



Financial Statements and Supplementary Schedules for
Port of Astoria, Oregon
For the Years Ended June 30, 2023 and 2022

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**PORT OF ASTORIA
PRINCIPAL OFFICIALS**

As of June 30, 2023

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

As of June 30, 2022

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

Frank Spence, 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

Scott McClaine, Assistant Secretary – Treasurer
422 Gateway, Suite 100
Astoria, OR 97103
Dates of service: July 1, 2019 – 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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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, 2023 and 2022, 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, 2023 and 2022, and the changes in its 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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.

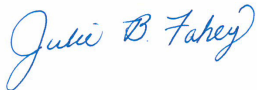
Other Information

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.

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 December 27, 2023, 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
December 27, 2023

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, 2023 and 2022, 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 2023 by \$317,272, which is an increase from the prior year in which the Port had a net increase of \$70,952. The Port had an operating loss in the current year of (\$1,210,189), a decrease from the operating loss in the prior year of (\$3,398,530).

The Port had a positive net position of \$24,581,244 as of June 30, 2023, an increase from \$24,263,972 as of June 30, 2022. While the operating loss decreased by \$2,188,341 from 2022, this was partially offset by a decrease in capital grant activity of \$1,810,029 and a decrease in non-operating income of \$131,992 for a net increase in net position by \$317,272. The net investment in capital assets decreased in 2023 by \$54,138 for a total of \$28,109,141, while the unrestricted net position remained negative at (\$3,527,897) as of June 30, 2023, a change from (\$3,899,307) as of June 30, 2022.

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,		
	2023	2022	2021 as restated
Assets			
Current assets	\$ 4,136,760	\$ 4,356,373	\$ 4,466,044
Other assets	16,354,101	18,019,398	18,550,958
Capital assets	35,346,411	35,731,756	34,533,965
Total assets	<u>55,837,272</u>	<u>58,107,527</u>	<u>57,550,967</u>
Deferred pension outflows	784,387	556,991	724,337
Deferred OPEB outflows	69,128	82,954	96,780
Total deferred outflows	<u>853,515</u>	<u>639,945</u>	<u>821,117</u>
Liabilities			
Current liabilities	2,497,751	2,111,944	1,955,786
Long-term liabilities	16,598,164	17,843,438	18,718,137
Total liabilities	<u>19,095,915</u>	<u>19,955,382</u>	<u>20,673,923</u>
Deferred lease resources	11,930,567	13,063,572	13,288,652
Deferred pension inflows	670,032	1,000,272	78,544
Deferred OPEB inflows	413,029	464,274	137,945
Total deferred inflows	<u>13,013,628</u>	<u>14,528,118</u>	<u>13,505,141</u>
Net position			
Net investment in capital assets	28,109,141	28,163,279	26,760,908
Unrestricted	(3,527,897)	(3,899,307)	(2,567,888)
Total net position	<u>\$ 24,581,244</u>	<u>\$ 24,263,972</u>	<u>\$ 24,193,020</u>

PORT OF ASTORIA
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Year Ended June 30,		
	2023	2022	2021 as restated
Operating revenues	\$ 8,001,258	\$ 7,682,321	\$ 6,372,403
Operating expenses	(9,211,447)	(11,080,851)	(8,880,244)
Loss from operations	(1,210,189)	(3,398,530)	(2,507,841)
Non-operating revenues	1,332,802	1,241,855	1,274,378
Non-operating expenses	(285,129)	(62,190)	(324,574)
Net loss before capital grants	(162,516)	(2,218,865)	(1,558,037)
Capital grants	479,788	2,289,817	1,090,395
Change in net position	317,272	70,952	(467,642)
Net position, beginning of year, as previously stated	24,263,972	24,193,020	24,730,099
Restatement GASB 87	-	-	(69,437)
Net position, beginning of year	24,263,972	24,193,020	24,660,662
Net position, end of the year	<u>\$ 24,581,244</u>	<u>\$ 24,263,972</u>	<u>\$ 24,193,020</u>

Analysis of the Overall Financial Position and Results of Operations

During the fiscal year ended June 30, 2023, there was decreased capital activity from the prior year. Acquisition and construction of capital assets was \$2,261,186 for the fiscal year 2023, compared to \$3,436,582 in the fiscal year 2022. See Note 4 for more information on capital assets.

Operating revenues increased by \$318,937, which represents a 4.15% increase from the prior year. The Port saw increases in lease & rental operations, fuel sales, re-billed expenses, and marina revenue. Pier revenue saw a decrease year-over-year of \$369,459. The most significant factor in this decrease was related to harbor fee income, which the Port stopped recognizing in fiscal year 2023 but had historically contributed roughly \$350,000 to Pier revenues. There was a decrease in finance charges of \$4,284 and in other income of \$28,320.

Operating expenses decreased by \$1,869,404 which represents a 16.8% decrease from fiscal year 2022. The largest contributor to this decrease was a drop in pollution remediation expense of \$1,995,463; the prior fiscal year saw a significant increase from modified construction estimates. Another contributor to the high expense in fiscal year 2022 was the Loss on Harbor Fee settlement, which recognized the Port's inability to collect harbor fees that had been billed in prior years. See Note 15, Pollution, and Note 17, Contingencies for more information.

Non-operating revenues, consisting primarily of property taxes, timber receipts, interest income, non-capital grants, and gains on disposals of equipment, increased by \$90,947 or 7.3% from fiscal year 2022. Interest expense, the only non-operating expense item, saw an increase of \$222,939 from fiscal year 2022. Net non-operating income decreased by \$131,992 or 11.2% from the prior year.

PORT OF ASTORIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The current ratio (the ratio of current assets available to pay current liabilities) decreased from the prior year from 2.06 to 1.66. There were several contributing factors, most notably: cash decreased by \$328,369, grant receivables decreased by \$287,891, and the current portion of long-term obligations increased by \$378,741.

