

Port of Morrow Annual Financial Report

2021



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<http://www.portofmorrow.com>

PORT OF MORROW
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INTRODUCTORY SECTION

**PORT OF MORROW
Commissioners**

Name	Position	Term Expires
Rick Stokoe	President	June 30, 2025
Marv Padberg	Vice President	June 30, 2023
Joe Taylor	Secretary/Treasurer	June 30, 2025
Jerry Healy	Commissioner	June 30, 2025
John Murray	Commissioner	June 30, 2023

Other Personnel

Ryan D. Neal	Executive Director
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All Commissioners can receive mail at the following address:

Port of Morrow
P.O. Box 200
Boardman, OR 97818

Registered Agent

Sam Tucker, Attorney
Milton Freewater, OR 97862

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FINANCIAL SECTION

Independent Auditors' Report

Commissioners
Port of Morrow
P.O. Box 200
Boardman, Oregon 97818

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Port of Morrow as of and for the year ended June 30, 2021, and the related notes to the financial statements which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Port of Morrow as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, budgetary comparison information, and other post-employment benefit liability information be present to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management discussion and analysis and other post-employment benefit liability 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 the 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.

The budgetary comparison information is the responsibility of management and was derived from, and, relate directly to, the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Port of Morrow's basic financial statements. The introductory section, individual fund financial statements and other financial schedules which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The individual fund financial statements, schedule of expenditures of federal awards, and other financial schedules were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 individual fund financial statements, schedule of expenditures of federal awards, and other financial schedules are stated fairly in all material respects in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021 on our consideration of Port of Morrow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Port of Morrow's internal control over financial reporting and on compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 9, 2021, on our consideration of Port of Morrow'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.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Chelsea A. Hewitt
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, OR
November 9, 2021

**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

PORT OF MORROW
Management's Discussion and Analysis

This discussion and analysis of the Port of Morrow's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2021. 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), and also by the Oregon Secretary of State (OSS).

The **Statement of Net Assets** and the **Statement of Activities and Changes in Net Assets** report financial information about the Port as a whole and about its activities. These statements include *all* assets and liabilities of the Port using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Port's *net assets* and the changes in them. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, which is one way to measure the Port's financial health, or *financial position*. Over time, *increases or decreases* in the Port's net assets are one indicator of whether its *financial health* is improving or deteriorating. In these statements, Port activities are separated as follows:

Governmental activities – The Port accounts for all receipts, expenditures and capital costs not accounted for within the proprietary or business-type activities fund in its general fund. Property taxes, bond handling fees and transfers from the enterprise fund (or business-type activities) are the primary sources of revenue for the fund.

Business-type activities – The Port's freshwater, discharge water, east beach utility, freezer warehouse, SAGE Center, site development and motor pool are reported in this category. The Port charges a fee to customers, tenants or other units within the Port to cover all or most of the cost of services it provides

These activities are described in Note 1 of the financial statements. The financial statements also include 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, nearly all of which is required by the GASB, the OSS, or bond ordinances.

Financial Results:

The analysis in Table 1 (below) focuses on the net position of the general fund and of the business-type activities separately.

Table 1
Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 2,629,464	\$ 1,139,279	\$ 66,237,044	\$ 29,889,111	\$ 68,866,508	\$ 31,028,390
Capital assets (net)	144,348	198,747	141,759,925	166,193,723	141,904,273	166,392,470
Total assets	<u>2,773,812</u>	<u>1,338,026</u>	<u>207,996,969</u>	<u>196,082,834</u>	<u>210,770,781</u>	<u>197,420,860</u>
Deferred outflows of resources	-	-	125,856	202,028	125,856	202,028
Long-term liabilities outstanding	-	-	93,954,719	87,566,743	93,954,719	87,566,743
Other liabilities	79,311	96,742	10,287,709	12,017,855	10,367,020	12,114,597
Total liabilities	<u>79,311</u>	<u>96,742</u>	<u>104,242,428</u>	<u>99,584,598</u>	<u>104,321,739</u>	<u>99,681,340</u>
Deferred inflows of resources	-	-	202,553	5,291	202,553	5,291
Net position:						
Net investment in capital assets	144,348	198,747	72,890,685	72,092,694	73,035,033	72,291,441
Restricted	-	-	14,926,999	6,128,168	14,926,999	6,128,168
Unrestricted	2,550,153	1,042,537	15,860,160	18,474,111	18,410,313	19,516,648
Total net position	<u>\$ 2,694,501</u>	<u>\$ 1,241,284</u>	<u>\$ 103,677,844</u>	<u>\$ 96,694,973</u>	<u>\$ 106,372,345</u>	<u>\$ 97,936,257</u>

PORT OF MORROW
Management's Discussion and Analysis

The Port's total net position remained stable with a nine percent increase.

