

**PORT OF COLUMBIA COUNTY
COLUMBIA COUNTY, OREGON**

FINANCIAL STATEMENTS

Year Ended June 30, 2023



KERN  THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Position</u>	<u>Term Expires</u>
Nancy Ward PO Box 190 Columbia City, OR 97018	1	June 30, 2023
Chip Bubl PO Box 190 Columbia City, OR 97018	2	June 30, 2023
Chris Iverson PO Box 190 Columbia City, OR 97018	3	June 30, 2023
Robert Keyser PO Box 190 Columbia City, OR 97018	4	June 30, 2025
Brian Fawcett PO Box 190 Columbia City, OR 97018	5	June 30, 2025

Registered Agent and Address:

**Sean P. Clark, Executive Director
P.O. Box 190
Columbia City, OR 97018**

PORT OF COLUMBIA COUNTY

FINANCIAL STATEMENTS

Year Ended June 30, 2023

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

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

Overview of the Financial Statements

This audit report consists of three parts – management's discussion and analysis (this section), the basic financial statements (including notes), and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB). The basic financial statements are prepared on the accrual basis, similar to a private business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of a balance sheet which includes the Port's assets, liabilities, and net position (assets minus liabilities) at year end; statement of revenues, expenses, and changes in net position, which includes all revenues, expenses, and grants received for construction for the year; and statement of cash flows, which represents the sources and uses of cash for the year. The financial statements also includes notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, which further explains and supports the information in the financial statements.

Financial Results

The Port is the primary responsible party for an environmental cleanup, and has received a record of decision regarding the remediation required for the site. The amount of the obligation is recorded as a prior period adjustment, beginning net position is restated by the amount of the obligation (\$19,600,000).

The Port's total net position decreased from the prior year from \$25.7M to \$25.5M. Additions to capital assets of \$732K include work related to railroad and dock improvements.

The Port ended the year with a decrease in net position of \$185K, an improvement from prior year's loss of \$899K.

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

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

Table 1 – Net Position

	<u>2023</u>	<u>2022</u>
Assets and deferred outflows		
Current	\$ 9,822,577	\$ 8,331,958
Restricted	-	262,776
Capital assets, net	41,928,277	43,388,464
Other	1,924,289	7,983,516
Total assets and deferred outflows	<u>53,675,143</u>	<u>59,966,714</u>
Liabilities and deferred inflows		
Current	1,578,941	2,521,074
Other liabilities	26,623,685	31,788,023
Total liabilities and deferred inflows	<u>28,202,626</u>	<u>34,309,097</u>
Net position		
Invested in capital assets, net of related debt	35,502,012	31,344,435
Unrestricted	(10,029,495)	(5,949,594)
Restricted	-	262,776
Total net position	<u>\$ 25,472,517</u>	<u>\$ 25,657,617</u>

Table 2 – Revenues and Expenses

	<u>2023</u>	<u>2022</u>
Operating revenues		
Tenant rents	\$ 6,314,856	\$ 5,873,170
Taxes and assessments	11,065	14,944
Intergovernmental income	307,192	314,379
Miscellaneous	41,170	275,513
Total operating revenues	<u>6,674,283</u>	<u>6,478,006</u>
Operating expenses		
Personnel services	2,161,821	1,834,967
Materials and services	2,431,032	3,138,388
Depreciation	2,192,556	2,216,041
Total operating expenses	<u>6,785,409</u>	<u>7,189,396</u>
Total operating income (loss)	<u>(111,126)</u>	<u>(711,390)</u>
Non-operating revenues (expenses)		
Grants	47,034	188,608
Interest income	249,144	132,317
Interest expense	(370,152)	(508,148)
Net non-operating revenues (expenses)	<u>(73,974)</u>	<u>(187,223)</u>
Change in net position	(185,100)	(898,613)
Net position, beginning of year, restated	25,657,617	26,556,230
Net position, end of year	<u>\$ 25,472,517</u>	<u>\$ 25,657,617</u>

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

Capital Assets

The following table lists the Port's capital assets and their value as of June 30, 2023:

	<u>2023</u>	<u>2022</u>
Capital assets		
Land	\$ 11,087,001	\$ 11,087,001
Construction in progress	1,003,959	720,768
Depreciable costs	<u>63,899,875</u>	<u>63,450,697</u>
Total capital assets	<u>75,990,835</u>	<u>75,258,466</u>
Accumulated depreciation	<u>(34,062,558)</u>	<u>(31,870,002)</u>
Total net capital assets	<u>\$ 41,928,277</u>	<u>\$ 43,388,464</u>

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

Long-Term Obligations

At June 30, 2023, the Port had \$2.5M in notes payable outstanding. In addition, the Port has a special assessment debt with governmental commitments of \$1.5M. A corresponding receivable from other governments has also been recorded for this amount. Including the special assessment debt, the Port reported a net decrease in debt of \$5.6M for the 2022-23 fiscal year; this includes the forgiveness of \$5.4M in assessment debt. Additional information on the Port's long-term debt can be found in Note G of the financial statements.

Construction Line of Credit

On July 22, 2020, the Port entered into a construction financing contract, a non-revolving construction line of credit for \$2M, with Oregon Infrastructure Finance Authority for the development of a Hangar. The contract converts to permanent financing upon completion of construction. Additional information on the Port's line of credit can be found in Note H of the financial statements.