Capital Asset and Debt Administration

Capital Assets - The Port's investment in capital assets for its activities, as of June 30, 2023, was \$35,346,411, and for June 30, 2022, was \$35,731,756, net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, infrastructure, and machinery and equipment. The total decrease in capital assets for the current fiscal year was \$385,345 or 1% based on June 30, 2022 capital asset balances. The decrease was a result of depreciation expense of \$2,640,594 exceeding capital asset additions net of disposals of \$2,255,254. In fiscal year 2022, the total net increase in capital assets was \$1,239,377. 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 \$17,940,687, a decrease of \$866,533 from the prior year; the three main contributing factors were a decrease to pollution liability of \$651,837, the paydown of debt reducing notes payables by \$777,725, and an increase to the net pension liability of \$508,150. Additional information regarding the Port's long-term obligations is discussed in Note 9 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 include preconstruction costs for Pier 2 West rehabilitation, piling replacements, boatyard upgrades, security upgrades, and a variety of other repairs and improvements.

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 & Business Services Manager, Port of Astoria, 422 Gateway Avenue, Suite 100, Astoria, Oregon, 97103.

PORT OF ASTORIA
STATEMENTS OF NET POSITION

	June 30,	
	2023	2022
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 992,570	\$ 1,320,939
Accounts receivables, net	1,002,163	842,498
Property and other county taxes receivable	40,679	32,905
Current maturities, long-term receivable	1,832,651	1,649,708
Inventory	99,990	47,468
Prepaid expenses	141,655	147,912
Grants receivable	27,052	314,943
Total current assets	4,136,760	4,356,373
NONCURRENT ASSETS:		
Land and non-depreciable capital assets	4,158,333	6,043,875
Capital assets, net	31,188,078	29,687,881
Long-term lease receivable, less current maturities	11,056,491	12,148,818
Long-term financing receivables, less current maturities	5,297,610	5,870,580
Total noncurrent assets	51,700,512	53,751,154
Total assets	55,837,272	58,107,527
DEFERRED OUTFLOWS:		
Deferred pension outflows	784,387	556,991
Deferred OPEB outflows	69,128	82,954
Total deferred outflows of resources	853,515	639,945
Total assets and deferred outflows	\$ 56,690,787	\$ 58,747,472
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 807,093	\$ 725,679
Accrued payroll and related expenses	27,491	40,684
Accrued interest payable	110,721	75,319
Unearned revenue	136,723	87,780
Long-term obligations, current portion	1,342,523	963,782
Harbor Fee settlement liability	73,200	218,700
Total current liabilities	2,497,751	2,111,944
NONCURRENT LIABILITIES:		
Long-term obligations, net of current portion	16,598,164	17,843,438
Total liabilities	19,095,915	19,955,382
DEFERRED INFLOWS:		
Deferred lease inflows	11,930,567	13,063,572
Deferred pension inflows	670,032	1,000,272
Deferred OPEB inflows	413,029	464,274
Total deferred inflows of resources	13,013,628	14,528,118
NET POSITION:		
Net investment in capital assets	28,109,141	28,163,279
Unrestricted	(3,527,897)	(3,899,307)
Total net position	24,581,244	24,263,972
Total liabilities, deferred inflows and net position	\$ 56,690,787	\$ 58,747,472

See accompanying notes.

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

	YEAR ENDED JUNE 30,	
	2023	2022
OPERATING REVENUES:		
Lease and rental operations	\$ 2,262,378	\$ 2,098,451
Fuel sales	1,790,598	1,513,761
Re-billed expenses	1,764,346	1,503,776
Pier revenue	777,536	1,146,995
Marina revenue	1,310,719	1,291,053
Finance charges	7,085	11,369
Other income	88,596	116,916
Total operating revenues	8,001,258	7,682,321
OPERATING EXPENSES:		
Materials and services	4,403,995	4,015,317
Personnel services	2,674,870	2,473,673
Depreciation and amortization	2,640,599	2,238,791
Bad debt	(27,642)	32,482
Pollution remediation	(480,375)	1,515,088
Loss on Harbor Fee settlement	-	805,500
Total operating expenses	9,211,447	11,080,851
Operating loss	(1,210,189)	(3,398,530)
NON-OPERATING INCOME (EXPENSE):		
Property taxes	883,875	855,685
Interest income	212,599	217,112
Grants	34,400	-
Timber receipts	193,744	165,508
Gain (loss) on disposal of assets	8,184	3,550
Interest expense	(285,129)	(62,190)
Total non-operating income (expense)	1,047,673	1,179,665
Net loss before capital grants	(162,516)	(2,218,865)
CAPITAL GRANTS	479,788	2,289,817
Changes in net position	317,272	70,952
NET POSITION – BEGINNING OF YEAR	24,263,972	24,193,020
NET POSITION - END OF YEAR	\$ 24,581,244	\$ 24,263,972

PORT OF ASTORIA
STATEMENTS OF CASH FLOWS

	YEAR ENDED JUNE 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,238,384	\$ 7,566,696
Payments for personnel services	(2,738,424)	(2,585,427)
Payment to suppliers	(4,685,807)	(5,237,183)
	814,153	(255,914)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from property taxes	876,101	856,091
Cash received from timber tax revenue	193,744	165,508
Payments received on non-capital grant agreements	34,400	-
	1,104,245	1,021,599
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments received on capital grant agreements	767,679	2,389,611
Principal payments on leases	(23,706)	(18,640)
Acquisition and construction of capital assets	(2,190,003)	(3,436,582)
Principal payment on long term debt	(777,725)	(202,985)
Interest paid on debt and leases	(249,727)	(67,045)
Interest on lease receivables	206,357	212,793
Proceeds on sale of capital assets	14,116	3,550
	(2,253,009)	(1,119,298)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	6,242	4,319
	6,242	4,319
Net cash provided by investing activities	6,242	4,319
Net increase (decrease) in cash and cash equivalents	(328,369)	(349,294)
CASH AND CASH EQUIVALENTS, BEGINNING	1,320,939	1,670,233
CASH AND CASH EQUIVALENTS, ENDING	\$ 992,570	\$ 1,320,939

PORT OF ASTORIA
STATEMENTS OF CASH FLOWS (CONTINUED)