Table 2
Changes in Net Position

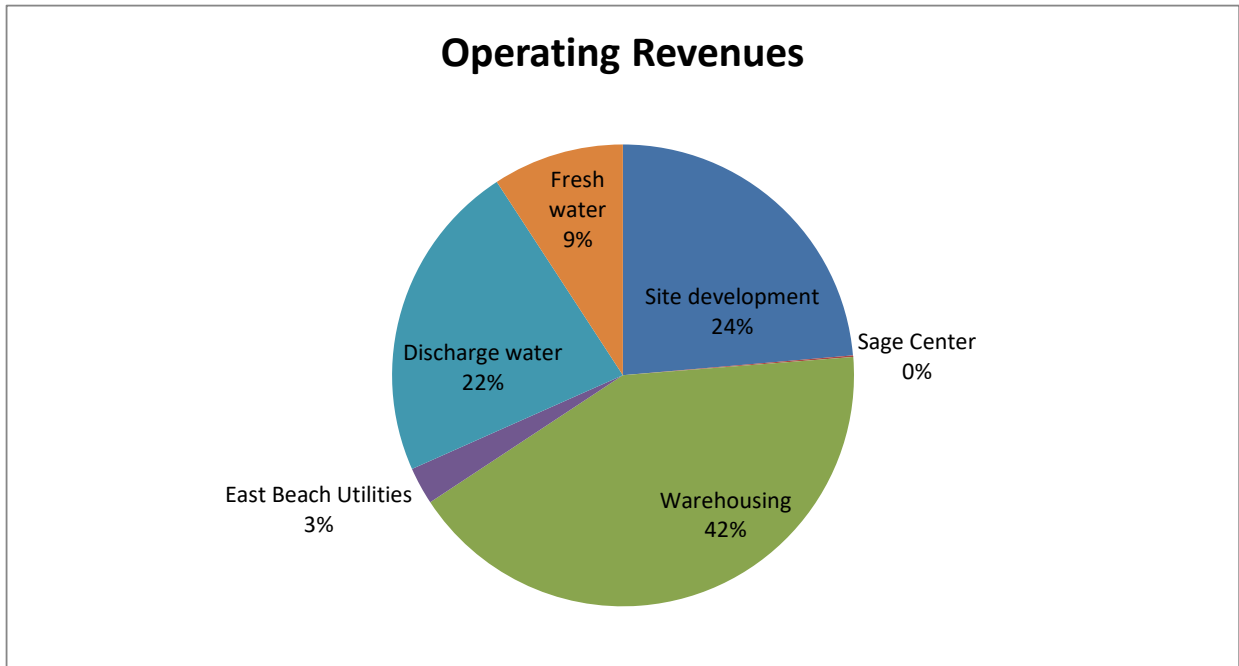
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
General governmental revenues	\$ 1,637,709	\$ 1,351,461	\$ -	\$ -	\$ 1,637,709	\$ 1,351,461
Operating revenues						
Site Development	-	-	6,732,005	4,671,599	6,732,005	4,671,599
SAGE Center	-	-	36,867	93,532	36,867	93,532
Warehousing	-	-	11,970,811	11,186,324	11,970,811	11,186,324
East Beach Utilities	-	-	749,563	728,093	749,563	728,093
Discharge Water	-	-	6,395,135	6,256,359	6,395,135	6,256,359
Freshwater	-	-	2,622,834	3,541,585	2,622,834	3,541,585
NonOperating revenues						
Interest Income	7,550	99	1,582,132	1,199,153	1,589,682	1,199,252
Gain (loss) on sale of assets	-	(5,836)	591,875	3,397,643	591,875	3,391,807
Total revenues	1,645,259	1,345,724	30,681,222	31,074,288	32,326,481	32,420,012

Table 2 (continued)
Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Expenses:						
Management and administration	628,089	672,595	-	-	628,089	672,595
Operating expense	-	-	27,603,290	23,617,595	27,603,290	23,617,595
Nonoperating expenses	-	-	3,563,162	3,124,261	3,563,162	3,124,261
Total expenses	628,089	672,595	31,166,452	26,741,856	31,794,541	27,414,451
Increase (decrease) in net position before transfers	1,017,170	673,129	(485,230)	4,332,432	531,940	5,005,561
Valuation adjustment	-	-	(500,000)	-	(500,000)	-
Grant income and contributions	271,047	44,453	8,133,101	12,058,015	8,404,148	12,102,468
Transfers	165,000	165,000	(165,000)	(165,000)	-	-
Increase (decrease) in net position	1,453,217	882,582	6,982,871	16,225,447	8,436,088	17,108,029
Net position-beginning	1,241,284	358,702	96,694,973	80,469,526	97,936,257	80,828,228
Net position-ending	\$ 2,694,501	\$ 1,241,284	\$ 103,677,844	\$ 96,694,973	\$ 106,372,345	\$ 97,936,257

