

PORT OF THE DALLES COMMISSION
Special Session Meeting Minutes
Wednesday, January 26, 2024, 12:00 p.m.
Spooky's Restaurant, The Dalles, Oregon

The Special Session Meeting of the Port Commissioners was called to order by President Wallace at 12:02 p.m.

ROLL CALL Executive Director Klaas

- o COMMISSION Robert Wallace, President; Greg Weast, Vice-President; Staci Coburn, Treasurer; John Willer, Secretary
- o ABSENT Mary Hanlon, Assistant Secretary/Treasurer
- o STAFF Andrea Klaas, Executive Director; Jennifer Toepke Executive Assistant/Bookkeeper
- o GUEST Amanda Taskey, CPA, RTO & Company

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT OR QUESTION *None*

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 06-30-2023 Amanda Taskey, CPA, RTO & Company

CPA Taskey presented the following Port of The Dalles Annual Financial Report for the Year Ended June 30, 2023, highlighting:

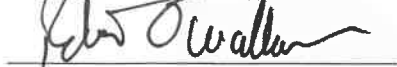
- o *Basic Financial Statements: Statement of Net Position – Modified Cash Basis*
- o *Fund Financial Statements – Governmental Funds*
 - o *Balance Sheet – Governmental Funds – Modified Cash Basis*
 - o *Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds – Modified Cash Basis*
- o *Notes to the Basic Financial Statements*
 - o *Operating Leases – Lessor:*
 - *Power Engineers Lease*
 - o *Extraordinary Items:*
 - *August 1, 2022, fire at The Dalles Marina*
- o *Budget and Actual – Budgetary Basis:*
 - o *General Fund*
 - o *Marina Fund*
 - o *Port Development Fund*

COMMISSION COMMENT *Commissioner Coburn pointed out an error under Governmental Funds, Page 11, Total Extraordinary Items, Total Governmental: 8,910 should be 8,102. Additionally, Commissioner Coburn expressed surprise at incidences throughout the financial statements where line items did not total out correctly.*

MOTION TO ACCEPT AUDIT PRESENTATION M/G. Weast S/J. Willer. Motion Approved Unanimously


THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE PORT COMMISSION, the meeting adjourned at 12:32 p.m.

PORT OF THE DALLES:



Robert Wallace, President
Board of Commissioners

ATTEST:



John Willer, Secretary
Board of Commissioners

DATE APPROVED: February 21, 2024

Prepared by: Executive Assistant Toepke, on behalf of Executive Director Klaas

Port of The Dalles

The Dalles, Oregon

Annual Financial Report

For the Year Ended June 30, 2023

Port of The Dalles

Annual Financial Report

For the Year Ended June 30, 2023

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Port of The Dalles
Board of Commissioners
For the Year Ended June 30, 2023

<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
Greg Weast	President	6-30-2023
Robert Wallace	Vice President	6-30-2024
Staci Coburn	Treasurer	6-30-2023
David A Griffith	Secretary	6-30-2023
John D Willer	Assistant Secretary/Treasurer	6-30-2024

Administrative Officers

Andrea L. Klaas		Executive Director
William Dick II	601 Washington St.	Attorney and Registered Agent
ISU - The Stratton Agency	318 W 2 nd St.	Insurance Agent of Record

All Addresses are 3636 Klindt Drive, The Dalles, Oregon 97058
(Except as Noted)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Port of The Dalles
The Dalles, Oregon

Report of the Audit of the Financial Statements

Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Port of The Dalles, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Port of The Dalles' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Port of The Dalles, as of June 30, 2023, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

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 Port of The Dalles, 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.

Emphasis of Matter—Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

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 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 Port of The Dalles' 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 Port of The Dalles' 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.

Supplementary Information

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

Other Matters


Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 11, 2023 on our consideration of 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.

A handwritten signature in cursive script, appearing to read "Rachel Turbey", is written over a horizontal line.

For RTO & Company
The Dalles, Oregon 97058
December 11, 2023

PORT OF THE DALLES

STATEMENT OF NET POSITION

MODIFIED CASH BASIS

JUNE 30, 2023

(all amounts are in dollars)

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Investments	5,476,189
Notes Receivable	486,120
Deposit on Marina Improvements	35,396
Capital Assets	
Depreciable:	
Capital Assets (Net of Accumulated Depreciation)	6,309,823
Non-Depreciable	
Land	436,554
<u>TOTAL ASSETS</u>	<u>12,744,082</u>
LIABILITIES:	
Current Liabilities:	
Payroll taxes withheld	3,520
<u>TOTAL LIABILITIES</u>	<u>3,520</u>
NET POSITION	
Net Investment in Capital Assets	6,746,377
Unrestricted	5,994,185
<u>TOTAL NET POSITION</u>	<u>12,740,562</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

STATEMENT OF ACTIVITIES

MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>			<u>NET(EXPENSES)</u>
		<u>FEES, FINES AND CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>REVENUES AND CHANGES IN NET ASSETS</u>
					<u>TOTAL GOVERNMENTAL ACTIVITIES</u>
Administration	307,927	-	-	-	(307,927)
Community Development	294,021	-	-	-	(294,022)
<u>TOTAL GOVERNMENTAL ACTIVITIES:</u>	<u>601,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(601,949)</u>

General Revenues:

Property Taxes, levied for general purposes	451,262
Interest and investment earnings	151,469
Other Revenues	21,699
Lease Land/Facility	76,407
Disposal of fixed assets	1,176,641
<u>Total General Revenues</u>	<u>1,877,478</u>

Extraordinary Items:

Insurance Proceeds	8,506
Fire Emergency Costs	(404)
<u>Total Extraordinary Items (Note 4C)</u>	<u>8,102</u>