	YEAR ENDED JUNE 30,	
	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,210,189)	\$ (3,398,530)
Adjustments		
Depreciation and amortization	2,640,599	2,238,791
Decrease (increase) in:		
Accounts receivables, net	(159,665)	102,022
Lease receivable	1,058,884	72,974
Inventory	(52,522)	16,509
Prepaid expenses	6,257	(7,268)
Long-term financing receivables, less current maturities	423,471	7,500
Increase (decrease) in:		
Accounts payable	81,414	(636,944)
Accrued payroll and related expenses	10,760	23,446
Tenant rent payable	(29,142)	(24,606)
Pollution remediation obligation	(651,837)	1,510,175
Harbor fee liability	(145,500)	218,700
OPEB liability and related deferrals	(24,829)	(3,374)
Net pension liability and related deferrals	(49,486)	(131,826)
Deferred inflow - leases	(1,133,005)	(225,080)
Unearned revenue	48,943	(15,954)
Clatsop County assessment	-	(2,449)
Net cash provided by operating activities	<u>\$ 814,153</u>	<u>\$ (255,914)</u>
Schedule of Non-cash Capital and Related Financing Activities: Inception of lease	<u>\$ 71,183</u>	<u>\$ -</u>

PORT OF ASTORIA

NOTES TO FINANCIAL STATEMENTS

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.

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, 2023 and 2022 was \$67,238 and \$100,030.

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$5,000 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.

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

PORT OF ASTORIA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 - It is the Port’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Accumulated vacation leave and sick pay is recorded as an expense and liability when earned by each employee.

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

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.

The Port's actual expenditures were within budgeted amounts for the year ended June 30, 2023, except for the General Fund reported an over expenditure of \$140,037 in materials and services.

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH AND CASH EQUIVALENTS

Total cash and cash equivalents, as presented in the statements of net position as of June 30, 2023 and 2022 are as follows:

	2023	2022
Cash on hand	\$ 745	\$ 745
Bank deposits	665,252	994,475
Money market accounts	326,573	325,390
Total cash and cash equivalents	<u>\$ 992,570</u>	<u>\$ 1,320,939</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.

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.

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 \$614,650 and \$1,025,588 at June 30, 2023 and 2022, 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, 2023 and 2022, 100% of its deposits were held in multiple deposit and money market accounts, with one bank.

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, 2023:

	Ending Balance 6/30/22	Additions	Deletions	Transfers	Ending Balance 6/30/23
Capital assets, non-depreciable:					
Land	\$ 2,584,837	\$ -	\$ -	\$ -	\$ 2,584,837
Construction in Progress	3,459,038	767,492	-	(2,653,034)	1,573,496
Total capital assets, non-depreciable	<u>6,043,875</u>	<u>767,492</u>	<u>-</u>	<u>(2,653,034)</u>	<u>4,158,333</u>
Capital assets, depreciable:					
Land Improvements	43,768,417	957,727	(969,310)	2,292,277	46,049,111
Buildings & Structures	14,154,636	168,488	(64,187)	360,757	14,619,694
Airport Property	11,734,187	-	(10,893)	-	11,723,294
Leasehold Improvements	6,531	-	-	-	6,531
Intangibles	224,008	-	-	-	224,008
Machinery & Equipment	971,861	234,081	(103,218)	-	1,102,724
Dredge & Marine Equipment	979,592	19,462	(6,636)	-	992,418
Vehicles & Boats	495,268	19,599	(2,231)	-	512,636
Furniture & Fixtures	628,367	23,154	(48,072)	-	603,449
Computer & Equipment	208,564	-	(5,904)	-	202,660
Lease Assets	122,097	71,183	-	-	193,280
Total capital assets, depreciable	<u>73,293,528</u>	<u>1,493,694</u>	<u>(1,210,451)</u>	<u>2,653,034</u>	<u>76,229,805</u>
Less: accumulated depreciation and amortization	<u>(43,605,647)</u>	<u>(2,640,599)</u>	<u>1,204,519</u>	<u>-</u>	<u>(45,041,727)</u>
Net depreciable capital assets	<u>29,687,881</u>	<u>(1,146,905)</u>	<u>(5,932)</u>	<u>2,653,034</u>	<u>31,188,078</u>
Net capital assets	<u>\$ 35,731,756</u>	<u>\$ (379,413)</u>	<u>\$ (5,932)</u>	<u>\$ -</u>	<u>\$ 35,346,411</u>

Construction in progress consists primarily of pier restoration, security upgrades, and an airport master plan update. 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, 2022:

	Ending Balance 6/30/21	Additions	Deletions	Transfers	Ending Balance 6/30/22
Capital assets, non-depreciable:					
Land	\$ 2,584,837	\$ -	\$ -	\$ -	\$ 2,584,837
Construction in Progress	1,281,107	2,503,652	-	(325,721)	3,459,038
Total capital assets, non-depreciable	<u>3,865,944</u>	<u>2,503,652</u>	<u>-</u>	<u>(325,721)</u>	<u>6,043,875</u>
Capital assets, depreciable:					
Land Improvements	42,666,027	778,610	-	323,780	43,768,417
Buildings & Structures	14,104,235	52,484	(2,844)	761	14,154,636
Airport Property	11,734,187	-	-	-	11,734,187
Leasehold Improvements	6,531	-	-	-	6,531
Intangibles	149,201	73,627	-	1,180	224,008
Machinery & Equipment	958,101	18,210	(4,450)	-	971,861
Dredge & Marine Equipment	979,592	-	-	-	979,592
Vehicles & Boats	502,768	-	(7,500)	-	495,268
Furniture & Fixtures	628,368	9,999	(10,000)	-	628,367
Computer & Equipment	208,564	-	-	-	208,564
Lease Assets	171,148	-	(49,051)	-	122,097
Total capital assets, depreciable	<u>72,108,722</u>	<u>932,930</u>	<u>(73,845)</u>	<u>325,721</u>	<u>73,293,528</u>
Less: accumulated depreciation and amortization	<u>(41,440,702)</u>	<u>(2,238,790)</u>	<u>73,845</u>	<u>-</u>	<u>(43,605,647)</u>
Net depreciable capital assets	<u>30,668,020</u>	<u>(1,305,860)</u>	<u>-</u>	<u>325,721</u>	<u>29,687,881</u>
Net capital assets	<u>\$ 34,533,964</u>	<u>\$ 1,197,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,731,756</u>