PORT OF MORROW
Management's Discussion and Analysis

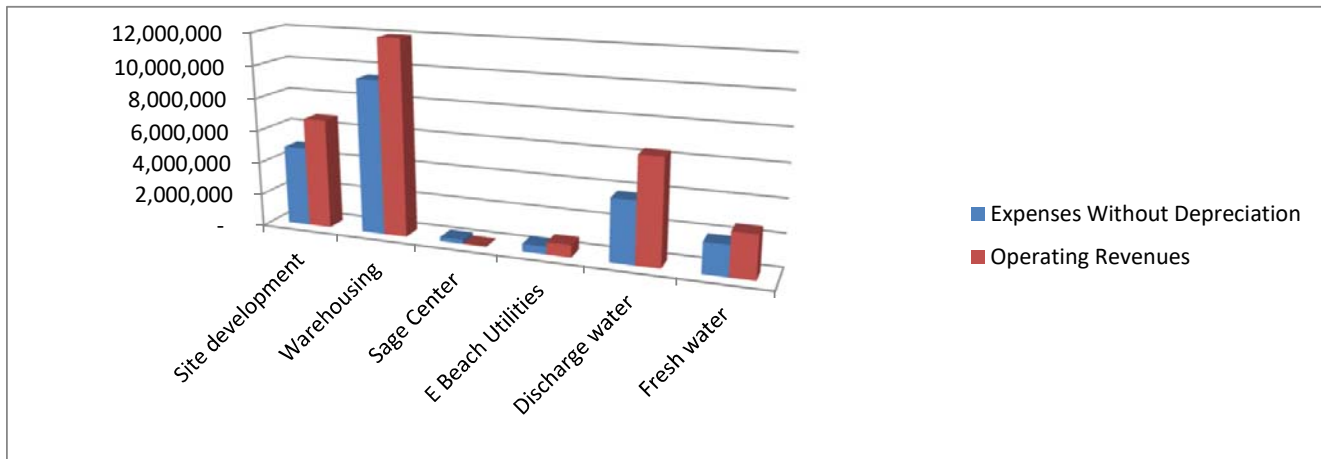
Operating revenues received in the Enterprise or business-type fund break down as follows:



A cooler addition to the freezer warehouse opened six months into the prior year. Current year includes the first full year operations of the addition. The pandemic caused changes in the freezer operation with increased product turns and lower extended storage. Cooler added ability to handle new commodities and helped offset these changes.

After an initial dip, water usage remained stable. The decrease in freshwater revenue is due to a reclassification of the CID water pipeline to a capital lease, not freshwater usage revenue.

Depreciation accounts for 25% of the business-type activity expenses. The following is a representation of the segments without depreciation expense.



Capital Assets

During the current year, the Port expended \$2.3 million to substantially complete the \$32 million pipeline project of the Columbia Improvement District and water is flowing.

The Port also expanded east beach rail spur capacity investing \$5.56 million in the project.

An addition was built onto the Neal Early Learning center. \$2.07 million was spent adding six new classrooms, a multipurpose room and offices.

PORT OF MORROW Management's Discussion and Analysis

The Port began construction on a flex use warehouse building. This will add 16,000 square feet to available lease space. Completion is expected in September 2021, with \$1.02 million expended as of year end. The Port has secured tenants for the entire facility.

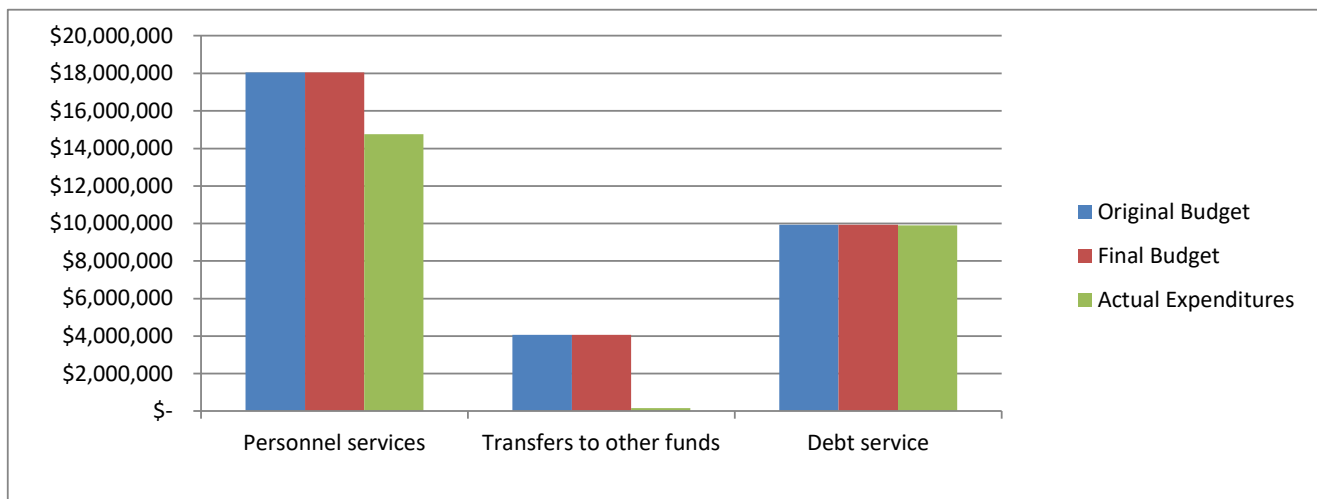
Debt

The Port refunded several outstanding bonds, taking out \$6 million in additional funds for an expansion at Boardman Foods and \$4 million for a digester for the Port wastewater. Net present value savings was calculated at \$3.657 million.

