PORT OF ASTORIA

Financial Statements and Supplementary Schedules for Port of Astoria, Oregon

For the Years Ended June 30, 2022 and 2021

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PORT OF ASTORIA
PRINCIPAL OFFICIALS

As of June 30, 2022	As of June 30, 2021
Dirk Rohne, President 422 Gateway, Suite 100 Astoria, OR 97103 Dates of service: July 3, 2017 – present	Frank Spence, 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	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	Dirk Rohne, 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	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	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, 2022 and 2021, 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, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Emphasis of Matter

As discussed in Note 18 of the financial statements, the Port adopted the provisions of GASB Statement No. 87, *Leases*. The financial statements have been retroactively restated for these changes. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as Management's Discussion and Analysis and the pension and other postemployment schedules in the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information and the Schedule of Expenditures of Federal Awards

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, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are 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 do 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated November 30, 2022, 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.

Julie B. Fahey

For Talbot, Korvola & Warwick, LLP
Portland, Oregon
November 30, 2022

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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 ending June 30, 2022 and 2021, 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 2022 by $70,952, which is an increase from the prior year in which the Port had a net decrease of $467,642. The Port had an operating loss in the current year of ($3,398,530), an increase from the operating loss in the prior year of ($2,507,841).

The Port had a positive net position of $24,263,972 as of June 30, 2022, an increase from $24,193,020 as of June 30, 2021. While net operating profits decreased by $890,689, this was partially offset by an increase to capital grant activity of $1,199,422 and an increase to non-operating income of $229,861. The net position for the net investment in capital assets increased in 2022 by $1,402,371 for a total of $28,163,279, while the unrestricted net position remained negative at ($3,899,307) as of June 30, 2022, a change from ($2,567,888) as of June 30, 2021.

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).

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,		
	2022	2021 as restated	2020
Assets			
Current assets	$ 4,356,373	$ 4,466,044	$ 4,079,262
Other assets	18,019,398	18,550,958	6,284,621
Lease assets	83,519	125,104	-
Capital assets	35,648,237	34,408,861	33,998,365
Total assets	58,107,527	57,550,967	44,362,248
Deferred pension outflows	556,991	724,337	589,506
Deferred OPEB outflows	82,954	96,780	110,606
Total deferred outflows	639,945	821,117	700,112
Liabilities			
Current liabilities	2,111,944	1,955,786	2,002,166
Long-term liabilities	17,843,438	18,718,137	18,024,917
Total liabilities	19,955,382	20,673,923	20,027,083
Deferred lease resources	13,063,572	13,288,652	-
Deferred pension inflows	1,000,272	78,544	147,527
Deferred OPEB inflows	464,274	137,945	157,651
Total deferred inflows	14,528,118	13,505,141	305,178
Net position			
Net investment in capital assets	28,163,279	26,760,908	26,230,188
Unrestricted	(3,899,307)	(2,567,888)	(1,500,089)
Total net position	$ 24,263,972	$ 24,193,020	$ 24,730,099

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

	Year Ended June 30,		
	2022	2021 as restated	2020
Operating revenues	$ 7,682,321	$ 6,372,403	$ 7,282,437
Operating expenses	(11,080,851)	(8,880,244)	(8,081,422)
Loss from operations	(3,398,530)	(2,507,841)	(798,985)
Non-operating revenues	1,241,855	1,274,378	1,064,634
Non-operating expenses	(62,190)	(324,574)	(531,079)
Net loss before capital grants	(2,218,865)	(1,558,037)	(265,430)
Capital grants	2,289,817	1,090,395	3,594,507
Change in net position	70,952	(467,642)	3,329,077
Net position, beginning of year, as previously stated	24,193,020	24,730,099	21,401,022
Restatement GASB 87 (NOTE 18)	-	(69,437)	-
Net position, beginning of year	24,193,020	24,660,662	21,401,022
Net position, end of the year	$ 24,263,972	$ 24,193,020	$ 24,730,099

Analysis of the Overall Financial Position and Results of Operations

During the fiscal year ended June 30, 2022, there was increased capital activity from the prior year. Acquisition and construction of capital assets was $3,436,582 for the fiscal year 2022, compared to $2,792,897 in the fiscal year 2021. See Note 4 for more information on capital assets.

Operating revenues increased by $1,309,918, which represents a 20.6% increase from the prior year. The Port saw increases from every revenue center, most notably in fuel sales, where the year-over-year increase was $591,598, or 64%. This steep increase was partially offset by a related increase to materials and services for fuel costs. Fuel prices rose significantly in the second half of fiscal year 2022.

Operating expenses increased by $2,200,607 which represents a 24.8% increase from fiscal year 2021. There were three main contributing factors: an increase to materials and services due to higher fuel costs, an increase to pollution remediation expense of $1,015,088, and a new harbor fee settlement expense of $805,500. See Note 15, Pollution, and Note 17, Contingencies for more information.

Non-operating revenues, consisting primarily of property taxes, timber receipts, interest income, and grants, decreased by $32,523 or 2.6% from fiscal year 2021. The decrease was primarily attributable to decreased grants revenue. Non-operating expenses decreased in fiscal year 2022 by $262,384, or 80.8%, as a result of a loss on disposal of capital assets in 2021 and none in 2022.