Budgetary Highlights

The Port's budget for the fiscal year 2022-23 was adopted by the Port Commission in June 2022 and certified by the Columbia County Clerk in July 2022. There were no changes to the appropriations during the year.

Economic Factors and Next Year's Budgets and Rates

As part of the Port's strategic planning and business planning process, regional and national economic trends and forecasts are reviewed and forecasted to help produce the annual budget. In the Port's 2023-24 budget, operating expenditures and revenues are forecast to increase from the prior year.

Contacting the Port's Financial Management

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional information, contact the Port of Columbia County, P.O. Box 190, Columbia City, OR 97018.

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Port of Columbia County
Columbia City, Oregon

Report on the Audit of the Financial Statements

Qualified Opinion

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

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

Basis for Opinions

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

Matter Giving Rise to the Qualified Opinion

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

Responsibilities of Management for the Financial Statements

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

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

To the Board of Commissioners
Port of Columbia County

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 opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in 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, 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 an attest basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

To the Board of Commissioners
Port of Columbia County

Required Supplementary Information (Continued)

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

Other Information

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

Other Report on State Legal and Regulatory Requirements

In accordance with the *Minimum Standards of Audits of Oregon Municipal Corporations*, we have issued our report dated December 5, 2023 on our consideration of Port of Columbia County, Oregon's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

KERN & THOMPSON, LLC
Certified Public Accountants



Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
December 5, 2023

PORT OF COLUMBIA COUNTY

BALANCE SHEET

June 30, 2023

ASSETS

Current assets

Cash and investments	\$ 9,558,074
Receivables, net of allowances	236,708
Prepaid expenses	27,795
Total current assets	<u>9,822,577</u>

Noncurrent assets

Capital assets	
Depreciable capital assets	63,899,875
Non-depreciable capital assets	12,090,960
Accumulated depreciation	<u>(34,062,558)</u>
Capital assets, net	41,928,277

Receivables from other organizations	1,638,711
Total noncurrent assets	<u>43,566,988</u>

Deferred outflows of resources	<u>285,578</u>
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Total assets and deferred outflows	\$ <u>53,675,143</u>
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LIABILITIES AND NET POSITION

Current liabilities

Accounts payable	\$ 51,227
Accrued interest payable	77,291
Compensated absences	169,742
Deferred revenue	332,428
Deposits	680,057
Notes payable and assessment debt - current	268,196
Total current liabilities	<u>1,578,941</u>

Noncurrent liabilities

Notes payable	2,208,604
Special assessment debt with government commitment	1,455,970
Construction line of credit	2,493,495
Environmental remediation obligation	19,600,000
Net pension liability	628,835
Total noncurrent liabilities	<u>26,386,904</u>

Deferred inflows of resources	<u>236,781</u>
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Net position

Investment in capital assets, net of related debt	35,502,012
Unrestricted	<u>(10,029,495)</u>
Total net position	<u>25,472,517</u>

Total liabilities, deferred inflows and net position	\$ <u>53,675,143</u>
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See notes to financial statements.

PORT OF COLUMBIA COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2023

Operating revenues	
Tenant rents	\$ 6,314,856
Taxes and assessments	11,065
Intergovernmental income	307,192
Miscellaneous	41,170
Total operating revenues	<u>6,674,283</u>
Operating expenses	
Personnel services	2,161,821
Materials and services	2,431,032
Depreciation	2,192,556
Total operating expenses	<u>6,785,409</u>
Operating income (loss)	<u>(111,126)</u>
Non-operating revenues (expenses)	
Grants and reimbursements	47,034
Interest income	249,144
Interest expense	(370,152)
Total non-operating revenues (expenses)	<u>(73,974)</u>
Change in net position	(185,100)
Net position, beginning of year (restated)	<u>25,657,617</u>
Net position, end of year	\$ <u>25,472,517</u>

See notes to financial statements.

PORT OF COLUMBIA COUNTY

STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

Cash flows from operating activities:

Cash received from tenants	\$ 6,164,201
Cash received from property taxes	11,065
Other cash received	348,362
Payments to vendors	(2,855,923)
Payments to employees	(2,038,102)
Net cash provided by (used in) operating activities	<u>1,629,603</u>

Cash flows from investing activities:

Interest income	<u>249,144</u>
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Cash flows from noncapital financing activities:

Grant proceeds	<u>47,034</u>
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Cash flows from capital and related financing activities:

Acquisitions of capital assets	(732,369)
Receipts from other organizations	5,999,559
Construction line of credit proceeds	483,186
Payments on notes and bonds payable	(6,100,951)
Interest paid	(421,585)
Net cash provided by (used in) capital and related financing activities	<u>(772,160)</u>

Change in cash and cash equivalents **1,153,621**

Cash and cash equivalents

Beginning of year	8,404,453
End of year	\$ <u>9,558,074</u>

Reported in the Balance Sheet as:

Unrestricted	\$ 9,558,074
Total	\$ <u>9,558,074</u>

Reconciliation of operating income (loss) to cash provided by (used in) operating activities:

Operating income (loss)	\$ (111,126)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Intergovernmental revenue pass-through	-
Depreciation and amortization	2,192,556
Net pension obligation	60,638
(Increase) decrease in current assets:	
Operating receivables	(100,593)
Prepaid expenses	26,371
Increase (decrease) in current liabilities:	
Accounts payable and compensated absences	(388,181)
Deferred revenue and deposits	(50,062)
Net cash provided by (used in) operating activities	\$ <u>1,629,603</u>

Supplemental disclosure of non-cash investing and financing activities:

Interest income passed through from other government	\$ 307,192
Interest expense passed through from other government	\$ 307,192
Payoff of debt passed through from other government	5,845,001
Payoff of receivable passed through from other government	5,845,001

See notes to financial statements.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2023

NOTE A – DESCRIPTION OF ORGANIZATION

The Port of Columbia County, Columbia County, Oregon (the Port) was established in 1940 under ORS Chapter 777 for the purpose of encouraging a healthy diversified economic climate in Columbia County, Oregon. The Port has acquired industrial and commercial property throughout Columbia County and offers it for lease or sale. Port staff markets these properties and provides interested businesses with development and financial assistance.

