

**Board of Commissioners**

Dirk Rohne - Chairman  
Robert Stevens – Vice-Chair  
Thaddeus Fickel – Secretary  
James Campbell – Treasurer  
Tim Hill – Assistant Secretary/Treasurer

422 Gateway Ave, Suite 100  
Astoria, OR 97103  
Phone: (503) 741-3300  
Fax: (503) 741-3345  
[www.portofastoria.com](http://www.portofastoria.com)

**Workshop Session**

November 18, 2025 @ 4:00 PM  
422 Gateway Ave, Suite 100, Astoria, OR\*

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The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting by calling the Port of Astoria at (503) 741-3300.

\*This meeting will also be accessible via Zoom. Please see page 2 for login instructions.

**Agenda**

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. CHANGES/ADDITIONS TO THE AGENDA
5. PUBLIC COMMENT  
This is an opportunity to speak to the Commission for 3 minutes regarding any topic. In person, those wishing to speak must fill out a public comment form. Those participating via Zoom may raise their hands during the public comment period.
6. ACTION
  - a. Right of Way Easement – PacifiCorp ..... 3
  - b. Commercial Lease Agreement – United Parcel Service Inc. .... 11
  - c. Audited Financial Statements FY2024-25 ..... 29
7. COMMISSION COMMENTS
8. EXECUTIVE DIRECTOR COMMENTS
9. UPCOMING MEETING DATES
  - a. Regular Session – December 2, 2025, at 4:00 PM
  - b. Workshop Session – December 16, 2025, at 4:00 PM
10. ADJOURN

Please Note:

Agenda packets are available online at: <https://www.portofastoria.com/commission-meetings>.

Please allow time for the normal posting procedure for agendas and meeting packets.



## Board of Commissioners

### **HOW TO JOIN THE ZOOM MEETING:**

**Online:** Direct link: <https://us02web.zoom.us/j/86905881635?pwd=amhtTTBFcE9NUElxNy9hYTZFPQTizQT09>  
Or go to [Zoom.us/join](https://zoom.us/join) and enter Meeting ID: 869 0588 1635, Passcode: 422

**Dial In:** (669) 900-6833, Meeting ID: 869 0588 1635, Passcode: 422

This meeting is accessible to persons with disabilities or persons who wish to attend but do not have computer access or cell phone access. If you require special accommodations, please contact the Port of Astoria at least 48 hours prior to the meeting by calling [\(503\) 741-3300](tel:5037413300) or via email at [admin@portofastoria.com](mailto:admin@portofastoria.com).

Please Note:

Agenda packets are available online at: <https://www.portofastoria.com/commission-meetings>. Please allow time for the normal posting procedure for agendas and meeting packets.

Return to: Pacific Power  
2340 SE Dolphin Ave.  
Warrenton, OR 97146

CC#: 11201 WO#: 7317485

**RIGHT OF WAY EASEMENT**

For value received, *Port Of Astoria* (“Grantor”), hereby grants to PacifiCorp, an Oregon corporation, its successors and assigns, (“Grantee”), a perpetual easement for a right of way **10** feet in width and **80** feet in length, more or less, for the construction, reconstruction, operation, maintenance, repair, replacement, enlargement, and removal of Grantee’s electric power transmission, distribution and communication lines and all necessary or desirable accessories and appurtenances thereto, including without limitation: supporting towers, poles, props, guys and anchors, including guys and anchors outside of the right of way; wires, fibers, cables and other conductors and conduits therefor; and pads, transformers, switches, vaults and cabinets, along the general course now located by Grantee on, over, across or under the surface of the real property of Grantor in *Clatsop* County, State of *Oregon*, more particularly described as follows and/or shown on Exhibit(s) **A & B** attached hereto and by this reference made a part hereof:

A portion of:

***See Exhibit B.***

Assessor’s Map No. 8 10 13

Parcel No. 100

Together with the right of ingress and egress, for Grantee, its contractors, or agents, to the right of way from adjacent lands of Grantor for all activities in connection with the purposes for which this easement has been granted; and together with the present and (without payment therefor) the future right to keep the right of way and adjacent lands clear of all brush, trees, timber, structures, buildings and other hazards which might endanger Grantee’s facilities or impede Grantee’s activities.

At no time shall Grantor place, use or permit any equipment, material or vegetation of any kind that exceeds twelve (12) feet in height, light any fires, place or store any flammable materials, on or within the boundaries of the right of way. Subject to the foregoing limitations, the surface of the right of way may be used for other purposes not inconsistent, as defined by the Grantee, with the purposes for which this easement has been granted.

**JURY WAIVER.** TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS EASEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE, OR TO REQUEST THE CONSOLIDATION OF, ANY ACTION

Rev. 11/6/2017

IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THIS PARAGRAPH WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.

Grantor represents and warrants that it possesses all right, title and interest in and to the right of way area, free and clear of any lien, security interest, encumbrance, claim, license or other restriction that would interfere with Grantee's use of the right of way area for the purposes contemplated hereunder.

The rights and obligations of the parties hereto shall be binding upon and shall benefit their respective heirs, successors and assigns and shall run with the land.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
*Port Of Astoria* GRANTOR

**REPRESENTATIVE ACKNOWLEDGEMENT**

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } SS.

This instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_,

by \_\_\_\_\_, as \_\_\_\_\_,  
Name of Representative Title of Representative

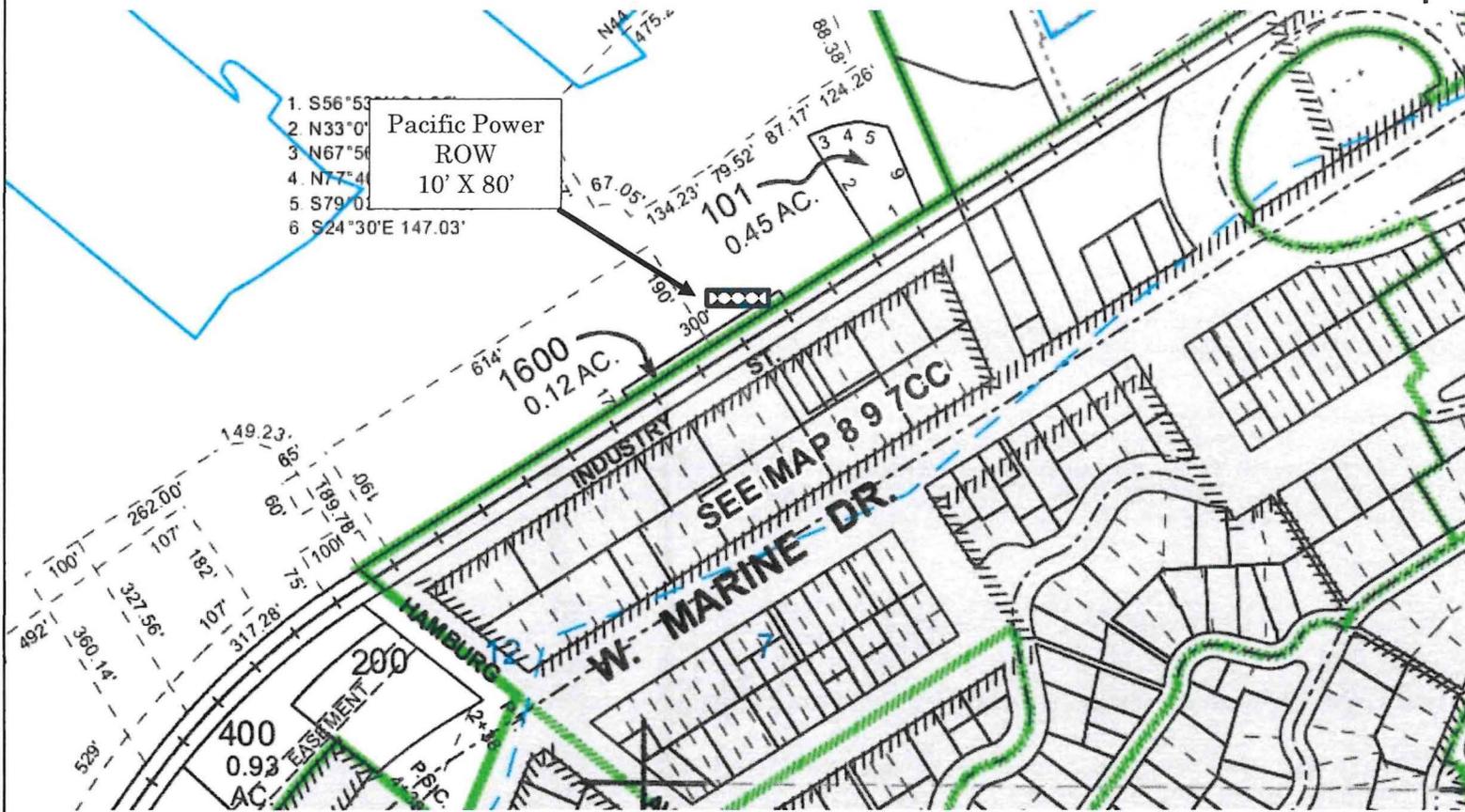
of \_\_\_\_\_  
Name of Entity on behalf of whom this instrument was executed

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

**PROPERTY DESCRIPTION**

In Section 13, Township 08N, Range 10W of the Willamette Meridian, Clatsop County, State of Oregon  
 Map / Tax Lot or Assessor's Parcel No.: 0100



CC#: 11201 WO#: 7317485 ROW#:		This drawing should be used only as a representation of the location of the easement area. The exact location of all structures, lines and appurtenances is subject to change within the boundaries of the described easement area.
Landowner: Port Of Astoria		
Drawn by: Dorsey		

**PROPERTY DESCRIPTION**

A portion of:

The following bounded and described real property and premises situate in the City of Astoria, in Clatsop County, State of Oregon, to-wit;

All the uplands and all the tide land and shore land, together with all wharfing rights, privileges and easements appurtenant and belonging thereto within the following boundaries:

Beginning at a point in the North boundary line of the right of way of the Spokane, Portland and Seattle Railway and at the Northwest corner of a tract conveyed by Jone E. White and others to George W. Sanborn by a deed dated February 19, 1901 and which is recorded in Volume 41 of Records of Deeds for Clatsop County, State of Oregon, at pages 370, 371 and 372 thereof, and running thence North 24° 30' West along the West boundary of said Sanborn tract to the pierhead line of the Columbia River as established by the United States Government Engineers prior to September 3, 1913; thence Westerly along said pierhead line a distance of 1700 feet; thence in a straight line to a point in said North boundary of said right of way of said Spokane, Portland and Seattle Railway Company 1069 feet South 56° 53' West along said North boundary of said right of way from the point of beginning; and thence along said North boundary of said right of way to the point of beginning. ALSO, All of the upland and all the tidelands and shorelands together with all wharfing rights, privileges and easements appurtenant and belonging thereto within the following boundaries;

Beginning at a point on the Northwesterly or outside boundary line of the right of way of the Spokane, Portland and Seattle Railway Company would be intersected by the most Southerly and Westerly line of Hamburg Avenue in Taylors Astoria if the same were projected on a straight line with its present course; and running thence North 52° 24' West along the North boundary of a tract conveyed by Jone E. White and others to Astoria Savings Bank, Trustee by deed dated February 13, 1896, recorded in Book 33, Clatsop County, State of Oregon, pages 427, 428 and 429, thereof, 2100 feet, more or less to the pierhead line in the Columbia River;

CC#: 11201 WO#:7317485

Grantor Name: Port Of Astoria

**EXHIBIT B**  **PACIFIC POWER**  
A DIVISION OF PACIFICORP

thence Easterly along said pierhead line of Columbia River as established by United States Government 247.8 feet, more or less to the Northwesterly corner of a tract of land conveyed to the Port of Astoria by deed dated September 20, 1913 in Book 82, Records of Deeds, for Clatsop County, State of Oregon at page 12, thereof;

thence Southerly along the boundary line of said tract as conveyed to the Port of Astoria 1890 feet, more or less to the outside or Northwesterly boundary of right of way of Spokane, Portland and Seattle Railroad Company.

thence Southwesterly along the outside or Northwesterly boundary line of said Spokane, Portland and Seattle Railroad Company 100 feet more or less to the point of beginning;

ALSO all wharfing, riparian and water rights Northerly and fronting or abutting thereon to the ship channel of the Columbia River which may accrue to this property; ALSO

All the following described real property of real property situate, lying and being in Clatsop County, State of Oregon;

Beginning at a point on the pierhead line of the Easterly side of Youngs Bay on the South bank of the Columbia River North 53° West 50 feet from a point where the center line of the trestle erected by the Astoria and South Coast Railway Company in 1889 if extended in its then present course, would intersect said pierhead line, and running thence in a Northeasterly direction parallel with and 50 feet from the center line of said trestle if extended in a straight line 726.9 feet more or less to intersection with the Northerly line of the Spokane, Portland and Seattle Railroad Company, right of way;

said Northerly line of the Spokane, Portland and Seattle Railroad Company right of way being taken as a line which is 25 feet more Westerly at right angles from the center line of the present Spokane, Portland and Seattle Railroad Company tract;

thence following along said Northerly line of Spokane, Portland and Seattle Railroad Company right of way in a Northeasterly direction 2754.7 feet more or less to a point where said Northerly line of Spokane, Portland and Seattle Railroad Company right of way would intersect with the Westerly line of Hamburg Avenue of Taylors Astoria if extended; thence North 52° 24' West along the Westerly line of Hamburg Avenue produced 2141.8 feet more or less to the pierhead line; thence along pierhead line South 74° 48' West 1987.0 feet more or less; thence South 2300 feet; thence South 53° 24' 465 feet more or less to the point of beginning.-----

All uplands, tidelands, riparian rights, wharfing rights and frontage rights on the following described property lying North of the North right of way line of the Spokane, Portland and Seattle Railway;

Beginning at a point on the South bank of the Columbia River on the meander line of the Samuel C. Smith Donation Land Claim in Clatsop County, Oregon 30.23 chains Westerly according to the said meander line of the Northeast corner of said claim and running thence North 65° 30' East, 300 feet, and thence North 24° 30' West to the North right of way line of Spokane, Portland and Seattle Railroad, the true point of beginning;

thence continuing North 24° 30' West to the pierhead line;

thence West along said pierhead line to the Northeast corner of Barbey tract;

thence South 24° 30' East along Barbey's East line to the North right of way line of Spokane, Portland and Seattle Railroad;

thence East along the North right of way line of Spokane, Portland and Seattle Railroad to the point of beginning,

and as of December 7, 1971 at 8:00 A.M. we find that the last deed of record runs to Port of Astoria and that the title of record has been vested in the above named vestee and its predecessors in interest for a period of more than 20 years.

PARCEL NO. 1: That portion of the following described premises lying North of the Northerly line of Leif Erickson Drive; Lot 1, Block 93 of Adair's Port of Upper Astoria as laid out and platted and recorded by John Adair, in Clatsop County, Oregon, together with that portion of Vacated 34th Street as by law inures.

PARCEL NO. 2: Beginning at the Northeast corner of Lot 1, Block 93, in that part of the City of Astoria, Clatsop County, Oregon, known and designated as the Port of Upper Astoria, according to the map and plat thereof, and as laid out and recorded by John Adair, and ratified and confirmed by Mary Ann Adair, and Mary H. Leinenweber;

thence West along the North boundary line of said Lot 1 to the Northwest corner thereof;

thence Northerly to ships channel of the Columbia River;

thence Easterly a distance of 75 feet;

thence Southerly to the place of beginning, namely, the Northeast corner of said Lot 1, together with all and singular the Wharfing rights, water rights, riparian rights and privileges North and in front and adjacent to said Lot 1, aforesaid, to the ships channel of the Columbia River; Together with that portion of Vacated 34th Street as by-law inures.

PARCEL NO. 3: That portion of the following described premises, lying North of the Northerly line of Leif Erickson Drive;

Lots 2 and 3, Block 93, in the Port of Upper Astoria, as laid out and recorded by John Adair, in Clatsop County, Oregon, also all water frontage and riparian rights North and in front of said Lots 2 and 3 to the ships channel of the Columbia River.

PARCEL NO. 4: That portion of the following described premises lying North of the Northerly line of Leif Erickson Drive; Lot 4, Block 93 of the Port of Upper Astoria as laid out and recorded by John Adair and ratified and confirmed by Mary Ann Adair and Mary H. Leinenweber and in Clatsop County, Oregon.

PARCEL NO. 5: All the water frontage and wharfing and riparian rights and privileges in front of or belonging or appertenant to Lot 4, Block 93 of the Port of Upper Astoria, now commonly known as Adair's Astoria, as laid out and recorded by John Adair and ratified and confirmed by Mary Adair and Mary H. Leinenweber, and lying North of the center line of the railroad tract of the Astoria and Columbia River Railroad Co., and extending Northerly from the center line of said railroad tract into the ships channel of the Columbia River, in Clatsop County, Oregon, together with that portion of Vacated 35th Street as by-law inures.

PARCEL NO. 6: Frontage to Lot 4, South of Spokane, Portland and Seattle Right of Way, Block 93, Adairs, Clatsop County, Oregon.

PARCEL NO. 7: That portion of Lot 8, Block 93, Adairs Port of Upper Astoria as laid out and recorded by John Adair, and ratified and confirm by Mary Ann Adair, and Mary H. Leinenweber, lying North of the Northerly line of Leif Erickson Drive, together with that portion of Vacated 34th Street as by-law inures.

PARCEL NO. 8: Lots 5, 6, 7, 8, Block 92, in the Town (now City) of Astoria, as laid out and recorded by John Adair and known as ADAIR'S PORT OF UPPER ASTORIA, together with all and singular the water rights, wharfing rights, riparian rights and privileges and all tide lands fronting and abutting thereon, excepting however, that certain strip of frontage or tide land heretofore conveyed to the Astoria and Columbia River Railroad Co., as per deed bearing the date of April 17, 1895, and recorded in the office of the County Clerks of Clatsop County, Oregon, at Page 255, Book 33, Deed Records for Clatsop County, said strip being 25 feet in width on each side of the center line of the railroad of said Astoria and Columbia Railroad Co., as now constructed and operated in front of said Block 92 in Adair's Clatsop County, Oregon;

SAVE AND EXCEPT, that portion conveyed to A. D. Zimmerman, et ux., by deed recorded October 7, 1958 in Book 247, page 502, Deed Records. Together with that portion of Vacated 34th Street as by-law inures.

