

**PORT OF TOLEDO  
Lincoln County, Oregon**

**AUDIT REPORT**

**JUNE 30, 2023**

Prepared By  
**SIGNE GRIMSTAD**  
Certified Public Accountant  
530 NW 3rd, Suite E  
PO Box 1930  
Newport, Oregon 97365

**PORT OF TOLEDO  
Lincoln County, Oregon**

**BOARD OF COMMISSIONERS**

President	Chuck Gerttula 2285 SE Cedar St. Toledo, OR 97391
Vice-President	Rick Graff 2444 NE Old River Road Siletz, OR 97380
Secretary/Treasurer	Zack Dahl 2753 NE Old River Road Siletz, OR 97380
Commissioner	Penny Ryerson 8666 Hwy 20 Toledo, OR 97391
Commissioner	Michael L. Kriz 1131 Olalla Road Toledo, OR 97391

**ADMINISTRATION**

Manager	Debbie Scacco
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**REGISTERED AGENT**

Debbie Scacco  
496 NE Hwy 20, Unit 1  
Toledo, OR 97391

**PORT OF TOLEDO  
Lincoln County, Oregon**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Port of Toledo  
Toledo, OR 97391

### Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Port of Toledo as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The supplemental budget schedules and reconciliation to net position 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the supplemental budget schedules and reconciliation to net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Oregon State Regulations**

In accordance with the Minimum Standards Audit of Oregon Municipal Corporations, I have issued my report dated April 19, 2024 on my consideration of Port of Toledo's compliance with certain laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my compliance testing and not to provide an opinion on compliance.

**SIGNE GRIMSTAD**  
Certified Public Accountant  
Newport, Oregon  
April 19, 2024

**Port of Toledo  
Management Discussion and Analysis  
For Fiscal Year 2022-23**

The management of the Port of Toledo District offers to the citizens of the Port District and other interested parties the following discussion and overview of the financial statements and activities of the Port District for the fiscal year ending June 30, 2023.

**Financial Highlights**

- Total assets of the Port are \$19,157,189 with capital assets of \$17,582,701 net of accumulated depreciation. Current assets are \$1,425,017 at June 30, 2023.
- The assets of the Port exceeded its liabilities at the close of the fiscal year by \$12,632,407 (Net Position). Of this amount \$19,817 (unrestricted net position) may be used to meet the Port's ongoing obligations.
- The Port's net position increased by \$142,216 from June 30, 2022.
- Total operating revenue was \$4,227,913 which is an increase of \$107,620 over the prior year.
- Total operating expenses for the year were \$4,570,113. This figure is \$23,616 higher than the prior year.

The Port of Toledo is considered a single enterprise similar to a commercial entity for reporting purposes. When reviewed by these standards, it becomes apparent that the average operational revenue does not completely offset operational expenses, and that the Port of Toledo requires revenue from property taxes and other non-operational sources to function.

The Port has maintained 100% occupancy of its commercial and industrial units for the year. Recreational use of the Port Marina and Transient Dock have remained steady and there was regular usage of the Parks, Launch Ramp and Paddle Park. The Port continues to host its annual Wooden Boat Show in August, a free community event that is supported by community sponsors.

Shipyard Operations are returning to pre-covid seasonality with the Port developing marketing strategies to offset traditionally slower times at the Shipyard and maintain consistent customer usage of the Large Vessel Building. Upgraded lift equipment purchased through Business Oregon Economic Opportunity Funds provides the shipyard reliable equipment with decreased maintenance costs.

The Port will commence work on its Sewer Extension Project funded through State of Oregon Coronavirus State Fiscal Recovery Grant for \$2,425,798. Additional federal funding of \$1,958,000 has been approved for the project through FY 2022 Consolidated Appropriations Act.

**Overview of Financial Statements**

The statement of net position shows information concerning the Port's assets, liabilities and net position. Net position is the difference between assets and liabilities. Increases or decreases in net position may indicate, over time, if the financial position of the Port is improving or deteriorating.

The following condensed financial information summarizes the Port's financial position for the fiscal year ending June 30, 2023 and June 30, 2022.

STATEMENT OF NET POSITION

	<u>June 30, 2023</u>	<u>June 30,2022</u>	<u>Variance</u>
<b>ASSETS</b>			
Capital assets	\$ 17,582,701	\$ 17,421,036	\$ 161,665
Other assets	149,471	275,387	(125,916)
Current assets	<u>1,425,017</u>	<u>952,516</u>	<u>472,501</u>
Total assets	<u>19,157,189</u>	<u>18,648,939</u>	<u>508,250</u>
<b>LIABILITIES</b>			
Long-term liabilities	5,277,008	4,838,496	438,512
Current liabilities	<u>972,386</u>	<u>926,575</u>	<u>45,811</u>
Total liabilities	<u>6,249,394</u>	<u>5,765,071</u>	<u>484,323</u>
<b>DEFERRED INFL OF RES</b>			
Leases	<u>275,388</u>	<u>393,677</u>	<u>(118,289)</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,698,901	12,442,755	256,146
Restricted - Capital & Grant Projects	(86,311)	(213,586)	127,275
Unrestricted	<u>19,817</u>	<u>261,022</u>	<u>(241,205)</u>
Total net position	<u>\$ 12,632,407</u>	<u>\$ 12,490,191</u>	<u>\$ 142,216</u>

The assets of the Port exceeded its liabilities at the close of the 2023 fiscal year by \$12,632,407.

At the end of the fiscal year, the Port reported unrestricted net position of \$19,817. The Port's investment in capital assets (land, structures and facilities, furniture, fixtures, equipment, and construction in progress) less related debt is \$12,698,901.