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 2.28 to 2.06. There were several contributing factors, most notably: cash decreased by $349,294, current maturities of long-term receivables increased by $451,086, accounts payable decreased by $636,944, the current portion of long-term obligations increased by $584,067, and a new Harbor Fee settlement liability of $218,700 was added to current liabilities.

Capital Asset and Debt Administration

Capital Assets - The Port's investment in capital assets for its activities, as of June 30, 2022, was $35,648,237, and for June 30, 2021, was $34,408,861, net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, infrastructure, and machinery and equipment. The total increase in capital assets for the current fiscal year was $1,239,377 or 4% based on June 30, 2021 capital asset balances. The increase was a result of additions to construction in progress of $2,503,652, with a net decrease in depreciable assets of $1,264,275. In fiscal year 2021, the total net increase in capital assets was $605,461. 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 $18,807,220, a decrease of $290,632 from the prior year; the two main contributing factors were an increase to pollution liability of $1,510,575 and a decrease to the net pension liability of $1,220,900. 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 West Marina dredging, piling replacements, East Basin causeway repairs, planning for Pier 2 West rehabilitation, 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.

	June 30, 2022	June 30, 2021 as restated
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,320,939	$ 1,670,233
Accounts receivables, net	842,498	944,520
Property and other county taxes receivable	32,905	33,311
Current maturities, long-term receivable	1,649,708	1,198,622
Inventory	47,468	63,977
Prepaid expenses	147,912	140,644
Grants receivable	314,943	414,737
Total current assets	4,356,373	4,466,044
NONCURRENT ASSETS:		
Land and non-depreciable capital assets	6,043,875	3,865,944
Capital assets, net	29,604,362	30,542,917
Lease assets, net	83,519	125,104
Long-term lease receivable, less current maturities	12,148,818	12,273,837
Long-term financing receivables, less current maturities	5,870,580	6,277,121
Total noncurrent assets	53,751,154	53,084,923
Total assets	58,107,527	57,550,967
DEFERRED OUTFLOWS:		
Deferred pension outflows	556,991	724,337
Deferred OPEB outflows	82,954	96,780
Total deferred outflows of resources	639,945	821,117
Total assets and deferred outflows	$ 58,747,472	$ 58,372,084
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	$ 725,679	$ 1,362,623
Accrued payroll and related expenses	40,684	29,540
Accrued interest payable	75,319	80,174
Unearned revenue	87,780	103,734
Long-term obligations, current portion	963,782	379,715
Harbor Fee settlement liability	218,700	-
Total current liabilities	2,111,944	1,955,786
NONCURRENT LIABILITIES:		
Long-term obligations, net of current portion	17,843,438	18,718,137
Total liabilities	19,955,382	20,673,923
DEFERRED INFLOWS:		
Deferred lease inflows	13,063,572	13,288,652
Deferred pension inflows	1,000,272	78,544
Deferred OPEB inflows	464,274	137,945
Total deferred inflows of resources	14,528,118	13,505,141
NET POSITION:		
Net investment in capital assets	28,163,279	26,760,908
Unrestricted	(3,899,307)	(2,567,888)
Total net position	24,263,972	24,193,020
Total liabilities, deferred inflows and net position	$ 58,747,472	$ 58,372,084

	YEAR ENDED JUNE 30, 2022	2021 as restated
OPERATING REVENUES:		
Lease and rental operations	$ 2,098,451	$ 1,989,557
Fuel sales	1,513,761	922,163
Re-billed expenses	1,503,776	1,267,142
Pier revenue	1,146,995	992,169
Marina revenue	1,291,053	1,047,593
Finance charges	11,369	10,675
Other income	116,916	143,104
Total operating revenues	7,682,321	6,372,403
OPERATING EXPENSES:		
Materials and services	4,015,317	3,396,303
Personnel services	2,473,673	2,886,418
Depreciation and amortization	2,238,791	2,233,480
Bad debt	32,482	149,745
Pollution remediation	1,515,088	214,298
Loss on Harbor Fee settlement	805,500	-
Total operating expenses	11,080,851	8,880,244
Operating loss	(3,398,530)	(2,507,841)
NON-OPERATING INCOME (EXPENSE):		
Property taxes	855,685	822,182
Interest income	217,112	163,916
Grants	-	89,416
Timber receipts	165,508	198,864
Gain (loss) on disposal of assets	3,550	(183,095)
Interest expense	(62,190)	(141,479)
Total non-operating income (expense)	1,179,665	949,804
Net loss before capital grants	(2,218,865)	(1,558,037)
CAPITAL GRANTS	2,289,817	1,090,395
Changes in net position	70,952	(467,642)
NET POSITION - BEGINNING OF YEAR AS PREVIOUSLY STATED	24,193,020	24,730,099
RESTATEMENT GASB 87 (NOTE 18)	-	(69,437)
NET POSITION – BEGINNING OF YEAR	24,193,020	24,660,662
NET POSITION - END OF YEAR	$ 24,263,972	$ 24,193,020

See accompanying notes.