PARCEL NO. 9: All of that portion of Lots 1 and 2, lying South of the Spokane, Portland and Seattle Railroad right of way and Lots 7 and 8, in Block 95 of Adair's Port of Upper Astoria; also all of that portion of Lot 1 in said Block 95, lying North of said Railroad right of way;

Also all of the frontage to said Lots 1 and 2 in Block 95 in Adair's Port of Upper Astoria, lying between the North line of said Railroad right of way and the Pierhead line, all being in the City of Astoria, Clatsop County, Oregon. Together with those portions of Vacated alleys and vacated 36th Street as by law inures, and excepting therefrom that portion lying within Leif Erickson Drive.

PARCEL NO. 10: That portion of Lots 1 through 8, of Block 118, and 1 through 18, of Block 120, of Adair's Northerly addition to the Port of Upper Astoria, lying Northerly from the Spokane, Portland & Seattle Railway Right of way, together with all water frontage and wharfing and riparian rights and privileges in front of or belonging or appurtenant thereto;

Together with the Westerly half of 36th Street, as vacated, lying Northerly from the Spokane Portland & Seattle Railway Right of way, and the East Half of 35th Street as vacated, lying Northerly from the Spokane Portland & Seattle Right of way; Together with that portion of Bond Street, as vacated, lying between 35th and 36th Streets, North of the Spokane, Portland and Seattle Right of Way;

Together with that alley vacated in Adair's Northerly addition to the Port of Upper Astoria; Located in the County of Clatsop, City of Astoria, State of Oregon.

That portion of Block 118, Adair's North Addition to the Port of Upper Astoria, lying South of the South right of way of Spokane, Portland and Seattle Railroad together with that portion of alley vacated by Ordinance No. 66-12; EXCEPTING that portion in State highway.

## COMMERCIAL LEASE AGREEMENT

**Date:** September 9, 2025

**Between:** **Port of Astoria**  
422 Gateway Avenue, Suite 100  
Astoria, Oregon 97103  
Ph: 503-741-3300 (“Port”)

**And:** **United Parcel Service Inc., an Ohio Corporation** (“Tenant”)  
  
Corporate Real Estate Department  
55 Glenlake Parkway NE  
Atlanta, Georgia 30328  
Attn: Real Estate Contract Administration

With a copy to:  
  
United Parcel Service, Inc.  
Corporate Real Estate Department  
55 Glenlake Parkway NE  
Atlanta, Georgia 30328  
Attn: Real Estate Contract Administration

And with a copy to:  
Dan Scidmore, UPS Real Estate Director  
Email: [REDACTED]  
Phone: [REDACTED]

1. **PREMISES.** Port leases to Tenant and Tenant leases from Port the following described property (“Premises”) according to the terms and conditions stated herein (“Lease”).

2360 SE 12<sup>th</sup> Place  
Warrenton, OR 97146  
(Premises of 1.3 acres)  
*[Map is attached as Exhibit A.]*

2. **TERM.** The Term of the Lease shall be as follows:

- 2.1 **Original Term.** The original term (“Original Term”) of this Lease shall be for five (5) years, commencing on December 1, 2025 (“Commencement Date”). Tenant’s obligations under this Lease shall commence on the Commencement Date.
- 2.2 **Renewal Term.** If the Lease is not in default at the time the Original Term is to expire November 30, 2030, Tenant shall have the option to continue the Lease for one additional five (5)-year term as follows:
1. The renewal term shall commence on the day following expiration of the preceding term.
  2. The option may be exercised by written notice to Port given not less than ninety (90) days prior to the last day of the expiring term. The giving of such notice shall be sufficient to make the lease

binding for the renewal term without further act of the parties. Port and Tenant shall then be bound to take the steps required in connection with the determination of rent as specified below.

3. The terms and conditions of the Lease for each renewal term after November 30, 2030, shall be identical with the original term except that:
  - i. Tenant will no longer have any option to renew this lease that has been exercised;
  - ii. Base rent will be as provided in Section 5.

3. **POSSESSION.** Tenant’s right to possession shall commence on December 1, 2025 [*Commencement Date*].

4. **CONDITIONS FOR OCCUPANCY.** Tenant’s occupation of the Premises is conditioned upon the following:

- 4.1 Zoning. Occupancy is permitted under local zoning ordinances or by obtaining a Conditional Use Permit.
- 4.2 Highest and Best Use. The Port does not have a higher and better use for the Premises based on rental income, creation of employment opportunities, or other criteria as determined by the Port.

By executing this Lease, the Port conclusively affirms that the foregoing conditions precedent have been satisfied.

5. **RENT.** During the Term of the Lease, Tenant shall pay to Port the following Rent:

- 5.1 Base Rent. During the Original Term, Tenant shall pay to Port as Base Rent the sum of \$2,972.55 per month, subject to Section 5.3.
- 5.2 Additional Rent. In addition to the Base Rent, Tenant shall pay as Additional Rent all taxes (including property taxes) as set forth in Section 14.1, insurance costs set forth in Section 13.2, utility charges to the extent set forth in Section 14.2, and any other sum that Tenant is required to pay to Port or third parties under this Lease.
- 5.3 Escalation. During the Original Term, the Base Rent shall be increased in the month of December 1, 2026, and every December thereafter during the Lease Term, by three percent (3%) annually as set forth below.

Year	Escalation Schedule	Monthly Base Rent	Annual Rent
1	December 1, 2025	\$2,972.55	\$35,670.60
2	December 1, 2026	\$3,061.73	\$36,740.72
3	December 1, 2027	\$3,153.58	\$37,842.94
4	December 1, 2028	\$3,248.19	\$38,978.23
5	December 1, 2029	\$3,345.63	\$40,147.57
<b>5 Year Renewal Option</b>			
6	December 1, 2030	\$3,446.00	\$41,352.00
7	December 1, 2031	\$3,549.38	\$42,592.56
9	December 1, 2032	\$3,655.86	\$43,870.34
9	December 1, 2033	\$3,765.54	\$45,186.45
10	December 1, 2034	\$3,878.50	\$46,542.04

6. **PAYMENT TERMS.**

- 6.1 First and Last Month's Rent. First and last month's Base Rent shall be payable in advance prior to occupancy. First and last month's rent is waived for this agreement.
- 6.2 Due Date. Rent shall be payable in advance on the first (1<sup>st</sup>) day of each month at the Port address on Page One (1) of this Lease. Additional Rent shall be paid in the manner specified on the invoice for the charges.
- 6.3 Forms of Payment. Acceptable forms of payment are:
 

<u>X</u> Check	<u>X</u> Money Order
<u>X</u> ACH	Other _____
- 6.4 Late Charges. Any Rent or other payment to the Port required of Tenant under this Lease, including but not limited to Additional Rent, if not paid within ten (10) days after it becomes due, shall bear compound interest at the rate of nine percent (9%) per annum (but in no event exceeding the maximum rate of interest permitted by law) from the due date until paid. In addition to interest, the Port may charge and collect as a penalty a late charge equal to five percent (5%) of the amount of the late payment. Notwithstanding the foregoing, Port will cooperate with Tenant to provide the necessary bank, wiring and other relevant information for Tenant to set up Port as a vendor/payee in Tenant's payment system. No rent shall be deemed late until 10 days after Port provides such information.
- 6.5 Other remedies. In addition to any Late Charges, the Port shall have all other remedies available at law for Tenant's default. Collection of a Late Charge shall not be in lieu of nor be deemed a waiver of the breach caused by the late payment.
- 6.6 Collections: Per ORS.697.105, if Tenant has an overdue balance, it may be assigned to a private collection agency for collection. A collection fee will be added to the Tenant's overdue balance if assigned to a private collection agency. The amount of the fee shall be equivalent to the amount charged to the Port by the collection agency to collect the overdue balance.

**7. SECURITY DEPOSIT.**

- 7.1 No deposit. Tenant shall not be required to post a deposit as security for Tenant's faithful performance and observance of the terms, provisions and conditions of this Lease ("Security Deposit").

**8. USE OF THE PREMISES.**

- 8.1 Permitted Use. The Premises shall be used for a parcel distribution center and any lawful purpose ("Permitted Use") and for no other purpose without the consent of Port, which consent shall not be unreasonably withheld. If this use is or becomes prohibited by applicable law or governmental regulation, this Lease shall terminate on ninety (90) days' written notice to Tenant; provided, however, that Tenant shall be given a full and reasonable opportunity, at Tenant's sole cost, to challenge, appeal or seek a variance or other approval with respect to any such determination by any governmental body before this Section 8.1 shall take effect. If Tenant exercises its right to challenge or appeal a change in law or regulation as provided herein, Tenant's obligations under this Lease, including all payment obligations, shall remain in effect during such appeal or challenge period, and Tenant shall fully indemnify Port for any fines or other penalties assessed by a court or regulatory body for failure to timely comply with such change in the law or regulation.
- 8.2 Parking. Tenant, its customers, agents and invitees shall have the non-exclusive right to use common parking areas on Port properties. Additional parking permits adjacent to the 2360 SE 12<sup>th</sup> Place Building may be purchased from the Port.

8.3 Terms of Use. In connection with the Permitted Use, Tenant shall:

- (1) Comply, at Tenant's sole cost and expense, with all applicable laws, rules, and regulations of Port and any other public authority, including but not limited to complying with all applicable permitting and licensing requirements and all directives and orders issued by any regulatory agency. Unless expressly stated otherwise in this Lease or prohibited by law, penalties for violations of Port rules and regulations shall be in addition to, and not exclusive of, Port's remedies under this Lease.
- (2) Refrain from any activity that would make it impossible for Port to insure the Premises against casualty; materially increase the insurance rate to the Port; or prevent Port from taking advantage of any ruling of the Oregon Insurance Rating Bureau or successor that enables Port to obtain reduced premium rates for fire and/or casualty insurance policies, unless Tenant pays the additional cost of the insurance as Additional Rent.
- (3) Refrain from any use that would be reasonably offensive to the public or to occupants or users of neighboring premises, or that does or may create a bona fide public nuisance or damage the structural value or commercial reputation of the Premises. Such uses may include, but are not limited to, causing or permitting the presence or accumulation of garbage, refuse, or other debris that may attract pests or vermin and/or emit a foul odor; obstructing Common Areas, public walkways, parking areas, or any other area outside the Premises; or creating or allowing the presence of any condition that creates a hazard to the health or safety of any person.
- (4) Refrain from loading the electrical system or floors beyond the point considered safe by a competent engineer or architect selected by Port.
- (5) Refrain from making any marks on or attaching any sign, insignia, antenna, aerial, or other device to the exterior or interior walls, windows, or roof of the Premises without the written consent of Port.
- (6) Not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, or otherwise released on or under the Premises. Tenant may use or otherwise handle on the Premises only those Hazardous Substances typically used or sold in the prudent and safe operation of the business specified in paragraph 8.1. Tenant may store such Hazardous Substances on the Premises only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and industry standards for similar logistics operations in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Premises. Upon the expiration or termination of this Lease, Tenant shall remove all Hazardous Substances from the Premises. As used in this paragraph, "Environmental Law" shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. "Hazardous Substance" shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.
- (7) Stormwater Management. Tenant shall be responsible for implementing and maintaining best management practices (BMPs) to prevent pollutants from entering the stormwater system and conveyances as a result of Tenant's activity on the Premises; provided that Tenant shall not be required to change, upgrade, replace, construct or install new improvements or infrastructure in or on the Premises.

Tenant shall take appropriate steps to control stormwater runoff from all operational areas, including but not limited to parking lots, loading docks, fueling areas, vehicle maintenance areas, and exterior material storage zones. Pollution control measures may include routine sweeping, spill containment,

secondary containment for hazardous materials, covered storage, installation and maintenance of perimeter containment structures, and proper housekeeping practices.

Tenant shall not discharge any pollutants, including vehicle fluids, wash water, or industrial wastes, into any stormwater system or conveyance. Tenant shall ensure that all on-site stormwater infrastructure (e.g., catch basins, treatment units, oil-water separators) serving the leased premises is inspected and maintained per manufacturer and regulatory guidelines. All vehicle or equipment maintenance must be completed under cover or off of Port property. Fueling must be done in defined fueling area(s) or off of Port property. Maintenance records must be available upon request.

Subject to the foregoing, if the Port notifies Tenant of a deficiency related to stormwater compliance or routine infrastructure maintenance, Tenant shall correct the issue within thirty (30) calendar days of written notice (or such longer period as may be reasonably required, provided that Tenant commences such correction within the thirty (30) day period and is diligently pursuing the same to completion). Notwithstanding the foregoing, if, in the Port's sole discretion, a deficiency under this paragraph creates an emergency condition requiring immediate remediation, Port may require Tenant to take immediate steps to correct the deficiency. Failure to comply within this time frame may result in the Port reporting violations to the appropriate regulatory agency or agencies in addition to performing necessary corrective actions that shall be reimbursed by Tenant. Tenant shall be responsible for all associated costs plus any fines or penalties as provided in applicable Port of Astoria Ordinances, to the extent arising from Tenant's violation of this paragraph, which shall be in addition to any penalties assessed by any state or federal regulatory agency.

In cases where the Port reasonably determines that Tenant's violation of the foregoing provisions constitutes an imminent threat to water quality or a violation of the Clean Water Act, including unauthorized discharges to waters of the United States, in addition to waiving the 30-day notice period described above, the Port reserves the right to report to, or request enforcement from, appropriate regulatory agencies and to take immediate corrective action without additional notice. All costs, penalties, or damages incurred by the Port as a result of Tenant's violation of the terms of this Lease with respect thereto shall be reimbursed by Tenant.

## 9. COMMON AREAS.

- 9.1 Definition. "Common Areas" shall mean any parking areas, roadways, sidewalks, landscaped areas, security areas and any other areas owned by Port and located within or without the Building in which the Premises are located, but outside the Premises, where such areas have been or may be designated by Port for use by the general public or for tenants' common use.
- 9.2 Tenant's Use. Tenant, its customers, agents and invitees shall have the non-exclusive right to use Common Areas.
- 9.3 Port's Rights. With respect to Common Areas, Port reserves the following rights:
- (1) To establish reasonable rules and regulations for the use of Common Areas.
  - (2) To close all or any portion of Common Areas temporarily or permanently as needed to achieve Port's business or operational objectives (provided doing so does not impair the Premises or Tenant's access thereto).
  - (3) To construct, alter, or remove buildings or other improvements in Common Areas, and to change the layout of such Common Areas, including modifying their shape and size (provided doing so does not impair the Premises or Tenant's access thereto).

- (4) To exercise any of Port's governmental powers over Common Areas.

## 10. COMMON AREA CHARGE.

**Common Area Charge.** Costs and expenses incurred by the Port for the repair and maintenance of the Common Areas and the facilities therein, shall be shared by all who benefit from such services (herein the "**Common Area Expenses**"), which term excludes:

- (i) capital improvements;
- (ii) repairs, maintenance and replacements paid for by insurance proceeds or third parties; and
- (iii) costs incurred to remove or remediate any Hazardous Materials existing in, on or under the Property as of the Commencement Date.

Tenant's annual proportionate share of Operating Expenses shall be calculated by multiplying the total Operating Expenses for the Common Area for each year during the lease term by the Tenant's Percentage (as defined below).

The term "Tenant's Percentage" shall mean 9%, which is calculated as the ratio of the square footage of the Premises (56,628 sq ft) to the total square footage of all leasable landside space at the Airport as of the Commencement Date (612,143 sq. ft.). (See Exhibit B.) Tenant's Percentage may be equitably adjusted if Tenant leases additional space.

Lessee agrees to pay the Port, within thirty (30) days of billing therefor its pro rata share ("Tenant's Percentage") of the Common Area Expenses, including but not limited to a reasonable allocation of overhead costs (not to exceed five percent (5%) of the expenses being billed) for the Port to manage such Common Areas. The annual increase in Common Area Expenses in any twelve (12) month period shall not exceed five percent (5%) over the prior year's Common Area Expenses. Upon written request from the Lessee, Port shall supply reasonable and appropriate supporting documentation for the invoiced Common Area Expenses, but no such request shall act as an extension of the due date for such payment.

## 11. REPAIRS AND MAINTENANCE.

11.1 Port's Obligations. The following shall be the responsibility of Port:

- (1) Routine repairs and maintenance of the roof and gutters, exterior walls (including painting), bearing walls, floors, heating and air conditioning, structural members, floor slabs, and foundation.
- (2) Routine repairs and maintenance of Common Areas' interior walls, ceilings, doors, windows, and related hardware, light fixtures, switches, heating and air conditioning, and wiring and plumbing from the exterior to the point of entry to the Premises.
- (3) Routine repairs and maintenance of sidewalks, driveways, curbs, parking areas, fences, gates and areas used in common by Tenant and Port or tenants of the same Building.
- (4) Routine repairs and maintenance of exterior water, sewage, gas, and electrical services up to the point of entry to the Premises.
- (5) Respond within a reasonable time to Tenant's written notification to Port of the need for repairs or maintenance under this paragraph.

11.2 Tenant's Obligations. The following shall be the responsibility of Tenant:

- (1) Repairs and routine maintenance of Premises' interior walls, ceilings, doors, windows, and related hardware and light fixtures, subject to ordinary wear and tear.
- (2) Repairs to any area necessitated by the deliberate acts or negligence of Tenant, its agents, employees, or invitees.
- (3) Any repairs or alterations required pursuant to Tenant's obligations under Section 8 of this Lease.
- (4) Provide written notice to Port of the need for repairs or maintenance pursuant to paragraph 11.1. Port's obligation to make such repairs shall not mature until thirty (30) days after Port has received such written notice, except in the case of emergency (as defined below).

11.3 Correction by Tenant. Tenant's obligations under paragraph 11.2 shall be at Tenant's sole expense.

11.4 Reimbursement of Costs. If Tenant fails or refuses to perform its obligations under this Section 10, the Port may, but is not obligated to, complete the maintenance and repairs and charge the actual costs thereof to Tenant as Additional Rent. Tenant shall reimburse Port for such expenditures upon demand, together with interest at the rate of nine percent (9%) per annum from the due date of any and all invoices for such work issued by the Port. Except in an emergency, which for purposes of this Section shall include any circumstance creating an immediate risk of personal injury, property damage, or violation of any applicable environmental regulation, rule, code, ordinance or statute, Port shall provide Tenant with a minimum of thirty (30) days' written notice outlining with reasonable particularity the maintenance or repairs required. If Tenant fails within that time to initiate or perform to completion such maintenance or repairs, and thereafter diligently perform to completion, Port may commence work as provided in this paragraph.