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

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

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

Basis of Accounting

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net position. Proprietary funds utilize the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with proprietary funds' principal ongoing operations. The principal operating revenues are charges to tenants for rents. Operating expenses for proprietary funds include the costs of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed. The enterprise activities of the Port are accounted for in a single fund.

Departure From Accounting Pronouncement

GASB 87 requires lessees to capitalize the present value of all lease obligations as right-of-use assets and record a corresponding long-term liability for the present value of the contractual lease payments. Additionally, GASB 87 requires lessors to recognize a lease receivable and deferred inflows of resources for the effects of its leasing activities and requires enhanced disclosures for both lessees and lessors. Management has not adopted a methodology for applying GASB 87 for lease accounting. Under this statement a lessee is required to recognize a right-of-use asset and corresponding liability for the present value of future lease payments, and a lessor is required to recognize a lease receivable and deferred inflow of resources for leased assets, which would increase both assets and liabilities. The amount by which this departure would affect the assets, deferred inflows of resources, fund balances, and expense has not been determined. See Note N and Note O for details of the Port's leasing activities.

Budget Policies and Budgetary Control

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

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pooled Cash and Investments

The Port maintains common cash and investment pools for all Port funds. All short-term, highly liquid investments, including investments in the State Treasurer's Local Government Investment Pool (LGIP) where the remaining maturity at the time of purchase is one year or less are stated at amortized cost, which approximates fair value. The LGIP's policies provide minimum weighted average credit ratings for the LGIP's holdings: AA and As2 for Standard and Poor's and Moody's, respectively.

On June 30, 2023, the LGIP's weighted average rating was between AA+/Aa1 and AA/Aa2 ratings. Earnings on pooled cash investments are allocated to each fund based on the balance of each participating fund.

All other investments are stated at fair value. Fair value is determined as the quoted market price if available, otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties. Pooled cash and investments have the general characteristics of a demand deposit account in that any participating fund may deposit additional cash at any time and may also withdraw cash at any time without prior notice or penalty.

Cash and Cash Equivalents

For financial statement purposes, the Port considers cash and cash equivalents to include cash on hand, demand deposits, and deposits in the Oregon State Treasurer's Local Government Investment Pool.

Tenant Rent Receivables

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

Capital Assets and Depreciation

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

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

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets and Depreciation

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

<u>Asset Classification</u>	<u>Capitalization Threshold</u>	<u>Useful Life in Years</u>
Buildings	\$ 100,000	50
Improvements	100,000	20
Equipment and fixtures	10,000	5
Vehicles	20,000	5
Infrastructure	50,000	50 - 80

Long-Term Obligations

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

Estimates

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

Deferred Outflows/Inflows of Resources

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

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

Pension Retirement Plan

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND INVESTMENTS

The Port's cash and investments are held in bank financial institutions and the Oregon State Local Government Investment Pool (LGIP).

The Port uses the LGIP for its temporary investments. The Port's share of the pool assets is always equal to its deposits plus accrued interest. As such, the Port is not subject to risk of valuation fluctuations in the value of the underlying assets within the pool. The fair value of the Port's position in the LGIP is the same as the value of the pool shares. Amounts on deposit with the Local Government Investment Pool are treated as cash, as the account can be accessed as needed.

Cash and investments are comprised of the following at June 30, 2023:

Deposits with financial institutions:	
Demand deposits	\$ 76,608
State Treasurer's Investment Pool	<u>9,481,466</u>
Total	<u>\$ 9,558,074</u>
Reported in:	
Balance Sheet	
Cash and investments	\$ 9,558,074
Cash restricted for debt payments	<u>-</u>
Total	<u>\$ 9,558,074</u>

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that the issuer of an investment fails to fulfill its obligations. Average quality rates are not available for fixed income investments. Oregon statutes authorize the Port to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the State Treasurer's investment pool.

Concentration of Credit Risk

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE C – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. Deposits with financial institutions are comprised of bank demand deposits. The combined total bank balance is \$76,608. 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.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Port will not be able to recover the value of its investments that are in the possession of an outside party. As of June 30, 2023, all the Port's investments were held in the LGIP.

The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the ORS and the Oregon Investment Council (Council). The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establishes diversification percentages and specifies the types and maturities of investments. That portion of the external investment pool, which belongs to local government participants, is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report. A copy of the State's Comprehensive Annual Financial Report may be obtained at the Oregon State Treasury, 350 Winter St. NE, Salem, OR 97310-0840.

The Port's position in the LGIP at June 30, 2023 is stated at cost, which approximates fair value.