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM FINANCING RECEIVABLES

Long-term financing receivables at June 30, 2023, consist of the following:

	Current	Long-term
Net investment in direct financing lease (Note 6)	\$ 548,540	\$ 5,244,485
Bornstein land lease	7,500	53,125
 Total long-term financing receivables	 \$ 556,040	 \$ 5,297,610

Long-term financing receivables at June 30, 2022, consist of the following:

	Current	Long-term
Net investment in direct financing lease (Note 6)	\$ 399,041	\$ 5,809,955
Bornstein land lease	7,500	60,625
 Total long-term financing receivables	 \$ 406,541	 \$ 5,870,580

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. In June of 2020, the Port arranged for a one-year deferment of rent for the period of July 1, 2020 through June 30, 2021. In June of 2021, the Port arranged for an additional one-year deferment of rent for the period of July 1, 2021 through June 30, 2022. An additional 3-month deferment was granted for the period of July 1, 2022 through September 30, 2022.

The following lists the components of the net investment in the Port's direct financing lease as of June 30, 2023 and 2022:

	2023	2022
Minimum lease payments receivable	\$ 7,173,832	\$ 7,734,831
Less unearned income	(1,272,047)	(1,417,075)
Less applicable credits	(108,760)	(108,760)
Net investment in direct financing lease	5,793,025	6,208,996
Less current maturities	(548,540)	(399,041)
Long-term portion	\$ 5,244,485	\$ 5,809,955

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – DIRECT FINANCING LEASE (Continued)

As of June 30, 2023 minimum lease payments are as follows:

Year Ended	
2024	\$ 548,540
2025	567,992
2026	588,134
2027	624,991
2028	695,999
Thereafter	2,767,369
Total minimum payments required	\$ 5,793,025

NOTE 7 – LEASE RECEIVABLES

The financial statements include the adoption of GASB Statement No. 87 Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes 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.

On July 1, 2020, the Port, as lessor, recorded twenty leases with various commercial and governmental agencies. An initial lease receivable was recorded in the amount of \$13,498,664. As of June 30, 2022, the total value of lease receivable was \$13,391,985.

On November 1, 2022, the Port entered into a 60-month lease as Lessor. An initial lease receivable was recorded in the amount of \$210,955. In fiscal year 2023, the total receivable was reduced by \$1,269,838, and as of June 30, 2023, the value of total lease receivables was \$12,333,102. The value of the deferred inflow of resources as of June 30, 2023 was \$11,930,567. The Port recognized lease revenue of \$1,343,960 during the fiscal year ending June 30, 2023.

Lease receivables at June 30, 2023, consisted of the following:

	Outstanding June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
Lessor agreements; 24 agreements, varying interest and lease terms	\$ 13,391,985	\$ 210,955	\$ 1,269,838	\$ 12,333,102
Total lease receivables	\$ 13,391,985	\$ 210,955	\$ 1,269,838	12,333,102
Current portion				1,276,611
Long-term portion				\$ 11,056,491

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LEASE RECEIVABLES (Continued)

Future maturities are as follows:

Year Ended	Principal	Interest
2023	\$ 1,276,611	\$ 191,514
2024	1,244,775	173,592
2025	1,166,008	155,873
2026	1,031,670	139,224
2027	990,879	123,467
Thereafter	6,623,159	668,003
Total	<u>\$ 12,333,102</u>	<u>\$ 1,451,673</u>

Lease receivables at June 30, 2022, consisted of the following:

	Outstanding June 30, 2021	Additions	Reductions	Outstanding June 30, 2022
Lessor agreements; 23 agreements, varying interest and lease terms	<u>\$ 13,464,959</u>	<u>\$ 1,118,148</u>	<u>\$ 1,191,122</u>	<u>\$ 13,391,985</u>
Total lease receivables	<u>\$ 13,464,959</u>	<u>\$ 1,118,148</u>	<u>\$ 1,191,122</u>	13,391,985
Current portion				<u>1,243,167</u>
Long-term portion				<u>\$ 12,148,818</u>

NOTE 8 – LEASE ASSETS

The financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes 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.

On July 1, 2020, Port of Astoria entered into three leases as Lessee for the use of various parcels of submerged and submersible lands claimed by the State of Oregon. An initial lease asset was recorded in the amount of \$171,148. In fiscal year 2022, the term for DSL Lease 39416-ML ended and the lease was not extended as of June 30, 2022. The fully amortized DSL Lease 39416-ML for Waterways asset was disposed of, in the amount of \$49,051. The net value of lease assets as of June 30, 2022 was \$83,519.

On January 10, 2023, the Port entered into a lease as Lessee with CityServiceValcon for the use of a Freightliner M2 refueler. An initial lease asset was added in the amount of \$71,183. Amortization expense for fiscal year 2023 was \$30,345. The net value of lease assets as of June 30, 2023 was \$124,357.

Lease assets at June 30, 2023, consisted of the following:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Leased Assets	\$ 122,097	\$ 71,183	\$ -	\$ 193,280
Less accumulated amortization	<u>(38,578)</u>	<u>(30,345)</u>	-	<u>(68,923)</u>
Total leased assets being amortized, net	<u>\$ 83,519</u>	<u>\$ 40,838</u>	<u>\$ -</u>	<u>\$ 124,357</u>

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - LEASE ASSETS (Continued)

Lease assets at June 30, 2022, consisted of the following:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Leased Assets	\$ 171,148	\$ -	\$ (49,051)	\$ 122,097
Less accumulated amortization	(46,044)	(41,585)	49,051	(38,578)
Total leased assets being amortized, net	<u>\$ 125,104</u>	<u>\$ (41,585)</u>	<u>\$ -</u>	<u>\$ 83,519</u>