11.5 Inspection of Premises. Port shall have the right to inspect the Premises at any reasonable time or times pursuant to paragraph 22.6. However, such inspection shall not be deemed to waive Tenant's obligation to provide notice as provided in paragraph 11.2(4).

11.6 Interference with Tenant. In performing its obligations under this Section, Port shall not cause unreasonable interference with Tenant's use of the Premises. Tenant shall have no right to an abatement of rent nor any claim against Port for any reasonable or necessary inconvenience or disturbance resulting from Port's performance of its obligations under this Section.

## 12. ALTERATIONS.

12.1 Consent. Tenant shall make no improvements or alterations of any kind on the Premises without first obtaining the Port's Tenant Improvement Permit. All permitted alterations shall be made in a good and workmanlike manner, and in compliance with applicable laws and building codes. As used herein, "alterations" includes the installation of computer and telecommunications wiring, cables, and conduit.

12.2 Ownership and Removal of Alterations. All improvements and alterations performed on the Premises by the Port shall be the property of Port when installed. Subject to section 21.3, all improvements and alterations performed on the Premises by the Tenant shall be the property of Tenant when installed and shall become the property of Port upon expiration or termination of the Lease; or, at Port's option, be required to be removed by Tenant at Tenant's expense and the Premises restored to their original or better condition if Port makes such election in writing at the time that Port issues a Tenant Improvement Permit or otherwise approves such improvement or alteration.

### 13. INSURANCE.

13.1 Insurance Required. Before taking possession of the Premises, Tenant shall procure and thereafter during the term of the Lease continue to carry the following insurance coverage at Tenant's expense:

- (1) Worker's Compensation Insurance coverage as required by law.
- (2) Comprehensive general liability insurance with an insurance company licensed to do business in Oregon having a Financial Strength Rating (FSR) of not less than 'A-' and a Financial Size Category (FSC) of not less than 'VII' according to Best's Insurance Guide, with limits of not less than not less than \$2,000,000 per occurrence and \$4,000,000 in the aggregate, with a \$1,000,000 umbrella or a policy with \$3,000,000 per occurrence limits. The Port allows for Tenant to complete the "Insurance Requirements Questionnaire" to apply for lower insurance limits based on Tenant's business operations. Upon receipt of a completed form, the Port will notify Tenant in writing if they qualify for a lower insurance requirement. The Port reserves the right to request an updated "Insurance Requirements Questionnaire" in the event that the Tenant's business operations change. If Tenant does not complete and submit the "Insurance Requirements Questionnaire", the aforementioned insurance coverage limits will be required.

Notwithstanding anything herein to the contrary, Tenant may satisfy some or all of its insurance obligations with any combination of primary, umbrella or excess insurance, and/or through a program of self-insurance, and/or through policies issued by Licensee's captive insurance company.

13.2 Property Insurance Cost. As Additional Rent, Tenant shall be responsible for its pro-rata share of the property insurance for fire and other property damage maintained by the Port for the Building in which the Premises are located. At the time of execution of this Lease such share shall be assessed at \$0.03/square foot/month, and such amount shall be pro-rated for any year in which Tenant occupies the Premises for only a portion of the year. Port may adjust this assessment from year to year, based upon adjustments to the premium charged to the Port, with documentation provided to Tenant.

13.3 Certificates. Prior to occupancy, Tenant shall provide to Port certificates evidencing the policies required in paragraph 13.1, and thereafter on Port's request. Such certificates shall name Port as an additional insured and require that written notice be given to Port a minimum of ten (10) days prior to any change or cancellation of the policy.

13.4 Modifications. Port reserves the right to unilaterally modify insurance requirements under this Lease, including adding new policies or requiring higher limits of coverage to the extent reasonable, and require Tenant's compliance within sixty (60) days of providing a written notice to Tenant. Port shall not adjust any specific policy or coverage requirement more frequently than once every calendar year without good cause.

13.5 Additional Security. In addition to the insurance requirements in this Section, the Port may, for good cause, require Tenant to post a bond or other form of security to protect Port assets or otherwise ensure repair of excessive damage specifically attributable to Tenant's use of the Premises, including but not limited to damage to parking lots, driveways, and roads caused or substantially increased by operation of vehicles or equipment.

13.6 Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. Each party agrees to use best efforts to obtain an agreement or endorsement from its insurer waiving subrogation, if the policy does not expressly permit a waiver of subrogation.

#### 14. TAXES AND UTILITIES.

- 14.1 Property Taxes and Assessments. As a public entity, Port does not pay property taxes, but Tenant may be assessed directly by the County for property taxes specific to the Premises. Tenant shall pay as due all real property taxes and special assessments assessed against the Premises and all taxes on its personal property located on the Premises. As used herein, "real property taxes" includes any fee or charge relating to the ownership, use, or rental of the Premises, other than taxes on the income of Port or Tenant. Tenant will provide Port with proof of payment of real property taxes before such payments become past-due. Notwithstanding the foregoing, "real property taxes" shall not include: taxes based on capital stock, estate, inheritance, or franchise of Port; general or special assessments for capital improvements not specifically benefiting the Premises; taxes or assessments imposed on other portions of the property or Port's interest therein; penalties or interest arising from Port's failure to timely pay taxes or assessments not otherwise the responsibility of Tenant; taxes imposed in lieu of property taxes on Port's ownership interest in the Premises; gross receipts taxes, business license taxes, or other similar taxes imposed on Port's rental income or business operations; charges arising from the acts or omissions of Port or other tenants or occupants not attributable to Tenant's use or occupancy.
- 14.2 Utilities Charges. Tenant shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation, and maintenance of the Premises, including but not limited to charges for fuel, water, gas, electricity, sewage disposal, power, refrigeration, air conditioning, and janitorial services. If any utility services to the Premises are provided by or through Port, charges to Tenant shall be comparable with prevailing rates for comparable services. If the charges are not separately metered, Port shall apportion the charges on an equitable basis, and Tenant shall pay its apportioned share on demand. Tenant is hereby notified that the water to the Premises X is \_\_\_ is not separately metered. Tenant is responsible for water, sewer, garbage, electricity and gas. Phone and internet service are not included.

#### 15. DAMAGE AND DESTRUCTION.

- 15.1 Partial Damage. If the Premises are partly damaged and Section 11.2 does not apply, Port shall repair the Premises at Port's expense. Repairs shall be accomplished with all reasonable dispatch, subject to interruptions and delays beyond the control of Port, such as but not limited to labor strikes and extreme weather events.
- 15.2 Destruction. If the Premises are destroyed or damaged such that the cost of repair exceeds fifty percent (50%) of the value of the structure before the damage or the time to repair is expected to exceed 12 months, and Section 11.2 does not apply, either party may elect to immediately terminate the Lease by providing written notice to the other not more than forty-five (45) days following the date of damage; provided that following such termination notice, Tenant shall be allowed an additional forty-five (45) days without penalty to vacate the Premises and collect its personal property. Subject to the foregoing, all rights and obligations of the parties shall terminate as of the date of the notice, and Tenant shall be entitled to the reimbursement of any prepaid amounts for the remainder of the Lease term. If neither party terminates as provided in this paragraph, Port shall proceed as soon as reasonably possible to restore the Premises to substantially the same condition as prior to the damage or destruction, without interruption except for work stoppages beyond the Port's reasonable control, such as but not limited to labor strikes and extreme weather events.
- 15.3 Rent Abatement During Repairs. Rent shall be abated during the repair period to the extent the Premises are untenantable, except that there shall be no rent abatement where the damage is the result of Tenant's deliberate or negligent acts.
- 15.4 Damage Late in Term. If damage or destruction to which Sections 15.1 or 15.2 would apply occurs within sixty (60) days before the end of the then-current Lease term, notwithstanding any other provisions in this

Lease Tenant may elect to terminate the Lease by providing written notice to Port within thirty (30) days after the date of the damage.

## 16. LIABILITY AND INDEMNITY.

- 16.1 Liens. Except for activities for which Port is responsible under the Lease, Tenant shall pay as due all claims for work done on, and for services rendered or material furnished to, the Premises, and shall keep the Premises free from any liens. If a lien is filed as a result of nonpayment, Tenant shall, within ten (10) days after knowledge of the filing, secure discharge of the lien or file with the County Recorder cash or sufficient corporate surety bond or other surety to bond around the lien as provided under Oregon law.
- 16.2 Failure to Discharge Lien. If Tenant fails to pay any claims of lien or to discharge any lien upon demand by Port, Port may do so and collect the cost as Additional Rent, which amount shall bear interest at the rate of nine percent (9%) per annum from the date expended by Port. Such action by Port shall not constitute a waiver of any right or remedy which Port may have on account of Tenant's default.
- 16.3 Disputed Liens. Notwithstanding the parties' rights and obligations under paragraphs 16.1 and 16.2, Tenant may withhold payment of any claim in connection with a good-faith dispute over the obligation to pay, provided Tenant notifies Port in writing of the dispute and bonds around the lien as provided under Oregon law.
- 16.4 Indemnification. Tenant shall indemnify, hold harmless, and defend Port from any claim, loss, or liability arising out of or related to any activity of Tenant on the Premises or any condition of the Premises in the possession or under the control of Tenant. Port shall have no liability to Tenant for any injury, loss, or damage caused by third parties, or by any condition of the Premises for which Port is not responsible under this Lease. Notwithstanding the foregoing, Tenant's indemnification obligations thereunder shall not apply to any claim, loss, or liability to the extent caused by Port's negligence or willful misconduct, or arising from any condition of the Premises for which Port is responsible under this Lease; Port shall indemnify, defend and hold harmless Tenant from any claims, liabilities, costs or damages (including reasonable attorneys' fees) arising from or related to Hazardous Materials that (i) existed in, on or under the Premises or Property prior to Tenant's occupancy of the Premises, or (ii) were released or disposed of by Port, its agents, or other tenants of Port.

## 17. "AS-IS"; QUIET ENJOYMENT.

- 17.1 Condition of Premises. Except as specifically agreed to by the parties under this Lease, Tenant takes the Premises "AS IS," with all faults.
- 17.2 Port's Warranty. Port warrants that it is the owner of the Premises and has the right to lease them. Port warrants that the Tenant shall have the right to quiet enjoyment of the Premises for the purposes described in this Lease, subject to the terms and conditions stated herein.
- 17.3 Access to Premises and Utilities. Port shall provide Tenant with 24-hour, 7-day per week access to the Premises. Port shall use commercially reasonable efforts to ensure that all utilities serving the Premises are available without interruption, provided that Port shall not be liable for any interruption or failure of utilities due to causes beyond Port's reasonable control, including force majeure events, required maintenance or repairs, or failures by utility providers. In the event of any planned utility interruption (other than emergency repairs), Port shall provide Tenant with at least seventy-two (72) hours' advance notice.
- 17.4 Estoppel Certificate. Either party will, within twenty (20) days after notice from the other, execute and deliver to the other party a certificate stating whether or not this Lease has been modified and is in full

force and effect and specifying any modifications or alleged breaches by the other party. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon the party from whom the certificate was requested that the Lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

## **18. ASSIGNMENT AND SUBLETTING.**

- 18.1 Port's Consent to Assignment or Subletting. No part of the Premises may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conferred on any third person by any other means, without the prior written consent of Port. Any attempted assignment shall be void. This provision shall apply to all transfers by operation of law. If Tenant is a corporation or partnership, this provision shall apply to any transfer of a voting interest in stock or partnership interest of Tenant. No consent in one instance shall be deemed a waiver in a subsequent instance. Port may withhold or condition such consent in its sole but reasonable discretion.
- 18.2 Release of Liability for Security Deposit Reimbursement. If Port sells or leases to a third party all or part of the Building in which the Premises are located, Port shall have the right to transfer Tenant's Security Deposit (if any) to the purchaser or lessee and Port shall thereupon be released by Tenant from all liability for the return of the Security Deposit, and Tenant agrees to look solely to such purchaser or lessee for the return of the Security Deposit.

## **19. DEFAULT.**

19.1 By Tenant. The following shall be events of default by Tenant:

- (1) Default in Rent. Failure of Tenant to pay Base Rent, Additional Rent, or other charge due under the Lease within ten (10) days of the applicable due date stated in paragraph 6.2 of this Lease. It is the responsibility of Tenant to ensure Port has on record accurate and current contact information, including any special instructions regarding where invoices for charges due under this Lease are to be sent. Tenant's failure to receive an invoice due to incorrect contact information will not relieve Tenant of liability for late fees, interest, or any other charges due under this Lease as a result of late payment.
- (2) Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of the Lease other than the payment of Rent or other charges under paragraph 19.1(1), within thirty (30) days after the date of Port's written notice to Tenant specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30-day period, this provision shall be complied with if Tenant begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.
- (3) Insolvency. Insolvency of Tenant; assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within ninety (90) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within thirty (30) days shall constitute a default. If Tenant consists of two or more individuals or business entities, the events of default specified in this paragraph shall apply to each individual unless within ten (10) days after an event of default occurs, the remaining individuals produce evidence satisfactory to Port that they have unconditionally acquired the interest of the one causing the default. If the Lease has been assigned,

the events of default so specified shall apply only with respect to the one then exercising the rights of Tenant under the Lease.

- (4) Abandonment. Subject to *force majeure*, failure of Tenant to occupy the Premises for one or more of the purposes permitted under this Lease for twenty (20) days or more while any other breach of the terms of this Lease remains uncured, unless such failure is excused under another provision of this Lease.

19.2 By Port. The following shall be events of default by Port:

- (1) Breach of Obligations. Failure to comply with any of Port's duties and obligations under this Lease within thirty (30) days of receipt of a written notice from Tenant describing with reasonable particularity the basis for the claimed default. If the claimed default is of such a nature that it cannot be completely remedied within the 30-day period, this provision shall be complied with if Port begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to cure the default as soon as practicable.

## 20. REMEDIES ON DEFAULT.

20.1 Termination.

- (1) Default by Tenant. In the event of a default by Tenant, at its sole option the Port may terminate the Lease by providing thirty (30) days' written notice to Tenant. Whether or not the Lease is terminated under this paragraph, Port shall be entitled to recover damages from Tenant for the default, and Port may reenter, take possession of the premises, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender. In addition, Port shall be entitled to damages as provided in paragraph 19.2.
- (2) Default by Port. In the event of a default by Port, Tenant may terminate the Lease by providing a minimum of thirty (30) days' written notice of termination to Port. On the effective date of such termination, Tenant's duties and obligations under the Lease, including payment of Rent and Additional Rent, shall be excused, provided Tenant has vacated the Premises and complied with all requirements for Surrender at Expiration as provided in Section 20 of this Lease. Tenant's damages for termination under this paragraph shall be limited to reimbursement of any costs paid in advance to Port, including pre-paid Rent for any unfinished term and Tenant's Security Deposit (if any), less any deductions by Port pursuant to the terms of this Lease. Port shall not be liable to Tenant for any economic nor non-economic damages, including incidental or consequential damages, resulting from or attributable to Tenant's early termination of the Lease under this paragraph.

20.2 Port's Damages. In the event of termination or retaking of possession pursuant to paragraph 20.1(1), Port shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term, the following amounts as damages:

- (1) The loss of rental from the date of default until a new tenant is, or with the exercise of reasonable efforts could have been, secured and paying rent.
- (2) The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, or any other expense occasioned by Tenant's default including but not limited to, any remodeling or repair costs, attorney fees, court costs, broker commissions, and advertising costs.

20.3 Reletting. In the event of termination or retaking of possession following default by Tenant, Port may relet the Premises but shall not be required to relet for any use or purpose other than that specified in the Lease

or for a purpose which Port may reasonably consider injurious to the Premises, or to any tenant that Port may reasonably consider objectionable. Port may relet all or part of the Premises, alone or in conjunction with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

- 20.4 Right to Sue More than Once. Port may sue periodically to recover damages during the period corresponding to the remainder of the Lease term, and no action for damages shall bar a later action for damages subsequently accruing.
- 20.5 Port's Right to Cure Defaults. If Tenant fails to perform any non-monetary obligation under this Lease, Port shall have the option to do so after 30 days' written notice to Tenant (or such longer period as may be reasonably required, provided that Tenant has commenced to cure within such 30 days and is diligently pursuing the cure to completion). All of Port's expenditures to correct the default shall be reimbursed by Tenant on demand with interest at the rate of nine percent (9%) per annum from the date of invoicing by Port. Such action by Port shall not waive any other remedies available to Port because of the default.
- 20.6 Remedies Cumulative. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Port under applicable law.