Change in net position 1,283,632

Net Position, beginning 11,456,931

Net Position, ending 12,740,562

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

GOVERNMENTAL FUNDS

BALANCE SHEET

MODIFIED CASH BASIS

JUNE 30, 2023

(all amounts are in dollars)

	<u>GENERAL</u>	<u>MARINA FUND</u>	<u>PORT DEVELOPMENT FUND</u>	<u>TOTAL GOVERNMENTAL</u>
<u>ASSETS:</u>				
Cash and Investments	1,388,530	254,838	3,832,821	5,476,189
Loan Receivable Marina Fund	723,534	-	-	723,534
<u>TOTAL ASSETS</u>	<u>2,112,064</u>	<u>254,838</u>	<u>3,832,821</u>	<u>6,199,723</u>
<u>LIABILITIES</u>				
Loan Payable General Fund	-	723,534	-	723,534
Payroll Taxes Withhold	3,520	-	-	3,520
<u>TOTAL LIABILITIES</u>	<u>3,520</u>	<u>723,534</u>		<u>727,054</u>
<u>FUND BALANCES:</u>				
Committed:				
Capital Projects	-	-	3,832,821	3,832,821
Unassigned	2,108,544	(468,696)	-	1,639,848
<u>TOTAL FUND BALANCES</u>	<u>2,108,544</u>	<u>(468,696)</u>	<u>3,832,821</u>	<u>5,472,669</u>
<u>TOTAL LIABILITIES & FUND BALANCES</u>	<u>2,112,064</u>	<u>254,838</u>	<u>3,832,821</u>	<u>6,199,723</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

Reconciliation of Balance Sheet to Statement of Net Position

JUNE 30, 2023

(all amounts are in dollars)

Fund Balances - Governmental Funds	5,472,669
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Governmental capital assets:

Land	436,554	
Depreciable Assets	7,916,200	
Less accumulated depreciation	<u>(1,606,377)</u>	6,746,377

Note receivables do not provide current financial resources and are not reported in the governmental funds.	486,120
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Certain non-current assets and deferred outflows of resources recorded in the Statement of Net Position are not recognized in the governmental funds until actually expended.

Deposit on Marina Improvements	<u>35,396</u>
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Net Position of Governmental Activities	<u><u>12,740,562</u></u>
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SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

	<u>GENERAL</u>	<u>MARINA FUND</u>	<u>PORT DEVELOPMENT FUND</u>	<u>TOTAL GOVERNMENTAL</u>
<u>REVENUES:</u>				
Property Taxes	451,262	-	-	451,262
Interest and Investment Income	42,666	7,496	64,805	114,967
Land Sales	-	-	1,430,271	1,430,271
Lease Land/Facility	76,407	-	-	76,407
Loan Repayments	-	-	612,289	612,289
Miscellaneous	16,428	-	-	16,428
<u>TOTAL REVENUES</u>	<u>586,763</u>	<u>7,496</u>	<u>2,107,365</u>	<u>2,701,624</u>
<u>EXPENDITURES:</u>				
<u>Current</u>				
Administration	289,943	-	-	289,943
Community Development	202,255	-	38,004	240,258
Capital Outlay	3,228	-	-	3,228
Debt Service	-	8,000	-	8,000
<u>TOTAL EXPENDITURES</u>	<u>495,426</u>	<u>8,000</u>	<u>38,004</u>	<u>541,429</u>
Excess of Revenues Over (Under) Expenditures	91,337	(504)	2,069,362	2,160,195
<u>OTHER FINANCING SOURCES (USES):</u>				
Sale of Assets	4,000	-	-	(4,000)
Transfer from Other Funds	200,000	-	-	200,000
Transfer to Other Funds	-	-	(200,000)	(200,000)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>204,000</u>	<u>-</u>	<u>(200,000)</u>	<u>(4,000)</u>
<u>EXTRAORDINARY ITEMS:</u>				
Proceeds from Insurance	-	8,506	-	8,506
Fire Emergency Costs	-	(404)	-	(404)
<u>TOTAL EXTRAORDINARY ITEMS</u>	<u>-</u>	<u>8,102</u>	<u>-</u>	<u>8,910</u>
Net Change in Fund Balance	295,337	7,598	1,869,362	2,172,297
<u>FUND BALANCE-BEGINNING OF YEAR</u>	<u>1,813,207</u>	<u>(476,295)</u>	<u>1,963,459</u>	<u>3,300,372</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>2,108,544</u>	<u>(468,696)</u>	<u>3,832,821</u>	<u>5,472,669</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2023
(all amounts are in dollars)

Net Change in Fund Balances - Governmental Funds 2,172,297

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlay as expenditures. However,
in the Statement of Activities, the cost of those assets is depreciated over
their estimated useful lives.

Expenditures for Capital Assets	3,228	
Less Current Year Depreciation	<u>(75,235)</u>	(72,007)

In the Statement of Activities, the gain (loss) on the disposal of assets is
reported, whereas in the governmental funds, no gain (loss) is reported since
it does not impact the financial resources.

Unrecovered Cost of Disposals	(248,871)
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Governmental funds report the effect of long term loans to other entities as an
other financing use. At issuance the principal amount of the loan is reported
as a receivable in the Statement of Net Assets. Payments received on the
loans are reported as revenue in the fund statements, but are not reported in
the Statement of Activities.