NOTE 9 - 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 3 to 15 years. The total amount outstanding was \$10,253,330 as of June 30, 2023 and \$10,850,098 as of June 30, 2022. In May of 2020, Oregon Business Development agreed to a one-year loan deferment, suspending payments for the period of May 2020 through April of 2021. The deferment was extended in June of 2021 for one additional year. Interest accrual was stopped for that period, and lease terms were extended two additional years. As part of a new deferral agreement, the Port paid off two loans in fiscal year 2023. For the remaining debt, loan amendments were signed commemorating the deferments and extended loan terms. The current portion of these outstanding notes is \$919,766. 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 2024 will be \$85,000 and \$30,796, 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 Bonds are 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 9 - LONG-TERM OBLIGATIONS (Continued)

Following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2023:

	Ending Balance 6/30/22	Additions	Reductions	Ending Balance 6/30/23	Due Within One Year
Notes payable	\$ 13,785,575	\$ -	\$ 777,725	\$ 13,007,850	\$ 1,103,552
Leases payable (Note 10)	85,017	71,183	23,706	132,494	44,891
Tenant rent payables	114,762	-	29,142	85,620	33,111
Compensated absences:					
Accrued vacation	142,253	14,545	-	156,798	156,798
Accrued sick	158,202	9,409	-	167,611	4,171
Total compensated absences	300,455	23,954	-	324,409	160,969
Pollution remediation obligation, net (Note 15)	2,966,175	-	651,837	2,314,338	-
Total other postemployment benefits liability (Note 13)	725,809	12,590	-	738,399	-
Net pension liability (Note 12)	829,427	508,150	-	1,337,577	-
Total long-term obligations	<u>\$ 18,807,220</u>	<u>\$ 615,877</u>	<u>\$ 1,482,410</u>	<u>\$ 17,940,687</u>	<u>\$ 1,342,523</u>

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2022:

	Ending Balance 6/30/21	Additions	Reductions	Ending Balance 6/30/22	Due Within One Year
Notes payable	\$ 13,988,560	\$ -	\$ 202,985	\$ 13,785,575	\$ 777,726
Leases payable (Note 10)	103,657	-	18,640	85,017	19,198
Tenant rent payables	139,368	-	24,606	114,762	24,605
Compensated absences:					
Accrued vacation	137,170	5,083	-	142,253	142,253
Accrued sick	150,983	7,219	-	158,202	-
Total compensated absences	288,153	12,302	-	300,455	142,253
Pollution remediation obligation, net (Note 15)	1,456,000	1,515,088	4,913	2,966,175	-
Total other postemployment benefits liability (Note 13)	1,069,338	-	343,529	725,809	-
Net pension liability (Note 12)	2,050,327	-	1,220,900	829,427	-
Assessment obligations:					
Clatsop County assessment	2,449	-	2,449	-	-
Total long-term obligations	<u>\$ 19,097,852</u>	<u>\$ 1,527,390</u>	<u>\$ 1,818,022</u>	<u>\$ 18,807,220</u>	<u>\$ 963,782</u>

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - 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
2023-24	\$ 548,540	\$ 199,460	\$ 113,959	\$ 34,697	\$ 114,214	\$ 50,620	\$ 48,331	\$ 20,142
2024-25	567,992	180,008	116,797	31,859	119,536	45,298	50,748	17,725
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
2029-33	2,877,418	208,279	794,571	66,026	459,436	44,277	135,775	10,493
	<u>\$ 5,903,074</u>	<u>\$ 1,002,623</u>	<u>\$ 1,393,456</u>	<u>\$ 210,420</u>	<u>\$ 1,086,266</u>	<u>\$ 241,615</u>	<u>\$ 402,835</u>	<u>\$ 85,798</u>

Fiscal Year	Lektro hanger expansion		West basin floats		Airport waterline/fuel tank		Airport E Hangar	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023-24	\$ 32,853	\$ 25,654	\$ 28,868	\$ 18,572	\$ 12,527	\$ 8,278	\$ 20,474	\$ 13,532
2024-25	34,455	24,052	30,202	17,238	13,118	7,687	21,314	12,692
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
2029-33	229,765	62,772	198,417	38,783	86,686	17,339	135,854	34,173
2034-38	136,926	9,170	45,260	2,091	19,859	937	95,584	6,388
	<u>\$ 547,777</u>	<u>\$ 183,391</u>	<u>\$ 401,986</u>	<u>\$ 119,766</u>	<u>\$ 175,379</u>	<u>\$ 53,467</u>	<u>\$ 342,557</u>	<u>\$ 99,472</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
2023-24	\$ 15,000	\$ -	\$ 85,000	\$ 30,796	\$ 58,918	\$ 42,349	\$ 24,868	\$ 2,152
2024-25	15,000	-	85,000	29,512	60,693	40,574	26,024	996
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	-	-
2029-33	15,000	-	505,000	80,481	362,933	143,400	-	-
2034-38	-	-	225,000	13,816	420,991	85,342	-	-
2039-42	-	-	-	-	334,155	20,279	-	-
	<u>\$ 90,000</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>	<u>\$ 229,574</u>	<u>\$ 1,430,960</u>	<u>\$ 442,474</u>	<u>\$ 58,560</u>	<u>\$ 3,214</u>

NOTE 10 - LEASES PAYABLE

The financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes 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.

On July 1, 2020, Port entered into three leases as Lessee for the use of various parcels of submerged and submersible lands claimed by the State of Oregon. Total lease liability was \$85,017 as of June 30, 2022. On January 10, 2023, the Port entered into a lease as Lessee with CityServiceValcon for the use of a Freightliner M2 refueler. An initial lease liability was added in the amount of \$71,183. Principal payments made for fiscal year 2023 were \$23,706. Total lease liability was \$132,494 as of June 30, 2023.