## **21. SURRENDER AT EXPIRATION OR TERMINATION.**

- 21.1 Condition of Premises. Upon expiration of the Lease term or earlier termination for default, Tenant shall deliver all keys to Port and surrender the Premises in broom (vacuum) clean condition, subject to ordinary wear and tear. Alterations constructed by Tenant with permission from Port shall not be removed or restored to the original condition unless the terms of permission for the alteration so require.
- 21.2 Fixtures. If Port so elects, Tenant shall remove any and all of Tenant's fixtures from the property and shall repair any physical damage resulting from the removal (unless Port previously approved such alteration and did not indicate that Tenant would be required to restore the same). If Tenant fails to remove such fixtures, Port may (i) remove them and charge the cost to Tenant with interest at the legal rate from the date of expenditure, or (ii) keep them and they shall become the property of Port. This Section 21.2 shall not apply to Tenant's Property.
- 21.3 Personal Property. Notwithstanding any other provision of this Lease, all of Tenant's movable furniture, equipment, machinery, inventory, vehicles, signs, and trade fixtures (collectively, "Tenant's Property") shall at all times remain the property of Tenant. Tenant shall have the right to remove Tenant's Property at any time during the Term. Except as provided in paragraph 21.2, upon expiration or termination of the Lease Tenant shall remove all Tenant's Property. Tenant's failure to do so shall be deemed an abandonment of such property, and Port may retain such property and all rights of Tenant in such property shall cease. Alternatively, by notice in writing given to Tenant within twenty (20) days after removal was required, Port may elect to require Tenant to remove the property, or to effect a removal and place the property in public storage for Tenant's account. Tenant shall be liable to Port for the cost of removal, transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Port.
- 21.4 Holdover. If Tenant does not vacate the Premises at the time required, Port shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this Lease except the provisions for term and renewal and at a rental rate equal to one-hundred-twenty-five percent (125%) of the rent last paid by Tenant during the original term, or to eject Tenant from the Premises and recover damages caused by wrongful holdover. If a month-to-month tenancy results from a holdover by Tenant under this Section, the tenancy shall be terminable at the end of any monthly rental period on written notice from Port given not less than thirty (30) days prior to the termination date which shall be specified

in the notice. Tenant waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

## 22. MISCELLANEOUS.

- 22.1 Nonwaiver. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.
- 22.2 Attorney Fees. If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party in such suit or action shall be entitled to recover from the other party its reasonable costs incurred in such action as well as attorney fees determined reasonable by the court, at trial, on petition for review, and on appeal.
- 22.3 Notices. Any notice required or permitted under this Lease shall be given when actually delivered or forty-eight (48) hours after deposited in United States mail as certified mail, or on the next business day if sent via UPS Next Day Air, in each case addressed to the address first given in this Lease or to such other address as may be specified from time to time by either of the parties in writing.
- 22.4 Succession. Subject to the above-stated limitations on transfer of Tenant's interest, this Lease shall be binding on and inure to the benefit of the parties and their respective successors and assigns.
- 22.5 Recording. This Lease shall not be recorded without the written consent of Port.
- 22.6 Entry for Inspection. Port shall have the right to enter upon the Premises at any time to determine Tenant's compliance with this Lease, to make necessary repairs to the building or to the Premises, or to show the Premises to any prospective tenant or purchaser; provided in each instance that Port shall provide not less than 48 hours' prior written notice and shall reasonably cooperate with Tenant to identify times that minimize interference with Tenant's operations. Tenant shall have the opportunity to have a representative present. In addition, Port shall have the right, at any time during the last two (2) months of the term of this Lease, to place and maintain upon the Premises notices for leasing or selling of the Building or the Premises.
- 22.7 Proration or Refunding of Rent. In the event of commencement or termination of this Lease at a time other than the beginning or end of a specified rental period, the Rent shall be prorated as of the date of commencement or termination. In the event of termination for reasons other than default, all prepaid rent shall be refunded to Tenant or paid on its account.
- 22.8 Severability. If a provision hereof shall be declared void or illegal by any court or administrative agency having jurisdiction over the parties to this Agreement, the entire Agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the parties.
- 22.9 Time of Essence. Time is of the essence of the performance of the parties' obligations under this Lease.
- 22.10 Applicable Laws. This Lease shall be interpreted according to the laws of the State of Oregon without regard to conflict of law provisions. ORS 777.120, ORS 777.258 and U.S.C., Section 46, Chapter 411, shall apply to this Lease.
- 22.11 Entire Agreement. This Lease, including all referenced Exhibits, constitutes the entire agreement between the parties and there are no understandings, agreements, or representations, oral or written, not specified herein. No waiver, consent, modification, or change of terms of this Lease shall bind either party unless in

writing and signed by both parties. Any waiver, consent, modification or change shall be effective only in the specific instance and for the specific purpose given.

22.12 No Brokers. Each of Port and Tenant hereby represents and warrants to the other that neither it nor anyone acting on its behalf has engaged or dealt with any broker or agent in connection with this Lease. Port and Tenant each hereby agrees to indemnify, defend and hold the other harmless from and against any brokerage commissions or finder's fees, or claims therefor, by any party claiming to have dealt with the indemnifying party, or any officers or agents of the indemnifying party, or anyone acting on its behalf, and all claims, costs, expenses, losses, damages and other liabilities in connection therewith (including, without limitation, reasonable attorneys' fees actually incurred), or arising out of or relating to any breach of such party's foregoing representation and warranty. The terms and indemnification obligations set forth in this paragraph shall survive the expiration or any earlier termination of this Lease.

22.13 Regarding Liability/Remedies. Notwithstanding anything to the contrary herein:

- (i) IN NO EVENT SHALL TENANT BE LIABLE HEREUNDER FOR ANY CONSEQUENTIAL, SPECIAL, INDIRECT, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST PROFITS;
- (ii) IN NO EVENT SHALL ANY DIRECTORS, OFFICERS, SHAREHOLDERS, EMPLOYEES OR AGENTS OF TENANT HAVE ANY PERSONAL LIABILITY, DIRECTLY OR INDIRECTLY, UNDER OR IN CONNECTION WITH THIS LEASE;
- (iii) PORT AGREES THAT IT WILL NOT LEVY, SEIZE, GARNISH, DISTRAIN UPON, OR OTHERWISE PROCEED AGAINST, BY LEGAL PROCESS OR OTHERWISE, ANY OF TENANT'S EQUIPMENT, INVENTORY, VEHICLES OR PERSONAL PROPERTY, OR ANY GOODS OR PROPERTY OF ANY THIRD PARTIES IN THE POSSESSION OF TENANT (WHETHER OR NOT LOCATED AT THE LEASED PREMISES), AND PORT HEREBY WAIVES ANY STATUTORY LIEN WHICH IT MAY HAVE ON ANY OF THE FOREGOING; AND
- (iv) TO THE MAXIMUM EXTENT ALLOWABLE BY LAW, PORT HEREBY WAIVES ANY AND ALL RIGHTS AND CLAIMS WHICH IT MAY HAVE UNDER ANY APPLICABLE LAW, STATUTE OR CODE WHICH IS INCONSISTENT WITH ANY ONE OR MORE OF THE FOREGOING CLAUSES (i), (ii) OR (iii) OF THIS SECTION 27(d).

22.14 Confidentiality.

- (i) Port will (A) strictly maintain the confidentiality of any non-public, proprietary or confidential information it may obtain concerning Tenant or any affiliated or related companies, or any employees or customers of the same; (B) except as may otherwise be required by applicable law, refrain from the disclosure of any information of any kind or nature (oral or written) to any party or entity regarding or relating to this Lease; and (C) observe all laws and regulations concerning Tenant's privacy rights.
- (ii) Port will not use the name, logo, trade name, trademark, trade device (or any abbreviation, adaptation or simulation thereof) of Tenant or any affiliated or related companies in any advertising, trade display, press release or announcement, or for any other commercial purpose.

22.15 Waiver of Jury Trial. PORT AND TENANT EACH HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES, TO THE MAXIMUM EXTENT ALLOWABLE BY LAW, ANY RIGHT WHICH IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION OR LEGAL PROCEEDING BASED UPON OR ARISING UNDER, IN CONNECTION WITH, FROM OR OUT OF THIS LEASE.

22.16 Counterparts; Electronic Execution. This Lease may be executed in one or more signature page counterparts, each of which shall be effective as an original, and all of which, when taken together, shall constitute but one and the same instrument. Each of Port and Tenant (i) hereby agrees that transmission by e-mail or other electronic means, by copy or attachment, of a PDF (or .pdf, .jpg, .tiff, or similar) version of an executed or electronically-executed (whether digital or encrypted, by use of DocuSign or other similar technology) signature page to this Lease shall for all purposes be effective and legally binding with the same force and effect as an original, manually executed and delivered signature page; and (ii) hereby waives any and all defenses to the effectiveness or enforcement of the terms of this Lease that may be available to it based on such form(s) of execution and/or delivery described hereinabove.

22.17 ADA Compliance. Port represents that, to Port 's knowledge, the Premises and Common Areas comply with the Americans with Disabilities Act and all other applicable accessibility laws as of the Commencement Date. Port shall be responsible for any modifications or improvements required to maintain such compliance with respect to the base building, structure, and Common Areas.

The parties, by signature below of their respective authorized representatives, hereby acknowledge that the parties have read the entire Lease, understand it, and agree to be bound by its terms and conditions.

**PORT OF ASTORIA:**

**TENANT:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

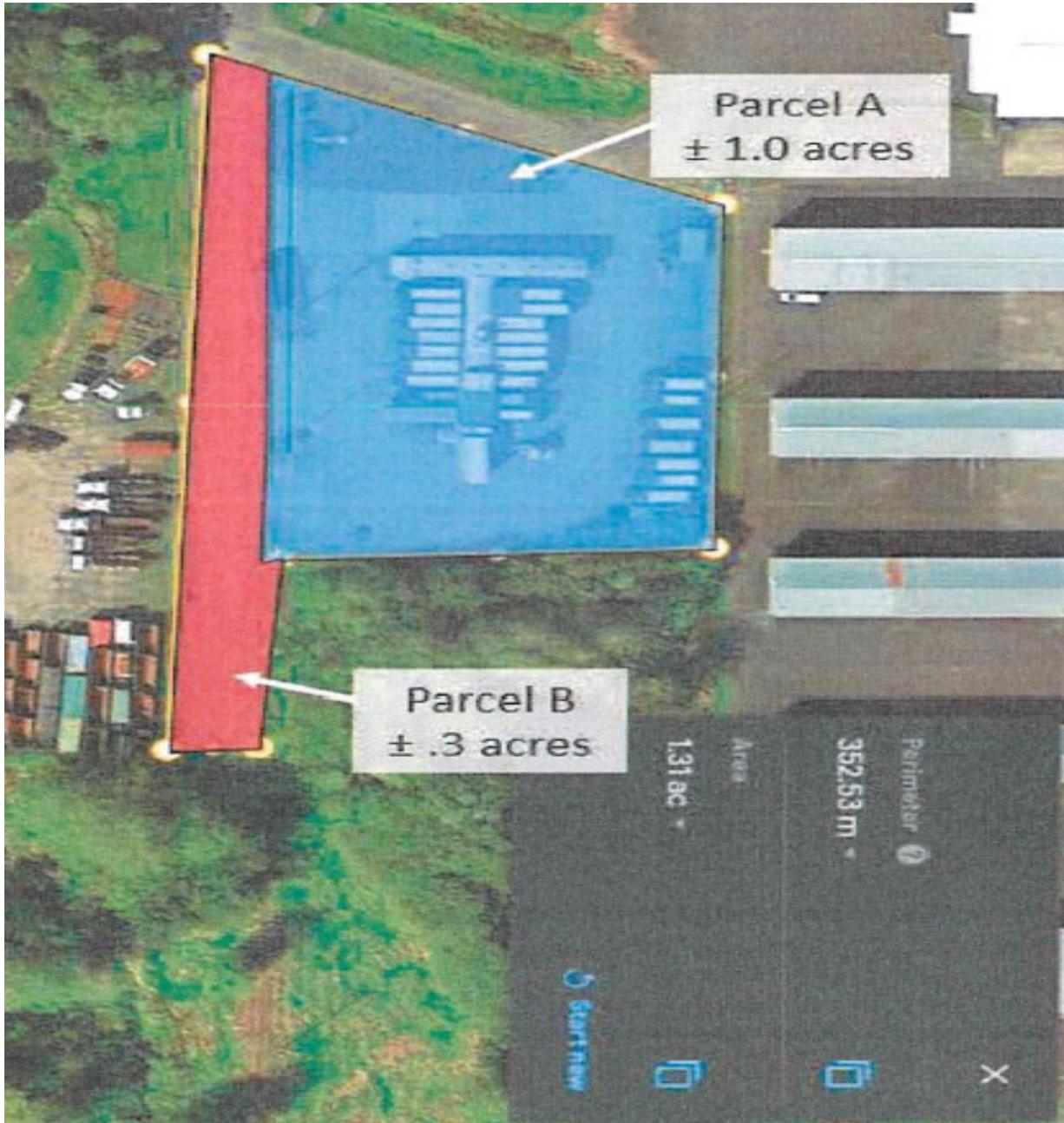
By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

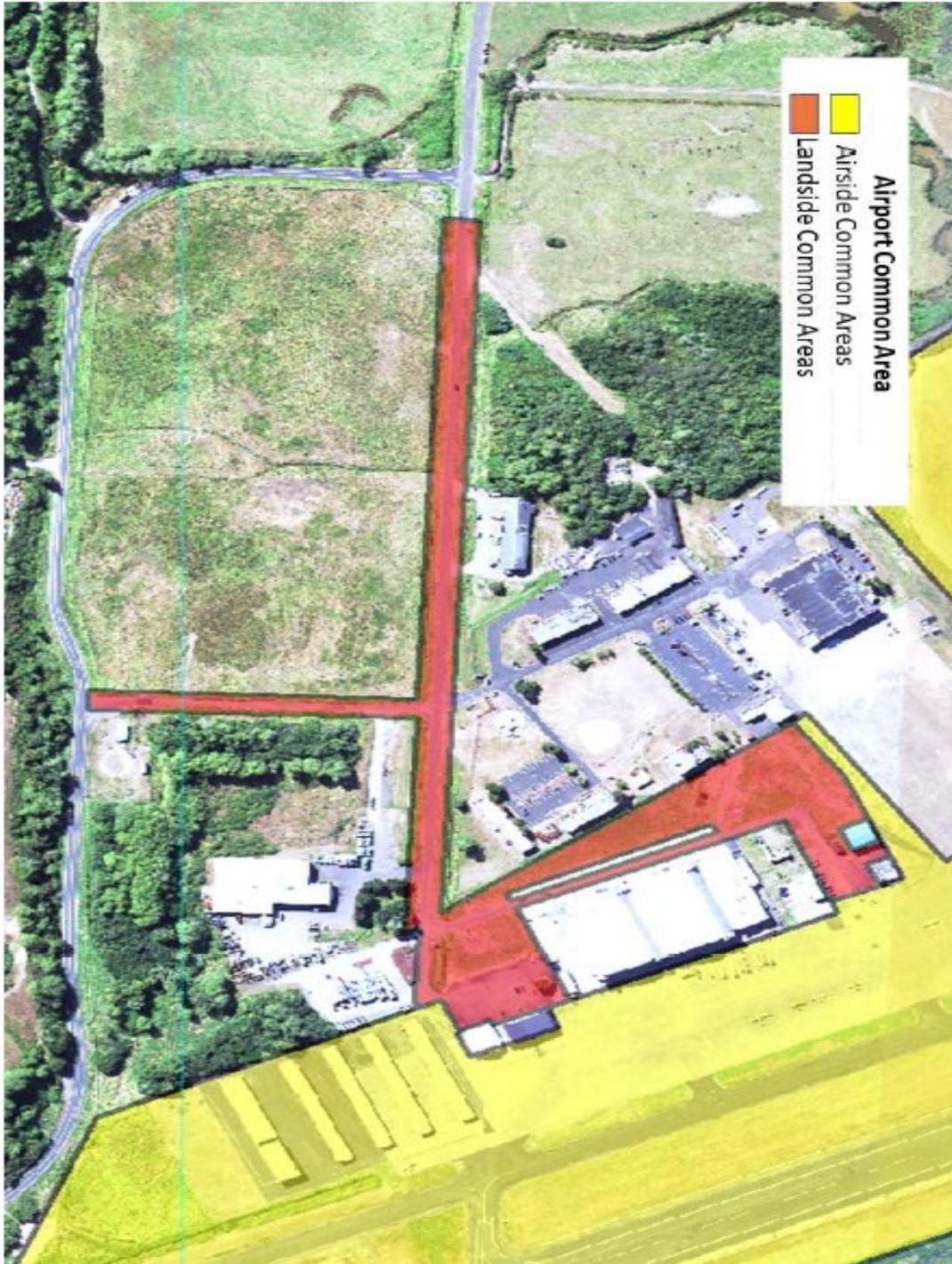
## Exhibit A

2360 SE 12<sup>th</sup> Place  
Warrenton, OR 97146  
(Premises of 1.3 acres)



## Exhibit B

### Warrenton-Astoria Regional Airport Common Areas





Financial Statements and Supplementary Schedules for  
Port of Astoria, Oregon  
For the Years Ended June 30, 2025 and 2024

Prepared by:  
Melanie Howard, Finance/HR Director



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**PORT OF ASTORIA  
PRINCIPAL OFFICIALS**

As of June 30, 2025

Dirk Rohne, President  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 3, 2017 – present

Robert Stevens, Vice-President  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: August 22, 2017 – present

Thaddeus Fickel, Secretary  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 3, 2017 – present

James Campbell, Treasurer  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 1, 2013 – present

Tim Hill, Assistant Secretary/Treasurer  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 1, 2023 – present

As of June 30, 2024

Robert Stevens, President  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: August 22, 2017 – present

Frank Spence, Vice-President  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 3, 2017 – present

Tim Hill, Secretary  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 1, 2023 – present

James Campbell, Treasurer  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 1, 2013 – present

Dirk Rohne, Assistant Secretary – Treasurer  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: July 3, 2017 – present

Will Isom, Executive Director  
422 Gateway, Suite 100  
Astoria, OR 97103  
Dates of service: June 18, 2019 – present

**FINANCIAL SECTION**

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Your peace of mind is our passion.

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Port of Astoria  
Astoria, Oregon

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Port of Astoria, Oregon (the Port), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

## **INDEPENDENT AUDITOR'S REPORT (Continued)**

### ***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 required supplementary information, such as Management's Discussion and Analysis and the pension and other postemployment schedules in the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The schedules, as listed in the Table of Contents as Supplementary Information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

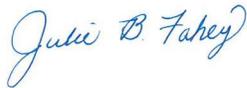
**INDEPENDENT AUDITOR'S REPORT (Continued)**

***Other Information (Continued)***

In connection, with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Oregon Minimum Standards**

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 3, 2025, on our consideration of the Port'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.



For Talbot, Korvola & Warwick, LLP  
Portland, Oregon  
November 3, 2025

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# PORT OF ASTORIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

---

The Management's Discussion and Analysis (MD&A) provides a discussion and analysis of the operating results, financial position and future prospects of the Port of Astoria "the Port", a municipal government organized by ORS 777. It should be read in conjunction with the financial statements for the fiscal year ended June 30, 2025 and 2024, including all accompanying notes to the financial statements.

### ***Mission Statement***

*"The Port of Astoria seeks to generate economic growth and prosperity, in a safe and environmentally responsible manner, for its citizens through the creation of family wage jobs and prudent management of its assets".*

### ***Overall Performance and Goals***

The Port's primary goals are as follows:

- To improve and strengthen the Port's infrastructure in order to meet current and future demands on a competitive basis.
- To fully exploit the business and employment potential of the Port's industrial and commercial real estate in partnership with community development goals.
- To expand infrastructure in support of traditional natural resource industries and related trades.

### ***Financial Highlights***

The Port's overall net position increased during fiscal year 2025 by \$558,165, which is a decrease from the prior year in which the Port had a net increase of \$698,319. The Port had an operating loss in the current year of (\$1,278,566), a decrease from the operating loss in the prior year of (\$1,934,839).