Loan Payments Received	<u>(567,787)</u>	<u>(567,787)</u>
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Change in Net Position of Governmental Activities	<u><u>1,283,632</u></u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Port of The Dalles

Notes to the Basic Financial Statements

For the Year Ended June 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Port of The Dalles was created under Section 65-701, Oregon Code 1903 at a special election held July 21, 1933, and by proclamation filed in the records of Wasco County July 28, 1933. The municipal corporation is authorized by Chapter 777 of the Oregon Revised Statutes, as amended to engage in a variety of commercial related activities. Some activities include acquisition of land, construction of buildings, and acquisition of personal property suitable for use by industry for manufacturing, processing or assembling or related activities by commercial enterprises. A five-member commission establishes Port policy for a small staff working under an executive director.

As discussed further in Note 1 – Basis of Accounting, these financial statements are presented on a modified cash basis of accounting. This modified basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). These modified cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and the constraints of the measurement and recognition criteria of the modified cash basis of accounting. The more significant of the Port's accounting policies are described below:

REPORTING ENTITY:

Port of The Dalles is governed by a five-member Board of Commissioners. Standards require that these financial statements present the Port of The Dalles (the primary government) and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement 61, are separate organizations that are included in the Port's reporting entity because of the significance of their operational or financial relationships with the Port. All significant activities and organizations with which the Port exercises oversight responsibility have been considered for inclusion in the basic financial statements.

Based upon the application of the above criteria the Port has no potential component units. As a result, all significant activities and organizations have been included in the combined financial statements.

BASIS OF PRESENTATION:

Government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements to minimize the double counting of internal activities. The Statement of Activities demonstrates the degree to

which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Port funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the Port has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements. An emphasis is placed on major funds within the governmental category. Currently the Port reports all funds as major funds. A fund is considered major if it is the primary operating fund of the Port or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

The Port currently has no fiduciary funds.

Governmental Fund Types

The funds of the financial reporting entity are described below:

GENERAL FUND: Is the primary operating fund of the Port. It accounts for all financial resources except those required to be accounted for in another fund, either legally or by Commissioner direction. The principal revenue source is property taxes. Primary expenditures are for administration of the Port. The General Fund is

always reported as a major fund in the governmental fund statements.

SPECIAL REVENUE FUND: This fund type is used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The Port has one special revenue fund meeting this definition ~ the Marina Fund.

MARINA FUND: The Marina Fund was established to account for activities at the Port-owned Marina property. Principal revenue source is interest income. Expenditures are for capital improvements, general marina operation, and maintenance of marina facilities. The Port of The Dalles transferred management of the Marina to The Dalles Marina LLC as of January 1, 2017. The Dalles Marina LLC reports all of the activity for this fund. The Port only reports interest income received on Marina Fund cash in the LGIP.

CAPITAL PROJECT FUND- PORT DEVELOPMENT FUND: The Port Development Fund is used to finance capital improvements of Port-owned industrial properties and to support economic development within the Port in partnership with other public agencies. The Fund may transfer its assets to other funds for authorized purposes. Principal revenue sources are land sales, interest earnings, and State and Federal grants. Expenditures are for port development, operations, promotion, maintenance, capital outlay, partnership projects, and transfer to other funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING:

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements.

Measurement Focus:

Government-wide Financial Statements are reported using the economic resource measurement focus, within the limitations of the modified cash basis of accounting. Under this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows (whether current or noncurrent or financial or non-financial) associated with the activities are generally reported within the limitations of modified cash basis of accounting.

The governmental fund financial statements are reported using the current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on the balance sheets. The operating statement

presents sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the Statements of Net Position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short term and long term liabilities arising from cash transactions or events.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expense and liabilities) are not recorded in the financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Port used the basis of accounting recognized as generally accepted in the United States, the fund financial statements for the governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

FINANCIAL POSITION:

Deposits and Investments: The Port maintains a cash and investment pool that is available for use by all funds and deposited with the Local Government Investment Pool. Each fund type's portion of this pool is shown on the balance sheet. Deposits and investments are shown at cost, which approximates market value at June 30, 2023. Earnings on the pooled monies are apportioned and credited to the funds monthly, based on the month end balances of each participating fund.

Cash and Cash Equivalents: Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased.

Inventories: Inventory type items are considered to be an expenditure when purchased. The amount of inventory at year-end was not considered significant and is not reported on the balance sheet.

Capital Assets: The Port's modified cash basis of accounting reports capital assets from cash transactions or events and reports depreciation, when appropriate.

Government-wide Financial Statements

Capital assets arising from cash transactions or events are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Capital assets are defined by the Port as assets with an initial, individual cost of \$3,000 or more, and an estimated useful life of greater than one year. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repair and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	25-80
Improvements other than buildings	10-20
Machinery and Equipment	5-10
Vehicles	5-10

Infrastructure assets are not included in the Port's capital assets as they do not own any.

Fund Financial Statements

In the fund financial statements, capital assets arising from cash transactions or events acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

NET POSITION/FUND BALANCE CLASSIFICATIONS:

Government Wide Financial Statements Net position is classified in the following three components:

a-Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in

capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

b-Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

c-Unrestricted – Consists of all other net position components that do not meet the definition of “restricted” or “net investment in capital assets”.

It is the Port’s policy is to apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Financial Statements- Governmental Funds: The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance with respective levels of constraint. In the fund financial statements, Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, and Governmental Fund Type Definitions (GASB 54) define the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires fund balance amounts to be properly reported within one of the five fund balance components listed below:

Nonspendable- This component includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted- This component consists of amounts that can be spent only for the specific purpose stipulated by external resource providers, constitutional provisions, or enabling legislation.

Committed- This component consists of amounts that can only be used for the specific purposes determined by a formal action of the Commission, which includes resolutions. Those committed amounts cannot be used for any other purpose unless the Port removes or changes the specified use by taking the same type of action (resolution) it employed previously to commit those amounts.