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION

	<u>June 30, 2023</u>	<u>June 30,2022</u>	<u>Variance</u>
<b>OPERATING REVENUES</b>			
Moorages, rentals and other	\$ 346,268	\$ 296,741	\$ 49,527
Boatyard/retail	<u>3,881,645</u>	<u>3,823,552</u>	<u>58,093</u>
Total operating revenues	<u>4,227,913</u>	<u>4,120,293</u>	<u>107,620</u>
<b>OPERATING EXPENSES</b>			
Cost of services	4,216,843	4,199,578	17,265
Depreciation	<u>353,270</u>	<u>346,919</u>	<u>6,351</u>
Total operating expenses	<u>4,570,113</u>	<u>4,546,497</u>	<u>23,616</u>
Operating income (loss)	<u>(342,200)</u>	<u>(426,204)</u>	<u>84,004</u>
Nonoperating revenue	725,606	278,728	446,878
Nonoperating expenses	<u>(241,190)</u>	<u>(226,180)</u>	<u>(15,010)</u>
Total nonoperating rev (expense)	<u>484,416</u>	<u>52,548</u>	<u>431,868</u>
Change in net position	142,216	(373,656)	515,872
Net Position - Beginning of year	<u>12,490,191</u>	<u>12,863,847</u>	<u>(373,656)</u>
Net Postion - End of year	<u>\$ 12,632,407</u>	<u>\$ 12,490,191</u>	<u>\$ 142,216</u>

## Revenue

Operating revenues for the Port from moorage fees, boatyard services income, rental and lease income totaled \$4,227,913. Operating expenses were \$4,216,843 for cost of services and \$353,270 for depreciation, totaling \$4,570,113. The non-operating revenue includes property taxes, interest income and grants totaling \$725,606. Overall, the Port recognized a change of net position of \$142,216 in the current year compared to \$(373,656) in the prior year.

## Capital Assets

The following table reflects the makeup of the Port's investment in capital assets at June 30, 2023 and 2022.

	Capital Assets at Fiscal Year End (Net of Depreciation)	
	2023	2022
Equipment	\$ 2,357,333	\$ 2,152,093
Buildings and improvements	10,554,082	4,571,913
Construction in progress	438,442	6,460,798
Land	4,083,910	4,083,910
Intangible	148,934	152,322
Total capital assets	<u>\$ 17,582,701</u>	<u>\$ 17,421,036</u>

## Debt Administration

In the current year, the Port of Toledo made long-term loan payments with \$122,263 paid to principal and a draw down total of \$402,795 was for operations on the credit line.

## Budgetary Highlights

There were no over expenditures.

## Economic Outlook

The Port anticipates sustaining its current level of income in its General Funds operations by maintaining 100% occupancy of Commercial and Industrial leases. The Army Corps of Engineers is scheduled to dredge the authorized channel of Depot Slough in late August and September of 2023 increased availability of slips gained by dredging and relocation of the Toledo Community Boathouse. Costs to dredge the Transient Dock will be paid through the Reserve Fund, as a transfer from the General Fund, by completing this dredging at the same time as the Federal dredging project the Port will benefit through significant savings. The Port will build Reserve funds for future Depot Slough projects through income received from the Georgia Pacific Community Service Fee.

Shipyard Management will continue to implement strategies as provided in the Financial Analysis of Shipyard operations completed in 2022. Strategies are to increase income, decrease costs and create reserves for equipment replacement and debt service. The Port will work with Business Oregon to restructure Debt Service incurred for the Large Vessel Building.

## Requests for Information

This financial report is designed to provide a general overview of the Port's finances for all interested persons. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the Port of Toledo, PO Box 428, 496 NE Hwy 20, Unit #1, Toledo, OR 97391.



**PORT OF TOLEDO  
Lincoln County, Oregon**

STATEMENT OF NET POSITION as of June 30, 2023

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 507,627
Receivables	395,074
Operating lease	125,917
Inventory	349,226
Prepaid expenses	<u>47,173</u>
Total current assets	<u>1,425,017</u>

**Capital Assets**

Land	4,083,910
Construction in progress	438,442
Buildings and equipment (net of depreciation)	12,911,415
Right of use, net of amortization	<u>148,934</u>
Total capital assets	<u>17,582,701</u>

**Other Assets**

Operating lease, net of annual portion	<u>149,471</u>
Total other assets	<u>149,471</u>
Total assets	<u>19,157,189</u>

**LIABILITIES AND NET POSITION**

**Current Liabilities**

Accounts payable	301,029
Interest payable	448,946
Compensated absences, current portion	47,240
Lease payable, current portion	3,710
Unearned revenue	76,508
Current portion of long-term debt	<u>94,953</u>
Total current liabilities	<u>972,386</u>

**Long-term Liabilities**

Line of credit	471,625
Lease payable, net	145,224
Compensated absences, net	20,246
Long-term debt, net	<u>4,639,913</u>
Total long-term liabilities	<u>5,277,008</u>
Total liabilities	<u>6,249,394</u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - lease	<u>275,388</u>
Total deferred inflows of resources	<u>275,388</u>

**Net Position**

Net investment in capital assets	12,698,901
Restricted for Capital & Grant Projects	(86,311)
Unrestricted	<u>19,817</u>
Total net position	<u>\$ 12,632,407</u>

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

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**NET POSITION for the Year Ended June 30, 2023**