The Port also participated in a refinancing of one of its Oregon Special Public Works Fund loans through the Oregon Bond Bank.

Budgetary

The Port's budget for the year ended June 30, 2021 was adopted by the Port Commission in June 2020. The following table illustrates the total changes in the final budget with comparison to the actual expenditures.



Capital outlay had a significant variance between actual results and budgeted amounts. Timing of major expenditures and construction projects is difficult to project and some projects did not proceed as quickly as projected. Expenditures did not exceed budgetary limits in any category.

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 financial information, contact Port of Morrow's Chief Financial Officer, PO Box 200, Boardman, OR 97818.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

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PORT OF MORROW
Statement of Net Position
As of June 30, 2021

Assets:	Governmental Activities	Business-Type Activities	Total
Current assets:			
Petty cash	\$ 200	\$ 1,140	\$ 1,340
Cash in bank - Unrestricted	324,763	3,015,912	3,340,675
Local Government Investment Pool - Unrestricted	2,245,480	2,599,213	4,844,693
Local Government Investment Pool - Restricted	-	13,827,323	13,827,323
Total cash and cash equivalents	<u>2,570,443</u>	<u>19,443,588</u>	<u>22,014,031</u>
Accounts receivable - county treasurer	897	-	897
Accounts receivable (net of \$7,150 doubtful accounts)	1,665	3,013,769	3,015,434
Grants receivable	50,000	335,817	385,817
Current portion of lease receivable	-	1,289,785	1,289,785
Deposits and prepaid expenses	-	253,989	253,989
Inventory	-	7,784	7,784
Property taxes receivable	6,459	-	6,459
Total current assets	<u>2,629,464</u>	<u>24,344,732</u>	<u>26,974,196</u>
Noncurrent assets:			
Deposits with trustee	-	1,099,676	1,099,676
Lease receivable	-	39,466,885	39,466,885
Patronage capital credits	-	1,325,751	1,325,751
Capital assets (net)	144,348	141,759,925	141,904,273
Total noncurrent assets	<u>144,348</u>	<u>183,652,237</u>	<u>183,796,585</u>
Total assets	<u>2,773,812</u>	<u>207,996,969</u>	<u>210,770,781</u>
Deferred outflows of resources:			
Deferred outflows related to OPEB	-	125,856	125,856
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	16,333	2,119,029	2,135,362
Accrued payroll and compensated absences	62,978	1,589,443	1,652,421
Customer deposits	-	2,000	2,000
Unearned revenue	-	475,083	475,083
Current portion of long-term debt	-	6,102,154	6,102,154
Total current liabilities	<u>79,311</u>	<u>10,287,709</u>	<u>10,367,020</u>
Long-term liabilities:			
Net OPEB liability	-	199,085	199,085
Long-term debt	-	93,755,634	93,755,634
Total long-term liabilities	<u>-</u>	<u>93,954,719</u>	<u>93,954,719</u>
Total liabilities	<u>79,311</u>	<u>104,242,428</u>	<u>104,321,739</u>
Deferred inflows of resources:			
Deferred inflows related to OPEB	-	4,648	4,648
Deferred charges	-	197,905	197,905
Total deferred inflows of resources	<u>-</u>	<u>202,553</u>	<u>202,553</u>
Net Position:			
Net Investment in capital assets	144,348	72,890,685	73,035,033
Restricted for capital and debt service	-	14,926,999	14,926,999
Unrestricted	2,550,153	15,860,160	18,410,313
Total net position	<u>\$ 2,694,501</u>	<u>\$ 103,677,844</u>	<u>\$ 106,372,345</u>

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Statement of Activities
For the fiscal year ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Grants and Contributions</u>
Governmental Activities:			
Management and administration	\$ 565,790	\$ -	\$ 271,047
Depreciation - unallocated	62,299	-	-
Total governmental	<u>628,089</u>	<u>-</u>	<u>271,047</u>
Business-Type Activities:			
Site development	8,293,073	6,085,832	646,173
SAGE Center	242,169	7,867	29,000
Warehousing	10,697,516	11,729,555	241,256
East Beach Utilities	815,488	749,563	-
Discharge water	5,556,296	6,346,884	48,251
Fresh water	1,998,748	2,574,583	48,251
Total business-type activities	<u>27,603,290</u>	<u>27,494,284</u>	<u>1,012,931</u>
Total primary government	<u>\$ 28,231,379</u>	<u>\$ 27,494,284</u>	<u>\$ 1,283,978</u>

General revenues:
Property taxes
Payments in lieu of tax
Interest income
Bond handling charges
Gain (loss) on disposition of assets
Interest expense
Trustee Fees
Special Item - Valuation adjustment
Transfers
Total general revenues, transfers, and special items