NOTE D – RECEIVABLES

Summary

Tenant receivables	\$ 346,804
Allowance for uncollectible tenant rents	<u>(110,096)</u>
	<u>\$ 236,708</u>

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE D – RECEIVABLES (CONTINUED)

Receivables From Other Organizations

The Port has entered into an intergovernmental agreement with the Columbia County Development Agency (CCDA). Under this agreement, the Port was responsible for design and construction of an industrial water system at the Port Westward Industrial Park. The CCDA agreed to make payments for the Port on Oregon Business Development Department (OBDD) Loan #659-14-01 with tax incremental revenues collected from the Port Westward Urban Renewal Agency. As of June 30, 2023, the receivable from CCDA and corresponding debt was forgiven.

Additionally, the Port entered into an agreement with the CCDA to pledge tax increment funds from the Port Westward Urban Renewal District to pay the debt service on the OBDD Loan #659-15-01 if the amount of the payments received from users is insufficient to pay the debt service of the Loan. At present, Columbia Pacific Bio-Refinery is the only user of the rail. Additional users may be added with costs shared proportionately. As of June 30, 2023, the agreement was restructured. The debt to OBDD was replaced by a distribution agreement of the same amount, where the Port's liability is no longer owed to OBDD but directly to the renewal district. The receivable from Columbia Pacific Bio-Refinery however does not change. The amount due from Columbia Pacific Bio-Refinery was \$1,593,710, including accrued interest. This amount is included as a receivable from other organizations on the Balance Sheet.

NOTE E – CAPITAL ASSETS

The following table is a summary of capital assets:

	Balances June 30, 2022	Additions	Transfers/ Deletions	Balances June 30, 2023
Capital assets not depreciated:				
Land	\$ 11,087,001	\$ -	\$ -	\$ 11,087,001
Capital assets being depreciated:				
Construction in process	720,768	685,908	(402,717)	1,003,959
Building and land improvements	62,867,608	-	398,261	63,265,869
Equipment	583,089	46,461	4,456	634,006
Total capital assets being depreciated	64,171,465	732,369	-	64,903,834
Less accumulated depreciation	(31,870,002)	(2,192,556)	-	(34,062,558)
Net capital assets being depreciated	32,301,463	(1,460,187)	-	30,841,276
Total capital assets, net	\$ 43,388,464	\$ (1,460,187)	\$ -	\$ 41,928,277

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE F – LIABILITY FOR COMPENSATED ABSENCES

The Port has a sick leave policy, which permits full-time employees to accumulate unused sick leave at the rate of one day per month over their working careers. The Port does not compensate the employees for unused accumulations upon termination of employment. Accumulation is limited to 90 days.

Port employees can earn vacation at rates determined by their length of employment. Vacation leave is limited to a maximum accrual of 360 hours (9 weeks).

At June 30, 2023, the liability for vacation leave earned by all Port employees totaled \$169,742, including the employer's share of social security taxes and other payroll related costs.

NOTE G – LONG-TERM OBLIGATIONS

IFA L12003, Issued 06/06/2014 – Original Note: \$1,300,000

The purpose of the issuance was to finance the construction of a commercial building at the Scappoose Industrial Airpark. Note principal and interest payments are due annually on December 1 and the note matures on December 1, 2032. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

OBDD Loan #659-14-01, Issued 01/13/95 – Original Note: \$8,668,500

The purpose of the issuance was to finance construction of an industrial water system for the Port Westward property. Under an intergovernmental agreement, the note payments will be made by the Columbia County Development Agency with tax increment revenues. The note and related receivable were forgiven in December of 2022.

OBDD Loan #659-15-01, Issued 12/01/08 – Replaced by distribution agreement dated 12/21/22

The purpose of the original issuance was to finance construction and rehabilitation of rail track at the Port Westward site forming the Port Westward Railroad System. The original note was replaced by a distribution agreement, with principal and interest payments due annually on December 1st and the agreement matures on December 1, 2032. The issuance is secured by a pledge of tax incremental revenues as defined by the distribution agreement. The Port has entered into an agreement with users of the Rail to make the annual debt service payments. Currently Columbia Pacific Bio-Refinery is the only user. An intergovernmental agreement with Columbia County Development Agency (CCDA) provides that if there is insufficient revenue to make a debt service payment on the loan, CCDA has conditionally agreed to pay the deficiency. The major condition is the availability of tax increment revenue in any given year. If tax increment revenue is insufficient, the Port is obligated to pay the Rail Loan annual payment.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

OBDD Loan #659-15-01, Issued 12/01/08 – Replaced by distribution agreement dated 12/21/22 (Continued)

The Port entered into an agreement with Cascade Grain Products LLC (CGP) which requires users of the Port Lead Rail to make payments to the Port equal to the Port's scheduled payment of debt service on its OBDD Loan #659-15-01 (Rail Construction Loan) (principal amount \$3M). CGP filed bankruptcy in 2009 and was purchased by Cascade Kelly LLC, who assumed all agreements and leases. Subsequently Global Partners, doing business as Columbia Pacific Bio-Refinery, has acquired the plant and assumed all agreements and leases. Columbia Pacific Bio-Refinery continues to pay the Port under the agreement, and note receivable is described in Note D.