<b>OPERATING REVENUES</b>	
Moorages and fees	\$ 15,842
Rental and leases	186,818
Boatyard income	2,798,331
Retail sales	1,083,314
Other income	<u>143,608</u>
 Total operating revenues	 <u>4,227,913</u>
 <b>OPERATING EXPENSES</b>	
Salaries and wages	1,969,666
Payroll taxes and benefits	636,820
Cost of sales	829,396
Promotion and events	30,829
Maintenance	183,191
Utilities	65,069
Insurance	181,488
Professional fees	27,650
Office expense	72,190
Operating expense	163,287
Dues/fees	13,348
Bad debt expense	22,576
Other	21,333
Depreciation	<u>353,270</u>
 Total operating expenses	 <u>4,570,113</u>
 Operating Income (Loss)	 <u>(342,200)</u>
 <b>NONOPERATING REVENUE (EXPENSES)</b>	
Property taxes	262,541
Interest income	2,471
Grant revenues	442,050
Grant expenses	(39,581)
Donation income	18,544
Interest expense	<u>(201,609)</u>
 Total nonoperating revenue (expenses)	 <u>484,416</u>
 Change in Net Position	 142,216
 NET POSITION - Beginning of year	 <u>12,490,191</u>
 NET POSITION - End of year	 <u>\$ 12,632,407</u>

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

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

STATEMENT OF CASH FLOWS for the Year Ended June 30, 2023

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash receipts from customers	\$ 4,297,178
Cash payments for goods and services	(1,681,302)
Cash payments for employees and benefits	(2,611,241)
Net cash provided (used) by operating activities	<u>4,635</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Taxes collected	262,541
Donations	18,544
Grants	442,050
Grant expenses	(39,581)
Net cash provided (used) by noncapital financing activities	<u>683,554</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(514,935)
Credit line proceeds	402,795
Credit line payback	(31,170)
Principal paid on debt	(91,093)
Interest paid on debt	(52,926)
Net cash provided (used) by capital and related financing activities	<u>(287,329)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>2,471</u>
Net increase (decrease) in cash and cash equivalents	403,331
Cash and cash equivalents - Beginning of year (restricted \$6,303)	<u>104,296</u>
Cash and cash equivalents - End of year (restricted \$23,327)	<u>\$ 507,627</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (342,200)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	353,270
(Increase) decrease in operating assets	
Accounts receivables	112,967
Inventory	(163,600)
Prepaid expenses	(10,910)
Increase (decrease) in operating liabilities	
Accounts payable	106,953
Unearned revenue	(43,702)
Lease liability	(3,388)
Compensated absences	(4,755)
Net cash provided (used) by operating activities	<u>\$ 4,635</u>
<b>Noncash</b>	
Federal surplus	\$ 18,544
Donated materials, labor, and building improvements	112,563
Bad debt expense	22,576
Acquisition of leased asset with addition to lease liability	148,934
Net increase (decrease) in noncash	<u>\$ 302,617</u>

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

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

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

The financial statements of the Port of Toledo (Port) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

The accounting and reporting framework and the more significant accounting principles and practices are disclosed in subsequent sections of this Note.

**Reporting Entity**

The Port, organized under the general laws of the State of Oregon, was formed to create economic development and quality jobs by maintaining and adding waterborne and land transportation infrastructure. The Board of Commissioners, composed of five members, oversee management in its operations.

There are various other governmental agencies and special service districts which provide services within the Port's boundaries. However, the Port is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements.

**Measurement Focus, Basis of Presentation and Accounting**

The Port is considered to be a single enterprise similar to a commercial entity for financial reporting purposes. Accordingly, these financial statements are maintained on the flow of economic resources measurement focus using the accrual basis of accounting utilizing accounting principles applicable to commercial enterprises. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expense result from providing, producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Enterprise funds charge to customers for sales and services. Operating expense for enterprise funds include the cost of sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**Deposits and Investments**

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

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

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

**Deposits and Investments**

The Port's cash management policies are governed by state statutes. Statutes authorize the Port to invest in specific types of investments, including time certificates of deposit, and the Oregon State Treasurer's Local Government Investment Pool. The Local Government Investment Pool (LGIP) is part of the Oregon Short-Term fund maintained by the State Treasurer of Oregon. Investment policies are governed by statute and the Oregon Investment Council. See Note 3.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items.

**Inventory**

Inventory consists of boatyard supplies held for resale to customers of the boatyard. Inventory is valued at the lower of cost or net realizable value.

**Accounts Receivable**

The Port uses direct write off for accounts receivable.

**Property Taxes**

Property taxes are levied and become a lien on all taxable property as of July 1. Taxes are levied on November 15 with collection dates: November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected receivables are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

**Capital Assets**

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The Port has a written capitalization policy of \$2,500 with a life beyond one year.

Assets subject to depreciation are depreciated over their estimated useful lives on the straight-line basis. The useful lives are 15 to 20 years on the docks, ramps and buildings, 10 years for intangibles and 5 years for equipment.

**Restricted Assets**

Assets that may be refunded or are committed to be used for the payment of bonded debt are classed as restricted assets on the statement of net position. Restricted resources are expended first to fund

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

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

**Restricted Assets**

appropriations for which those restrictions are to be utilized.

**Compensated Absences**

Accumulated vacation leave of proprietary funds is recorded when earned. Vacation pay is computed using employee pay rates in effect at the time the vacation is used. Sick leave pay is recorded when leave is taken since it does not vest when earned.

**Deferred Inflows of Resources and Unearned Revenue**

The Port recognizes revenues when earned. Amounts received in advance of the period in which services are rendered are recorded as a liability, unearned revenue. The Port recognizes inflows of resources that relate to future periods as deferred inflows of resources. Unearned revenue represents advance deposits and deferred inflows represents future lease revenue.

**Net Position**

Net position comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: Investment in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Investment in capital assets, net of related debt, consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt (revenue bonds and other debt obligations) that is attributable to the acquisition, construction and improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. Restricted net assets consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposing legal mandates. Unrestricted consists of all other net assets not included in the above categories.