Growth in operating revenues from the prior year was primarily driven by the Properties and Boatyard departments. Property revenues increased by \$244,343, or 8%, from fiscal year 2024, largely due to new and amended leases, as well as annual CPI adjustments averaging 2-3% for most tenants. The Boatyard's revenues rose by \$280,000, or 33%, from fiscal year 2024, continuing a trend of annual growth due to increased demand and efforts to expand usable storage space. However, these gains were partially offset by a decrease in dockage revenues of \$247,780, or 23%, from fiscal year 2024. This significant decrease was mainly due to unexpected, lucrative activity in the prior year with long-term vessel visits. Fiscal year 2025 dockage results were close to those of fiscal year 2023, indicating a return to normal activity levels. The Marina and Airport departments saw moderate year-over-year revenue increases. Notably, over the past five years, airport fuel sales have increased significantly, with JetA fuel sales increasing by \$150,000, or 73%, and small aircraft Avgas fuel sales rising by \$38,406, or 295%.

The Port had a positive net position of \$26,765,248 as of June 30, 2025, an increase from \$26,177,083 as of June 30, 2024. The decreased operating loss of \$656,273 from 2024 was partially offset by a decrease in capital grant activity of \$564,210 and a decrease in non-operating income of \$232,217 for a net decrease in change in net position by \$140,154 from the prior year. The largest factor in the non-operating income change was a \$250,000 settlement received in the prior fiscal year. The net investment in capital assets increased in 2025 by \$1,384,065 for a total of \$29,406,214, while the unrestricted net position remained negative at (\$2,640,966) as of June 30, 2025, a change from (\$1,845,069) as of June 30, 2024.

***Discussion of Basic Financial Statements*** - 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, deferred outflow of resources, liabilities, deferred inflow of resources, and net position at year end; a statement of revenues, expenses and changes in net position; and a statement of cash flows, which presents the sources and uses of cash for the year. The financial statements also include notes that further explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, nearly all of which is required by the Governmental Accounting Standards Board (GASB).

**PORT OF ASTORIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Port is operated as a unitary enterprise similar to a commercial or business entity organized for profit, and includes accounting of operations that are financed and operated in a manner similar to private-sector business where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through service charges. Revenue is generated primarily through land and building rents, dock user fees, fueling fees, airport service charges, and timber revenues.

The *Statement of Net Position* presents information on all the Port's assets and deferred outflow of resources, less liabilities and deferred inflow of resources with the difference between them reported as net position. The net position total reported in the statement of net position serves as a useful indicator of whether the financial position of the Port is improving or declining over time. The *Statement of Revenues, Expenses and Changes in Net Position* presents information on the operating and non-operating revenues and expenses of the Port. In addition, it provides information on how well the Port is recovering its costs and generating profits available to reinvest in Port operations.

**Condensed Statement of Net Position**

	June 30,		
	2025	2024	2023
<b>Assets</b>			
Current assets	\$ 4,953,810	\$ 6,046,316	\$ 4,244,662
Other assets	14,176,667	15,567,672	17,143,719
Capital assets	36,195,604	35,496,980	35,346,411
Total assets	<u>55,326,081</u>	<u>57,110,968</u>	<u>56,734,792</u>
Deferred pension outflows	802,257	688,948	784,387
Deferred OPEB outflows	95,191	101,743	69,128
Total deferred outflows	<u>897,448</u>	<u>790,691</u>	<u>853,515</u>
<b>Liabilities</b>			
Current liabilities	2,469,076	2,589,884	2,497,751
Long-term liabilities	15,861,556	16,995,704	16,598,164
Total liabilities	<u>18,330,632</u>	<u>19,585,588</u>	<u>19,095,915</u>
Deferred lease resources	10,522,834	11,322,377	11,930,567
Deferred pension inflows	319,448	453,916	670,032
Deferred OPEB inflows	315,367	362,695	413,029
Total deferred inflows	<u>11,157,649</u>	<u>12,138,988</u>	<u>13,013,628</u>
<b>Net position</b>			
Net investment in capital assets	29,406,214	28,022,152	28,109,141
Unrestricted	(2,670,966)	(1,845,069)	(2,630,377)
Total net position	<u>\$ 26,735,248</u>	<u>\$ 26,177,083</u>	<u>\$ 25,478,764</u>

**PORT OF ASTORIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Condensed Statement of Revenues, Expenses, and Changes in Net Position**

	Year Ended June 30,		
	2025	2024	2023
Operating revenues	\$ 9,359,124	\$ 9,345,588	\$ 8,374,071
Operating expenses	(10,637,690)	(11,280,427)	(9,430,447)
Loss from operations	(1,278,566)	(1,934,839)	(1,056,376)
Non-operating revenues	1,394,658	1,605,185	1,332,802
Non-operating expenses	(459,219)	(437,529)	(285,129)
Net loss before capital grants	(343,127)	(767,183)	(8,703)
Capital grants	901,292	1,465,502	479,788
Change in net position	558,165	698,319	471,085
Net position, beginning of year	26,177,083	25,478,764	25,007,679
Net position, end of the year	<u>\$ 26,735,248</u>	<u>\$ 26,177,083</u>	<u>\$ 25,478,764</u>

***Analysis of the Overall Financial Position and Results of Operations***

During the fiscal year ended June 30, 2025, there was increased capital activity from the prior year. Acquisition and construction of capital assets was \$3,420,355 for the fiscal year 2025, compared to \$2,965,638 in the fiscal year 2024. See Note 4 for more information on capital assets.

Operating revenues increased by \$13,536, close to the prior-year revenues of \$9,345,588. While there was significant growth in the Properties and Boatyard departments, this was partially offset by a decrease in Pier revenues. Property revenues increased by \$179,915, or 7%, from fiscal year 2024, largely due to new and amended leases, as well as annual CPI adjustments averaging 2-3% for most tenants. The Boatyard's revenues rose by \$280,000, or 33%, from fiscal year 2024, continuing a trend of annual growth due to increased demand and efforts to expand usable storage space. Pier revenues decreased by \$227,282, or 19%, from fiscal year 2024. This was mainly due to unexpected, lucrative activity in the prior year with long-term vessel visits. Fiscal year 2025 dockage results were close to those of fiscal year 2023, indicating a return to normal activity levels. The Marina and Airport departments saw moderate year-over-year revenue increases. Notably, over the past five years, airport fuel sales have increased significantly, with JetA fuel sales increasing by \$150,000, or 73%, and small aircraft Avgas fuel sales rising by \$38,406, or 295%.

Operating expenses decreased by \$642,737 which represents a 5.7% decrease from fiscal year 2024. Materials and services costs were down by \$291,959, most significantly in fuel sales (decreased cost per gallon), professional services, and longshore wages. Pollution remediation obligation decreased due to earnings on third party recovery balances. See Note 16, Pollution Remediation Obligation for more information.

# PORT OF ASTORIA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### ***Analysis of the Overall Financial Position and Results of Operations (Continued)***

Non-operating revenues, consisting of property taxes, timber receipts, interest income, gain on disposal of assets, and non-capital grants, decreased by \$210,527 or 13% from fiscal year 2024. The prior year saw an unusual transaction of \$250,000 in non-operating income. Non-operating expense items, consisting of loss on disposal of assets, loss on lease termination, and interest expense, saw an increase of \$21,690 from fiscal year 2024. Net non-operating income decreased by \$232,217 or 20% from the prior year.

The current ratio (the ratio of current assets available to pay current liabilities) decreased from the prior year from 2.33 to 2.01. The largest contributor was a decrease in unrestricted cash of \$471,616. Other current assets decreased by a combined total of \$620,899, including current maturities of long-term receivables (\$164,195) and grants receivable (\$361,302). These changes were partially offset by a decrease in current liabilities of \$120,808 from the prior year. In fiscal year 2024, the current ratio increased from the prior year from 1.70 to 2.33.

### ***Capital Asset and Debt Administration***

**Capital Assets** - The Port's investment in capital assets for its activities, as of June 30, 2025, was \$36,195,604 and for June 30, 2024, was \$35,496,980, net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, infrastructure, and machinery and equipment. The total increase in capital assets for the current fiscal year was \$698,624 or roughly 2% based on June 30, 2024 capital asset balances. In fiscal year 2024, the total net increase in capital assets was \$150,568. Additional information about the Port's capital assets is discussed in Note 4 of the financial statements.

**Long-Term Obligations** - The Port had long-term obligations totaling \$17,434,170, a decrease of \$1,027,431 from the prior year; the three main contributing factors were the paydown of debt reducing notes payables by \$1,140,882, a net decrease to lease liability of \$112,548, and a net decrease to pollution remedial obligation of \$94,377. In fiscal year 2024, the Port had long-term obligations totaling \$18,461,601, an increase of \$520,914 from the prior year. Additional information regarding the Port's long-term obligations is discussed in Note 10 of the financial statements.

### ***Description of Currently Known Facts, Decisions, or Conditions***

With the exception of the capital projects included in the current year budget, the Port has no projects planned that would materially affect current revenues. Those projects at the Central Waterfront include Pier 2 West emergency repairs, dredging, engineering for the planned Boatyard expansion, and a variety of other repairs and improvements. At the Airport, upcoming projects include preconstruction at the Airport Industrial Park, T-Hangar repairs, and Terminal Building upgrades.

### ***Requests for Information***

This financial report is designed to provide a general overview of the Port of Astoria's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report should be directed to the Finance & HR Director, Port of Astoria, 422 Gateway Avenue, Suite 100, Astoria, Oregon, 97103.

**PORT OF ASTORIA**  
**STATEMENTS OF NET POSITION**

	June 30,	
	2025	2024
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,308,739	\$ 1,780,355
Cash and cash equivalents – restricted	261,111	255,587
Accounts receivables, net	750,426	829,843
Property and other county taxes receivables	46,011	44,029
Current maturities, long-term receivables	2,334,427	2,498,622
Inventory	66,234	78,407
Prepaid expenses	142,361	153,669
Grants receivable	44,501	405,803
Total current assets	4,953,810	6,046,316
<b>NONCURRENT ASSETS:</b>		
Land and non-depreciable capital assets	4,878,369	4,719,080
Capital assets, net	31,317,235	30,777,900
Long-term lease receivable, less current maturities	9,634,083	10,276,154
Long-term financing receivables, less current maturities	4,126,484	4,722,118
Long-term repayment receivable, net, less current maturities	416,100	569,400
Total noncurrent assets	50,372,271	51,064,652
Total assets	55,326,081	57,110,968
<b>DEFERRED OUTFLOWS:</b>		
Deferred pension outflows	802,257	688,948
Deferred OPEB outflows	95,191	101,743
Total deferred outflows of resources	897,448	790,691
Total assets and deferred outflows	\$ 56,223,529	\$ 57,901,659
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 603,826	\$ 811,204
Accrued payroll and related expenses	35,199	40,135
Accrued interest payable	90,764	101,214
Unearned revenue	166,673	171,434
Long-term obligations, current portion	1,572,614	1,465,897
Total current liabilities	2,469,076	2,589,884
<b>NONCURRENT LIABILITIES:</b>		
Long-term obligations, net of current portion	15,861,556	16,995,704
Total liabilities	18,330,632	19,585,588
<b>DEFERRED INFLOWS:</b>		
Deferred lease inflows	10,522,834	11,322,377
Deferred pension inflows	319,448	453,916
Deferred OPEB inflows	315,367	362,695
Total deferred inflows of resources	11,157,649	12,138,988
<b>NET POSITION:</b>		
Net investment in capital assets	29,406,214	28,022,152
Unrestricted	(2,670,966)	(1,845,069)
Total net position	26,735,248	26,177,083
Total liabilities, deferred inflows and net position	\$ 56,223,529	\$ 57,901,659

See accompanying notes.

**PORT OF ASTORIA**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	YEAR ENDED JUNE 30,	
	2025	2024
<b>OPERATING REVENUES:</b>		
Lease and rental operations	\$ 2,761,416	\$ 2,581,501
Fuel sales	1,636,385	1,783,983
Re-billed expenses	2,356,949	2,319,026
Pier revenue	955,557	1,182,839
Marina revenue	1,576,012	1,418,665
Finance charges	9,155	9,837
Other income	63,650	49,737
Total operating revenues	<u>9,359,124</u>	<u>9,345,588</u>
<b>OPERATING EXPENSES:</b>		
Materials and services	4,783,944	5,075,903
Personnel services	3,295,815	2,929,306
Depreciation and amortization	2,685,770	2,754,943
Bad debt	(37,055)	20,502
Pollution remediation	(90,784)	499,773
Total operating expenses	<u>10,637,690</u>	<u>11,280,427</u>
Operating loss	<u>(1,278,566)</u>	<u>(1,934,839)</u>
<b>NON-OPERATING INCOME (EXPENSE):</b>		
Property taxes	989,329	961,761
Interest income	231,607	223,231
Grants	2,400	-
Timber receipts	171,322	163,645
Gain (loss) on disposal of assets	(34,600)	6,548
Loss on lease termination	(4,729)	-
Settlement income	-	250,000
Interest expense	(419,890)	(437,529)
Total non-operating income (expense)	<u>935,439</u>	<u>1,167,656</u>
Net loss before capital grants	(343,127)	(767,183)
<b>CAPITAL GRANTS</b>	<u>901,292</u>	<u>1,465,502</u>
Changes in net position	558,165	698,319
<b>NET POSITION – BEGINNING OF YEAR</b>	<u>26,177,083</u>	<u>25,478,764</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 26,735,248</u>	<u>\$ 26,177,083</u>

*See accompanying notes.*

**PORT OF ASTORIA**  
**STATEMENTS OF CASH FLOWS**

	YEAR ENDED JUNE 30,	
	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 10,192,053	\$ 9,908,793
Payments for personnel services	(3,239,219)	(2,971,552)
Payment to suppliers	(4,971,433)	(4,918,926)
Net cash provided by operating activities	1,981,401	2,018,315
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash received from property taxes	987,347	958,411
Cash received from timber tax revenue	171,322	163,645
Payments received on non-capital grant agreements	2,400	-
Other non-operating income	-	250,000
Net cash provided by non-capital financing activities	1,161,069	1,372,056
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments received on capital grant agreements	1,262,594	1,086,751
Principal payments on leases	(112,548)	(19,775)
Acquisition and construction of capital assets	(3,420,355)	(2,086,619)
Principal payment on long term debt	(1,140,882)	(1,103,551)
Interest paid on debt and leases	(430,339)	(447,036)
Interest on lease receivables	205,665	197,037
Proceeds on sale of capital assets	1,361	-
Net cash provided (used) by capital and related financing activities	(3,634,504)	(2,373,193)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and investment earnings	25,942	26,194
Net cash provided by investing activities	25,942	26,194
Net increase (decrease) in cash and cash equivalents	(466,092)	1,043,372
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	2,035,942	992,570
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 1,569,850	2,035,942
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 1,308,739	\$ 1,780,355
Cash and cash equivalents - restricted	261,111	255,587
	\$ 1,569,850	\$ 2,035,942

*See accompanying notes.*

**PORT OF ASTORIA**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**

	YEAR ENDED JUNE 30,	
	2025	2024
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (1,278,566)	\$ (1,934,839)
Adjustments		
Depreciation and amortization	2,685,770	2,754,943
Decrease (increase) in:		
Accounts receivables, net	79,417	172,320
Lease receivable	741,379	549,918
Inventory	12,173	21,583
Prepaid expenses	11,308	(12,014)
Long-term financing receivables	575,492	556,040
Repayment receivable	233,600	(87,980)
Increase (decrease) in:		
Accounts payable	(207,378)	4,110
Accrued payroll and related expenses	110,729	91,878
Tenant rent payable	(29,709)	(33,111)
Pollution remediation obligation	(94,377)	716,272
Harbor fee liability	-	(73,200)
OPEB liability and related deferrals	(47,609)	(91,203)
Net pension liability and related deferrals	(6,524)	(42,922)
Deferred inflow - leases	(799,543)	(608,190)
Unearned revenue	(4,761)	34,711
Net cash provided by operating activities	<u>\$ 1,981,401</u>	<u>\$ 2,018,315</u>
Schedule of Non-cash Capital and Related Financing Activities: Inception of lease	<u>\$ -</u>	<u>\$ 879,019</u>

*See accompanying notes.*

# PORT OF ASTORIA

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization and operation** - The Port of Astoria (Port) is an Oregon Municipal corporation formed under ORS 777. It was formed by special election in 1910. The Port operations include dockage, marina, and boat repair facilities. The Port is responsible for operating the airport and facilities surrounding the airport. The Port owns property that it leases to area businesses and individuals.

The financial statements of the Port have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with the subsequent GASB pronouncements (Standards and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below.

**Reporting entity** - In evaluating how to define the government, for financial reporting purposes, management has considered the Port's financial reporting entity. The financial reporting entity consists of the Port, organizations for which the Port is financially accountable, and other organizations for which the Port is not accountable, but for which the nature and significance of their relationship with the Port are such that the exclusion would cause the Port's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the Port are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the Port are such that the exclusion would cause the Port's financial statements to be misleading or incomplete. Based on these criteria, the Port has no component units.

**Basis of accounting** - The financial statements are prepared on the accrual basis of accounting. The Port maintains three 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 are used to account for operations: (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user fees; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Port distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Port's ongoing operations. The principal operating revenues of the Port include lease income from rental of Port property, dockage revenue, fuel sales, marina and boatyard fees, and tenant utility re-bills. Operating expenses include the cost of providing the services mentioned above, as well as administrative expenses. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Use of resources** - 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.

**Cash and cash equivalents** - For purposes of the Statement of Cash Flows, the Port considers cash and short-term investments with maturities of three months or less to be cash equivalents. The Port maintains merged bank accounts for its funds in a central pool of demand deposit bank accounts.

**Restricted Cash** - In August of 2023, a new interest-bearing Money Market Account was created with restricted funds related to the Area of Concern 4 (AOC4) pollution remediation project (see Note 16). The escrow account is restricted per the terms of the Consent Judgement agreement and may only be used for payment of Operation and Maintenance of the AOC4 remediation in the event that the Port is unable to pay such costs out of its operating budget.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Accounts receivable** - Accounts receivable consist of rents due from tenants within the industrial parks, marinas, and the airport and charges due from ships using port services. The amounts are unsecured. These accounts are shown net of an allowance for doubtful accounts.

The Port provides an allowance for receivables if it believes it may not collect in full. It evaluates the collectability of its accounts based on a combination of factors. The Port's estimates of the recoverability of amounts due may change in the near term. The allowance for doubtful accounts as of June 30, 2025 and 2024 was \$35,258 and \$64,985, respectively.