IFA L16008 #659-36, Issued 8/18/2016 – Original Note: \$150,000

The purpose of the issuance was to finance improvements at the Multnomah Industrial Site. Note principal and interest payments are due annually on December 1, and the note matures on December 1, 2037. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA L16011 Loan #659-37, Issued 9/1/2016 – Original Note: \$200,000

The purpose of the issuance was to finance a development project at the Rainshadow warehouse. Note principal and interest payments are due semi-annually on July 1 and October 1 and the note matures on January 1, 2026. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA L19007, Issued 10/17/2019 – Original Note: \$520,000

The purpose of the issuance was to finance the construction of Scappoose Industrial Airpark Water and Sewer Project. Note principal and interest payments are due at the beginning of each quarter and the note matures on April 1, 2045. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

IFA X19001, Issued 2/4/2019 – Original Note: \$900,000

The purpose of the issuance was to finance the construction of Building E at the Multnomah Industrial Park. Note principal and interest payments are due at the beginning of each quarter and the note matures on January 1, 2040. The issuance is secured by the related capital asset acquisitions and other Port capital assets.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

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

Notes Payable	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
#L12003, interest 3.92% Principal	\$ 797,241	\$ -	\$ (63,728)	\$ 733,513	\$ 66,226
#L16008 659-36, interest 3.3% Principal	166,999	-	(8,091)	158,908	8,358
#L16011 659-37, interest 3.37% Principal	178,558	-	(5,926)	172,632	6,129
#L19007, interest 3.96% Principal	496,099	-	(13,516)	482,583	14,060
#X19001, interest 3.43% Principal	825,907	-	(34,483)	791,424	35,681
Total notes payable	\$ 2,464,804	\$ -	\$ (125,744)	\$ 2,339,060	\$ 130,454

Transactions for assessment debt for the year ended June 30, 2023 were as follows:

Assessment Debt	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
OBDD #659-14-01, interest at 5.0%, principal	\$ 5,845,001	\$ -	\$ (5,845,001)	\$ -	\$ -
Distribution agreement 12/21/2022	1,723,915	-	(130,204)	1,593,711	137,742
Total assessment debt	\$ 7,568,916	\$ -	\$ (5,975,205)	\$ 1,593,711	\$ 137,742

Total long-term obligations for the year ended June 30, 2023 were as follows:

Long-Term Obligations	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Total notes payable	\$ 2,464,804	\$ -	\$ (125,744)	\$ 2,339,060	\$ 130,454
Total assessment debt	7,568,916	-	(5,975,205)	1,593,711	137,742
Total long-term obligations	\$ 10,033,720	\$ -	\$ (6,100,949)	\$ 3,932,771	\$ 268,196

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

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

Year Ended June 30,	IFA L16008 #659-36		IFA L16011 #659-37		OBDD #659-14-01	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 8,357	\$ 5,243	\$ 6,128	\$ 5,740	\$ -	\$ -
2025	8,633	4,968	6,337	5,531	-	-
2026	8,918	4,683	6,554	5,315	-	-
2027	9,212	4,388	6,777	5,091	-	-
2028	9,517	4,085	7,009	4,860	-	-
2029-33	52,507	15,501	38,801	20,546	-	-
2034-38	61,764	6,247	45,890	13,457	-	-
2039-43	-	-	55,136	5,531	-	-
2044-48	-	-	-	-	-	-
	\$ 158,908	\$ 45,115	\$ 172,632	\$ 66,071	\$ -	\$ -

Year Ended June 30,	Distribution agreement dated 12/21/2022		IFA #L12003		IFA #L19007	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 137,742	\$ 92,275	\$ 66,226	\$ 28,754	\$ 14,060	\$ 18,903
2025	145,717	84,300	68,822	26,158	14,624	18,338
2026	154,154	75,863	71,520	23,460	15,213	17,750
2027	163,079	66,938	74,324	20,656	15,824	17,138
2028	172,522	57,495	77,237	17,743	16,460	16,503
2029-33	820,497	125,561	375,384	40,854	92,772	72,043
2034-38	-	-	-	-	112,976	51,839
2039-43	-	-	-	-	137,579	27,236
2044-48	-	-	-	-	63,075	2,842
	\$ 1,593,711	\$ 502,432	\$ 733,513	\$ 157,625	\$ 482,583	\$ 242,592

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE G – LONG-TERM OBLIGATIONS (CONTINUED)

Year Ended June 30,	IFA #X19001		Total	
	Principal	Interest	Principal	Interest
2024	\$ 35,681	\$ 26,690	\$ 268,194	\$ 177,605
2025	36,921	25,450	281,054	164,745
2026	38,204	24,168	294,563	151,239
2027	39,531	22,840	308,747	137,051
2028	40,904	21,467	323,649	122,153
2029-33	226,854	85,003	1,606,815	359,508
2034-38	269,097	42,759	489,727	114,302
2039-43	104,232	3,571	296,947	36,338
2044-48	-	-	63,075	2,842
	<u>\$ 791,424</u>	<u>\$ 251,948</u>	<u>\$ 3,932,771</u>	<u>\$ 1,265,783</u>

NOTE H – CONSTRUCTION LINE OF CREDIT

On July 22, 2020 the Port entered into a construction financing contract, a non-revolving construction line of credit, with Oregon Infrastructure Finance Authority for the development of a Hangar. During the construction phase, the line accrues interest at 3.31% annually, with interest added to the balance of the line.

The maximum amount financed is \$2,493,495, as of June 30, 2023 the balance on the line was \$2,493,495. The contract converts to permanent financing upon completion of construction, and will be amortized over the permanent financing period. The loan is secured by real property.