**Operating Revenues, Non-Operating Revenues and Operating Expenses**

The Port has defined operating revenues to include lease fees, hoist and moorage fees. Operating expenses are defined as those expenses directly related to providing the services reflected within operating revenues including depreciation and amortization. Non-operating revenues are revenues of the Port not directly attributable to the services provided. This includes property taxes, investment interest, grants, and donations.

**Use of Estimates**

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

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

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

**Budget Law and Practice**

Pursuant to Oregon Local Budget Law, Oregon Revised Statutes Chapter 294.305 through 294.770, the Port manages its operations through fund accounting. An operating budget is adopted prior to each fiscal year for all funds. The budget is adopted on the modified accrual basis. Under the modified accrual basis of accounting, revenues are recognized when they become susceptible to accrual (measurable and available to finance expenditures of the current period). Expenses are generally recognized when the related liability has been incurred. The exception is interest on general long-term debt, which is recognized when due.

In June, the Port adopts the annual fiscal year appropriated budget. The legally adopted budget may be amended when unexpected modifications are required in estimated revenues and appropriations. Unencumbered appropriations for annually budgeted funds lapse at fiscal year-end. Adjustments, identified as GAAP adjustments on the budget presentations, bring the statements into compliance with generally accepted accounting principles.

*Deficit Fund Balance* - The Connect Oregon Grant VI Special Fund and Depoe Slough Property Fund ended the year with deficit fund balances. When combining the funds to an enterprise presentation, there is no deficit fund balance.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

Cash and cash equivalents as of June 30, are classified in the accompanying Statement of Net Position as follows:

	<u>Total Balance</u>	<u>Restricted</u>	<u>Unrestricted</u>
Cash and cash equivalents	<u>\$ 507,627</u>	<u>\$ 134,883</u>	<u>\$ 372,744</u>

Cash and cash equivalents as of June 30 consist of the following:

	<u>Balance</u>
Cash on hand	\$ 300
Deposits with financial institutions	72,663
Investments - external investment pool	<u>434,664</u>
Total cash and investments	<u>\$ 507,627</u>

**Deposits**

At the end of the fiscal year, the Port's total deposits with financial institutions have a bank value of \$123,063 all covered under FDIC.

*Custodial Credit Risk*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at qualified depositories for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result the Port has no exposure to custodial credit risk for deposits with financial institutions.

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**  
as of June 30, 2023

**NOTE 3 - DEPOSITS AND INVESTMENTS - Continued**

**Investments**

As of June 30, the Port held the following investment:

	<u>Balance</u>
Local Government Investment Pool - fair value	\$ <u>434,664</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill, and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF and approved by the Oregon Investment Council. At the end of the fiscal year, the fair value of the Port's deposits with the LGIP approximately equals the value of the pool shares. The OSTF financial statements are available at [www.ost.state.or.us](http://www.ost.state.or.us).

*Interest rate risk*

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

*Credit risk*

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

*Concentration of credit risk*

The Port places no limit on the amount the Port may invest in any one issuer.

**NOTE 4 - RECEIVABLES**

Receivables at year end consist of the following:

	<u>Balance</u>
Accounts receivable	\$ 389,859
Property taxes	5,215
Total receivables	\$ <u>395,074</u>



**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

**NOTE 5 - CAPITAL ASSETS**

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

	<u>7/01 Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30 Balance</u>
Capital assets not being depreciated				
Land	\$ 4,083,910	\$ 0	\$ 0	\$ 4,083,910
Construction in progress	<u>6,460,798</u>	<u>141,288</u>	<u>(6,163,644)</u>	<u>438,442</u>
Total non-depreciable	<u>10,544,708</u>	<u>141,288</u>	<u>(6,163,644)</u>	<u>4,522,352</u>
Capital assets being depreciated/amort.				
Depot Slough Path	100,156	0	0	100,156
Buildings and docks	6,728,543	6,187,858	0	12,916,401
Equipment	2,948,894	352,821	0	3,301,715
Intangible	<u>167,144</u>	<u>0</u>	<u>0</u>	<u>167,149</u>
Total depreciable at historical cost	<u>9,944,737</u>	<u>6,540,679</u>	<u>0</u>	<u>16,485,416</u>
Accumulated depreciation/amort.				
Buildings and docks	(2,256,786)	(205,689)	0	(2,462,475)
Equipment	(796,801)	(147,581)	0	(944,382)
Intangible	<u>(14,822)</u>	<u>(3,388)</u>	<u>0</u>	<u>(18,210)</u>
Total accumulated depreciation/ amortization	<u>(3,068,409)</u>	<u>(356,658)</u>	<u>0</u>	<u>(3,425,067)</u>
Total depreciable/amortize, net	<u>6,876,328</u>	<u>6,184,021</u>	<u>0</u>	<u>13,060,349</u>
Capital assets, net	<u>\$ 17,421,036</u>	<u>\$ 6,325,309</u>	<u>\$(6,163,644)</u>	<u>\$17,582,701</u>

Current year depreciation is \$353,270 and amortization is \$3,388.

Construction in progress consists of work on the vocational lab, sewer extension and the transient dock.

**NOTE 6 - CREDIT LINE**

The Port renewed its credit line with Oregon Coast Bank for up to \$500,000, with the interest rate of 7.5%. The balance carrying forward from the previous year was \$100,000. The credit line is due February 1, 2028. The balance at June 30, 2023 was \$471,625.

Interest expense paid is \$19,351 and accrued interest at year end is \$3,486.

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

**NOTE 7 - LONG-TERM DEBT**

**IFA #L525201**

In the fiscal year 2016, the Port signed an agreement (#525201) with Oregon Infrastructure Finance Authority of the Oregon Business Development Department (IFA) for a Bridge Loan. It provided additional financing together with Connect Oregon 5 grant to obtain the larger equipment and build the haul out piers to accommodate it. Over the years there have been several amendments and restatement of the loan and grant awarded with this project. The grant award of \$125,000 was applied against the principal in 2018 resulting in the amended loan of \$397,382. The first payment of \$6,510, including interest at 2.83%, was August 15, 2018, payable on a quarterly basis. The final payment is due May 15, 2029. Current balance at June 30 is \$316,822.