Change in net position
Net position-beginning
Net position-ending

**Net(Expense) Revenue and
Changes in Net Position**

<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
\$ -	\$ (294,743)	\$ -	\$ (294,743)
-	(62,299)	-	(62,299)
-	(357,042)	-	(357,042)
6,849,101	-	5,288,033	5,288,033
-	-	(205,302)	(205,302)
-	-	1,273,295	1,273,295
-	-	(65,925)	(65,925)
227,673	-	1,066,512	1,066,512
1,056,327	-	1,680,413	1,680,413
8,133,101	-	9,037,026	9,037,026
<u>\$ 8,133,101</u>	<u>(357,042)</u>	<u>9,037,026</u>	<u>8,679,984</u>
	213,427	-	213,427
	1,164,282	-	1,164,282
	7,550	1,582,132	1,589,682
	260,000	-	260,000
	-	591,875	591,875
	-	(3,559,462)	(3,559,462)
	-	(3,700)	(3,700)
	-	(500,000)	(500,000)
	165,000	(165,000)	-
	<u>1,810,259</u>	<u>(2,054,155)</u>	<u>(243,896)</u>
	1,453,217	6,982,871	8,436,088
	1,241,284	96,694,973	97,936,257
	<u>\$ 2,694,501</u>	<u>\$ 103,677,844</u>	<u>\$ 106,372,345</u>

(The accompanying notes are an integral part of these financial statements)

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FUND FINANCIAL STATEMENTS

PORT OF MORROW
Balance Sheet - Governmental Funds
As of June 30, 2021

	General Fund
Assets:	
Petty cash	\$ 200
Cash in bank	324,763
Local Government Investment Pool - Unrestricted	2,245,480
Total cash and cash equivalents	2,570,443
Accounts receivable - county treasurer	897
Accounts receivable	1,665
Grant receivable	50,000
Property taxes receivable	6,459
Total assets	2,629,464
Deferred outflows of resources:	
	-
Total assets and deferred outflows of resources	\$ 2,629,464
Liabilities:	
Accounts payable	\$ 16,333
Accrued payroll payable	62,978
Total liabilities	79,311
Deferred inflows of resources:	
Unavailable property tax revenue	6,459
Fund Balances:	
Unassigned	2,543,694
Total liabilities, deferred inflows of resources and fund balance	\$ 2,629,464

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Reconciliation of The Governmental Funds Balance Sheet
To The Statement of Net Position
For the Fiscal Year Ended June 30, 2021

Total fund balances for governmental funds \$ 2,543,694

Total net position reported for governmental activities in the statement of net position is different because:

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

Equipment	\$	667,907	
Accumulated Depreciation		<u>(523,559)</u>	
			144,348

Some of the Port's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds.

6,459

Total net position of governmental activities \$ 2,694,501

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund
Revenues:	
Taxes:	
Property taxes	\$ 213,903
Payments in lieu of tax	1,164,282
Miscellaneous:	
Interest income	7,550
Bond handling charges	260,000
Total revenues	1,645,735
Expenditures:	
Current:	
Management and administration	565,790
Capital outlay	7,900
Total expenditures	573,690
Excess of revenues over (under) expenditures	1,072,045
Other Financing Sources (Uses):	
Grant Revenue	271,047
Transfers from other funds	165,000
Total other financing sources (uses)	436,047
Change in fund balance	1,508,092
Fund balance, beginning of year	1,035,602
Fund balance, end of year	\$ 2,543,694

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds To The Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 1,508,092

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$7,900) was less than depreciation (\$62,299) less loss on disposition of assets (\$0) in the current period. (54,399)

Property taxes receivable but not collectable soon enough to pay for the current period's expenditures are offset by unearned revenue in the Governmental fund. In the statement of activities property taxes are recorded as revenues as billed. Property taxes receivable had decreased (\$6,935-\$6,459) during the current period. (476)

Change in net position of governmental activities \$ 1,453,217

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Statement of Fund Net Position
As of June 30, 2021

	Business-Type Activities
Assets:	
Current assets:	
Petty cash	\$ 1,140
Cash in bank	3,015,912
Local government investment pool	16,426,536
Total cash and cash equivalents	19,443,588
Accounts receivable (net of \$7,150 doubtful accounts)	3,013,769
Grants receivable	335,817
Current portion of leases receivable	1,289,785
Deposits and prepaid expenses	253,989
Inventory	7,784
Total current assets	24,344,732
Noncurrent assets:	
Deposits with trustee	1,099,676
Lease receivable	39,466,885
Patronage capital credits	1,325,751
Capital assets not being depreciated:	
Land, construction in progress, assets held for sale	15,713,795
Capital assets being depreciated:	
Property and equipment	202,103,005
Less: accumulated depreciation	(76,056,875)
Total capital assets, net of depreciation	141,759,925
Total noncurrent assets	183,652,237
Total assets	207,996,969
Deferred outflows of resources:	
Deferred outflows related to OPEB	125,856
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	2,119,029
Accrued payroll and compensated absences	1,589,443
Customer deposits	2,000
Unearned revenue	475,083
Current portion of long-term debt	6,102,154
Total current liabilities	10,287,709
Long-term liabilities:	
Net OPEB liability	199,085
Long-term debt	93,755,634
Total long-term liabilities	93,954,719
Total liabilities	104,242,428
Deferred inflows of resources:	
Deferred inflows related to OPEB	4,648
Deferred charges	197,905
Total deferred inflows of resources	202,553
Net Position:	
Net Investment in capital assets	72,890,685
Restricted for capital and debt service	14,926,999
Unrestricted	15,860,160
Total net position	\$ 103,677,844