NOTE I – CONDUIT DEBT OBLIGATIONS

From time to time, the Port has issued Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Port nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2023, there was one series of Industrial Revenues Bonds outstanding totaling \$7,750,000. No scheduled principal payments are due until the maturity date of December 1, 2027.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN

Defined Benefit Pension Plan

General Information about the Pension Plan:

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

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

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

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

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

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

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

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

3. *Disability Benefits.* A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.
4. *Benefit Changes after Retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

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

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

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

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

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

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.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Contributions:

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

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

Employer contributions for the year ended June 30, 2023 were \$60,911, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2023 were: (1) Tier1/Tier 2 – 12.12%, and (2) OPSRP general service – 5.59%.

Actuarial Valuations:

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study Report	2020, published July 20, 2021
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.40%
Long-term expected rate of return	6.90%
Discount rate	6.90%
Projected Salary Increases	3.40%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) 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 Employees, 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 retirees, 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 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Discount Rate:

The discount rate used to measure the total pension liability was 6.9 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Assumed Asset Allocation:

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

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2021 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

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

	1% Decrease (5.9%)	Current Rate (6.9%)	1% Increase (7.9%)
Proportionate share of the net pension (liability)/asset	\$ 1,115,184	\$ 628,835	\$ 221,783

Pension plan fiduciary net position:

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

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

At June 30, 2023, the Port reported a liability of \$628,835 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 and rolled forward to June 30, 2022. The Port's proportion of the net pension asset was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers.

Rates of every employer have at least two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.
2. 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.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

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

At June 30, 2023, the Port's proportion was 0.00410681 percent, which changed from its proportion measured as of June 30, 2022 of 0.00384814 percent.

For the year ended June 30, 2023, the Port recognized pension expense of \$60,638.

At June 30, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 30,525	\$ 3,922
Changes of assumptions	98,668	901
Net difference between projected and actual earnings on investments	-	112,424
Changes in proportionate share	136,996	33,080
Differences between employer contributions and proportionate share of contributions	<u>19,389</u>	<u>86,454</u>
Total (prior to post-measurement date contributions)	285,578	236,781
Net Deferred Outflow/(Inflow) of Resources	\$ <u>-</u>	\$ <u>48,797</u>

Deferred outflows of resources related to pensions resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year subsequent to June 30, 2023.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Employer subsequent fiscal years	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
2024	\$ 35,798
2025	20,800
2026	(45,847)
2027	42,223
2028	(4,177)
Thereafter	<u>-</u>
Total	\$ <u><u>48,797</u></u>

Changes in Plan Provisions Subsequent to Measurement Date:

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

Changes in Assumptions:

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

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE J – PENSION RETIREMENT PLAN (CONTINUED)

Defined Contribution Plan

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

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

Upon retirement, a member of the 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.

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 chosen to pay the employees' contributions to the plan. Six percent of covered payroll is paid for general service employees. For fiscal year 2023 the Port paid \$79,355. OPERS contracts with VOYA Financial to maintain IAP participant records.

NOTE K – RISK MANAGEMENT

The Port is exposed to various risks of loss related to: theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. The Port purchases commercial insurance to minimize its exposure to these risks.

NOTE L – COMMITMENTS AND CONTINGENCIES

Sick Leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2023, employees of the Port had accumulated 481 days of sick leave. It is the Port's policy to not pay unused sick leave upon departure.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE M – ENVIRONMENTAL REMEDIATION LIABILITY AND RESTATEMENT OF NET POSITION

An obligating event occurred when the Port was named as Potentially Responsible Party for remediation by the Department of Environmental Quality (DEQ). Prior to the receipt of the Record of Decision (ROD) the Port was unable to measure the liability, it can now do so. Measurement of pollution remediation are required at the beginning of the period so that beginning net assets can be restated. The Port owns real property located at 1550 Railroad Avenue in St. Helens, Oregon. Before the Port purchased the property, it was owned and operated by Pope & Talbot, Inc. (P&T) as a wood treating facility. The wood treating facility was demolished in 1960, and the Port purchased the property in 1963. From 1974 to 1991, the Port leased the Site to the Niedermeyer-Martin Company (Niedermeyer) who operated a pole peeling and pole storage facility at the Site. Niedermeyer declared bankruptcy in August 1993. In April 1994, the Oregon Department of Environmental Quality (DEQ) notified the Port and P&T that they were potentially liable parties (PLP) for remediation at the site. The Port was designated a PLP as the current owner of the property. The primary contaminants found at the site are polycyclic aromatic hydrocarbons, metals and petroleum hydrocarbons, likely resulting from the former wood treating operations at the property.

The Port and P&T entered into a consent order with DEQ requiring the Port and P&T to perform a Remedial Investigation and Feasibility Study (RI/FS). To carry out the RI/FS, the Port and P&T entered into an agreement under which P&T would perform the RI/FS, and the Port would pay P&T for the Port's mutually agreed share of the costs. P&T declared bankruptcy in November 2007 and notified DEQ that it would not perform further work on the RI/FS. As of June 30, 2009, the Port assumed the lead on the RI/FS and was communicating with DEQ regarding the completeness of the RI. DEQ had identified data gaps in the RI that would require further investigation before the Port could move on to complete the FS. DEQ and the Port agreed as to the nature of the investigation required to resolve the data gaps and an initial schedule for completing the RI and the subsequent FS.