**IFA #L18004**

In February of 2018 the Port signed an agreement with IFA for grant funds of \$60,000 and a loan of \$1,363,100 to finance the environmental work building. The interest rate is 3.55%, with the first payment due on the first calendar quarter after the project closeout deadline. The initial draw down began June of 2018 with the full grant received and \$38,286 on the loan. In April of 2020 the agreement was amended with estimated costs going from \$3,437,000 to \$5,387,000 and the loan was increased to \$2,939,500. With rising costs the agreement received a second amendment with the loan raised to \$3,764,500 which includes a construction contingency of \$456,100. The current year draw down was \$0. The total balance owing at year end is \$3,764,500. Due April 1, 2024 is accrued interest of \$535,297 and the regular monthly payments begin July 1, 2024 at \$56,945 per month with the last payment of \$112,392 due January 1, 2049.

The Port is obligated under the following long-term loans at year end:

<u>Lender</u>	<u>Secured</u>	<u>Interest Rate</u>	<u>6/30 Balance</u>	<u>Due in One Year</u>
2008 OR Port Rev. Fund, matures 10/2032	Real property	3.84%	\$ 54,567	\$ 5,063
2010 OR Port Rev. Fund, matures 9/2029	Real property	5.13%	15,845	2,674
2011 OR Port Rev. Fund, matures 9/2031	Real property	4.04%	583,132	69,911
IFA OR, see note L525201, matures 5/2029	Real property	2.83%	316,822	17,305
IFA OR, see note L18004	Real property	3.55%	<u>3,764,500</u>	<u>0</u>
Total			<u>\$ 4,734,866</u>	<u>\$ 94,953</u>

The future annual requirements to amortize all current and long-term debt is as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Future Requirements</u>
6-30-24	94,953	571,893	666,846
6-30-25	194,054	162,275	356,329
6-30-26	201,333	154,997	356,330
6-30-27	208,887	147,443	356,330
6-30-28	216,728	139,601	356,329
2029-33	927,526	585,479	1,513,005
2034-38	824,274	443,329	1,267,603
2039-43	840,743	298,165	1,138,908
2044-48	1,003,253	135,655	1,138,908
2049	223,115	4,465	227,580
Total	<u>\$ 4,734,866</u>	<u>\$ 2,643,302</u>	<u>\$ 7,378,168</u>

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

**NOTE 7 - LONG-TERM DEBT - Continued**

During the year ended June 30, the following changes occurred in long term liabilities:

	Principal			
	7/1			6/30
	Balance	Additions	Reductions	Balance
OECD 2008 OR Port Revolving	\$ 59,440	\$ 0	\$ 4,873	\$ 54,567
OBDD 2010 OR Port Revolving	18,086	0	2,541	15,845
OBDD 2011 OR Port Revolving	650,288	0	67,156	583,132
IFA Loan #525201	333,645	0	16,823	316,822
IFA 2019 Loan #L18004	3,764,500	0	0	3,764,500
Sub-totals	4,825,959	0	91,393	4,734,866
Compensated absences	72,241	0	4,755	67,486
Totals	\$ 4,898,200	\$ 0	\$ 96,148	\$4,802,352

Total interest paid is \$36,073 and the accrued interest year end balance is \$444,240.

**NOTE 8 – LEASED ASSETS AND LEASED LIABILITIES**

With the implementation of GASB Statement No. 87 Leases, effective for the current year ending June 30, 2022, all existing and newly acquired leases were reviewed for classifying for both lessor and lessee as of July 1<sup>st</sup>, 2021. By implementing the new GASB, a corresponding receivable or payable is recognized.

**Lessee – Leases Payable**

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

	7/01			6/30
	Balance	Increases	Decreases	Balance
<b>Leased Assets</b>				
State of Oregon 11906-ML	\$111,145	\$ -	\$ -	\$111,145
State of Oregon 23370-ML	48,789	-	-	48,789
Solutions Yes LLC	7,210	-	-	7,210
Total Lessor Assets	167,144	-	-	167,144
<b>Accumulated amortization</b>				
State of Oregon 11906-ML	(10,039)	(1,559)	-	(11,598)
State of Oregon 23370-ML	(2,843)	(420)	-	(3,263)
Solutions Yes LLC	(1,940)	(1,410)	-	(3,350)
Total Lessor Amortized	(14,822)	(3,388)	-	(18,210)
Leased Assets, net	\$152,322	\$ (3,388)	\$ -	\$148,934
<b>Lease Liabilities</b>				
State of Oregon 11906-ML	101,105	-	(1,559)	99,546
State of Oregon 23370-ML	45,947	-	(420)	45,527
Solutions Yes LLC	5,270	-	(1,410)	3,860
Total Lessor Liabilities	\$152,322	\$ -	\$ (3,388)	\$148,934

Amortization expense of \$3,388 and interest expense of \$5,238 were charged to operations.

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

**NOTE 8 – LEASED ASSETS AND LEASED LIABILITIES – Continued**

**State of Oregon Lease**

The Port has a lease agreement with the State of Oregon(11906-ML) for submerged and submersible land. The lease is for fifteen years starting March 1, 2015 and expiring February 28, 2030. The Port expects to exercise its option to renew the lease for another successive period of 15 years. The lease requires payments based on a percentage of annual gross marina commercial revenue and payments of \$3,862.59 per year for marine industrial use and services, which is redetermined annually after the first anniversary date of the lease.