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LEASES PAYABLE (Continued)

Leases payable for the fiscal year ended June 30, 2023 are as follows:

	Outstanding June 30, 2022	Additions	Reductions	Outstanding June 30, 2023
Lessee agreements; 3 agreements, varying interest and lease terms	\$ 85,017	\$ 71,183	\$ (23,706)	\$ 132,494
Total leases payable	<u>\$ 85,017</u>	<u>\$ 71,183</u>	<u>\$ (23,706)</u>	132,494
Current portion				44,891
Long-term portion				<u>\$ 87,603</u>

Future maturities are as follows:

Year Ended	Principal	Interest
2024	\$ 44,891	\$ 2,668
2025	46,354	1,569
2026	28,139	497
2027	13,110	163
Total	<u>\$ 132,494</u>	<u>\$ 4,897</u>

Leases payable for the fiscal year ended June 30, 2022 were as follows:

	Outstanding June 30, 2021	Additions	Reductions	Outstanding June 30, 2022
Lessee agreements; 3 agreements, varying interest and lease terms	\$ 103,657	\$ -	\$ (18,640)	\$ 85,017
Total leases payable	<u>\$ 103,657</u>	<u>\$ -</u>	<u>\$ (18,640)</u>	85,017
Current portion				19,198
Long-term portion				<u>\$ 65,819</u>

NOTE 11 - 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 \$839,112 primarily related to CM/GC services for Pier 2 West, remedial action plans for AOC4, airport improvements, and airport planning services. As of June 30, 2023, approximately \$329,000 of these contracts remain outstanding. A portion of these projects, approximately \$280,000, will be completed through capital grant funding.

NOTE 12 - PENSION PLAN

General Information about the Pension Plan

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

NOTE 12 - PENSION PLAN (Continued)

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.

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.

NOTE 12 - PENSION PLAN (Continued)

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

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

Contributions:

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

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021.

Employer contributions for the year ended June 30, 2023 and June 30, 2022 were \$202,180 and \$176,815, respectively. The rates in effect for the fiscal years ended June 30, 2023 and 2022, based on the December 31, 2019 actuarial valuation, were (1) Tier 1/Tier 2 - 13.31%, (2) OPSRP general service - 11.64%.

Actuarial Valuations:

The employer contribution rates effective July 1, 2021, through June 30, 2023, 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 12 - PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July, 2021
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>Healthy retirees and beneficiaries: 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>Active members: 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>Disabled retirees: Pub-2010 Disable 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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

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

NOTE 12 - 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	15.0%	25.0%	20.0%
Public Equity	25.0	35.0	30.0
Real Estate	7.5	17.5	12.5
Private Equity	15.0	27.5	20.0
Risk Parity	0.0	3.5	2.5
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

NOTE 12 - 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 June 2021 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>Compound Annual Return (Geometric)</u>
Global Equity	30.62%	5.85%
Private Equity	25.50	7.71
Core Fixed Income	23.75	2.73
Real Estate	12.25	5.66
Master Limited Partnerships	0.75	5.71
Infrastructure	1.50	6.26
Commodities	0.63	3.10
Hedge Fund of Funds – Multistrategy	1.25	5.11
Hedge Fund of Equity – Hedge	0.63	5.31
Hedge Fund – Macro	5.62	5.06
US Cash	-2.50 ¹	1.76

¹Negative allocation to cash represents levered exposure from allocation to Risk Parity strategy.

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	\$2,372,078	\$1,337,577	\$471,748

NOTE 12 - 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.

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

At June 30, 2023, the Port reported a liability of \$1,337,577 for its proportionate share of the net pension liability, an increase from \$829,427 as of June 30, 2022. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. 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

NOTE 12 - 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, 2023 and 2022, the Port's proportion was 0.00873548 and 0.00693125 percent, respectively.

For the years ended June 30, 2023 and 2022, the Port recognized pension expense of \$151,719 and \$48,906, respectively.

At June 30, 2023, 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	\$ 64,929	\$ 8,341
Changes in assumptions	209,873	1,917
Net difference between projected and actual earnings on investments	-	239,133
Changes in proportionate share	276,009	271,308
Differences between employer contributions and proportionate share of contributions	31,396	149,333
Total (prior to post-measurement date contributions)	582,207	670,032
Contributions made subsequent to measurement date	202,180	-
Deferred Outflow/Inflow of Resources	<u>\$ 784,387</u>	<u>\$ 670,032</u>

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 12 - 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2024	\$ (18,547)
2025	(55,231)
2026	(139,619)
2027	111,165
2028	14,405
Total	<u>\$ (87,825)</u>

At June 30, 2022, 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	\$ 77,640	\$ -
Changes in assumptions	207,630	2,183
Net difference between projected and actual earnings on investments	-	614,018
Changes in proportionate share	43,726	376,672
Differences between employer contributions and proportionate share of contributions	51,180	7,399
Total (prior to post-measurement date contributions)	380,176	1,000,272
Contributions made subsequent to measurement date	176,815	-
Deferred Outflow/Inflow of Resources	<u>\$ 556,991</u>	<u>\$ 1,000,272</u>

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 12 - 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 \$36,580 and \$29,516 for fiscal years ended June 30, 2023 and 2022, respectively.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 13 - 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 36 plan participants, 30 are active plan participants and 6 are inactive plan participants.

Actuarial assumptions and other inputs. The total OPEB liability based on the July 1, 2021 valuation and supplemental exhibits was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Measurement date	June 30, 2023
Actuarial cost method	Entry age normal, level percent of salary
General inflation	2.0 percent
Salary increases	3.0 percent
Mortality rates	Active employees: PUB 2010 Employee Tables for General Employees, sex distinct, projected generationally. Retirees: PUB 2010 Retiree Tables for General Employees, sex distinct, projected generationally.
Discount rate	3.75 percent
Healthcare cost trend rate	6.5% in 2021/22, declining annually By 0.1% until 2041; 4.5% thereafter

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.

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2023 and 2022, the Port recognized OPEB expense of \$5,594 and \$22,581, respectively.

Change in the total OPEB liability.