	YEAR ENDED JUNE 30, 2022	2021 as restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$ 7,566,696	$ 5,822,566
Payments for personnel services	(2,585,427)	(2,557,220)
Payment to suppliers	(5,237,183)	(3,508,480)
Net cash used by operating activities	(255,914)	(243,134)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Cash received from property taxes	856,091	833,525
Cash received from timber tax revenue	165,508	198,864
Payments received on non-capital grant agreements	-	89,416
Net cash provided by non-capital financing activities	1,021,599	1,121,805
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments received on capital grant agreements	2,389,611	1,891,163
Principal payments on leases	(18,640)	(67,491)
Acquisition and construction of capital assets	(3,436,582)	(2,792,897)
Principal payment on long term debt	(202,985)	(147,176)
Payment to refund loan	-	(1,296,652)
Loan proceeds	-	1,345,000
Interest paid on debt and leases	(67,045)	(144,885)
Interest on lease receivables	212,793	162,451
Proceeds on sale of capital assets	3,550	11,870
Net cash provided (used) by capital and related financing activities	(1,119,298)	(1,038,617)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and investment earnings	4,319	1,465
Net cash provided by investing activities	4,319	1,465
Net increase (decrease) in cash and cash equivalents	(349,294)	(158,481)
CASH AND CASH EQUIVALENTS, BEGINNING	1,670,233	1,828,714
CASH AND CASH EQUIVALENTS, ENDING	$ 1,320,939	$ 1,670,233

	YEAR ENDED JUNE 30, 2022	2021 as restated
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	$ (3,398,530)	$ (2,507,841)
Adjustments		
Depreciation and amortization	2,238,791	2,233,480
Decrease (increase) in:		
Accounts receivables, net	102,022	(233,530)
Lease receivable	72,974	(13,464,959)
Inventory	16,509	(40,261)
Prepaid expenses	(7,268)	38,102
Long-term financing receivables, less current maturities	7,500	7,500
Increase (decrease) in:		
Accounts payable	(636,944)	(107,584)
Accrued payroll and related expenses	23,446	18,598
Tenant rent payable	(24,606)	(21,771)
Pollution remediation obligation	1,510,175	214,298
Harbor fee liability	218,700	-
OPEB liability and related deferrals	(3,374)	25,535
Net pension liability and related deferrals	(131,826)	285,065
Deferred inflow - leases	(225,080)	13,288,652
Unearned revenue	(15,954)	24,016
Clatsop County assessment	(2,449)	(2,434)
Net cash provided by operating activities	$ (255,914)	$ (243,134)

See accompanying notes.

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 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, 2022 and 2021 was $100,030 and $403,702, respectively.

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

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, net of outstanding debt obligations related to those capital 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.

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 General Fund reported an over expenditure of $196,340 in materials and services and $805,500 for the unbudgeted amount of loss related to the harbor fee court case for the year ended June 30, 2022. The Port's actual expenditures were within budgeted amounts for the year ended June 30, 2021.

NOTE 3 - CASH AND CASH EQUIVALENTS

Total cash and cash equivalents, as presented in the statements of net position as of June 30, 2022 and 2021 are as follows:

	2022	2021
Cash on hand	$ 745	$ 595
Bank deposits	994,475	1,344,248
Money market accounts	325,719	325,390
Total cash and cash equivalents	$ 1,320,939	$ 1,670,233

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 $1,025,588 and $1,431,855 at June 30, 2022 and 2021, 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, 2022 and 2021, 100% of its deposits were held in multiple deposit and money market accounts, with one bank.

NOTE 4 - CAPITAL ASSETS

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	3,865,944	2,503,652	-	(325,721)	6,043,875
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
Total capital assets, depreciable	71,937,575	932,930	(24,794)	325,721	73,171,431
Less: accumulated depreciation	(41,394,658)	(2,197,205)	24,794	-	(43,567,069)
Net depreciable capital assets	30,542,917	(1,264,275)	-	325,721	29,604,362
Net capital assets	$ 34,408,861	$ 1,239,377	$ -	$ -	$ 35,648,237

Construction in progress consists primarily of pier restoration and airport improvements. Capital projects are financed by a combination of debt, grants, and internal resources.

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity and balances consist of the following for the year ended June 30, 2021:

	Ending Balance 6/30/20	Additions	Deletions	Transfers	Ending Balance 6/30/21
Capital assets, non-depreciable:					
Land	$ 2,584,837	$ -	$ -	$ -	$ 2,584,837
Construction in Progress	4,397,130	1,072,739	(194,965)	(3,993,797)	1,281,107
Total capital assets, non-depreciable	6,981,967	1,072,739	(194,965)	(3,993,797)	3,865,944
Capital assets, depreciable:					
Land Improvements	37,107,711	1,349,146	-	4,209,170	42,666,027
Buildings & Structures	13,732,404	316,367	(4,816)	60,280	14,104,235
Airport Property	12,064,486	-	-	(330,299)	11,734,187
Leasehold Improvements	6,532	-	-	-	6,531
Intangibles	109,609	-	-	39,592	149,201
Machinery & Equipment	993,804	52,955	(96,522)	7,864	958,101
Dredge & Marine Equipment	979,592	-	-	-	979,592
Vehicles & Boats	510,370	-	(7,602)	-	502,768
Furniture & Fixtures	619,488	1,690	-	7,190	628,368
Computer & Equipment	208,564	-	-	-	208,564
Total capital assets, depreciable	66,332,560	1,720,158	(108,940)	3,993,797	71,937,575
Less: accumulated depreciation	(39,316,162)	(2,187,436)	108,940	-	(41,394,658)
Net depreciable capital assets	27,016,398	(467,278)	-	3,993,797	30,542,917
Net capital assets	$ 33,998,365	$ 605,461	$ (194,965)	$ -	$ 34,408,861