The value of the leased asset at the beginning of the lease was estimated at \$111,145, the present value of 30 years of lease payments discounted at 3.25%. The leased asset is being amortized over the lease term as the lease liability matures.

Future maturities of the lease liability to State of Oregon 11906-ML is as follows:

Fiscal Year	Principal	Interest
2024	\$ 1,756	\$ 3,284
2025	1,965	3,226
2026	2,186	3,161
2027	2,418	3,089
2028	2,663	3,009
2029-33	17,467	13,551
2034-38	25,812	10,147
2039-43	36,466	5,220
2044	8,813	291
Total	<u>\$ 99,546</u>	<u>\$ 44,978</u>

**State of Oregon Lease**

The Port has a second lease agreement with the State of Oregon(23370-ML) for submerged and submersible land. The lease is for fifteen years starting January 1, 2017 and expiring December 31, 2031. The Port expects to exercise its option to renew the lease for another successive period of 15 years. The lease requires payments of \$2,106.26 per year or an amount set by redetermination annually after the first anniversary date of the lease.

The value of the leased asset at the beginning of the lease was estimated at \$48,789, the present value of 30 years of lease payments discounted at 3.75%. The leased asset is being amortized over the lease term as the lease liability matures.

Future maturities of the lease liability State of Oregon 23370-ML is as follows:

Fiscal Year	Principal	Interest
2024	\$ 498	\$ 1,737
2025	584	1,718
2026	675	1,696
2027	772	1,670
2028	875	1,640
2029-33	6,242	7,611
2034-38	9,782	6,162
2039-43	14,530	3,953
2044	11,569	903
Total	<u>\$ 45,527</u>	<u>\$ 27,090</u>

**PORT OF TOLEDO  
Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS  
as of June 30, 2023**

**NOTE 8 – LEASED ASSETS AND LEASED LIABILITIES – Continued**

**Equipment Leases**

The Port has a lease agreement with Solutions Yes for two copy machines. The lease is for five years started February 12, 2021 and expires January 12, 2026. The lease requires monthly payments of \$130.

The value of the leased assets at the beginning of the lease was estimated at a total of \$7,210, the present value of 5 years of lease payments discounted at 3.25%. The leased asset are being amortized over the lease term as the lease liability matures.

Future maturities of the lease liability to Solutions Yes LLC is as follows:

Fiscal Year	Principal	Interest
2024	\$ 1,456	\$ 104
2025	1,504	56
2026	900	10
<b>Total</b>	<b>\$ 3,860</b>	<b>\$ 170</b>

**Lessor – Lease Receivables**

	7/01 Balance	Increases	Decreases	6/30 Balance
<b>Leased Assets:</b>				
American Grounding Systems Inc	\$ 52,331	\$ -	\$ -	\$ 52,331
Celestial Seafood LLC Unit #2	114,037	-	-	114,037
Yaquina Boat Equipment	342,769	-	-	342,769
Amerigas Propane LP	134,977	-	-	134,977
Oregon Coast Community College	22,210	-	-	22,210
Bay Area Enterprises	142,808	-	-	142,808
Total Lessor Assets	809,132	-	-	809,132
<b>Accumulated amortization</b>				
American Grounding Systems Inc	(15,190)	(17,330)	-	(32,520)
Celestial Seafood LLC Unit #2	(70,398)	(21,275)	-	(91,673)
Yaquina Boat Equipment	(240,793)	(37,705)	-	(278,498)
Amerigas Propane LP	(67,542)	(10,347)	-	(77,889)
Oregon Coast Community College	(10,140)	(4,604)	-	(14,744)
Bay Area Enterprises	(11,392)	(27,028)	-	(38,420)
Total Lessor Amortized	(415,455)	(118,289)	-	(533,744)
<b>Leased Assets, net</b>	<b>\$ 393,677</b>	<b>\$ (118,289)</b>	<b>\$ -</b>	<b>\$ 275,388</b>
<b>Lease Liabilities:</b>				
American Grounding Systems Inc	37,141	-	(17,330)	19,811
Celestial Seafood LLC Unit #2	43,639	-	(21,275)	22,364
Yaquina Boat Equipment	101,976	-	(37,705)	64,271
Amerigas Propane LP	67,435	-	(10,347)	57,088
Oregon Coast Community College	12,070	-	(4,604)	7,466
Bay Area Enterprises	131,416	-	(27,028)	104,388
Total Lessor Liabilities	\$ 393,677	\$ -	\$ (118,289)	\$ 275,388

Amortization revenue is \$118,289 and interest revenue is \$15,810.

The Port has entered into 6 lease agreements as the lessor to commercial customers and a community college.

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**NOTES TO FINANCIAL STATEMENTS**  
as of June 30, 2023

**NOTE 8 – LEASED ASSETS AND LEASED LIABILITIES – Continued**

**Lessor – Lease Receivables - Continued**

The leases are for various Port assets used for warehousing, assembly and packaging, storage and distribution, boat building and repair, docking facilities, shops, office space, and a classroom. All are qualified leases under GASB No. 87 with periods covering various ranges with the latest expiring on March 27, 2028. Interest rates range from 3.25% to 7.75%. Annual payments for the current year range from \$4,907 to \$43,299.

Future maturities of the lease revenues are as follows:

Fiscal Year	Principal	Interest
2024	\$ 125,917	\$ 9,620
2025	66,487	4,142
2026	41,199	2,273
2027	29,613	984
2028	12,171	402
Total	\$ 275,387	\$ 17,421

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* provides guidance for accounting for liabilities/(assets) related to retiree healthcare and other non-pension postemployment benefits (OPEB). At June 30, 2022, the Port's net OPEB liability/(asset) and deferred inflows and outflows were determined by management to not be material to the financial statements taken as a whole. Accordingly, no assets or liabilities relating to OPEB have been reported on the government-wide statements nor have note disclosures or required supplementary information (RSI) relating to OPEB are being presented.