	FY 2023	FY 2022
Total OPEB liability - beginning of year	\$ 725,809	\$ 1,069,338
Changes for the year:		
Service cost	30,262	46,892
Interest	25,930	24,823
Benefit payments	(30,423)	(25,956)
Differences between expected and actual experience	-	(308,055)
Changes of assumptions	(13,179)	(81,233)
Total OPEB liability - end of year	\$ 738,399	\$ 725,809

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 3.75 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 2.75%	Current Discount Rate 3.75%	1% Increase 4.75%
Total OPEB Liability	\$ 836,403	\$ 738,399	\$ 655,157

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 OPEB Liability	\$ 618,800	\$ 738,399	\$ 875,398

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. On June 30, 2023, 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	\$ -	\$ 338,133
Changes of assumptions or other input	69,128	74,896
Deferred Outflow/Inflow of Resources	\$ 69,128	\$ 413,029

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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
2024	\$ (50,598)
2025	(50,598)
2026	(50,598)
2027	(50,598)
2028	(50,603)
Thereafter	(90,906)
Total	<u>\$ (343,901)</u>

At June 30, 2022, 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	\$ -	\$ 392,067
Changes of assumptions or other input	82,954	72,207
Deferred Outflow/Inflow of Resources	<u>\$ 82,954</u>	<u>\$ 464,274</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 0.05% of annual covered payroll for Tier One/Tier Two, and 0.00% for OPSRP. The OPERS Board of Trustees sets the 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

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPERS Retirement Health Insurance Account (RHIA) (Continued)

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. With its funded status over 100%, the RHIA UAL contribution rate was set to 0.00% for 2021-2023. The Port's contributions to RHIA for the years ended June 30, 2023, 2022 and 2021 were approximately \$134, \$121, and \$147, respectively, and were included in the Port's pension contributions.

NOTE 14 - 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 15 - 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 million. 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 year 2022 estimates, inflation costs of 20%, or \$821,200, were added to the estimated construction costs, in addition to estimated employee time of \$153,888 and the cost of preliminary plans of \$40,000.

During the year ended June 30, 2023, to update the liability to reflect anticipated costs, the following adjustments were made: the total amount collected from PRPs was increased by \$480,375 for recoveries to \$2,630,375 to reflect the trust account balances as of June 30, 2023 and estimated costs were decreased by \$171,462 to reflect the Port spending in fiscal year 2023. The net decrease to pollution liability was \$651,837.

PORT OF ASTORIA
NOTES TO FINANCIAL STATEMENTS

NOTE 15 - POLLUTION REMEDIATION OBLIGATION (Continued)

Following is a summary of changes to pollution remediation obligation for the fiscal years ended June 30, 2023 and 2022:

	Pollution remediation obligation, net June 30, 2022	Additions	Reductions	Pollution remediation obligation, net June 30, 2023
Area-Wide groundwater contamination	\$ 5,116,175	\$ -	\$ (171,462)	\$ 4,944,713
Less third-party recoveries	(2,150,000)	(569,998)	89,623	(2,630,375)
Total pollution remediation obligation, net	<u>\$ 2,966,175</u>	<u>\$ (569,998)</u>	<u>\$ (81,839)</u>	<u>\$ 2,314,338</u>

	Pollution remediation obligation, net June 30, 2021	Additions	Reductions	Pollution remediation obligation, net June 30, 2022
Area-Wide groundwater contamination	\$ 4,106,000	\$ 1,015,088	\$ (4,913)	\$ 5,116,175
Less third-party recoveries	(2,650,000)	-	500,000	(2,150,000)
Total pollution remediation obligation, net	<u>\$ 1,456,000</u>	<u>\$ 1,015,088</u>	<u>\$ 495,087</u>	<u>\$ 2,966,175</u>

PORT OF ASTORIA

NOTES TO FINANCIAL STATEMENTS

NOTE 16 - 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 17 - 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.

The Port was actively engaged in a lawsuit over the implementation of a \$300 harbor fee on each oceangoing ship over 250 feet long headed up the Columbia. In fiscal year 2022, a decision by the U.S. District Court for the District of Oregon in *CRSOA v. Port of Astoria*, Case No. 3:19-CV-01478-JR, found that the Harbor Fee was invalid. As such, the Port became responsible for refunding Harbor Fees, and the following adjustments were made for fiscal year ended June 30, 2022: a liability of \$218,700 was added to reflect fees that had been billed and collected from various vessel agencies, and a total of \$897,300 in uncollected fees was written off as bad debt. The total Loss on Harbor Fee Settlement expense totaled \$805,500, which was the total income recognized to-date, less bad debt allowance of \$310,500. As of June 30, 2023, all but one of the vessel agencies had been refunded. A liability of \$73,200 recognizes the outstanding obligation that the Port has to pay that remaining customer.

NOTE 18 - CONCENTRATIONS

In 2023, the Port had one major customer that accounted for approximately 14% of total revenue. There was no such concentration in 2022.

NOTE 19 - SUBSEQUENT EVENTS

In June of 2023, the Port executed an agreement with Business Oregon, a state agency, through their Emerging Opportunity Program for \$1,200,000 towards Pier 2 West Permitting and Mitigation for the eventual rehabilitation of Pier 2. In November of 2023, it was announced that the Port had been awarded \$25.3 million in federal grant funding through the United States Department of Transportation's Port Infrastructure Development Program (PIDP) for the rehabilitation of Pier 2.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF ASTORIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Pension Contributions
Oregon Public Employee Retirement Pension Plan

	<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>	<u>FY 2015</u>	<u>FY 2014</u>
Contractually required contribution	\$ 202,180	\$ 176,815	\$ 187,068	\$ 209,618	\$ 171,706	\$ 155,368	\$ 143,700	\$ 133,389	\$ 127,024	\$ 150,259
Contributions in relation to the contractually required contribution	<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>	<u>127,024</u>	<u>150,259</u>
Contribution deficiency/(excess)	-	-	-	-	-	-	-	-	-	-
Port's covered payroll	\$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	\$1,398,824
Contributions as a percentage of covered payroll	12.0%	11.2%	12.9%	13.1%	9.8%	8.7%	8.2%	7.8%	8.2%	10.7%

Schedule of Proportionate Share of Net Pension Liability (Asset)
Oregon Public Employee Retirement Pension Plan *