Assigned- This component consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. The authority for assigning fund balance is expressed by the Commission, or their designee as established in the Port’s Fund Balance Policy.

Unassigned- This residual classification of fund balance that includes all spendable amounts that have not been restricted, committed, or assigned.

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the Port's policy to use committed resources first, then assigned, and then unassigned, as they are needed.

Fund Balance Policy:

A fund balance policy is tailored to the needs of the Port to insure against unanticipated events that would adversely affect the financial condition of the Port and jeopardize the continuation of necessary public services. This policy will ensure the Port maintains adequate fund balance / net assets and reserves in the Port's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) offset significant economic downturns and revenue shortfalls, and (3) provide funds for unforeseen expenditures related to emergencies.

The Port will maintain reservations of Fund Balance / Net Position in the General Fund of the Port. In the General Fund, there shall be a reservation (unrestricted / undesignated) of fund balance enough to sustain the Port's regular operating expenditures as the Commission designates.

EXPENDITURES:

Expenditures for insurance and similar services extending over more than one accounting period are considered to be an expenditure in the period of acquisition.

LONG-TERM OBLIGATIONS:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

In the fund financial statements, governmental fund types report the face amount of debt issued as other financing sources. Principal and interest payments are reported as debt service expenditures when paid.

USE OF ESTIMATES:

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

BUDGETS AND BUDGETARY ACCOUNTING:

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294- Local Budget Law). The budget is prepared on the modified cash basis of accounting for each fiscal year July 1 to June 30.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held, the Board enacts the resolutions to adopt the budget, make appropriations, and declare the ad valorem tax levy for all funds. The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, debt service, interfund transfers and operating contingency for each fund where appropriate other than the General Fund. The General Fund must be appropriated by organizational unit or program, such as administration. This is the level of control for authorized expenditures. The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent an over-expenditure. Appropriations for all funds lapse at the end of each fiscal year.

Budgetary to fund financial statement reconciliation:

The following schedule reconciles the amount for the Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual to the amounts on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance:

	<u>General Fund</u>	<u>Marina Fund</u>
Net change in fund balance - budgetary basis	\$ 371,803	\$ (68,868)
Interfund Loan	<u>(76,466)</u>	<u>76,466</u>
Net change in fund balance under GASB 34	<u>\$ 295,337</u>	<u>\$ 7,598</u>

Deficit Fund Balances:

The Port has no instances whereby any of its funds had a deficit fund balance as of June 30, 2023 on the budgetary basis.

NOTE 3 – DETAILED NOTES ON ALL FUNDS:

A. CASH AND INVESTMENTS:

Cash and Investments (recorded at cost) for the Port, consisted of the following:

	CARRYING AMOUNT
Checking Account & Money Market	\$ 1,503,902
Local Government Investment Pool	3,972,138
Cash on Hand	150
<u>TOTAL DEPOSITS AND INVESTMENTS</u>	<u>\$ 5,476,189</u>

The Port's investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States and its agencies, certain states and certain guaranteed investments issued by banks. The Port maintains a cash pool that is available for use by all funds. Each funds portion of this pool is reported on the combined balance sheet as Cash and Investments. Aside from compliance with state statutes, the Port does not have any specific policies for its deposits and investments that address custodial credit risk, or concentration of credit risk.

Custodial Credit Risk – Deposits – Custodial credit risk for deposits is the risk that in the event of a bank failure, the government's deposits may not be returned to it. In order to minimize this risk, state statutes require banks holding public funds to become members of the Public Funds Collateralization Program (PFCP, a multiple financial institution collateral pool created by the Office of the State Treasurer.) To qualify, participating banks must pledge collateral against any public fund deposits in excess of deposit insurance. The amount of collateral is set by the PFCP between 10% and 110% of each bank's public fund deposits based on their net worth and level of capitalization. Although the PFCP creates a shared liability structure for participating bank depositories, it does not guarantee that all funds are 100% protected. At June 30, 2023, the Port did not have any deposits exposed to custodial credit risk.

Investments – The Port's cash management and investment policies are governed by Oregon Revised Statutes. Statutes authorize the Port to invest in US Treasury obligations and its agencies and instrumentalities, Oregon Short Term Fund, Corporate Indebtedness, Repurchase Agreements, Municipal Debt, Bankers Acceptances, Qualified Institution – time certificates of deposit – savings accounts – certificates of deposits, and the Oregon State Treasurer's Local Government Investment Pool.

The Port participates in an external investment pool (State of Oregon Treasury Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company and is not rated. The State's investment policies are governed by the ORS and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill and caution. Investments in the Pool 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, 340 Winter St. NE., Salem, Oregon 97310-0840.

Foreign Currency Risk – Investments – Oregon Revised Statutes prohibit investments that are not U.S. Dollar-denominated; therefore, the Port is not exposed to this risk.

Custodial Credit Risk – Investments - Custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party. At June 30, 2023, the Port did not have any investments exposed to custodial credit risk.

Credit Risk – Investments - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The State of Oregon Local Government Investment Pool is unrated.

Concentration of Credit Risk – Investments – The Port is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The Port has no such investments.

Interest Rate Risk – Investments – Interest rate risk is the risk that changes in interest rates demanded by the market will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The Port does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

B. PROPERTY TAX REVENUES:

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in installments the last of which is due on May 15 of the year following the year in which imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure

payment of all taxes, penalties, and interest ultimately imposed. Personal property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent. Property taxes are collected by the Wasco County Tax Collector and credited monthly to the Port's local government investment pool account. The financial statements reflect property taxes as revenue when received by the Port.