**NOTE 10 - OTHER INFORMATION**

**TAX ABATEMENT**

GASB Statement No. 77, *Tax Abatement Disclosures*, requires governments that enter into tax abatement agreements to disclose information about those agreements. The Port has entered into tax abatement agreements. As a result, the property taxes that the Port received for the current year levy was reduced by \$21,362.

**Risk Management**

The Port is exposed to various risks of loss related to theft of, damage to and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The Port purchases commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**Commitments**

The Port was notified that ARPA funding has been awarded to the Port for the Shipyard and Industrial Park Sewer Connection to City Sanitary Services Project in the amount of \$2,425,798 as well as federal funding of \$1,958,000 was awarded by the Consolidated Appropriations Act. The funding will be administered by DAS and Business Oregon.

**Subsequent Events**

The Port did not pay the accrued interest of \$535,297 due April 1, 2024 to Business Oregon. It was anticipated there would not be sufficient funds and the Board is in active communication prior to that due date to renegotiate the debt schedule.

**Evaluation of Subsequent Events**

Management has evaluated subsequent events through April 19, 2024 the date on which the financial statements were available to be issued.

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**SUPPLEMENTAL SECTION**

**PORT OF TOLEDO  
Lincoln County, Oregon**

**DESCRIPTION OF BUDGETARY FUNDS**

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

Budgetary Comparison schedules include the following funds:

The Port uses the following budgetary funds to account for its activities:

**General Fund**

The fund is used to account for the financial resources of the Port that are not accounted for in any other fund. Principal sources of revenue are from property taxes, lease income and service fees. Primary expenditures are for maintenance and general administration.

**Depot Slough Property Fund**

This fund accounts for expenditures for major construction and improvement. Principal sources of revenue are grants.

**Boatyard Enterprise Fund**

This fund is used to account for the operation of a boat repair yard. Principal sources of revenue are fees and retail sales.

**Special Fund: Connect Oregon Grant VI Fund**

This fund accounts for grant income and expense for the environmental building. Principal source of revenue are grants.



**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2023**

**GENERAL FUND**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Property taxes	\$ 245,500	\$ 251,721	\$ 6,221
Interest	500	2,188	1,688
Storage	3,800	3,949	149
Moorage	17,100	15,842	(1,258)
Rentals	163,870	170,667	6,797
Miscellaneous	35,000	47,678	12,678
State forestry sales	12,000	10,820	(1,180)
Youth boating club	3,000	0	(3,000)
Grants	60,000	0	(60,000)
Total revenues	540,770	502,865	(37,905)
<b>EXPENDITURES</b>			
Administration	616,450	410,992	205,458
Operations and maintenance	397,230	370,441	26,789
Debt service	7,200	7,186	14
Contingency	53,000	0	53,000
Total expenditures	1,073,880	788,619	285,261
Excess (def) of revenues over expenditures	(533,110)	(285,754)	247,356
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	492,000	202,944	(289,056)
Transfers out	(100,000)	(14,415)	85,585
Total other financing sources (uses)	392,000	188,529	(203,471)
Excess (def) of revenues over expenditures and other financing sources (uses)	(141,110)	(97,225)	43,885
Unappropriated ending fund balance	(42,940)	0	42,940
<b>FUND BALANCE</b>			
Beginning of year (Budget basis)	184,050	212,795	28,745
End of year (Budget basis)	\$ 0	115,570	\$ 115,570
<b>GAAP ADJUSTMENTS - Reconciled to June 2023</b>		16,969,648	
Capital asset activity			
Additions		518,323	
Depreciation		(353,270)	
Compensated absences		4,755	
Long-term debt activity			
Principal payments		7,114	
<b>FUND BALANCE - End of year (GAAP basis)</b>		<b>\$ 17,262,140</b>	



**PORT OF TOLEDO  
Lincoln County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2023**

**DEPOT SLOUGH PROPERTY FUND**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Grants	\$ 50,000	\$ 0	\$ (50,000)
<b>EXPENDITURES</b>			
Materials and services	<u>100,000</u>	<u>21,046</u>	<u>78,954</u>
Excess (def) of revenues over expenditures	(50,000)	(21,046)	28,954
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from other funds	<u>50,000</u>	<u>14,415</u>	<u>(35,585)</u>
Excess (def) of revenues over expenditures and other financing sources (uses)	0	(6,631)	(6,631)
<b>FUND BALANCE</b>			
Beginning of year (Budget basis)	<u>0</u>	<u>79</u>	<u>79</u>
End of year (Budget basis)	<u>\$ 0</u>	<u>\$ (6,552)</u>	<u>\$ (6,552)</u>