	<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>	<u>FY 2015</u>
Port's proportion of the net pension liability (asset)	0.00873548%	0.00693125%	0.00939507%	0.00902696%	0.00881592%	0.01008739%	0.01051450%	0.01084981%	0.01230561%
Port's proportionate share of the net pension liability (asset)	\$1,337,577	\$ 829,427	\$2,050,327	\$1,561,448	\$1,335,496	\$1,359,784	\$ 1,578,471	\$ 622,938	\$(278,933)
Port's covered payroll	\$1,580,617	\$1,452,644	\$1,588,448	\$1,748,512	\$1,795,642	\$1,758,400	\$1,713,293	\$1,557,971	\$1,398,824
Port's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.6%	57.1%	129.1%	89.3%	74.4%	77.3%	92.1%	40.0%	(19.9)%
Plan fiduciary net position as a percentage of the total pension liability	84.55%	87.57%	75.79%	80.23%	82.07%	83.12%	80.52%	91.90%	103.6%

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

Notes to Schedules

Changes in Assumptions

A summary of key changes implemented with the December 31, 2020 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2023, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2019 actuarial valuation can be found at: www.oregon.gov/pers.

PORT OF ASTORIA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

Schedule of Changes in Total OPEB Liability and Related Ratios
Health Benefit Retiree Program *

	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>FY 2020</u>	<u>FY 2019</u>	<u>FY 2018</u>
Total OPEB liability - beginning of year	\$ 725,809	\$ 1,069,338	\$ 1,037,923	\$ 1,052,478	\$ 1,019,322	\$ 986,862
Changes for the year:						
Service cost	30,262	46,892	45,306	45,224	43,695	43,695
Interest	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	-	(308,055)	-	(177,357)	-	-
Changes of assumptions	(13,179)	(81,233)	-	124,432	-	-
Total OPEB liability - end of year	<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	\$ 1,528,987	\$ 1,653,983	\$ 1,774,881	\$ 1,850,010	\$ 1,969,781	\$ 1,903,170
Total OPEB liability as a percentage of covered payroll	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

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, 2023**

	Budget		Actual	Variance with
	Original	Final		Final Budget
REVENUES:				
Lease & rental income	\$ 3,118,224	\$ 3,118,224	\$ 2,705,650	\$ (412,574)
Fuel sales	1,882,280	1,882,280	1,790,598	(91,682)
Rebilled expenses	1,713,380	1,713,380	1,764,346	50,966
Pier revenue	1,226,657	1,226,657	777,536	(449,121)
Marina revenue	1,355,847	1,355,847	1,310,719	(45,128)
Other income	187,766	187,766	95,684	(92,082)
Property taxes	890,248	890,248	876,101	(14,147)
Intergovernmental grants	1,940,763	1,940,763	514,188	(1,426,575)
Interest income	18,303	18,303	212,599	194,296
Total revenues	12,333,468	12,333,468	10,047,421	(2,286,047)
EXPENDITURES:				
Materials and services	4,481,686	4,481,686	4,621,723	(140,037)
Personnel services	2,820,490	2,820,490	2,725,231	95,259
Debt service*				
Principal	1,135,728	1,135,728	801,433	334,295
Interest	474,936	474,936	249,727	225,209
Capital outlay	3,959,368	3,959,368	2,261,186	1,698,182
Total expenditures	12,872,208	12,872,208	10,659,300	2,212,908
Revenues over (under) expenditures	(538,740)	(538,740)	(611,879)	(73,139)
OTHER FINANCING SOURCES (USES):				
Issuance of lease	-	-	71,183	71,183
Proceeds from sale of capital assets	-	-	14,116	14,116
Transfers in	198,811	198,811	193,744	(5,067)
Total other financing sources (uses)	198,811	198,811	279,043	80,232
Changes in fund balance	(339,929)	(339,929)	(332,836)	7,093
FUND BALANCE, BEGINNING BUDGETARY BASIS	634,099	634,099	1,132,234	498,135
FUND BALANCE, ENDING BUDGETARY BASIS	\$ 294,170	\$ 294,170	\$ 799,398	\$ 505,228

*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, 2023

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Timber revenue	\$ 198,811	\$ 198,811	\$ 193,744	\$ (5,067)
OTHER FINANCING USE:				
Transfer out	198,811	198,811	193,744	(5,067)
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	<u>669,243</u>	<u>66,9243</u>	<u>771,722</u>	<u>102,479</u>
FUND BALANCE, ENDING BUDGETARY BASIS	<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, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES:				
Total expenditures	-	-	-	-
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	100,000	100,000	100,000	-
FUND BALANCE, ENDING BUDGETARY BASIS	<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, 2023

	Revenues	Expenditures	Revenues Over (Under) Expenditures
BUDGETARY BASIS REVENUES AND EXPENDITURES			
General Fund	\$ 10,047,421	\$ 10,659,300	\$ (611,879)
Special Revenue Fund	193,744	-	193,744
Capital Improvement Reserve Fund	-	-	-
TOTAL	\$ 10,241,165	\$ 10,659,300	\$ (418,135)
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS			
Capital outlay expenditures capitalized			2,261,186
Depreciation and amortization expense			(2,640,599)
Payment of lease principal			23,706
Bad debt expense			27,642
Gain on sale of capital assets			8,184
Payment of principal on notes payable			777,725
Change in property tax receivable			7,774
Change in lease financing receivables			(423,471)
Change in inventory			52,522
Change in prepaid expenses			(6,257)
Change in accrued interest payable			(35,402)
Change in unearned revenue			(48,943)
Change in tenant rent payable			29,142
Change in compensated absences			(23,954)
Change in pollution remediation			651,837
Change in total OPEB liability			(12,590)
Change in net pension liability			(508,150)
Change in deferred outflows of resources – pension and OPEB			213,570
Change in deferred inflows of resources – pension, OPEB and leases			381,485
CHANGES IN NET POSITION - GAAP			\$ 317,272

COMPLIANCE SECTION



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**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, 2023, and have issued our report thereon dated December 27, 2023. 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 \$140,037 in materials and services.

**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, Kowalek & Wawick, LLP

Portland, Oregon
December 27, 2023