, 2023

	Imposed Levy or Balance Uncollected July 1, 2022	Add Levy as Extended by Assessor	Adjustments	Interest	Cash Collection by County Treasurer	Balance Uncollected or Unsegregated June 30, 2023
Current						
2022-2023	\$ -	\$ 885,887	\$ (54,108)	\$ 329	\$ (813,863)	\$ 18,245
Prior years						
2021-2022	19,159	-	(2,334)	-	(9,708)	7,117
2020-2021	8,142	-	(406)	3	(3,162)	4,577
2019-2020	4,724	-	(461)	-	(3,303)	960
2018-2019	838	-	(318)	-	(543)	(23)
2017-2018 and Prior	975	-	(5)	-	(377)	593
Total years	\$ 33,838	\$ 885,887	\$ (57,632)	\$ 332	\$ (830,956)	\$ 31,469

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

REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS

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

Board of Commissioners
Port of Newport
Newport, Oregon

We have audited the basic financial statements of the Port of Newport (the Port) as of and for the year ended June 30, 2023, and have issued our report thereon dated May 20, 2024. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

In connection with our testing nothing came to our attention that caused us to believe the Port was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the basic financial statements of the Port as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Port's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

Board of Commissioners
Port of Newport
Newport, Oregon

We have identified certain deficiencies in internal control over financial reporting that we have communicated to the Port in a separate report dated May 20, 2024.

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

KERN & THOMPSON, LLC
Certified Public Accountants



Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
May 20, 2024