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2021

Operating Revenues	
Discharge water segment	\$ 6,395,135
Site development segment	6,732,005
Freshwater segment	2,622,834
SAGE center segment	36,867
Warehousing segment	11,970,811
East beach utility segment	749,563
Total operating revenues	<u>28,507,215</u>
Operating Expenses:	
Labor	13,472,076
Contract	787,874
Utilities	1,612,382
Insurance	358,879
Repairs	1,840,842
Fuel and oil	170,816
Testing and permits	925,795
Legal fees	70,312
Property taxes / lease expense	112,452
Supplies	964,838
Marketing	142,804
LRA Activities	221,385
Depreciation	6,918,786
Community projects	4,049
Total operating expenses	<u>27,603,290</u>
Operating income (loss)	<u>903,925</u>
Non-Operating Revenues (Expenses):	
Interest income	1,582,132
Gain (loss) on sale of assets	591,875
Transfers (to) other funds	(165,000)
Interest expense	(3,559,462)
Trustee fees	(3,700)
Total non-operating revenues (expenses)	<u>(1,554,155)</u>
Special Items:	
Contributions	1,430,173
Valuation adjustment	(500,000)
Grant income	6,702,928
Total special items	<u>7,633,101</u>
Change in net position	6,982,871
Net position, beginning of year	<u>96,694,973</u>
Net position, end of year	<u>\$ 103,677,844</u>

(The accompanying notes are an integral part of these financial statements)

PORT OF MORROW
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2021

Cash Flows From Operating Activities:

Cash received from customers	\$ 26,897,476
Cash payments to supplies for goods and services	(6,955,494)
Cash payments for personnel services	(13,480,006)
Net cash provided by operating activities	6,461,976

Cash Flows From Non Capital Financing Activities:

Cash payments for quasi-external operating transactions	(165,000)
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Cash Flows From Capital and Related Financing Activities:

Principal paid on revenue bond maturities, loans, and contracts	(6,097,193)
Proceeds from bonds and loans	10,914,922
Interest paid on bonds and loans	(2,270,383)
Interest income on bond reserves	18,382
Capital related trustee fees on bonds	(3,700)
Acquisition and construction of capital assets	(15,359,373)
Restricted for debt service	1,902,159
Receipts from sale of capital assets	635,755
Capital grants received	9,775,809
Net cash provided by capital and related financing activities	(483,622)

Cash Flows From Investing Activities:

Interest on investments	1,563,750
Contributions to subrecipients	(350,000)
Notes receivable	278,456
Lease receivable	883,419
Net cash used in investing activities	2,375,625

Net increase (decrease) in cash	8,188,979
Cash and cash equivalents at July 1, 2020	11,254,609
Cash and cash equivalents at June 30, 2021	\$ 19,443,588

continued on next page

PORT OF MORROW
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2021

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:

Operating income	\$ 903,925
<hr/>	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	6,918,786
Internal service revenue charged to capital assets	(1,284,375)
Net increase in trade accounts and notes receivable	(347,997)
Increase in prepaid expense	(43,524)
Increase in deferred outflows from OPEB	(120,834)
Increase in patronage capital credits	(25,650)
Increase in trade accounts payable	300,457
Decrease in customer deposits	(1,063)
Decrease in deferred inflows from OPEB	(1,286)
Increase in OPEB liability	128,749
Decrease in accrued payroll	(14,559)
Increase in unearned revenue	49,347
Total adjustments	<hr/> 5,558,051
Net cash provided by operating activities	<hr/> <hr/> \$ 6,461,976

Summary of Cash and Cash Equivalents:

	<u>June 30, 2021</u>
Petty cash	\$ 1,140
Cash in Bank	3,015,912
Local government investment pool	<hr/> 16,426,536
Total cash and cash equivalents	<hr/> <hr/> \$ 19,443,588

Noncash capital and financing activities:

The Port issued capital bonds to refund debt issued in 2014, 2016, 2017, 2019, and 2020. \$63,908,220 of the proceeds were deposited immediately into refunding escrows for the defeasance of \$61,402,000 of outstanding revenue bond principal and related accrued interest.

The Port also refinanced loan SPWF #9. \$12,750,973 of the proceeds were deposited immediately into refunding escrows for the defeasance of \$15,343,677 of outstanding principal.