**Lease receivables** - Lease receivable are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Port, reduced by principal payments received.

**Inventory** - Inventory consists of fuel inventories held for resale at the marina and airport. Inventory is valued at the lower of cost or market, using the first-in/first-out (FIFO) method. The costs of inventory are recorded as expenses when used (consumption method).

**Property taxes** - The State of Oregon constitution and state statutes provide for several types of tax levies, all of which require voter approval before being levied. Included among such authorized levies are a permanent tax rate, which can result in a different levy amount each year as assessed valuations change, bonded debt levies which can be levied each year the related general obligation bonds mature, and local option levies for a voter-approved number of years.

The Port of Astoria levies a permanent tax rate property tax levy.

By July 15 of each year, the Port certifies its property tax levy to Clatsop County, Oregon. Clatsop County makes all assessments of property value and levies, collects, and distributes property taxes for all taxing districts within its boundaries. Assessments of property values are as of July 1 of each year, and the taxes levied are a lien on the properties as of July 1 of the year levied.

Taxes are payable in three installments on November 15, February 15, and May 15 following the levy date and become delinquent May 15. The County pools tax collections and makes distributions to taxing districts according to their pro-rata share of the total levy each fiscal year which collections are received.

Property tax revenue is recognized on the accrual basis of accounting. Property taxes levied during the current year are recorded as revenue, and any amounts uncollected at year-end are recorded as a current asset.

**Fair value** - The Port categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Investments in money markets are valued using quoted market prices (Level 1 inputs).

**Capital assets** - Purchased or constructed capital assets, including property, plant and equipment, and infrastructure (roadways, piers, drainage systems, etc.), are reported at cost or estimated historical cost. The Port defines capital assets as assets with an initial cost of more than \$25,000 and an estimated life in excess of one year.

Additions or improvements that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Donated assets are recorded at their acquisition value at the date of donation. Maintenance and repairs of a routine nature are charged to expenses as incurred and are not capitalized.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10 to 50 years
Buildings and structures	10 to 50 years
Equipment and vehicles	5 to 40 years
Furniture and fixtures	3 to 20 years

**Lease assets** – Lease assets are assets which the Port leases for a term of more than one year. The value of lease assets is determined by the net present value of the leases at the Port’s incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

**Unearned tenant improvements** - On occasion, Port tenants perform capital improvements to Port property as a condition of the lease rental agreement. In exchange for these improvements, the Port has granted lease rental credits to cover all or a portion of the capital improvement. The Port has recorded capital assets for these improvements and tenant rent payable for the amount due to tenants through the rental credits. The payable is amortized over the life of the lease.

**Unused compensated absences** - The Port recognizes a compensated absences liability for certain leaves, such as for vacation and sick leaves, that (a) has been earned for services previously rendered by employees, (b) accumulates, and (c) is more likely than not to be used as time off, paid in cash, or settled through noncash means. The liability for compensated absences includes certain salary-related payments that are directly and incrementally associated with payments for leave.

**Pollution remediation obligation** - The Port records future pollution remediation costs that meet measurement criteria outlined in GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Under this accounting standard, when the Port determines a pollution remediation obligation exists and management is able to make a reasonable and supportable estimation of expected outlays, a long-term liability, net of estimated recoveries from other potentially responsible parties, is recorded. Pollution remediation costs are reported in the *Statement of Revenues, Expenses and Changes in Net Position* as an operating expense (or as revenues for recoveries received after all remediation activities have been completed).

**Pensions** - The net pension liability, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense have been determined on the same basis as they are reported by OPERS.

**Other post-employment benefits (“OPEB”) obligations** - The total OPEB obligation is recognized as a liability and the related deferred outflow of resources and deferred inflow of resources related to OPEB and OPEB expense have been actuarially determined.

**Deferred inflow and outflow of resources** - In addition to assets, the statement of financial position reports a separate section for deferred outflow of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net assets that applies 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 reports a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

**Net position** - The Port’s net position is classified as follows:

- *Net investment in capital assets*. This represents the Port’s total investment in capital assets and lease assets, net of outstanding debt obligations related to those capital assets and lease assets. Debt proceeds that have been received for capital assets but not yet expended are not included within this component of net position.
- *Unrestricted*. Resources not included in other classifications are unrestricted.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Revenue recognition** - The Port recognizes revenue from dockage, fuel sales, marina and boatyard fees, and tenant utility re-bills as the services are provided. The Port recognizes property management income over the lease period. Any assets, liabilities, expenses and revenues created as a result of non-exchange transactions are recognized when all the significant eligibility requirements have been met. A non-exchange transaction occurs when a government receives (or gives) value without directly giving (or receiving) equal value in return.

**Use of estimates** - Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These assumptions and estimates affect the amounts and disclosures in the accompanying financial statements. Actual results could differ from those estimates.

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

**Budgets and budgetary accounting** - The Port is required by Oregon State Law to adopt an annual appropriated budget. The budgetary fiscal period coincides with the annual reporting period (July 1 through June 30). Appropriated budgets are adopted by the executive body and, accordingly, used as a management control device for all funds.

The Port prepared its budget using the modified accrual basis of accounting, which is an acceptable basis of accounting. The Port includes capital outlay and debt services as expenditures for budgetary purposes.

Original appropriations may be increased or decreased, through resolutions, by transferring amounts between appropriations in the same fund or by transferring from an appropriation in the General Fund to an appropriation in another fund, or they may be increased through the adoption of a supplemental budget. By state law, budget appropriations lapse at year-end.

The Port adopts its budget by the following object classifications within each fund: personnel services, material and services, capital outlay, debt service, transfers to other funds, and contingency.

**NOTE 3 - CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

Total cash and cash equivalents, as presented in the statements of net position as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Cash on hand	\$ 745	\$ 745
Bank deposits	397,820	1,509,853
Money market account	200,659	269,757
LGIP savings account	709,515	-
Total cash and cash equivalents	<u>\$ 1,308,739</u>	<u>\$ 1,780,355</u>

The Port is restricted by State of Oregon statutes in the types of investments in which it may invest. Authorized investments include general obligations of the United States Government and its agencies, certain bonded obligations of municipalities, certain certificates of deposits and savings accounts, and other demand deposit accounts.

The Oregon State Treasury Finance Division administers the Local Government Investment Pool (LGIP). It is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of or has control of any public funds. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP. Cost approximates the District's fair value in the LGIP.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 - CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (Continued)**

*Interest Rate Risk*

Interest rate risk is the risk of exposure to fair value losses resulting from rising interest rates. The Port does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the Port has minimal interest rate risks because all of its deposits are held in demand accounts with banks and LGIP.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill, and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board.

*Credit Risk*

The LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-Term Fund Board, which is not registered with the U.S. Securities and Exchange Commission as an investment company. The LGIP funds are approved by the Oregon Investment Council (ORS 294.805 to 294.898). Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer. The State of Oregon LGIP and money market account are unrated for credit quality.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of the failure of a counterparty, the Port would not be able to recover the value of its deposits and investments or collateral securities that are in the possession of an outside party. Financial instruments that potentially subject the Port to custodial risk consist primarily of bank demand deposits. In order to minimize this risk, state statutes require banks holding public funds become members of the Public Funds Collateralization Program (PFCP), a multiple financial institution collateral pool created by the Office of the State Treasurer. To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected.

As required by ORS, 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. The Port had bank balances of \$771,937 and \$1,759,696 at June 30, 2025 and 2024, respectively, that exceeded FDIC insurance, however this risk is mitigated by coverage through the PFCP.

*Concentration of Credit Risk*

The Port does not have a policy to limit the amount that may be invested in any one issuer. At June 30, 2025 and 2024, 100% of bank deposits were held in multiple deposit and money market accounts with one bank.

*Restricted Cash*

In August of 2023, a new interest-bearing Money Market Account was created with restricted funds related to the Area of Concern 4 (AOC4) pollution remediation project (see Note 16). The escrow account is restricted per the terms of the Consent Judgement agreement and may only be used for payment of Operation and Maintenance of the AOC4 remediation in the event that the Port is unable to pay such costs out of its operating budget.

Total restricted cash, as presented in the statements of net position as of June 30, 2025 and 2024 are as follows:

	2025	2024
AOC4 restricted account	\$ 261,111	255,587
Total restricted cash	<u>\$ 261,111</u>	<u>\$ 255,587</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity and balances consist of the following for the year ended June 30, 2025:

	Ending Balance 6/30/24	Additions	Deletions	Transfers	Ending Balance 6/30/25
Capital assets, non-depreciable:					
Land	\$ 2,584,837	\$ -	\$ -	\$ -	\$ 2,584,837
Construction in Progress	2,134,243	1,064,696	(30,930)	(874,477)	2,293,532
Total capital assets, non-depreciable	<u>4,719,080</u>	<u>1,064,696</u>	<u>(30,930)</u>	<u>(874,477)</u>	<u>4,878,369</u>
Capital assets, depreciable:					
Land Improvements	47,177,321	1,353,179	-	82,438	48,612,938
Buildings & Structures	14,801,123	641,921	(10,696)	141,910	15,574,258
Airport Property	11,721,633	-	(134,481)	-	11,587,152
Leasehold Improvements	6,531	-	-	-	6,531
Intangibles	378,661	6,000	(17,791)	532,848	899,718
Machinery & Equipment	1,107,294	242,877	(6,195)	67,116	1,411,092
Dredge & Marine Equipment	1,031,083	-	-	-	1,031,083
Vehicles & Boats	512,636	91,319	-	50,165	654,120
Furniture & Fixtures	596,824	20,363	(64,090)	-	553,097
Computer & Equipment	212,161	-	-	-	212,161
Lease Assets	1,001,116	-	-	-	1,001,116
Total capital assets, depreciable	<u>78,546,383</u>	<u>2,355,659</u>	<u>(233,253)</u>	<u>874,477</u>	<u>81,543,266</u>
Less: accumulated depreciation and amortization	<u>(47,768,483)</u>	<u>(2,685,770)</u>	<u>228,222</u>	<u>-</u>	<u>(50,226,031)</u>
Net depreciable capital assets	<u>30,777,900</u>	<u>(330,111)</u>	<u>(5,031)</u>	<u>874,477</u>	<u>31,317,235</u>
Net capital assets	<u>\$ 35,496,980</u>	<u>\$ 734,585</u>	<u>\$ (35,961)</u>	<u>\$ -</u>	<u>\$ 36,195,604</u>

Construction in progress consists primarily of pier restoration, Boatyard upgrades, industrial park development, and pre-dredging surveys. Capital projects are financed by a combination of debt, grants, and internal resources.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital asset activity and balances consist of the following for the year ended June 30, 2024:

	Ending Balance 6/30/23	Additions	Deletions	Transfers	Ending Balance 6/30/24
Capital assets, non-depreciable:					
Land	\$ 2,584,837	\$ -	\$ -	\$ -	\$ 2,584,837
Construction in Progress	1,573,496	1,120,185	-	(559,438)	2,134,243
Total capital assets, non-depreciable	<u>4,158,333</u>	<u>1,120,185</u>	<u>-</u>	<u>(559,438)</u>	<u>4,719,080</u>
Capital assets, depreciable:					
Land Improvements	46,049,111	614,251	(849)	514,808	47,177,321
Buildings & Structures	14,619,694	145,512	(2,995)	38,912	14,801,123
Airport Property	11,723,294	-	(1,662)	-	11,721,633
Leasehold Improvements	6,531	-	-	-	6,531
Intangibles	224,008	148,935	-	5,718	378,661
Machinery & Equipment	1,102,724	9,570	(5,000)	-	1,107,294
Dredge & Marine Equipment	992,418	38,665	-	-	1,031,083
Vehicles & Boats	512,636	-	-	-	512,636
Furniture & Fixtures	603,449	-	(6,625)	-	596,824
Computer & Equipment	202,660	9,501	-	-	212,161
Lease Assets	193,280	879,019	(71,183)	-	1,001,116
Total capital assets, depreciable	<u>76,229,805</u>	<u>1,845,453</u>	<u>(88,314)</u>	<u>559,438</u>	<u>78,546,383</u>
Less: accumulated depreciation and amortization	<u>(45,041,727)</u>	<u>(2,754,943)</u>	<u>28,187</u>	<u>-</u>	<u>(47,768,483)</u>
Net depreciable capital assets	<u>31,188,078</u>	<u>(909,491)</u>	<u>(60,127)</u>	<u>559,438</u>	<u>30,777,900</u>
Net capital assets	<u>\$ 35,346,411</u>	<u>\$ 210,695</u>	<u>\$ (60,127)</u>	<u>\$ -</u>	<u>\$ 35,496,980</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM FINANCING RECEIVABLES**

Long-term financing receivables at June 30, 2025, consisted of the following:

	Current	Long-term
Net investment in direct financing lease (Note 6)	\$ 588,134	\$ 4,088,359
Bornstein land lease	7,500	38,125
Total long-term financing receivables	\$ 595,634	\$ 4,126,484

Long-term financing receivables at June 30, 2024, consisted of the following:

	Current	Long-term
Net investment in direct financing lease (Note 6)	\$ 567,992	\$ 4,676,493
Bornstein land lease	7,500	45,625
Total long-term financing receivables	\$ 575,492	\$ 4,722,118

**NOTE 6 - DIRECT FINANCING LEASE**

**Direct financing lease** - The Port entered into a commercial lease agreement in 2005 to construct and lease a seafood processing facility. Financing for the construction of the facility was provided by the Oregon Business Development Department (State Financing). The rent commencement date under the lease agreement was July 1, 2006.

The minimum rental payments under the agreement call for monthly installments equal to the annual debt service on the state financing. In February 2010, the Port elected to use proceeds from a qualifying energy efficiency project performed at the facility to offset the final lease payment at the end of the state financing.

The following lists the components of the net investment in the Port's direct financing lease as of June 30, 2025 and 2024:

	2025	2024
Minimum lease payments receivable	\$ 5,677,831	\$ 6,425,831
Less unearned income	(892,578)	(1,072,586)
Less applicable credits	(108,760)	(108,760)
Net investment in direct financing lease	4,676,493	5,244,485
Less current maturities	(588,134)	(567,992)
Long-term portion	\$ 4,088,359	\$ 4,676,493

As of June 30, 2025 minimum lease payments are as follows:

Year Ended		
2026	\$	588,134
2027		624,991
2028		695,999
2029		720,681
2030		746,237
Thereafter		1,300,451
Total minimum payments required	\$	4,676,493

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 – TENANT REPAYMENT RECEIVABLE**

A long-term repayment receivable was added beginning in fiscal year 2023 to reflect an agreement established with a tenant for repayment of water rebilling that was inaccurately calculated for the period from May 2019 through January 2024.

The following lists the tenant repayment receivable as of June 30, 2025 and 2024:

	2025	2024
Tenant repayment receivable	\$ 751,900	\$ 985,500
Less current maturities	(335,800)	(416,100)
Long-term portion	\$ 416,100	\$ 569,400

As of June 30, 2025 minimum tenant payments are as follows:

Year Ended	Receivable
2026	\$ 335,800
2027	248,200
2028	160,600
2029	73,000
Total Receivable	817,600
Allowance	(65,700)
Receivable, net of allowance	\$ 751,900

**NOTE 8 – LEASE RECEIVABLES**

The Port previously adopted GASB Statement No. 87 Leases. The primary objective of this statement was to enhance the relevance and consistency of information about governments' leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below. The Port, as lessor, reports twenty-four leases with various commercial and governmental agencies.

On September 1, 2024, the Port entered into a 5-year lease as Lessor. An initial lease receivable was recorded in the amount of \$133,195 with an interest rate of 2.990%. As of June 30, 2025, the value of the lease receivable was \$112,074, the value of the short-term lease receivable was \$25,640, and the value of the deferred inflow of resources was \$110,996.

On September 1, 2024, the Port entered into a 10-year lease as Lessor. An initial lease receivable was recorded in the amount of \$164,404 with an interest rate of 2.610%. As of June 30, 2025, the value of the lease receivable was \$154,032, the value of the short-term lease receivable was \$14,148, and the value of the deferred inflow of resources was \$150,703.

On October 1, 2024, the Port entered into a 20-year land lease as Lessor. An initial lease receivable was recorded in the amount of \$303,643 with an interest rate of 3.2260%. As of June 30, 2025, the value of the lease receivable was \$294,643, the value of the short-term lease receivable was \$11,227, and the value of the deferred inflow of resources was \$292,257.

On December 1, 2024, the Port entered into a 3-year lease as Lessor. An initial lease receivable was recorded in the amount of \$168,521 with an interest rate of 2.3210%. As of June 30, 2025, the value of the lease receivable was \$136,401, the value of the short-term lease receivable was \$55,516, and the value of the deferred inflow of resources was \$135,753.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LEASE RECEIVABLES (Continued)**

On February 1, 2025, the Port entered into a new 5-year lease as Lessor with an existing tenant. An initial lease receivable was recorded in the amount of \$131,471 with an interest rate of 2.8850%. As of June 30, 2025, the value of the lease receivable was \$120,933, the value of the short-term lease receivable was \$25,040, and the value of the deferred inflow of resources was \$120,515.

On March 1, 2025, the Port entered into a new 5-year lease as Lessor with an existing tenant. An initial lease receivable was recorded in the amount of \$50,054 with an interest rate of 2.8590%. As of June 30, 2025, the value of the lease receivable was \$47,027, the value of the short-term lease receivable was \$8,990, and the value of the deferred inflow of resources was \$46,717.

On April 1, 2025, the Port entered into a new 5-year lease as Lessor with an existing tenant. An initial lease receivable was recorded in the amount of \$51,488 with an interest rate of 2.8590%. As of June 30, 2025, the value of the lease receivable was \$48,968, the value of the short-term lease receivable was \$9,764, and the value of the deferred inflow of resources was \$48,914.

As of June 30, 2025, the Port has lease receipts ranging from \$9,172 to \$337,809 and interest rates ranging from 0.8500% to 3.2900%. As of June 30, 2024, the Port has lease receipts ranging from \$1,834 to \$293,438 and interest rates ranging from 0.6400% to 3.2900%.