C. CONTRACTS RECEIVABLE:

CONTRACT RECEIVABLE – V&G, LLC:

On January 31, 2017, the Port agreed to sell a parcel of land to V&G, LLC. As part of the sales agreement, the Port received \$14,109 in cash, issued a \$37,500 job creation credit, and agreed to finance the remaining \$96,711 sales price. The contract calls for monthly payments of not less than \$759 payable on the first day of each month beginning August 2019. The contract duration is 16 years with five percent interest per annum. As of June 30, 2023, the balance due to the Port was \$72,983. This balance is not reported in the government wide or fund financial statements since this transaction did not arise from cash transactions. Therefore, the interest and principal is reported as revenue when received.

D. CHANGES IN CAPITAL ASSETS:

Capital asset activity for governmental activities for the year-ended June 30, 2023, was as follows:

	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE
<u>Non Depreciable</u>				
Land	436,554	-	-	436,554
<u>Depreciable</u>				
Buildings	221,447	-	-	221,447
Equipment	208,267	3,228	(9,025)	202,470
Construction in Process	5,792,362	-	(246,840)	5,545,522
Land - Other	175,954	-	-	175,954
Marina	1,770,807	-	-	1,770,807
	<u>8,605,391</u>	<u>3,228</u>	<u>(255,865)</u>	<u>8,352,754</u>
<u>Accumulated Depreciation</u>				
Buildings	(120,880)	(5,218)	-	(126,098)
Equipment	(178,765)	(3,713)	6,994	(175,484)
Land - Other	(33,525)	(9,053)	-	(42,578)
Marina	(1,204,966)	(57,251)	-	(1,262,217)
	<u>(1,538,136)</u>	<u>(75,235)</u>	<u>6,994</u>	<u>(1,606,377)</u>
GOVERNMENTAL ACTIVITIES				
CAPITAL ASSETS, NET	<u>7,067,255</u>	<u>(72,007)</u>	<u>(248,871)</u>	<u>6,746,377</u>

Depreciation expense for governmental activities is charged to functions as follows:

General government	\$ 17,984
Culture and Recreation	57,251
Total depreciation for governmental activities	<u>\$ 75,235</u>

E. DEPOSIT ON MARINA IMPROVEMENTS:

The Port of The Dalles entered into a concessionaire agreement with The Dalles Marina LLC as of January 1, 2017. The Dalles Marina LLC is responsible for the day-to-day operations of the annual moorage spaces for boats and boathouses located behind the gates, as well as the ongoing maintenance and improvements necessary for the upkeep of the docks, gangways, and infrastructure systems of the Port's assets. As part of the concessionaire agreement with The Dalles Marina LLC, the Port agreed to transfer \$70,000 from the Port Mariana Fund to The Dalles Marina LLC to be used for future capital improvements. In the fund statements this amount was included in Contracted Services expense since it was the result of a cash transaction. This amount was also shown as a deposit on Marina improvements in the government wide statements since it was a deposit towards future improvements. During the year ended June 30, 2018, this deposit was reduced to \$32,723 to record capital improvements paid out on behalf of the Port. During the year ended June 30, 2019, this deposit was increased to \$35,396 to record an additional disbursement from the Port to The Dalles Marina LLC. There were no changes to this balance for the year ended June 30, 2023.

F. OPERATING LEASES - LESSOR:

The Port of The Dalles receives revenues from various operating leases. The following is a description of the more significant leases:

BILLBOARDS - MEADOW OUTDOOR ADVERTISING:

The Port entered into a lease agreement with Meadow Outdoor Advertising. The lease is for tracts of land measuring 0.02 acres. The property is to be used for the purpose of erecting and maintaining advertising signs thereon. The lease calls for a yearly rental fee of \$1,500, or 10 percent of the gross income generated by the advertising signs placed on the property, whichever is greater. The lease is for a five-year term, which commenced on January 1, 2008 and terminated on December 31, 2015. Although the lease was not renewed when it expired, the lease continues under the prior terms until cancelled.

CRESTLINE CONSTRUCTION LEASE:

The Port entered into a lease agreement with Crestline Construction Company in December 2004. The lease is for undeveloped, vacant property located along the road to Taylor Lake (approx. 2.7 acres). The lease calls for monthly rental payments of \$100 beginning February 1, 2005 on a month-to-month basis.

STATE OF OREGON LEASE:

The Port entered into a lease agreement with the State of Oregon in October 2019 for office rental space. The lease calls for monthly rental payments of \$200 beginning October 1, 2019, billed on a quarterly basis. The lease continues until terminated.

POWER ENGINEERS LEASE:

The Port entered into a lease agreement with Power Engineers, Inc. on October 1, 2022. The lease is for Columbia Gorge Industrial Subdivision lots 1 and 2 and tract B of Chenoweth Creek. The lease calls for monthly rental payments of \$7,500 beginning November 1, 2022 on a month-to-month basis.

G. DEFINED BENEFIT PENSION PLAN:

PLAN DESCRIPTION:

Oregon Public Employees Retirement System (OPERS) is a cost-sharing multiple employer defined benefit plan. Qualified employees of the City are provided with pensions through OPERS. Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS issues a publicly available financial report that can be obtained at

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

Oregon Revised Statutes 238 assigns the authority to establish and amend benefit provisions to the PERS Board of trustees and the State legislature.

Benefits provided under ORS Chapter 238 – Tier One/Tier Two

Pension Benefits: The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include

survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

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) and employer funds equal to the account balance, provided certain conditions are met.

Disability Benefits: This is available for qualifying employees for both duty and non-duty connected causes.