NOTE 5 - LONG-TERM FINANCING RECEIVABLES

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

Long-term financing receivables at June 30, 2021, consist of the following:

	Current	Long-term
Net investment in direct financing lease (Note 6)	$ -	$ 6,208,996
Bornstein land lease	7,500	68,125
Total long-term financing receivables	$ 7,500	$ 6,277,121

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, 2022 and 2021:

	2022	2021
Minimum lease payments receivable	$ 7,734,831	$ 7,734,831
Less unearned income	(1,417,075)	(1,417,075)
Less applicable credits	(108,760)	(108,760)
Net investment in direct financing lease	6,208,996	6,208,996
Less current maturities	(399,041)	-
Long-term portion	$ 5,809,955	$ 6,208,996

NOTE 6 – DIRECT FINANCING LEASE (Continued)

As of June 30, 2022 minimum lease payments are as follows:

Year Ended	
2023	399,041
2024	548,540
2025	567,992
2026	588,134
2027	624,991
Thereafter	3,480,298
Total minimum payments required	$ 6,208,996

NOTE 7 – LEASE RECEIVABLES

For the year ended June 30, 2022, 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. On December 1, 2020, the Port entered into a 60-month lease as Lessor with UPS. An initial lease receivable was recorded in the amount of $165,673. On April 1, 2021, the Port entered into a 240-month lease as Lessor with The Scoular Company. An initial lease receivable was recorded in the amount of $857,693. In fiscal year 2021 the receivable was reduced by $1,057,071, and as of June 30, 2021, the value of total lease receivables was $13,464,959. The value of the deferred inflow of resources as of June 30, 2021 was $13,288,652. The Port recognized lease revenue of $1,233,378 during the fiscal year ending June 30, 2021.

On August 1, 2021, the Port entered into a 300-month lease as Lessor with Recology Western Oregon-Coast Inc. An initial lease receivable was recorded in the amount of $1,118,148. In fiscal year 2022 the receivable was reduced by $1,191,122, and as of June 30, 2022, the value of total lease receivables was $13,391,985. The value of the deferred inflow of resources as of June 30, 2022 was $13,063,572. The Port recognized lease revenue of $1,343,228 during the fiscal year ending June 30, 2022.

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	$ 13,464,959	$ 1,118,148	$ 1,191,122	$ 13,391,985
Total lease receivables	$ 13,464,959	$ 1,118,148	$ 1,191,122	13,391,985
Current portion				1,243,167
Long-term portion				$ 12,148,818

NOTE 7 – LEASE RECEIVABLES (Continued)

Future maturities are as follows:

Year Ended	Principal	Interest
2023	$ 1,243,167	$ 202,569
2024	1,236,382	186,054
2025	1,203,203	169,475
2026	1,123,047	153,145
2027	987,275	137,931
Thereafter	7,598,911	791,366
Total	$ 13,391,985	$ 1,640,540

Lease receivables at June 30, 2021, consisted of the following:

	Outstanding June 30, 2020	Additions	Reductions	Outstanding June 30, 2021
Lessor agreements; 22 agreements, varying interest and lease terms	$ 13,498,664	$ 1,023,366	$ 1,057,071	$ 13,464,959
Total lease receivables	$ 13,498,664	$ 1,023,366	$ 1,057,071	13,464,959
Current portion				1,191,122
Long-term portion				$ 12,273,837

NOTE 8 – LEASE ASSETS

For the year ended June 30, 2022 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 2021, amortization expense was $46,044. The net value of lease assets as of June 30, 2021 was $125,104.

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. In fiscal year 2022, amortization expense was $41,585. The net value of lease assets as of June 30, 2022 was $83,519.

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

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

NOTE 8 – LEASE ASSETS (Continued)

Lease assets at June 30, 2021, consisted of the following:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Leased Assts:				
Waterways	$ 171,148	-	$ -	$ 171,148
Less accumulated amortization	-	(46,044)	-	(46,044)
Total leased assets being amortized, net	$ 171,148	$ (46,044)	$ -	$ 125,104

NOTE 9 - LONG-TERM OBLIGATIONS

Notes payable - The Port has 11 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 $10,850,098 as of June 30, 2022 and $10,867,312 as of June 30, 2021. 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 will make partial payments in fiscal year 2022-2023, with the majority of debt being deferred through June of 2023. The current portion of these outstanding notes is $596,768. 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 2022 will be $85,000 and $31,833, 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 $47,990 for LED lighting improvements on Port property. The interest and principal payments are due in monthly installments of $778 and carries an imputed interest rate of 5.23%. The note matured on April 25, 2022.

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.