In January 2011, DEQ approved the final work plan for the supplemental RI. Work completed under the supplemental RI included identifying the distribution of non-aqueous phase liquids (NAPL) in sediment. The Limited Sediment Investigation (LSI) supplementing previous sediment investigation work under the new schedule was completed in the fall of 2012. In addition to the LSI, DEQ required the delineation of creosote in Scappoose Bay sediment beneath the abandoned Pope & Talbot wood dock structure (Dock Area Investigation (DAI)). The DAI necessitated removal of the deteriorated dock superstructure (decking, joists, and beams) to allow safe access for environmental investigation near and beneath the dock. The superstructure was removed during summer 2013. Field work related to the dock area creosote investigation was completed in October 2013. On May 22, 2014, the Port submitted the supplemental RI Report to the DEQ. The DEQ has reviewed and provided comments on the report. The Port's consultants have completed several phases of the investigation.

PORT OF COLUMBIA COUNTY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE M – ENVIRONMENTAL REMEDIATION LIABILITY AND RESTATEMENT OF NET POSITION (CONTINUED)

Based on the results of further 2017/2018 supplemental remedial investigation RI activities, DEQ has indicated a willingness to focus the FS on “priority action areas” along the shoreline of the property versus previously disputed offshore areas in Scappoose Bay. Subsequently, an updated draft supplemental RI report and FS work plan were submitted to DEQ in June and July 2019, respectively. Following completion and DEQ approval of the updated supplemental RI report and FS work plan, the Port prepared and submitted an updated FS to DEQ in December 2021. The FS identified the updated remedial alternatives from which the Port and DEQ will select the remedy for the site. DEQ reviewed and provided comments to the Port on the FS, and the Port responded to these comments. DEQ issued a Record of Decision (ROD) for the site on September 1, 2023. The ROD documents DEQ’s selection of the remedy presented in the Port’s FS. DEQ’s estimated cost of the remedy is \$22.1 million before estimated insurance coverage, as listed below. The liability and restatement of beginning net assets were recorded as of June 30, 2023. Government Accounting Standards (statement 49) requires a weighted average for each component, as listed below. The weights are 100% for each category as the Port has agreed to the ROD.

Area	Remedial Action	Price	Weighted %
Area1 Upland Priority	RAA-4 selected	7,890,000	100%
Area 1 Dock Priority	RAA-2 selected	5,382,000	100%
Area 2 Dock Priority	RAA 4 selected	1,604,000	100%
Cove Area	RAA-4 selected	5,984,000	100%
Upper Milton Creek	RAA 4 selected	1,216,000	100%
	Rounding for estimation	24,000	
	Total, before insurance	<u>22,100,000</u>	

Net position has been restated to add an environmental liability as of June 30, 2022, net of estimated insurance. The cumulative effect of the restatement on the financial statements on beginning balances as of July 1, 2022 was as follows:

	Environmental Remediation Liability	Total Net Position
June 30, 2022		
as previously reported	\$ -	\$ 45,257,617
Corrections to liabilities:		
Increase in liabilities	<u>19,600,000</u>	<u>(19,600,000)</u>
July 1, 2022, as restated	<u>\$ 19,600,000</u>	<u>\$ 25,657,617</u>

NOTE N – OPERATING LEASE

The Port leases submerged and submersible land under five separate agreements with the Oregon State Land Board and Department of State Lands, the last expiring May 31, 2030. The lease terms require an annual rental payment due on the lease anniversary date each year, subject to adjustment in accordance with the provisions of OAR 141-082-011. The agreements may also be renewed for unlimited successive 15-year terms. The amount of lease expense recognized for the year ended June 30, 2023 was \$13,259.

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE N – OPERATING LEASE (CONTINUED)

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

Year Ending June 30,	
2024	\$ 13,880
2025	14,364
2026	15,321
2027	15,321
2028	15,321
2029-2034	<u>70,841</u>
	<u>\$ 145,048</u>

NOTE O – FUTURE NON-CANCELABLE LEASES

The Port leases real property, buildings and equipment to tenants under non-cancelable operating leases. The cost and carrying amount of the leased assets at June 30, 2023 are as follows:

	Cost	Accumulated Depreciation	Carrying Amount
Land	\$ 11,087,001	\$ -	\$ 11,087,001
Building and land improvements	62,867,608	(33,581,572)	29,286,036
Equipment	<u>583,089</u>	<u>(481,651)</u>	<u>101,438</u>
	<u>\$ 74,537,698</u>	<u>\$ (34,063,223)</u>	<u>\$ 40,474,475</u>

Future amounts due under non-cancelable operating leases are as follows:

Year ending June 30,	
2024	\$ 3,866,702
2025	3,866,702
2026	3,866,702
2027	3,866,702
2028	3,866,702

PORT OF COLUMBIA COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2023

NOTE P – OTHER POST EMPLOYMENT BENEFITS

The Port provides other postemployment benefits (“OPEB”) for the benefit of its employees via a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan (RHIA). The total OPEB liability is based on a valuation provided by an independent actuarial firm based on assumptions including inflation rate, projected salary increases, discount rate, medical, dental and vision increases, and mortality rates and other inputs.

The OPEB liability was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2022. The Port's proportionate share of the OPEB liability was based on the Port's projected long-term contribution effort as compared to the total projected long-term contribution effort of all employers. Based on the Port's small impact on the state-wide pool, the Port's proportionate share of the OPEB liability as of June 30, 2023 was \$0, which was insignificant to the Port's financial statements.