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2023

**BOATYARD ENTERPRISE FUND**

	Original	Final Budget	Actual	Variance
<b>REVENUES</b>				
Boatyard income	\$ 4,532,000	\$ 4,532,000	\$ 2,798,331	\$ (1,733,669)
Interest	200	200	282	82
Grants	195,950	595,950	417,423	(178,527)
Retail sales	1,200,000	1,200,000	1,083,314	(116,686)
Rent/Lease income	8,400	8,400	8,400	0
Vocational lab project	0	0	15,510	15,510
Line of credit	500,000	500,000	402,795	(97,205)
Other income	<u>11,000</u>	<u>11,000</u>	<u>102,766</u>	<u>91,766</u>
Total revenues	<u>6,447,550</u>	<u>6,847,550</u>	<u>4,828,821</u>	<u>(2,018,729)</u>
<b>EXPENDITURES</b>				
Administration	787,395	787,395	483,026	304,369
Boatyard operations	3,516,430	3,916,430	3,282,232	634,198
Boatyard maintenance bldgs and equip	278,030	278,030	182,555	95,475
Debt service	633,100	633,100	168,302	464,798
Contingency	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>300,000</u>
Total expenditures	<u>5,514,955</u>	<u>5,914,955</u>	<u>4,116,115</u>	<u>1,798,840</u>
Excess (def) of revenues over expenditures	<u>932,595</u>	<u>932,595</u>	<u>712,706</u>	<u>(219,889)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	62,500	62,500	0	(62,500)
Transfers out	<u>(517,000)</u>	<u>(517,000)</u>	<u>(222,944)</u>	<u>294,056</u>
Total other financing sources (uses)	<u>(454,500)</u>	<u>(454,500)</u>	<u>(222,944)</u>	<u>231,556</u>
Excess(def) of revenues over expenditures and other financing sources(uses)	478,095	478,095	489,762	11,667
Unappropriated ending fund balance	(100,664)	(100,664)	0	100,664
<b>FUND BALANCE</b>				
Beginning of year (Budget basis)	<u>0</u>	<u>0</u>	<u>(323,833)</u>	<u>(323,833)</u>
End of year (Budget basis)	<u>\$ 377,431</u>	<u>\$ 377,431</u>	165,929	<u>\$ (211,502)</u>
<b>GAAP ADJUSTMENTS - Reconciled to June 2023</b>			(4,154,912)	
Loan proceeds			(402,795)	
Long-term debt activity				
Principal payments			115,149	
Accrued interest			<u>(148,685)</u>	
<b>FUND BALANCE - End of year (GAAP basis)</b>			<u>\$ (4,425,314)</u>	

**PORT OF TOLEDO  
Lincoln County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL for the Year Ended June 30, 2023**

**CONNECT OREGON GRANT VI SPECIAL FUND**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Line of credit	\$ 2,500,000	\$ 0	\$ (2,500,000)
Interest	0	1	1
Grant income	0	24,627	24,627
IFA Loan	<u>2,425,800</u>	<u>0</u>	<u>(2,425,800)</u>
Total revenues	<u>4,925,800</u>	<u>24,628</u>	<u>(4,901,172)</u>
<b>EXPENDITURES</b>			
Debt service	2,512,500	0	2,512,500
Capital outlay	<u>2,425,800</u>	<u>28,909</u>	<u>2,396,891</u>
Total expenditures	<u>4,938,300</u>	<u>28,909</u>	<u>4,909,391</u>
Excess (def) of revenues over expenditures	<u>(12,500)</u>	<u>(4,281)</u>	<u>8,219</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	25,000	20,000	(5,000)
Transfers out	<u>(12,500)</u>	<u>0</u>	<u>12,500</u>
Total other financing sources (uses)	<u>12,500</u>	<u>20,000</u>	<u>7,500</u>
Excess (def) of revenues over expenditures and other financing sources (uses)	0	15,719	15,719
<b>FUND BALANCE</b>			
Beginning of year (Budget)	<u>0</u>	<u>3,909</u>	<u>3,909</u>
End of year (Budget)	<u>\$ 0</u>	19,628	<u>\$ 19,628</u>
GAAP ADJUSTMENTS - Reconciled to June 2023		<u>(217,495)</u>	
FUND BALANCE - End of year (GAAP basis)		<u>\$ (197,867)</u>	

**PORT OF TOLEDO**  
**Lincoln County, Oregon**

**RECONCILIATION OF REVENUES AND EXPENDITURES (BUDGETARY  
BASIS) TO THE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION for the Year Ended June 30, 2023**

	<u>Total Revenues</u>	<u>Total Expenditures</u>	<u>Net</u>
<b>Budgetary Basis</b>			
General Fund	\$ 705,809	\$ 803,034	(97,225)
Depoe Slough	14,415	21,046	(6,631)
Boatyard Enterprise Fund	4,828,821	4,339,059	489,762
Special Grant Fund	<u>44,628</u>	<u>28,909</u>	<u>15,719</u>
Total budgetary basis	<u>\$ 5,593,673</u>	<u>\$ 5,192,048</u>	401,625
<b>Add (Deduct) Items to Reconcile to Net Income on a Financial Reporting Basis</b>			
Capital asset activity			
Additions			518,323
Depreciation			(353,270)
Compensated absences			4,755
Long-term debt activity			
Principal payments			122,263
Loan proceeds			(402,795)
Accrued interest			<u>(148,685)</u>
Change in net position			142,216
NET POSITION - Beginning of year			<u>12,490,191</u>
NET POSTION - End of year			<u>\$ 12,632,407</u>

**PORT OF TOLEDO  
Lincoln County, Oregon**

**COMPLIANCE SECTION**

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

Board of Commissioners  
Port of Toledo  
Toledo, Oregon

I have audited the basic financial statements of the Port of Toledo as of and for the year ended June 30, 2023, and have issued my report thereon dated April 19, 2024. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the Port of Toledo's basic financial statements are free of material misstatement, I 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 (OAR) 162-10-000 through (OAR) 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, as set forth below, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

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

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

In connection with my testing nothing came to my attention that caused me to believe the Port of Toledo was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporation except as follows:



## **Budget Compliance**

The Boatyard Enterprise Fund began its budget for the fiscal year with a negative balance. This should have been zero, throwing off the budget for the year by \$377,431.

## **Deficit Fund Balance**

The Connect Oregon Grant VI Special Fund and Depoe Slough Property Fund ended the year with deficit fund balances. When combining the funds to an enterprise presentation, there is no deficit balance.

## **Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Port of Toledo's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port of Toledo's internal control. Accordingly, I do not express an opinion on the effectiveness of Port of Toledo's internal control.

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

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

## **Purpose of This Report**

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

**SIGNE GRIMSTAD**  
Certified Public Accountant  
Newport, Oregon  
April 19, 2024