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	$ 19,097,852	$ 1,527,390	$ 1,818,022	$ 18,807,220	$ 963,782

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

Following is a summary of changes in long-term obligations for the fiscal year ended June 30, 2021:

	Ending Balance 6/30/20	Additions	Reductions	Ending Balance 6/30/21	Due Within One Year
Notes payable	$ 14,087,388	$ 1,345,000	$ 1,443,828	$ 13,988,560	$ 196,851
Leases payable (Note 10)	171,148	-	67,491	103,657	18,640
Tenant rent payables	161,139	-	21,771	139,368	24,605
Compensated absences:					
Accrued vacation	117,233	19,937	-	137,170	137,170
Accrued sick	152,654	-	1,669	150,983	-
Total compensated absences	269,887	19,937	1,669	288,153	137,170
Pollution remediation obligation, net (Note 15)	1,241,702	806,000	591,702	1,456,000	-
Total other postemployment benefits liability (Note 13)	1,037,923	31,415	-	1,069,338	-
Net pension liability (Note 12)	1,561,448	488,879	-	2,050,327	-
Assessment obligations:					
Clatsop County assessment	4,883	-	2,434	2,449	2,449
Total long-term obligations	$ 18,535,518	$ 2,691,231	$ 2,128,895	$ 19,097,852	$ 379,715

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

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

	Bornstein Buildings Cons't		Lektro Building Expansion		West basin breakwater II		West basin breakwater	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ 399,041	$ 161,959	$ -	$ -	$ -	$ -	$ -	$ -
2023-24	548,540	199,460	113,959	34,697	114,829	50,005	48,331	20,142
2024-25	567,992	180,008	116,797	31,859	122,312	44,837	53,748	17,725
2025-26	588,134	159,866	133,049	28,951	122,440	39,272	54,185	15,038
2026-27	624,991	139,009	136,362	25,638	135,223	33,609	59,645	12,329
2028-32	3,573,417	324,280	734,462	75,538	591,462	84,145	186,925	18,994
2033-37	-	-	158,828	3,955	-	-	-	-
	$ 6,302,115	$ 1,164,583	$ 1,393,456	$ 200,639	$ 1,086,266	$ 251,868	$ 402,834	$ 84,228

	Lektro hanger expansion		West basin floats		West basin improvements		Airport waterline/fuel tank	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ 7,971	$ 6,656	$ -	$ -	$ 79,831	$ -	$ -	$ -
2023-24	32,848	25,659	28,868	18,572	-	-	12,527	8,278
2024-25	34,450	24,057	30,202	17,238	-	-	13,118	7,687
2025-26	36,130	22,377	31,597	15,843	-	-	13,738	7,067
2026-27	37,892	20,615	33,057	14,383	-	-	14,386	6,419
2028-32	219,050	73,487	189,655	47,545	-	-	82,779	21,246
2033-37	187,409	17,274	88,606	6,185	-	-	38,831	2,770
	$ 555,750	$ 190,125	$ 401,986	$ 119,765	$ 79,831	$ -	$ 175,379	$ 53,467

	Airport E Hangar		Lektro electrical upgrade		Connect II Pier 2		Pier 1 Building	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ -	$ -	$ 15,800	$ -	$ 15,000	$ -	$ 85,000	$ 31,833
2023-24	20,473	13,533	-	-	15,000	-	85,000	30,796
2024-25	21,312	12,693	-	-	15,000	-	85,000	29,512
2025-26	22,187	11,819	-	-	15,000	-	90,000	27,974
2026-27	23,097	10,909	-	-	15,000	-	90,000	26,083
2028-32	130,494	39,533	-	-	30,000	-	495,000	94,178
2033-37	124,993	11,002	-	-	-	-	330,000	21,029
	$ 342,556	$ 99,489	$ 15,800	$ -	$ 105,000	$ -	$ 1,260,000	$ 261,405

	Airport T-Hanger Building		Key Government Finance		2020 LED Lighting Project	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2022-23	$ 94,125	$ -	$ 57,195	$ 44,071	$ 23,763	$ 3,257
2023-24	-	-	58,918	42,349	24,868	2,152
2024-25	-	-	60,693	40,574	26,024	996
2025-26	-	-	62,521	38,745	7,668	66
2026-27	-	-	64,405	36,862	-	-
2028-32	-	-	352,320	154,014	-	-
2033-37	-	-	408,680	97,653	-	-
2038-42	-	-	423,423	32,277	-	-
	$ 94,125	$ -	$ 1,488,155	$ 486,545	$ 82,323	$ 6,471

NOTE 10 – LEASES PAYABLE

For the year ended June 30, 2022, 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. An initial lease liability was recorded in the amount of $171,148. In fiscal year 2021, the Port made lease payments of $67,491. In fiscal year 2022, the Port made lease payments of $18,640. Total lease liability was $85,017 as of June 30, 2022.

Leases payable for the fiscal year ending June 30, 2022 are 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	$ 103,657	$ -	$ (18,640)	$ 85,017
Current portion				19,198
Long-term portion				$ 65,819

Future maturities are as follows:

Year Ended	Principal	Interest
2023	$ 19,198	$ 1,007
2024	19,774	785
2025	20,368	555
2026	12,567	319
2027	13,110	163
Total	$ 85,017	$ 2,829

Leases payable for the fiscal year ending June 30, 2021 were as follows:

	Outstanding June 30, 2020	Additions	Reductions	Outstanding June 30, 2021
Lessee agreements; 3 agreements, varying interest and lease terms	$ 171,148	$ -	$ (67,491)	$ 103,657
Total leases payable	$ 171,148	$ -	$ (67,491)	$ 103,657
Current portion				18,640
Long-term portion				$ 85,017

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 $1,984,127 primarily related to West Basin dredging, engineering design services for Pier 2 West, preliminary remedial action plans for AOC4, and airport planning services. As of June 30, 2022, approximately $1,023,025 of these contracts remain outstanding. A portion of these projects, approximately $470,000, 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.