Lease receivables at June 30, 2025, consisted of the following:

	Outstanding June 30, 2024	Additions	Reductions	Outstanding June 30, 2025
Lessor agreements; 33 agreements, varying interest and lease terms	\$ 11,783,184	\$ 1,002,776	\$ (1,748,884)	\$ 11,037,076
Total lease receivables	11,783,184	\$ 1,002,776	\$ (1,748,884)	\$ 11,037,076
Current portion				1,402,993
Long-term portion				\$ 9,634,083

Future maturities are as follows:

Year Ended	Principal	Interest
2026	\$ 1,402,993	\$ 188,477
2027	1,275,628	165,163
2028	1,207,928	142,742
2029	1,162,822	122,116
2030	1,060,835	103,631
2031-2035	3,031,866	342,420
2036-2040	1,400,498	142,097
2041-2045	425,665	40,892
2046-2047	68,841	1,272
Total	\$ 11,037,076	\$ 1,248,810

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 – LEASE RECEIVABLES (Continued)**

Lease receivables at June 30, 2024, consisted of the following:

	<u>Outstanding June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2024</u>
Lessor agreements; 24 agreements, varying interest and lease terms	\$ 12,333,102	\$ 833,994	\$ 1,383,912	\$ 11,783,184
Total lease receivables	<u>\$ 12,333,102</u>	<u>\$ 833,994</u>	<u>\$ 1,383,912</u>	11,783,184
Current portion				<u>1,507,030</u>
Long-term portion				<u>\$ 10,276,154</u>

**NOTE 9 – LEASE ASSETS**

The Port previously adopted GASB Statement No. 87, Leases. The primary objective of this statement was to enhance the relevance and consistency of information about governments' leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. For additional information, refer to the disclosures below.

As of June 30, 2025, Port had 2 active leases. The combined value of the right to use assets was \$1,001,116 with accumulated amortization of \$149,766.

Lease assets at June 30, 2025, consisted of the following:

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
Leased Assets	\$ 1,001,116	\$ -	\$ -	\$ 1,001,116
Less accumulated amortization	<u>(77,156)</u>	<u>(72,610)</u>	<u>-</u>	<u>(149,766)</u>
Total leased assets being amortized, net	<u>\$ 923,960</u>	<u>\$ (72,610)</u>	<u>\$ -</u>	<u>\$ 851,350</u>

Lease assets at June 30, 2024, consisted of the following:

	<u>Balance June 30, 2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2024</u>
Leased Assets	\$ 193,280	\$ 879,019	\$ (71,183)	\$ 1,001,116
Less accumulated amortization	<u>(68,923)</u>	<u>(19,289)</u>	<u>11,056</u>	<u>(77,156)</u>
Total leased assets being amortized, net	<u>\$ 124,357</u>	<u>\$ 859,730</u>	<u>\$ (60,127)</u>	<u>\$ 923,960</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 10 - LONG-TERM OBLIGATIONS**

**Notes payable** - The Port has 8 loans with the Oregon Business Development Department (OBDD) and the Special Public Works Fund (SPWF) of the State of Oregon. The loans were obtained to make various improvements to the Port's marine and airport facilities. Interest rates and maturity dates vary from 2.49% to 7.0% and 2 to 14 years. The total amount outstanding was \$8,379,402 as of June 30, 2025 and \$9,333,563 as of June 30, 2024. The current portion of these outstanding notes is \$989,888. Port real property is pledged as security.

A note payable to Kitsap Bank with an original face value of \$1,345,000 for the refinancing of the Pier 1 office building. This note was procured in 2021 and was used to pay off the existing loan through Clatsop Community Bank. It is structured as a Full Faith and Credit Refunding Financing Agreement and Note, with no collateral pledged. The note has an average coupon rate of 2.76%. Principal payments are due in annual installments of varying amounts, with interest payment due in semi-annual installments of varying amounts. The principal and interest payments for fiscal year 2026 will be \$90,000 and \$27,974, respectively.

In October 2016, the Port entered into a debt agreement of \$1,750,000 with Key Bank to fund the construction of a stormwater treatment project on Pier 3. The note has a fixed interest rate set at 2.99% for 10 years, with semi-annual interest and principal payments of \$50,633. A mandatory prepayment of the balance is scheduled for the end of the 10 year period, but may be extended with 2 additional 5-year reset dates. The note is secured by the full faith and credit of the Port.

A note payable to the Oregon Department of Transportation (ODOT) with an original face value of \$300,000 for pier improvements. The principal payments are due in annual installments of \$15,000 and matures on January 1, 2029. There is no interest component on the note.

A note payable to KS State Bank with an original face value of \$142,340 for additional LED lighting improvements on Port property. The interest and principal payments are due in monthly installments of \$2,252 and carries an imputed interest rate of 4.42%. The note matures on March 25, 2026.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - LONG-TERM OBLIGATIONS (Continued)**

Following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2025:

	Ending Balance 6/30/24	Additions	Reductions	Ending Balance 6/30/25	Due Within One Year
Notes payable	\$ 11,904,299	\$ -	\$ 1,140,882	\$ 10,763,417	\$ 1,165,077
Leases payable (Note 11)	925,063	-	112,548	812,515	46,004
Tenant rent payables	52,509	-	29,709	22,800	14,400
Compensated absences:					
Accrued vacation	182,761	45,219	-	227,980	196,553
Accrued sick	220,882	70,446	-	291,328	150,580
Total compensated absences	403,643	115,665	-	519,308	347,133
Pollution remediation obligation, net (Note 16)	3,030,610	-	94,377	2,936,233	-
Total other postemployment benefits liability (Note 14)	730,145	-	6,833	723,312	-
Net pension liability (Note 13)	1,415,332	241,253	-	1,656,585	-
Total long-term obligations	<u>\$ 18,461,601</u>	<u>\$ 356,918</u>	<u>\$ 1,384,349</u>	<u>\$ 17,434,170</u>	<u>\$ 1,572,614</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - LONG-TERM OBLIGATIONS (Continued)**

Following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2024:

	Ending Balance 6/30/23	Additions	Reductions	Ending Balance 6/30/24	Due Within One Year
Notes payable	\$ 13,007,850	\$ -	\$ 1,103,551	\$ 11,904,299	\$ 1,140,879
Leases payable (Note 11)	132,494	879,019	86,450	925,063	112,548
Tenant rent payables	85,620	-	33,111	52,509	29,709
Compensated absences:					
Accrued vacation	156,798	25,963	-	182,761	182,761
Accrued sick	167,611	53,271	-	220,882	-
Total compensated absences	324,409	79,234	-	403,643	182,761
Pollution remediation obligation, net (Note 16)	2,314,338	749,773	33,501	3,030,610	-
Total other postemployment benefits liability (Note 14)	738,399	-	8,254	730,145	-
Net pension liability (Note 13)	1,337,577	77,755	-	1,415,332	-
Total long-term obligations	<u>\$ 17,940,687</u>	<u>\$ 1,785,781</u>	<u>\$ 1,264,867</u>	<u>\$ 18,461,601</u>	<u>\$ 1,465,897</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - LONG-TERM OBLIGATIONS (Continued)**

Annual debt service requirements to maturity for notes payable are as follows:

Fiscal Year	Bornstein Buildings Cons't		Lektro Building Expansion		West basin breakwater II		West basin breakwater	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 588,134	\$ 159,866	\$ 119,705	\$ 28,951	\$ 125,106	\$ 39,727	\$ 53,285	\$ 15,188
2026-27	624,991	139,009	122,685	25,971	130,936	33,897	55,949	12,524
2027-28	695,999	116,001	125,740	22,916	137,038	27,796	58,747	9,726
2028-29	720,681	91,319	128,871	19,785	143,424	21,410	61,684	6,789
2029-30	746,237	65,763	132,080	16,576	150,107	14,726	74,091	3,705
2030-35	1,410,500	51,197	533,619	29,665	165,905	8,141	-	-
	<u>\$ 4,786,542</u>	<u>\$ 623,155</u>	<u>\$ 1,162,700</u>	<u>\$ 143,864</u>	<u>\$ 852,516</u>	<u>\$ 145,697</u>	<u>\$ 303,756</u>	<u>\$ 47,932</u>

Fiscal Year	Lektro hanger expansion		West basin floats		Airport waterline/fuel tank		Airport E Hangar	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 36,135	\$ 22,372	\$ 31,597	\$ 15,843	\$ 13,738	\$ 7,067	\$ 22,188	\$ 11,818
2026-27	37,898	20,610	33,057	14,383	14,386	6,419	23,098	10,908
2027-28	39,746	18,761	34,584	12,856	15,065	5,740	24,045	9,960
2028-29	41,684	16,823	36,182	11,258	15,776	5,029	25,031	8,974
2029-30	43,717	14,790	37,854	9,586	16,521	4,284	26,058	7,947
2030-35	252,721	39,815	169,641	20,030	74,248	8,963	147,227	22,800
2035-40	28,568	513	-	-	-	-	33,121	840
	<u>\$ 480,469</u>	<u>\$ 133,684</u>	<u>\$ 342,915</u>	<u>\$ 83,956</u>	<u>\$ 149,734</u>	<u>\$ 37,502</u>	<u>\$ 300,768</u>	<u>\$ 73,247</u>

Fiscal Year	Connect II Pier 2		Pier 1 Building		Key Government Finance		2020 LED Lighting Project	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025-26	\$ 15,000	\$ -	\$ 90,000	\$ 27,974	\$ 62,521	\$ 38,745	\$ 7,668	\$ 66
2026-27	15,000	-	90,000	26,084	64,405	36,862	-	-
2027-28	15,000	-	95,000	23,969	66,345	34,922	-	-
2028-29	15,000	-	95,000	21,575	68,343	32,923	-	-
2029-30	-	-	100,000	19,029	70,402	30,865	-	-
2030-35	-	-	535,000	50,636	385,128	121,205	-	-
2035-40	-	-	-	-	446,736	59,597	-	-
2040-43	-	-	-	-	147,469	4,431	-	-
	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ 1,005,000</u>	<u>\$ 169,265</u>	<u>\$ 1,311,349</u>	<u>\$ 359,550</u>	<u>\$ 7,668</u>	<u>\$ 66</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 – LEASES PAYABLE**

The Port previously adopted GASB Statement No. 87, Leases. The primary objective of this statement was to enhance the relevance and consistency of information about governments' leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

As of June 30, 2025, Port had 2 active leases. The leases had payments ranging from \$11,534 to \$58,876 and interest rates ranging from 1.1192% to 3.2330%.

Leases payable for the fiscal year ended June 30, 2025 are as follows:

	<u>Outstanding June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2025</u>
Lessee agreements; 3 agreements, varying interest and lease terms	\$ 925,063	\$ -	\$ (112,548)	\$ 812,515
Total leases payable	<u>925,063</u>	<u>\$ -</u>	<u>\$ (112,548)</u>	\$ 812,515
Current portion				<u>46,004</u>
Long-term portion				<u>\$ 766,511</u>

Future maturities are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 46,004	\$ 25,758
2027	49,394	24,520
2028	39,277	23,184
2029	42,421	21,915
2030	45,722	20,543
2031-2035	284,149	78,217
2036-2039	305,548	25,478
Total	<u>\$ 812,515</u>	<u>\$ 219,615</u>

Leases payable for the fiscal year ended June 30, 2024 were as follows:

	<u>Outstanding June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2024</u>
Lessee agreements; 3 agreements, varying interest and lease terms	\$ 132,494	\$ 879,019	\$ (86,450)	\$ 925,063
Total leases payable	<u>\$ 132,494</u>	<u>\$ 879,019</u>	<u>\$ (86,450)</u>	925,063
Current portion				<u>112,548</u>
Long-term portion				<u>\$ 812,515</u>

**NOTE 12 - COMMITMENTS**

Project commitments relate to unperformed contracts for goods or services, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes specified quantities. The Port has commitments under various contracts amounting to \$1,428,400 primarily related to environmental, repair and project management services for Pier 2 West and Airport improvements. As of June 30, 2025, approximately \$856,500 of these contracts remain outstanding. A portion of these contracts, approximately \$50,000, will be completed through grant funding. The Port expects to enter into an agreement in the future for construction services on Pier 2 West, which will be funded in part by \$25.3 million in federal grant funding through the United States Department of Transportation's Port Infrastructure Development Program (PIDP). The grant award was announced in November of 2023.

**NOTE 13 - PENSION PLAN**

***General Information about the Pension Plan***

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

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. OPERS issues a publicly available financial report that can be obtained at <https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>.

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

1. *Pension Benefits.* The OPERS retirement allowance is payable monthly for life. 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. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

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

**NOTE 13 - PENSION PLAN (Continued)**

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

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

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

*General service:* 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

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

*Contributions:*

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

Employer contribution rates during the period were based on the December 31, 2021 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2023.

Employer contributions for the year ended June 30, 2025 and June 30, 2024 were \$240,573 and \$224,270, respectively. The rates in effect for the fiscal years ended June 30, 2025 and 2024 based on the December 31, 2021 actuarial valuation, were (1) Tier 1/Tier 2 - 13.27%, (2) OPSRP general service - 11.99%.

*Actuarial Valuations:*

The employer contribution rates effective July 1, 2023, through June 30, 2025, were set using the entry age normal 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.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - PENSION PLAN (Continued)**

*Actuarial Methods and Assumptions Used in Developing Total Pension Liability:*

Valuation Date	December 31, 2022
Measurement Date	June 30, 2024
Experience Study Report	2022, published July 24, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of Living Adjustment	Blend of 2.00 percent COLA and graded COLA (1.25/.15 percent) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, 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 2022 Experience Study which reviewed experience for the four-year period ending on December 31, 2022.

*Discount Rate:*

The discount rate used to measure the net 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.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 - PENSION PLAN (Continued)**

*Depletion Date Projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is the PERS independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

*Assumed Asset Allocation:*

<u>Asset Class/Strategy</u>	<u>Low Range</u>	<u>High Range</u>	<u>OIC Target</u>
Debt Securities	20.0%	30.0%	25.0%
Public Equity	22.5	32.5	27.5
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Real Assets	2.5	10.0	7.5
Diversifying Strategies	2.5	10.0	7.5
Opportunity Portfolio	0.0	5.0	0.0
Total			<u>100.0%</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 - PENSION PLAN (Continued)**

*Long-Term Expected Rate of Return:*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in January 2023 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman'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.

<u>Asset Class</u>	<u>Target</u>	<u>20-Year Annualized Geometric Mean</u>
Global Equity	27.50%	7.07%
Private Equity	25.50	8.83
Core Fixed Income	25.00	4.50
Real Estate	12.25	5.83
Master Limited Partnerships	0.75	6.02
Infrastructure	1.50	6.51
Hedge Fund of Funds – Multistrategy	1.25	6.27
Hedge Fund of Equity – Hedge	0.63	6.48
Hedge Fund – Macro	5.62	4.83
Assumed Inflation – Mean		2.35%

*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 calculated using the discount rate of 6.90 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
Proportionate share of the net pension liability	\$2,613,196	\$1,656,585	\$855,377

**NOTE 13 - PENSION PLAN (Continued)**

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report. The annual comprehensive financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377, or by accessing the PERS web site at [www.pers.state.or.us](http://www.pers.state.or.us).

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

At June 30, 2025, the Port reported a liability of \$1,656,585 for its proportionate share of the net pension liability, an increase from \$1,415,332 as of June 30, 2024. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 and rolled forward to June 30, 2024. The Port's proportion of the net pension 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.

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. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (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 Unfunded Actuarial Liability (UAL) itself. The UAL represents the portion of the projected long-term contribution effort related to past service.
3. Looking at both rate components, the projected long-term contribution effort is just the sum of the PVFNC and the 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.

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is just their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. For example, if the employer's payroll is one percent of the pool's total payroll, the employer will be allocated one percent of the pool's UAL. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 13 - PENSION PLAN (Continued)**

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.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.

Since many governments in Oregon have sold pension obligation bonds and deposited the proceeds with OPERS (referred to as side accounts or transitional liability or surplus), adjustments are required. After each employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's side account, transitional liability/surplus, and pre-SLGRP liability/surplus (if any). This is done as those balances increase/decrease the employer's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

Looking at both rate components, the projected long-term contribution effort is just 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, 2025 and 2024, the Port's proportion was 0.00745295 and 0.00755622, respectively.

For the years ended June 30, 2025 and 2024, the Port recognized pension expense of \$230,040 and \$183,356, respectively.

At June 30, 2025, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	\$ 98,137	\$ 3,954
Changes in assumptions	166,554	213
Net difference between projected and actual earnings on investments	105,239	-
Changes in proportionate share	140,313	234,510
Differences between employer contributions and proportionate share of contributions	51,441	80,771
Total (prior to post-measurement date contributions)	561,684	319,448
Contributions made subsequent to measurement date	240,573	-
Deferred Outflow/Inflow of Resources	<u>\$ 802,257</u>	<u>\$ 319,448</u>

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 13 - PENSION PLAN (Continued)**

Amounts reported as 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 ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2026	\$ (56,205)
2027	163,644
2028	83,564
2029	40,151
2030	11,082
Total	\$ 242,236

At June 30, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	\$ 69,214	\$ 5,612
Changes in assumptions	125,730	937
Net difference between projected and actual earnings on investments	25,439	-
Changes in proportionate share	206,247	332,315
Differences between employer contributions and proportionate share of contributions	38,048	115,052
Total (prior to post-measurement date contributions)	464,678	453,916
Contributions made subsequent to measurement date	224,270	-
Deferred Outflow/Inflow of Resources	\$ 688,948	\$ 453,916

*Defined Contribution Plan*

**OPSRP Individual Account Program (OPSRP IAP)**

*Pension Benefits*

Participants in OPERS defined benefit pension plans also participate in their defined contribution 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 OPSRP Individual Account Program (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.

**NOTE 13 - PENSION PLAN (Continued)**

*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*

The Port has elected to pay the employee contributions to the plan for some employees equating to 6 percent of covered payroll. The Port paid \$46,446 and \$40,434 for fiscal years ended June 30, 2025 and 2024, respectively.

*Recordkeeping*

PERS contracts with VOYA Financial to maintain IAP participant records.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS**

**Plan description** - The Port does not have a formal post-employment benefits plan for any employee groups; however, the Port offers medical benefits to retirees who a) were employed between July 1, 1995 and September 18, 2007 with 20 years of service and a minimum age of 62, or b) were hired after September 18, 2007 with a minimum 30 years of service. The Port pays the medical premiums for eligible retirees until Medicare eligibility, and reimburses the Medicare Supplement premium thereafter. Employees hired after July 1, 2010 are not eligible to receive any supplemental Medicare insurance.