(The accompanying notes are an integral part of these financial statements)

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**NOTES TO BASIC FINANCIAL
STATEMENTS**

PORT OF MORROW
Notes to Basic Financial Statements

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

The accompanying financial statements present the activities of the Port of Morrow. The Port of Morrow is a municipal corporation whose territory encompasses all of Morrow County, Oregon. The Port was organized under O.R.S. 777.010 and owns land known as "Port of Morrow" along the Columbia River at Boardman, Oregon. It has developed an industrial park, operates water and wastewater facilities, operates frozen and cold warehousing facilities, is lessor of a dock and wharf facility including a Gantry Crane, and develops siting for prospective tenants. It is governed by a Board of Commissioners form of government. The Port is legally and financially independent of other state and local government units, has the power to levy tax, is responsible for its debts, and is entitled to any surpluses.

Basis of Presentation, Basis of Accounting

Government-wide Statements: The statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the Port. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Port and for each function of the Port's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Port's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. The Port considers both of its funds to be major.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Port gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Port considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as

PORT OF MORROW

Notes to Basic Financial Statements

expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Port funds certain programs by a combination of grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net resources available to finance the program. It is the Port's policy to first apply grant resources to such programs, followed by general revenues.

Financial Position

Deposits and Investments

The cash balances of all funds are pooled and invested by the Port for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2021 based on market prices. The individual fund's portions of the pool's fair value are presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

Deposits with Trustee are deposits held by trustees in accordance with bond indenture agreements to service debt and provide cash reserves.

Cash and Cash Equivalents

The government's cash and cash equivalents include cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

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. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position 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 applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, grants paid in advance, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds also report unavailable property tax revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Property Tax Calendar

Property taxes attach as an enforceable lien when they are levied on July 1, and until they are paid. Taxes are due in one-third increments, on November 15, February 15, and May 15. Unpaid taxes are considered delinquent after November 15.

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Property tax revenues are accounted for on the accrual basis of accounting in the government-wide statements and are recognized when earned.

Inventory and Prepaid Items

Inventories are valued at cost using the first in/first out (FIFO) method.

PORT OF MORROW
Notes to Basic Financial Statements

Certain payments to vendors reflected costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historic cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. Major capital asset additions are financed primarily from bond proceeds. The normal cost of maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used for assets that have initial useful lives extended beyond a single reporting period.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	20-50
Equipment and Furniture	5-20
Buildings and Land Improvements	20-40

Capitalized Interest

The Port did not capitalize interest in the current period. The Port implemented treatment of interest cost during construction as outlined in GASB 89.

Compensated Absences

Paid vacation benefits are provided to all permanent full-time and permanent part-time employees. Vacation time may accrue to a maximum of 30 days. Any time earned beyond 30 days must be taken by December 31 or is lost unless an extension is granted by the General Manager. All unused vacation time must be converted to cash upon termination of permanent employees at the equivalent hourly rate of pay being received upon termination. Vacation accrues in the following increments:

<u>Years of Employment</u>	<u>Vacation Hours/Days</u>
1	80 hours/10 days
2-4	122 hours/15 days
5-9	161 hours/ 20 days
10-24	200 hours/25 days
25+	242 hours/30 days

Years of employment begin with the date of hire.

Sick leave is provided to all employees. Sick leave is accumulated at the rate of one hour per 30 regular hours worked, up until a maximum of 52 hours earned per year. Sick leave can be used as soon as it is accumulated. Upon termination, if an employee has six or more years of service they will receive 50% of accumulated hours paid into their HRA.

The Port accrues liability for compensated absences which meet the following criteria:

1. The Port's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria the Port has accrued a liability for vacation pay which has been earned but not taken by Port employees and 50% of sick pay accumulated by employees with six or more years. The liability is included in "accrued payroll payable" in accordance with ASC 710-10-25.

PORT OF MORROW
Notes to Basic Financial Statements

Net Position/Fund Balance Classifications

Government-Wide Statements - Equity is classified as net position and displayed in three components:

- a. Investment in capital assets - Consists of capital assets including restricted 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
- b. Restricted net position - Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the Port's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements - In the governmental funds the difference among deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. The constraints are defined as follows:

Nonspendable - Resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Restricted - Constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - Reported when the Board passes an ordinance that places specific constraints on how the resources may be used. The Board can modify or rescind the ordinance at any time through passage of an additional ordinance.

Assigned - Resources that are constrained by the government's intent to use them for a specific purpose, but are neither restricted nor committed. Intent is expressed when the Commission approves which resources should be "reserved" during the adoption of the annual budget. The Controller uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Port's annual financial report.

Unassigned - The residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

Unearned Revenue

This is cash received prior to the fiscal year in which it is recognized as revenue.

Deferred Charges (Net)

These are amounts caused by advanced refundings of debt and are amortized over the term of the issue.