Employees of the Port are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. OPERS issues a publicly available financial report that can be obtained at https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.

Benefits provided under Chapter 238-Tier One / Tier Two

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

   A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

2. *Death Benefits.* Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:
   - Member was employed by a OPERS employer at the time of death,
   - Member died within 120 days after termination of OPERS-covered employment,
   - Member died as a result of injury sustained while employed in a OPERS-covered job, or
   - Member was on an official leave of absence from a OPERS-covered job at the time of death.

3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

4. *Benefit Changes After Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

NOTE 12 - PENSION PLAN (Continued)

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

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

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

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

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

2. *Death Benefits.* Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

3. *Disability Benefits.* A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

4. *Benefit Changes after Retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions:

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

Employer contribution rates during the period were based on the December 31, 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, 2022 and June 30, 2021 were $176,815 and $187,068, respectively. The rates in effect for the fiscal year ended June 30, 2021 were: (1) Tier1/Tier 2 – 15.64%, (2) OPSRP general service – 12.83%. The rates in effect for the fiscal year ended June 30, 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.

NOTE 12 - PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used in Developing Total Pension Liability:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021
Experience Study Report	2018, published July, 2019
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 *Moro* decision; blend based on service.
Mortality	**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. **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. **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.

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, 2018.

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.

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:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5	37.5	32.5
Real Estate	9.5	15.5	12.5
Private Equity	14.0	21.0	17.5
Alternatives Portfolio	7.5	17.5	15.0
Opportunity Portfolio	0.0	3.0	0.0
Risk Parity	0.0	2.5	2.5
Total			100.0 %

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.

Asset Class	Target	Compound Annual Return (Geometric)
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

[1]Negative 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	$1,628,796	$829,427	$160,645

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 comprehensive annual 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, 2022, the Port reported a liability of $829,427 for its proportionate share of the net pension liability, a decrease from $2,050,327 as of June 30, 2021. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019 and rolled forward to June 30, 2021. 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.

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, 2022 and 2021, the Port's proportion was 0.00693125 and 0.00939507 percent, respectively.

For the years ended June 30, 2022 and 2021, the Port recognized pension expense of $48,906 and $466,626, respectively.

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	$ 556,991	$ 1,000,272

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, 2022. 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)
2023	$	(126,567)
2024		(118,705)
2025		(148,408)
2026		(216,840)
2027		(9,576)
Total	$	(620,096)

At June 30, 2021, 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	$	90,239	$	-
Changes in assumptions		110,035		3,855
Net difference between projected and actual earnings on investments		241,092		-
Changes in proportionate share		58,571		65,048
Differences between employer contributions and proportionate share of contributions		37,332		9,641
Total (prior to post-measurement date contributions)		537,269		78,544
Contributions made subsequent to measurement date		187,068		-
Deferred Outflow/Inflow of Resources	$	724,337	$	78,544

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 $29,516 and $27,393 for fiscal years ended June 30, 2022 and 2021, 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 are eligible under a) PERS Tier 1 or 2, being age 55, or any age with 30 years of service, or b) OPSRP member, being age 55 with 5 years of service. The Port pays the medical premiums for eligible retirees until Medicare eligibility, and reimburses the Medicare Supplement premium thereafter.

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 in the July 1, 2021 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Measurement date	June 30, 2022
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	3.5 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.

NOTE 13 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2022 and 2021, the Port recognized OPEB expense of $22,581 and $63,373, respectively.

Change in the total OPEB liability.

	FY 2022	FY 2021
Total OPEB liability - beginning of year	$ 1,069,338	$ 1,037,923
Changes for the year:		
Service cost	46,892	45,306
Interest	24,823	23,947
Benefit payments	(25,956)	(37,838)
Differences between expected and actual experience	(308,055)	-
Changes of assumptions	(81,233)	-
Total OPEB liability - end of year	$ 725,809	$ 1,069,338

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 3.5 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 2.50%	Current Discount Rate 3.50%	1% Increase 4.50%
Total OBEB Liability	$ 825,644	$ 725,809	$ 641,423

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

	1% Decrease	Current Trend Rate	1% Increase
Total OBEB Liability	$ 620,281	$ 725,809	$ 856,687

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. On 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	$ 82,954	$ 464,274

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
2023	$	(49,134)
2024		(49,134)
2025		(49,134)
2026		(49,134)
2027		(49,134)
Thereafter		(135,650)
Total	$	(381,320)

At June 30, 2021, 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	$	-	$	137,945
Changes of assumptions or other input		96,780		-
Deferred Outflow/Inflow of Resources	$	96,780	$	137,945

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, 2022, 2021 and 2020 were approximately $121, $147, and $660, 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. Consequently, the Port reduced the estimated cleanup costs from $4,378,026 at June 30, 2018, to $3,300,000 at June 30, 2019. In April of 2020 a settlement was agreed upon with McCall Oil and Exxon Mobile for the collective sum of $2.9 million, less attorney fees of $250,000. In May of 2021, the Port received an updated estimate that increased the cost estimate from $3,300,000 to $4,106,000.