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

Pension Benefits: The Pension Program provides benefits to members hired on or after August 29, 2003. OPSRP provides a life pension funded by employer contributions. Benefits are based upon the number of years of service and the final average salary. 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 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.

Death Benefits: Upon the death of a non-retired member, the beneficiary receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits: This is available for qualifying employees for both duty and non-duty connected causes.

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

FUNDING POLICY:

PERS 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 Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The Port's contribution rates in effect for the fiscal

year ended June 30, 2023 were 5.65 percent for Tier1/Tier Two members, 3.32 percent for OPSRP general service members. For 2022-23 the Port's annual pension cost for PERS was equal to the Port's required and actual contributions.

Members of PERS are required to contribute 6% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program (IAP), a defined contribution plan.

SCHEDULE OF CONTRIBUTIONS:

The Port's contribution information for years ended June 30, were as follows:

<u>Fiscal Year</u> <u>Ending</u>	<u>Required</u> <u>Contributions</u>	<u>Percentage of</u> <u>Contributions</u> <u>Contributed</u>
6/30/2021	21,222	100%
6/30/2022	11,276	100%
6/30/2023	9,508	100%

H. POST-EMPLOYMENT BENEFITS:

Oregon Public Employees Retirement System – Retirement Health Insurance Account (RHIA)

Plan Description: As a member of Oregon Public Employees Retirement System (OPERS) the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer, defined benefit, other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution (currently \$60 per month) toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.340 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The Plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy: Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employer were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60, or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHI account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: 1) have eight years or

more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, 2) receive both Medicare Parts A and B coverage, and 3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she 1) is receiving a retirement benefit or allowance from PERS or 2) was insured at the time the member died and the member retired before May 1, 1991.

Contributions: PERS funding policy provides for 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. Employer contribution rates for 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 Port's contribution rates for the period were 0.05% for Tier One/Tier Two members, and 0.00% for OPSRP members. The Port's contributions to RHIA, which equaled the required contributions each year, were included with the payments for the retirement plan described in the note above.

I. INTERFUND TRANSACTIONS:

OPERATING TRANSFERS:

Funds are transferred from one fund to finance expenditures of other funds in accordance with the authority established for the individual fund.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	200,000	-
Port Development	-	200,000
Total	<u>200,000</u>	<u>200,000</u>

INTERFUND LOANS:

During September 2021, the Port approved an interfund loan between the General Fund and the Marina Fund for \$500,000 to help pay for expenditures incurred from the unforeseen fire at the Marina on July 3, 2021. The loan is to be repaid annually at 1% interest for 10 years, with the final payment due in 2031. During February 2022 the Port authorized an increase to the interfund loan of \$300,000, thus increasing the balance to \$800,000. Future payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payment</u>	<u>Balance</u>
				723,534
6/30/2024	77,230	7,235	84,466	646,304
6/30/2025	78,003	6,463	84,466	568,301
6/30/2026	78,783	5,683	84,466	489,518
6/30/2027	79,571	4,895	84,466	409,948
6/30/2028	80,366	4,099	84,465	329,582
6/30/2032	329,582	8,281	337,863	-
Total	723,534	36,656	760,190	

J. COMMITMENTS/CONTINGENCIES:

The Port has elected to reimburse the Department of Employment for unemployment benefits paid to former employees. There were no payments during the fiscal year for unemployment. It is not possible to estimate the Port's liability for future benefits.

K. NOTE RECEIVABLE COLUMBIA GORGE COMMUNITY COLLEGE:

On October 1, 2019 the Port transferred \$200,000 to Columbia Gorge Community College. June of 2021, the Port transferred the remaining \$1,300,000 of the total \$1,500,000 loan available with the Port. The note calls for CGCC to make annual payments of not less than \$572,979, with interest at the rate of 3.5 percent per annum. The entire balance plus interest is to be paid in full no later than three years from the loan date. As of June 30, 2023 the balance of the note receivable is \$448,323.

L. NOTE RECEIVABLE CITY OF DUFUR:

On June 28, 2018, the Port signed a promissory note with the City of Dufur in the amount of \$175,000 to assist with the water system improvement project. The note calls for the City to make annual payments of not less than \$39,310, with interest at the rate of four percent per annum, beginning July 2020. The entire balance of the note is due and payable in its entirety by the fifth anniversary of the note. As of June 30, 2023 the balance of the note receivable is \$37,797.

CHANGES IN NOTES RECEIVABLE:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
City of Dufur	74,141	-	(36,344)	37,797
Columbia Gorge Community College	979,766	-	(531,443)	448,323
	<u>1,053,907</u>	<u>-</u>	<u>(567,787)</u>	<u>486,120</u>

NOTE 4 – OTHER INFORMATION:

A. RISK MANAGEMENT:

The Port purchases commercial insurance policies to insure against most hazards. There have been no significant reductions in the Port's insurance

coverage from the prior year. Losses over the past three years have not exceeded insurance coverage.

B. TAX ABATEMENTS:

Wasco County has authorized tax-exempt status for two qualified firms within the County: Hix The Dalles and Design LLC. All properties are required to meet State and Federal funding requirements which include annual physical inspections and an annual audit of financial activity and programmatic compliance. The property tax exemption may be removed if the property is no longer eligible under the stated provisions of ORS 307.540 to 307.548. Section E of the renewal application requires the applicant to acknowledge compliance with the requirements annually. For fiscal year ending June 30, 2023, the foregone property tax revenue is \$288,134.

C. EXTRAORDINARY ITEMS:

On August 1, 2022, there was a fire at The Dalles Marina. The fire destroyed six boathouses, along with damage to adjacent boathouses. The Port has led efforts in the clean-up in conjunction with its insurer and Associated Underwater Systems. It's believed that costs will come in below insurance limits. Cleanup was turned over to The Dalles Marina, LLC starting September 6, 2022. The insurance company reimbursed vendors directly, therefore limited activity was reported in the Marina Fund for the fiscal year ending June 30, 2023.

D. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the date of this financial statement with management. The date of this financial statement is also the issuance date. Management is not aware of any subsequent events that require recognition or disclosure in the financial statements.

OTHER SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES – BUDGETARY BASIS

Major Governmental Funds are defined as those funds whose revenues, expenditures, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same items. The General Fund is always classified as a major fund. For the fiscal year ended June 30, 2023, the Port of The Dalles has chosen to report all governmental funds as major funds.

GENERAL FUND: The General Fund is used to finance the general operations of the Port and subject to local budget law, may transfer its assets to other funds for authorized purposes. Principal revenue sources are facility rentals, mortgage fees and the property tax levy. Expenditures are for general port operation, promotion, maintenance of facilities, capital outlay, and transfer to other funds.

MARINA FUND: The Marina Fund was established to account for activities at the Port-owned marina property. Principal revenue source is interest income. Expenditures are for capital improvements, general marina operation, and maintenance of marina facilities.

The Port of The Dalles transferred management of the Marina to The Dalles Marina LLC as of January 1, 2017. The Dalles Marina LLC reports all of the activity for this fund. The Port only reports interest income received on Marina Fund cash in the LGIP.

PORT DEVELOPMENT FUND: The Port Development Fund is used to finance capital improvements of Port-owned industrial properties and to support economic development within the Port in partnership with other public agencies. The Fund may transfer its assets to other funds for authorized purposes. Principal revenue sources are land sales, interest earnings, and State and Federal grants. Expenditures are for port development, operations, promotion, maintenance, capital outlay, partnership projects, and transfer to other funds.

PORT OF THE DALLES

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

<u>REVENUES:</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Property Taxes - Current Year	357,666	357,666	445,406	87,740
Property Taxes - Prior Years	5,000	5,000	5,856	856
Interest	5,549	5,549	34,666	29,117
Leased Land and Facilities	95,000	95,000	76,407	(18,593)
Miscellaneous Revenue	2,000	2,000	13,682	11,682
Grants	4,000,000	4,000,000	-	(4,000,000)
Launch Ramp and Transient Moorage	3,000	3,000	2,746	(254)
<u>TOTAL REVENUES</u>	<u>4,468,215</u>	<u>4,468,215</u>	<u>578,763</u>	<u>(3,889,452)</u>
<u>EXPENDITURES:</u>				
Current:				
<u>PERSONAL SERVICES:</u>				
Wages and Salaries	230,000	230,000	207,562	22,438
Taxes and Benefits	100,000	100,000	82,381	17,619
<u>TOTAL PERSONAL SERVICES</u>	<u>330,000</u>	<u>330,000</u>	<u>289,943</u>	<u>40,057</u>
<u>MATERIALS AND SERVICES:</u>				
Accounting and Audit	10,000	10,000	7,940	2,060
Contracted Services	50,000	50,000	69,763	(19,763)
Dues, Fees and Subscriptions	24,000	24,000	28,196	(4,196)
Insurance - Liability/Property	20,000	20,000	17,488	2,512
Legal	11,000	11,000	7,815	3,186
Maintenance; Supplies and Services	18,000	18,000	15,085	2,915
Launch Ramp and Transient Moorage	17,000	17,000	11,991	5,009
Office Supplies	12,000	12,000	5,320	6,680
Travel, Education, Meetings	35,000	35,000	28,287	6,713
Utilities	19,000	19,000	10,371	8,629
<u>TOTAL MATERIALS AND SERVICES</u>	<u>216,000</u>	<u>216,000</u>	<u>202,255</u>	<u>13,745</u>
<u>CAPITAL OUTLAY:</u>				
Launch Ramp/Transient Moorage	4,000,000	4,000,000	-	4,000,000
Port Facilities	50,000	50,000	3,228	46,772
<u>TOTAL CAPITAL OUTLAY</u>	<u>4,050,000</u>	<u>4,050,000</u>	<u>3,228</u>	<u>4,046,772</u>
<u>OPERATING CONTINGENCIES</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<u>TOTAL EXPENDITURES</u>	<u>4,696,000</u>	<u>4,696,000</u>	<u>495,426</u>	<u>4,200,574</u>

PORT OF THE DALLES

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

	BUDGETED AMOUNTS		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>TOTAL REVENUES</u>	4,468,215	4,468,215	578,763	(3,889,452)
<u>TOTAL EXPENDITURES</u>	<u>(4,696,000)</u>	<u>(4,696,000)</u>	<u>(495,426)</u>	<u>4,200,574</u>
Excess of Revenues Over (Under) Expenditures	(227,785)	(227,785)	83,337	311,122
<u>OTHER FINANCING SOURCES (USES):</u>				
Interfund Loan	12,000	84,466	84,466	-
Sale of Assets	-	-	4,000	4,000
Transfer In	200,000	1,389,520	200,000	(1,189,520)
Transfer Out	<u>(500,000)</u>	<u>(500,000)</u>	-	<u>500,000</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(288,000)</u>	<u>973,986</u>	<u>288,466</u>	<u>(685,520)</u>
Net Change in Fund Balance	(515,785)	746,201	371,803	(374,398)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>924,904</u>	<u>924,904</u>	<u>1,013,207</u>	<u>88,303</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>409,119</u>	<u>1,671,105</u>	<u>1,385,010</u>	<u>(286,095)</u>