In addition to the explicit medical benefits for certain retirees, continued medical coverage is offered to the Port's eligible retirees, their spouses and dependents until Medicare eligibility. The active premium rate, whether paid by the Port or by the retiree, still applies.

In some cases the premium itself does not represent the full cost of covering retirees, as retirees are older than the active population and can generate higher medical claims and premiums. This additional cost is called the "implicit subsidy" and is required to be valued under GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Of the Port's 27 plan participants, 20 are active plan participants and 7 are inactive plan participants.

**Actuarial assumptions and other inputs.** The total OPEB liability based on the July 1, 2023 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Measurement date	June 30, 2024
Actuarial cost method	Entry age normal, level percent of salary
General inflation	2.4 percent
Salary increases	3.4 percent
Mortality rates	Based on the rates used for the Oregon PERS valuation assumptions as of December 31, 2022.
Discount rate	3.93 percent
Healthcare cost trend rate	6.5% in 2023/24, declining annually until 2032; 4.00% from 2033-2045; 4.25% from 2046-2064; 4.0% from 2065-2071; 3.75% thereafter

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Plan expenses other than benefit payments are not valued. The Plan is currently 'unfunded' as defined by GASB statements. The Plan does not issue stand-alone financial reports.

For the year ended June 30, 2025 and 2024, the Port recognized OPEB expense (benefit) of \$208 and \$(51,569), respectively.

***Change in the total OPEB liability.***

	FY 2025	FY 2024
Total OPEB liability - beginning of year	\$ 730,145	\$ 738,399
Changes for the year:		
Service cost	27,374	-
Interest	26,933	-
Benefit payments	(39,634)	-
Differences between expected and actual experience	(21,506)	(15,969)
Changes of assumptions	-	7,715
Total OPEB liability - end of year	\$ 723,312	\$ 730,145

***Sensitivity of the total OPEB liability to changes in the discount rate.*** The following presents the Port's total OPEB liability calculated using the discount rate of 3.93 percent, as well as what the liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 2.93%	Current Discount Rate 3.93%	1% Increase 4.93%
Total OBEB Liability	\$ 805,710	\$ 723,312	\$ 653,263

***Sensitivity of the total OPEB liability to changes in the healthcare trend rates.*** The following presents the Port's total OPEB liability, as well as what the liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OBEB Liability	\$ 635,756	\$ 723,312	\$ 829,661

***Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.*** On June 30, 2025, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	\$ -	\$ 242,475
Changes of assumptions or other input	47,375	72,892
Total (prior to post-measurement date benefits)	47,375	315,367
Benefit payments made subsequent to measurement date	47,816	-
Deferred Outflow/Inflow of Resources	\$ 95,191	\$ 315,367

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

Amounts reported as deferred outflows of resources related to OPEB for Port contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources
2026	\$ (54,099)
2027	(54,099)
2028	(54,101)
2029	(48,222)
2030	(48,218)
Thereafter	(9,253)
Total	<u>\$ (267,992)</u>

At June 30, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experiences	\$ -	\$ 298,289
Changes of assumptions or other input	62,109	64,406
Total (prior to post-measurement date benefits)	62,109	362,695
Benefit payments made subsequent to measurement date	39,634	-
Deferred Outflow/Inflow of Resources	<u>\$ 101,743</u>	<u>\$ 362,695</u>

***OPERS Retirement Health Insurance Account (RHIA)***

***Plan description.*** As a member of OPERS, the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700.

***Funding policy.*** Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and participating employers were established and may be amended only by the Oregon Legislature. ORS required that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive a monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. An eligible surviving spouse or dependent of a deceased PERS retiree may receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.0% of annual covered payroll for Tier One/Tier Two, and 0.00% for OPSRP. The OPERS Board of Trustees sets the

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***OPERS Retirement Health Insurance Account (RHIA) (Continued)***

employer contribution rate based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Port's contributions to RHIA for the years ended June 30, 2025, 2024 and 2023 were approximately \$0, \$0, and \$134, respectively, and were included in the Port's pension contributions.

**NOTE 15 - DEFERRED COMPENSATION PLAN**

The Port provides a deferred compensation plan, established in 1971. Any employee or independently contracted person may defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The trust assets are held in a custodial trust for the exclusive benefit of participants and beneficiaries, they are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries. Accordingly, the plan assets are not included in the statement of net position.

**NOTE 16 - POLLUTION REMEDIATION OBLIGATION**

**Astoria Area-Wide Groundwater Contamination site** - The Port has identified a number of contaminated areas on its property that it is required to investigate, monitor, and at times address the identified contaminants under State environmental laws. The Port was informed by the Oregon Department of Environmental Quality (ODEQ) that the Port, along with other potentially responsible parties (PRPs), is required to remediate contaminant identified in at least one of the site areas. Although the Port may not bear ultimate responsibility for the contamination, under State law the Port is presumptively liable as the property owner, and it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup. In each of these matters, the Port is cooperating with the notifying agency and taking appropriate action with other PRPs to investigate and remediate pollution damage or contamination.

The Port has developed a procedure consistent with the current accounting standard to recognize liabilities for environmental cleanups, to the extent that such liabilities can be reasonably estimated. The Port's cleanup costs are estimated based on reasonable and supportable assumptions, measured at current value using the expected cash flow technique. The Port's pollution cleanup cost estimate does not include cost components that are not yet reasonably measurable and will change over time due to changes in costs of goods and services, changes in remediation technology, and changes in governing laws and regulations.

In June 2019, the ODEQ issued a Record of Decision with estimated cleanup costs of \$3,300,000. In April of 2020 a settlement was agreed upon with McCall Oil and Exxon Mobile for the collective sum of \$2,650,000. In May of 2021, the Port received an updated estimate that increased the cost estimate from \$3,300,000 to \$4,106,000. For the fiscal years 2022 and 2023, adjustments were made for inflation and estimates were added for employee time related to the project.

During the year ended June 30, 2024, inflation adjustments were made to reflect anticipated preconstruction and construction costs. During the year ended June 30, 2025, actual costs for preconstruction and interest earnings in the trust account contributed to a decrease in liability by \$94,377 for an ending balance of \$2,936,233.

**PORT OF ASTORIA**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 16 - POLLUTION REMEDIATION OBLIGATION (Continued)**

Following is a summary of changes to pollution remediation obligation for the fiscal years ended June 30, 2025 and 2024:

	Pollution remediation obligation, net June 30, 2024	Additions	Reductions	Pollution remediation obligation, net June 30, 2025
Area-Wide groundwater contamination	\$ 5,409,927	\$ -	\$ (3,593)	\$ 5,406,334
Less third-party recoveries	(2,379,317)	-	(90,784)	(2,470,101)
Total pollution remediation obligation, net	<u>\$ 3,030,610</u>	<u>\$ -</u>	<u>\$ (94,377)</u>	<u>\$ 2,936,233</u>

	Pollution remediation obligation, net June 30, 2023	Additions	Reductions	Pollution remediation obligation, net June 30, 2024
Area-Wide groundwater contamination	\$ 4,944,713	\$ 498,715	\$ (33,501)	\$ 5,409,927
Less third-party recoveries	(2,630,375)	-	251,058	(2,379,317)
Total pollution remediation obligation, net	<u>\$ 2,314,338</u>	<u>\$ 498,715</u>	<u>\$ 217,557</u>	<u>\$ 3,030,610</u>

**NOTE 17 - RISK MANAGEMENT**

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance, but may still be exposed to some risk of loss. No settlements of any claims exceeded the insurance coverage in the past three years.

**NOTE 18 - CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and State of Oregon governments. Any disallowed claims, including amounts already collected, could become a liability of the Port. Management believes amounts disallowed, if any, would not be material to the Port.

The Port is a defendant in various lawsuits. The likely outcome of these lawsuits is not determinable at this time; however, Port management intends to defend these lawsuits vigorously and believes the likely outcome will not have a material adverse effect on the Port's basic financial statements.

**NOTE 19 - CONCENTRATIONS**

In 2025, the Port had two customers that accounted for approximately 13% and 11% of total revenue. In 2024, the Port had one major customer that accounted for approximately 13% of total revenue.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**PORT OF ASTORIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

Schedule of Pension Contributions  
Oregon Public Employee Retirement Pension Plan

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Contractually required contribution	\$ 240,573	\$ 224,270	\$ 202,180	\$ 176,815	\$ 187,068	\$ 209,618	\$ 171,706	\$ 155,368	\$ 143,700	\$ 133,389
Contributions in relation to the contractually required contribution	<u>240,573</u>	<u>224,270</u>	<u>202,180</u>	<u>176,815</u>	<u>187,068</u>	<u>209,618</u>	<u>171,706</u>	<u>155,368</u>	<u>143,700</u>	<u>133,389</u>
Contribution deficiency/(excess)	-	-	-	-	-	-	-	-	-	-
Port's covered payroll	\$2,066,845	\$1,879,027	\$1,685,715	\$1,580,617	\$1,452,644	\$1,588,448	\$1,748,512	\$1,795,642	\$1,758,400	\$1,713,293
Contributions as a percentage of covered payroll	11.6%	11.9%	12.0%	11.2%	12.9%	13.1%	9.8%	8.7%	8.2%	7.8%

Schedule of Proportionate Share of Net Pension Liability  
Oregon Public Employee Retirement Pension Plan

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>FY 2016</u>
Port's proportion of the net pension liability	0.00745295%	0.00755622%	0.00873548%	0.00693125%	0.00939507%	0.00902696%	0.00881592%	0.01008739%	0.01051450%	0.01084981%
Port's proportionate share of the net pension liability	\$1,656,585	\$1,415,332	\$1,337,577	\$ 829,427	\$2,050,327	\$1,561,448	\$1,335,496	\$1,359,784	\$ 1,578,471	\$ 622,938
Port's covered payroll	\$1,879,027	\$1,685,715	\$1,580,617	\$1,452,644	\$1,588,448	\$1,748,512	\$1,795,642	\$1,758,400	\$1,713,293	\$1,557,971
Port's proportionate share of the net pension liability as a percentage of its covered payroll	88.2%	84.0%	84.6%	57.1%	129.1%	89.3%	74.4%	77.3%	92.1%	40.0%
Plan fiduciary net position as a percentage of the total pension liability	79.29%	81.68%	84.55%	87.57%	75.79%	80.23%	82.07%	83.12%	80.52%	91.90%

**Notes to Schedules**

**Changes in Assumptions**

A summary of key changes implemented with the December 31, 2022 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2025, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2021 actuarial valuation can be found at: [www.oregon.gov/pers](http://www.oregon.gov/pers).

**PORT OF ASTORIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2025**

Schedule of Changes in Total OPEB Liability and Related Ratios

Health Benefit Retiree Program \*

	FY 2025	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total OPEB liability - beginning of year	\$ 730,145	\$ 738,399	\$ 725,809	\$1,069,338	\$1,037,923	\$1,052,478	\$1,019,322	\$ 986,862
Changes for the year:								
Service cost	27,374	-	30,262	46,892	45,306	45,224	43,695	43,695
Interest	26,933	-	25,930	24,823	23,947	40,280	38,131	36,924
Benefit payments	-	-	(30,423)	(25,956)	(37,838)	(47,134)	(48,670)	(48,159)
Differences between expected and actual experience	(21,506)	(15,969)	-	(308,055)	-	(177,357)	-	-
Changes of assumptions	(39,634)	7,715	(13,179)	(81,233)	-	124,432	-	-
Total OPEB liability - end of year	<u>\$ 723,312</u>	<u>\$ 730,145</u>	<u>\$ 738,399</u>	<u>\$ 725,809</u>	<u>\$1,069,338</u>	<u>\$1,037,923</u>	<u>\$1,052,478</u>	<u>\$1,019,322</u>
Port's covered employee payroll	\$1,879,027	\$1,685,715	\$1,528,987	\$1,653,983	\$1,774,881	\$1,850,010	\$1,969,781	\$1,903,170
Total OPEB liability as a percentage of covered payroll	38.49%	43.31%	48.29%	43.88%	60.25%	56.10%	53.43%	53.56%

\* 10-year trend information will be presented as it becomes available.

**Notes to Schedule**

The Port does not hold assets in a trust that meets the criteria of GASB Statement 75, paragraph 4, to pay related benefits.

**SUPPLEMENTARY INFORMATION**

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**SUPPLEMENTARY INFORMATION**

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

Budgetary Comparison schedules include the following funds:

**General Fund**

The General Fund is used to account for the operations of the Port's general operational expenses and property tax income that is not reserved for debt service. These operations include the lease of industrial and commercial property, the airport, including hangar rentals, and services provided to ships.

**Special Revenue Fund**

The Special Revenue Fund is used to account for timber tax revenues and other resources that are not used for ordinary expenses of the Port. Expenditures are used primarily for capital outlay.

**Capital Improvement Reserve Fund**

The Capital Improvement Reserve Fund is used to allow for the accumulation and expenditure of reserves for capital improvements.

**PORT OF ASTORIA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, OTHER  
FINANCING SOURCES (USES), AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with
	Original	Final		Final Budget
<b>REVENUES:</b>				
Lease & rental income	\$ 3,504,146	\$ 3,504,146	\$ 3,244,273	\$ (259,873)
Fuel sales	2,366,984	2,366,984	1,636,385	(730,599)
Rebilled expenses	3,295,733	3,295,733	2,356,949	(938,784)
Pier revenue	1,861,299	1,861,299	955,557	(905,742)
Marina revenue	1,387,820	1,387,820	1,576,011	188,191
Other income	100,950	100,950	72,805	(28,145)
Property taxes	1,112,850	1,112,850	987,347	(125,503)
Intergovernmental grants	2,082,400	2,082,400	903,692	(1,178,708)
Interest income	13,200	13,200	231,607	218,407
	<u>15,725,382</u>	<u>15,725,382</u>	<u>11,964,626</u>	<u>(3,760,757)</u>
<b>EXPENDITURES:</b>				
Materials and services	5,993,483	5,993,483	4,764,060	1,229,423
Personnel services	3,283,196	3,283,196	3,234,283	48,913
Debt service*				
Principal	1,252,832	1,252,832	1,253,430	(598)
Interest	430,567	430,567	430,340	227
Capital outlay	<u>5,177,230</u>	<u>5,177,230</u>	<u>3,420,355</u>	<u>1,756,875</u>
Total expenditures	<u>16,137,308</u>	<u>16,137,308</u>	<u>13,102,468</u>	<u>3,034,840</u>
Revenues over (under) expenditures	<u>(411,926)</u>	<u>(411,926)</u>	<u>(1,137,842)</u>	<u>(725,916)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	192,580	192,580	171,322	(21,258)
Proceeds from sale of capital asset	<u>-</u>	<u>-</u>	<u>1,361</u>	<u>1,361</u>
Total other financing sources (uses)	<u>192,580</u>	<u>192,580</u>	<u>172,683</u>	<u>(19,897)</u>
Changes in fund balance	(219,346)	(219,346)	(965,159)	(745,814)
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>1,285,142</u>	<u>1,285,142</u>	<u>3,169,927</u>	<u>1,884,785</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 1,065,796</u>	<u>\$ 1,065,796</u>	<u>\$ 2,204,768</u>	<u>\$ 1,138,971</u>

\*Budgeted as a single debt service item.

**PORT OF ASTORIA  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, OTHER FINANCING USE, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Timber revenue	\$ 192,580	\$ 192,580	\$ 171,322	\$ (21,258)
<b>OTHER FINANCING USE:</b>				
Transfer out	\$ 192,580	\$ 192,580	\$ 171,322	\$ (21,258)
Net changes in fund balance	-	-	-	-
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	<u>669,243</u>	<u>669,243</u>	<u>771,722</u>	<u>102,479</u>
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 669,243</u>	<u>\$ 669,243</u>	<u>\$ 771,722</u>	<u>\$ 102,479</u>

**PORT OF ASTORIA  
 CAPITAL IMPROVEMENT RESERVE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES:</b>				
Total expenditures	-	-	-	-
Net changes in fund balance	-	-	-	-
<b>FUND BALANCE, BEGINNING BUDGETARY BASIS</b>	100,000	100,000	100,000	-
<b>FUND BALANCE, ENDING BUDGETARY BASIS</b>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

**PORT OF ASTORIA**  
**RECONCILIATION OF REVENUES AND EXPENDITURES**  
**TO CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

	Revenues	Expenditures	Revenues Over (Under) Expenditures
<b>BUDGETARY BASIS REVENUES AND EXPENDITURES</b>			
General Fund	\$ 11,965,987	\$ 13,102,468	\$ (1,136,481)
Special Revenue Fund	171,322	-	171,322
Capital Improvement Reserve Fund	-	-	-
<b>TOTAL</b>	<b>\$ 12,137,309</b>	<b>\$ 13,102,467</b>	<b>\$ (965,159)</b>
<b>ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS</b>			
Capital outlay expenditures capitalized			3,420,355
Depreciation and amortization expense			(2,685,769)
Payment of lease principal			112,548
Bad debt expense			37,055
Capital assets disposed			(35,961)
Loss on lease termination			(4,729)
Payment of principal on notes payable			1,140,882
Change in property tax receivable			1,982
Change in lease financing receivables			(575,492)
Change in inventory			(12,173)
Change in prepaid expenses			(11,308)
Change in accrued interest payable			10,450
Change in unearned revenue			4,762
Change in tenant rent payable			29,709
Change in compensated absences			(115,665)
Change in pollution remediation			94,377
Change in total OPEB liability			6,833
Change in net pension liability			(241,253)
Change in deferred outflows of resources – pension and OPEB			106,757
Change in deferred inflows of resources – pension and OPEB			181,796
Deferred inflows of resources - leases			799,543
<b>CHANGES IN NET POSITION - GAAP</b>			<b>\$ 558,165</b>

**COMPLIANCE SECTION**

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Your peace of mind is our passion.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
OREGON STATE REGULATIONS**

Board of Commissioners  
Port of Astoria  
Astoria, Oregon

We have audited the basic financial statements of the Port of Astoria, Oregon (the Port), as of and for the year ended June 30, 2025, and have issued our report thereon dated November 3, 2025. 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 162-10-330 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 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:

- The General Fund reported an over expenditure of \$371 in debt service.
- The Port was not in compliance with ORS 279B.070 for intermediate procurements for expenditures in the amount of \$72,160 and \$110,000 with separate vendors.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
OREGON STATE REGULATIONS (Continued)**

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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.

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

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

**Purpose of This Report**

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

*Talbot, Kowoloff Warwick, LLP*

Portland, Oregon  
November 3, 2025