During the year ended June 30, 2022, to update the liability to reflect anticipated costs, the following adjustments were made: the total amount collected from PRPs was decreased by $500,000 for recoveries to $2.4 million, less attorney fees of $250,000; to adjust for inflation, 20% was added to the construction estimate from 2021, increasing the liability by $821,200; the cost of preliminary plans to comply with consent judgement was added, increasing the liability by $40,000; an estimate of employee time related to project management was added, increasing the liability by $153,888. The increase to pollution liability was $1,015,088.

NOTE 15 - POLLUTION REMEDIATION OBLIGATION (Continued)

Following is a summary of changes to pollution remediation obligation for the fiscal years ended June 30, 2022 and 2021:

	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	$ 1,456,000	$ 1,015,088	$ 495,087	$ 2,966,175

	Pollution remediation obligation, net June 30, 2020	Additions	Reductions	Pollution remediation obligation, net June 30, 2021
Area-Wide groundwater contamination	$ 3,300,000	$ 806,000	$ -	$ 4,106,000
Less estimated third-party recoveries	(2,058,298)	(591,702)	-	(2,650,000)
Total pollution remediation obligation, net	$ 1,241,702	$ 214,298	$ -	$ 1,456,000

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.

At the end of fiscal years 2021 and 2020, 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 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 a liability of $218,700 was added to reflect fees that had been billed and collected from various vessel agencies. 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.

NOTE 18 - RESTATEMENT

During the year ended June 30, 2022, the Port implemented Governmental Accounting Standards Board Statement (GASB) No. 87, Leases. Prior to implementation, the Port had recorded a lease payment for a future period as a prepaid asset as of June 30, 2020 in accordance with US GAAP. The implementation of GASB Statement No. 87, impacted the following balances as of and for the year ended June 30, 2021:

	YEAR ENDED JUNE 30, 2021		
	As Previously Reported	As Restated	Change
Prepaids	$ 69,437	$ -	$ (69,437)
Lease assets, net	-	125,104	125,104
Long-term lease receivables	-	13,464,959	13,464,959
Lease payable	-	103,657	103,657
Deferred lease inflows	-	13,288,652	13,288,652
Net position	24,064,703	24,193,020	128,317
Lease revenue	1,975,701	1,989,557	13,856
Materials and services	3,465,740	3,396,303	(69,437)
Depreciation and amortization	2,187,436	2,233,480	46,044
Interest income	1,465	163,916	162,451
Interest expense	139,533	141,479	1,946

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Pension Contributions
Oregon Public Employee Retirement Pension Plan *

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Contractually required contribution	$ 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	176,815	187,068	209,618	171,706	155,368	143,700	133,389	127,024	150,259
Contribution deficiency/(excess)	-	-	-	-	-	-	-	-	-
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
Contributions as a percentage of covered payroll	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 *

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Port's proportion of the net pension liability (asset)	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)	$ 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	$1,452,644	$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	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	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, 2019 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2022, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2018 actuarial valuation can be found at: www.oregon.gov/pers.

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

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total OPEB liability - beginning of year	$ 1,069,338	$ 1,037,923	$ 1,052,478	$ 1,019,322	$ 986,862
Changes for the year:					
Service cost	46,892	45,306	45,224	43,695	43,695
Interest	24,823	23,947	40,280	38,131	36,924
Benefit payments	(25,956)	(37,838)	(47,134)	(48,670)	(48,159)
Differences between expected and actual experience	(308,055)	-	(177,357)	-	-
Changes of assumptions	(81,233)	-	124,432	-	-
Total OPEB liability - end of year	$ 725,809	$ 1,069,338	$ 1,037,923	$ 1,052,478	$ 1,019,322
Port's covered employee payroll	$ 1,653,983	$ 1,774,881	$ 1,850,010	$ 1,969,781	$ 1,903,170
Total OPEB liability as a percentage of covered payroll	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, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Lease & rental income	$ 2,163,925	$ 2,163,925	$ 2,065,391	$ (98,534)
Fuel sales	890,000	1,380,700	1,513,761	133,061
Rebilled expenses	1,499,380	1,499,380	1,503,776	4,396
Pier revenue	1,180,000	1,180,000	1,146,995	(33,005)
Marina revenue	1,024,980	1,024,980	1,291,053	266,073
Other income	100,800	140,300	128,285	(12,015)
Property taxes	841,048	841,048	856,091	15,043
Intergovernmental grants	4,717,834	4,678,334	2,289,817	(2,388,517)
Interest income	8,250	8,250	217,112	208,862
Total revenues	12,426,217	12,916,917	11,012,281	(1,904,636)
EXPENDITURES:				
Materials and services	3,444,948	3,817,098	4,013,438	(196,340)
Personnel services	2,879,677	2,879,677	2,596,571	283,106
Harbor Fee settlement expense	-	-	805,500	(805,500)
Debt service				
Principal *	220,000	220,000	221,625	(1,625)
Interest	95,000	95,000	67,045	27,955
Capital outlay	6,881,192	6,881,192	3,436,582	3,444,610
Total expenditures	13,520,817	13,892,967	11,140,762	2,752,205
Revenues over (under) expenditures	(1,094,600)	(976,050)	(128,481)	847,569
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	-	-	3,550	3,550
Transfers in	139,458	139,458	165,508	26,050
Total other financing sources (uses)	139,458	139,458	169,058	29,600
Changes in fund balance	(955,142)	(836,592)	40,577	877,170
FUND BALANCE, BEGINNING BUDGETARY BASIS	1,023,639	1,023,639	915,350	(108,289)
PRIOR PERIOD ADJUSTMENT	-	-	176,307	176,307
FUND BALANCE, ENDING BUDGETARY BASIS	$ 68,497	$ 187,047	$ 1,132,234	$ 945,188

*Budgeted as a single debt service item.