NOTE Q – OVER EXPENDITURE OF APPROPRIATION

The Port overexpended the following fiscal 2023 appropriation:

Materials and services	\$	122,025
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NOTE R – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 5, 2023 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

PORT OF COLUMBIA COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION – PENSION INFORMATION

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.00410681%	0.00384814%	0.00399606%	0.00238058%	0.00296931%	0.00324460%	0.00414551%	0.00389632%	0.00408633%	0.00408633%
Proportionate share of the net pension liability (asset)	\$ 628,835	\$ 460,487	\$ 872,078	\$ 411,783	\$ 449,811	\$ 437,373	\$ 622,337	\$ 223,706	\$ (92,625)	\$ 208,531
Covered-employee payroll	1,147,376	1,067,363	1,114,830	789,073	789,073	869,839	781,936	740,374	737,966	703,056
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	54.8%	43.1%	78.2%	52.2%	57.0%	50.3%	79.6%	30.2%	-12.6%	29.7%
Plan fiduciary net position as a percentage of the total pension liability	84.5%	87.6%	75.8%	80.2%	82.1%	83.0%	80.5%	91.9%	103.6%	92.0%

SCHEDULE OF CONTRIBUTIONS

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 165,511	\$ 83,176	\$ 89,858	\$ 102,054	\$ 41,277	\$ 33,166	\$ 40,515	\$ 43,766	\$ 37,716	\$ 88,670
Contributions in relation to the contractually required contribution	60,911	89,246	91,870	40,950	79,484	60,197	58,511	43,901	41,680	88,670
Contribution deficiency (excess)	\$ <u>104,600</u>	\$ <u>(6,070)</u>	\$ <u>(2,012)</u>	\$ <u>61,104</u>	\$ <u>(38,207)</u>	\$ <u>(27,031)</u>	\$ <u>(17,996)</u>	\$ <u>(135)</u>	\$ <u>(3,964)</u>	\$ <u>-</u>
Covered-employee payroll	\$ 1,147,376	\$ 1,067,363	\$ 1,114,830	\$ 789,073	\$ 789,073	\$ 869,839	\$ 781,936	\$ 740,374	\$ 737,966	\$ 703,056
Contributions as a percentage of covered-employee payroll	5.3%	8.4%	8.2%	5.2%	10.1%	6.9%	7.5%	5.9%	5.6%	12.6%

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

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

Changes in Benefit Terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

SUPPLEMENTAL INFORMATION

PORT OF COLUMBIA COUNTY

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

Year Ended June 30, 2023

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Property taxes	\$ -	\$ -	\$ 11,065	\$ 11,065
Licenses and permits	563,935	563,935	681,705	117,770
Rents and reimbursements	5,784,327	5,784,327	4,737,732	(1,046,595)
Terminal services	411,202	411,202	578,254	167,052
Bayport RV park	161,996	161,996	158,992	(3,004)
Launch fees	53,456	53,456	83,066	29,610
Other marina fees	36,471	36,471	3,180	(33,291)
Grants	394,627	394,627	47,035	(347,592)
Interest income	38,036	38,036	249,144	211,108
Tenant Capital Reimbursement	250,018	250,018	-	(250,018)
Miscellaneous	28,854	28,854	63,034	34,180
Total revenues	7,722,922	7,722,922	6,613,207	(1,109,715)
Expenditures				
Personnel services	2,177,365	2,177,365	2,038,102	139,263
Material and services	2,037,779	2,037,779	2,159,804	(122,025)
Capital outlay	5,615,000	5,615,000	732,368	4,882,632
Debt service	1,106,682	1,106,682	653,182	453,500
Contingency	4,018,450	4,018,450	271,228	3,747,222
Total expenditures	14,955,276	14,955,276	5,854,684	9,100,592
Excess (deficiency) of revenues over expenditures	(7,232,354)	(7,232,354)	758,523	7,990,877
Other financing sources (uses)				
Collections of tenant notes receivable and capital reimbursements	-	-	437,396	437,396
Loan Proceeds	-	-	483,186	483,186
Total other financing sources (uses)	-	-	920,582	920,582
Net changes in fund balances	(7,232,354)	(7,232,354)	1,679,105	8,911,459
Fund balance, beginning of year	7,232,354	7,232,354	8,092,245	859,891
Fund balance, end of year	\$ -	\$ -	9,771,350	\$ 9,771,350
Reconciliation to GAAP				
Capital assets, net of depreciation			41,928,277	
Notes receivable from other organization			1,638,711	
Deferred outflows of resources			285,578	
Net pension asset (liability)			(628,835)	
Deferred inflows of resources			(236,781)	
Notes, bonds and special assessment debt			(3,932,770)	
Construction line of credit			(2,493,495)	
Accrued interest payable			(77,291)	
Compensated absences			(169,742)	
Deposits and deferred revenue			(1,012,485)	
Environmental remediation obligation			(19,600,000)	
Net position, end of year			\$ 25,472,517	

The accompanying notes and independent auditors' report should be read with the supplemental schedules

REPORT REQUIRED BY OREGON MINIMUM AUDIT STANDARDS

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

Board of Commissioners
Port of Columbia County
Columbia City, Oregon

We have audited the basic financial statements of the Port of Columbia County (the Port) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 5, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

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

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

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

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

OAR 162-10-0230 Internal Control

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

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Commissioners
Port of Columbia County
Columbia City, Oregon

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

KERN & THOMPSON, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read "Eric Zehntbauer", with a long, sweeping horizontal line extending from the end of the signature.

Eric A. Zehntbauer, CPA
Partner

Portland, Oregon
December 5, 2023