PORT OF THE DALLES

MARINA FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
<u>REVENUES:</u>				
Interest Income	768	768	7,496	6,728
Fire Emergency	1,500,000	1,500,000	8,506	(1,491,494)
<u>TOTAL REVENUES</u>	<u>1,500,768</u>	<u>1,500,768</u>	<u>16,002</u>	<u>(1,484,766)</u>
<u>CAPITAL OUTLAY:</u>				
Fire Emergency	300,000	300,000	404	299,596
<u>TOTAL CAPITAL OUTLAY</u>	<u>300,000</u>	<u>300,000</u>	<u>404</u>	<u>299,596</u>
<u>DEBT SERVICE</u>				
Debt Service	-	84,466	84,466	-
<u>TOTAL DEBT SERVICE</u>	<u>-</u>	<u>84,466</u>	<u>84,466</u>	<u>-</u>
<u>TOTAL EXPENDITURES</u>	<u>300,000</u>	<u>384,466</u>	<u>84,870</u>	<u>299,596</u>
Excess of Revenues Over (Under) Expenditures	1,200,768	1,116,302	(68,868)	(1,185,170)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers to Other Funds	(1,273,986)	(1,189,520)	-	1,189,520
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(1,273,986)</u>	<u>(1,189,520)</u>	<u>-</u>	<u>1,189,520</u>
Net Change in Fund Balance	(73,218)	(73,218)	(68,868)	4,350
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>127,956</u>	<u>127,956</u>	<u>323,705</u>	<u>195,749</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>54,738</u>	<u>54,738</u>	<u>254,838</u>	<u>200,100</u>

PORT OF THE DALLES

PORT DEVELOPMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - MODIFIED CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2023

(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>			
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Interest	8,602	8,602	60,957	52,355
Loan Repayment(s)	578,620	578,620	612,289	33,669
Land Sales Income	1,505,000	1,505,000	1,430,271	(74,729)
Contract Interest Income	-	-	3,848	3,848
Matching Grants	4,000,000	4,000,000	-	(4,000,000)
Miscellaneous	5,000,000	5,000,000	-	(5,000,000)
TOTAL REVENUES	<u>11,092,222</u>	<u>11,092,222</u>	<u>2,107,365</u>	<u>(8,984,857)</u>
EXPENDITURES:				
Current:				
MATERIALS AND SERVICES:				
Accounting and Audit	10,000	10,000	7,940	2,060
Travel, Marketing, Promotional, Meetings	15,000	15,000	11,206	3,794
Legal	15,000	15,000	13,620	1,380
Land Sale Costs	150,500	150,500	3,488	147,012
Contracted Services	200,000	200,000	1,750	198,250
TOTAL MATERIALS AND SERVICES	<u>390,500</u>	<u>390,500</u>	<u>38,004</u>	<u>352,496</u>
CAPITAL OUTLAY:				
Land Acquisition, Development, Improvements	8,500,000	8,500,000	-	8,500,000
TOTAL CAPITAL OUTLAY	<u>8,500,000</u>	<u>8,500,000</u>	<u>-</u>	<u>8,500,000</u>
OPERATING CONTINGENCIES	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
TOTAL EXPENDITURES	<u>9,090,500</u>	<u>9,090,500</u>	<u>38,004</u>	<u>9,052,496</u>
Excess of Revenues Over (Under) Expenditures	2,001,722	2,001,722	2,069,362	67,640
OTHER FINANCING SOURCES (USES):				
Special Payments	(3,000,000)	(3,000,000)	-	3,000,000
Transfers from Other Funds	500,000	500,000	-	(500,000)
Transfers to Other Funds	(200,000)	(200,000)	(200,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,700,000)</u>	<u>(2,700,000)</u>	<u>(200,000)</u>	<u>2,500,000</u>
Net Change in Fund Balance	(698,278)	(698,278)	1,869,362	2,567,640
FUND BALANCE - BEGINNING OF YEAR	<u>1,433,744</u>	<u>1,433,744</u>	<u>1,963,459</u>	<u>529,715</u>
FUND BALANCE - END OF YEAR	<u>735,466</u>	<u>735,466</u>	<u>3,832,821</u>	<u>3,097,355</u>



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

Board of Commissioners
Port of The Dalles
The Dalles, Oregon

We have audited the basic financial statements of Port of The Dalles as of and for the year ended June 30, 2023, and have issued our report thereon dated December 11, 2023 in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Port of The Dalles financial statements are free of material misstatement, we performed tests of its compliance with certain provision 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 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 Port of The Dalles 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 except as follows:

2023-2024 Budget:

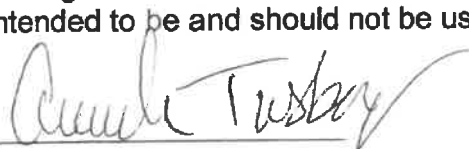
- Budget Resolution: Debt Service was appropriated with Capital Outlay in the Marina Fund. Special Payments was appropriated with Materials and Services and Capital Outlay in the Port Development Fund. Only PS, MS, and CO can be grouped together. Debt Service, Special Payments, Transfers, and Contingency should all be separate.
- Budget Document: Transfers In did not equal Transfers Out. Historical data for the Port Development Fund was inaccurate (beginning cash and ending fund balance).
- Budget Publication: Amounts did not agree to the budget document or resolution. Budget document shows \$2,508,068 for Transfers In and the publication shows \$2,308,068. The different line items under 'Resources' did not agree to the budget document.

ORS 162-10-0230 Internal Control

In planning and performing our audit, we considered the Port's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control over financial reporting. In a separate communication dated December 11, 2023 we reported to management our findings related to control deficiencies.

Restriction on Use

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



For RTO & Company
The Dalles, OR 97058
December 11, 2023