SCHEDULE OF REVENUES, OTHER FINANCING USE, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Timber revenue	$ 139,458	$ 139,458	$ 165,508	$ 26,050
OTHER FINANCING USE:				
Transfer out	139,458	139,458	165,508	(26,050)
Net changes in fund balance	-	-	-	-
FUND BALANCE, BEGINNING BUDGETARY BASIS	669,243	66,9243	771,722	102,479
FUND BALANCE, ENDING BUDGETARY BASIS	$ 669,243	$ 669,243	$ 771,722	$ 102,479

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget			Variance with
	Original	Final	Actual	Final Budget
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	$ 100,000	$ 100,000	$ 100,000	$ -

	Revenues	Expenditures	Revenues Over (Under) Expenditures
BUDGETARY BASIS REVENUES AND EXPENDITURES			
General Fund	$ 11,012,281	$ 11,140,762	$ (128,481)
Special Revenue Fund	165,508	-	165,508
Capital Improvement Reserve Fund	-	-	-
TOTAL	$ 11,177,789	$ 11,140,762	$ 37,027
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS			
Capital outlay expenditures capitalized			3,436,582
Depreciation and amortization expense			(2,238,791)
Payment of lease principal			18,640
Bad debt expense			(32,482)
Proceeds on disposal of capital assets			3,550
Payment of principal on notes payable			202,985
Change in property tax receivable			(406)
Change in lease financing receivables			(7,500)
Change in inventory			(16,509)
Change in prepaid expenses			7,268
Change in accrued interest payable			4,855
Change in unearned revenue			15,954
Change in tenant rent payable			24,606
Change in compensated absences			(12,302)
Change in pollution remediation			(1,510,175)
Change in Clatsop County assessment			2,449
Change in total OPEB liability			343,529
Change in net pension liability			1,220,900
Change in deferred outflows of resources – pension, OPEB and leases			(181,172)
Change in deferred inflows of resources – pension, OPEB and leases			(1,248,056)
CHANGES IN NET POSITION - GAAP			$ 70,952

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, 2022, and have issued our report thereon dated November 30, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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).

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)

Compliance (Continued)

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 $196,340 in materials and services and $805,500 for the unbudgeted amount of loss related to the harbor fee court case.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, as described in the Schedule of Findings and Questioned Costs for the Port's Single Audit, as Finding 2022-001, that we consider to be a significant deficiency.

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, Korvola & Warwick, LLP

Portland, Oregon
November 30, 2022

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Astoria
Astoria, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of Astoria, Oregon (the Port), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated November 30, 2022.

Report on 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 (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT (Continued)

The Port's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Port's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Port's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Talbot, Korvola & Warwick, LLP

Portland, Oregon
November 30, 2022

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of Astoria
Astoria, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Major Federal Program

We have audited the Port of Astoria, Oregon's (the Port) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Port's major federal program for the year ended June 30, 2022. The Port's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Port complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Port's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Port's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Port's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

- Identify and assess the risks of material noncompliance, 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 Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Talbot, Korvola & Warwick, LLP

Portland, Oregon
November 30, 2022

Program Title	Federal Assistance Listing Number	Pass Through Number	Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Aviation Administration:				
Direct:				
AIP 24 - Taxiway A Design & Construction	20.106	DIRECT	$ 280,826	$ -
AIP 25 - Apron Rehabilitation	20.106	DIRECT	30,538	-
AIP 26 - Apron Rehabilitation	20.106	DIRECT	1,717,265	-
AIP 28 - Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)	20.106	DIRECT	13,000	-
Total 20.106, Airport Improvement Program			$ 2,041,629	$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,041,629	$ -

Notes to Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the Port under programs of the federal government for the year ended June 30, 2022. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Port, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Port.

Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Port has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

PORT OF ASTORIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

Criteria:	The Port has the responsibility for establishing and maintaining effective internal control over financial reporting.
Condition:	A significant deficiency in controls over financial reporting was identified for controls over year end reconciliations.
Cause:	Certain year end reconciliations were not reviewed by another individual due to turnover in the finance department and responsibilities not reassigned.
Effect:	Pollution remediation obligation was understated by approximately $153,900, and accrued payroll liabilities was understated by approximately $71,500, which resulted in audit entries to the trial balance provided for the audit.
Recommendation:	The Port should implement policies and procedures to ensure that accounts at year end are reconciled and reviewed by another individual separate from the preparer.
Views of Responsible Officials:	The Port understands and concurs with the finding.

SECTION III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters were reported.