PORT OF MORROW
Notes to Basic Financial Statements

Discount and Premiums on Port Revenue Bonds

Bond discounts and premiums for proprietary fund types are deferred and amortized over the term of the bonds using the straight line method. Bond discounts are presented as a reduction of the face amount of the bonds payable, premiums as an addition.

Unearned Amount on Refunding (Net)

This account is the difference between the reacquisition price and the net carrying amount of the old debt. It is amortized over the shorter life of either the refunded or refunding debt issue. It is amortized using the straight line method. This account is presented as a reduction of the face amount of bonds payable.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Depreciation expense, Accumulated Depreciation, Property Taxes Receivable, and Unearned Revenue accounts have been subject to estimation.

Note 2 - Compliance and Accountability:

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38 "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with the actions taken to address such violations.

None reported

Note 3 - Deposits and Investments:

Deposits and investments are comprised of the following at June 30, 2021:

Petty Cash	\$ 1,340
Deposits with financial institutions	3,340,675
Deposits with trustee	1,099,676
Local Government Investment Pool	<u>18,672,016</u>
	<u>\$ 23,113,707</u>

Deposits and investments are reflected in the government-wide Statement of Net Position as follows:

Cash and cash equivalents	\$ 22,014,031
Deposits with trustee	<u>1,099,676</u>
	<u>\$ 23,113,707</u>

The Port maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed monthly based on average daily balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Fair value is determined at 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, other than a forced liquidation sale. Investments in the State of Oregon Local Government Pool (LGIP) are stated at fair value.

PORT OF MORROW
Notes to Basic Financial Statements

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$3,386,862 at June 30, 2021. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

Custodial Credit Risk - Deposits

Custodial credit risk on deposits is the risk that in the event of a bank failure, the Port's deposits may not be returned. 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 banks depositories, it does not guarantee that all funds are 100% protected.

All accounts are insured by FDIC up to \$250,000.

Investments

The purpose of the Port's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment-related activities. The Port has delegated investment responsibilities to the Chief Financial Officer, who is primarily responsible for implementing the investment policy.

Credit Risk - Investments

State statutes authorize the Port to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers and the State Treasurer's investment pool, among others. The Port has no formal investment policy that further restricts its investment choices.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the Port will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The Port does not have a policy that limits the amount of investments that can be held by counterparties.

The Local Government Investment Pool (LGIP) is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Commission. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short Term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. The LGIP's credit quality is unrated.

Professional standards indicate investments in external investment pools are not subject to custodial risk because they are not evidenced by the securities that exist in physical or book entry form. Nevertheless, management does not believe there is any substantial custodial risk related to investments in the LGIP. The fair value of the Port's position in the LGIP is the same as the value of the pool shares.

PORT OF MORROW
Notes to Basic Financial Statements

Concentration Risk

The Port does not have a formal policy that places a limit on the amount that they may be invested in any one insurer. The Port has concentrations in the following investments: Local Government Pool. These investments are 100% of the Port's total investments.

<u>Investment Type</u>	<u>Maturities</u>	<u>Concentration % of Portfolio</u>	<u>Actual Amount</u>
Local Government Investment Pool	Avg 6-18 months	100%	<u>\$ 18,672,016</u>

Interest Rate Risk

The Port does not have a formal investment policy limiting investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Note 4 - Accounts and Other Receivables:

The Port considers its delinquent property tax receivables fully collectible and does not use an allowance for uncollectible property taxes. Property taxes attach as an enforceable lien on property July 1, when they are levied, and until they are paid.

Grants and other receivables from other government agencies are generally expected to be collectible. Accordingly, an allowance for uncollectables is not considered necessary or recorded.

Accounts receivable is partly composed of amounts due Port of Morrow at June 30, 2021 for fresh water and discharge services, land leases, warehouse storage, and royalties. Accounts receivable are considered delinquent if uncollected after 30 days. Uncollectible receivables are accounted for using the reserve method as required by GAAP based on 80% of accounts receivable aged over 90 days delinquent.

Note 5 - Property Taxes Receivable

Property taxes receivable included in revenues are \$6,459, which are all past due and accruing interest.

PORT OF MORROW
Notes to Basic Financial Statements

Note 6 - Capital Assets:

Capital asset activity for the twelve months ended June 30, 2021, was as follows:

	Balance at July 1, 2020	Increases	Decreases	Balance at June 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 36,750	\$ -	\$ -	\$ 36,750
Capital assets being depreciated:				
Buildings	186,828	-	-	186,828
Equipment & furniture	475,255	7,900	(38,827)	444,328
Total capital assets being depreciated	662,083	7,900	(38,827)	631,156
Less: accumulated depreciation:				
Buildings	(101,830)	-	-	(101,830)
Equipment & furniture	(398,256)	(62,299)	38,827	(421,728)
Total accumulated depreciation	(500,086)	(62,299)	38,827	(523,558)
Net capital assets being depreciated	161,997	(54,399)	-	107,598
Net capital assets - Governmental Activities	\$ 198,747	\$ (54,399)	\$ -	\$ 144,348
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 10,786,656	\$ -	\$ -	\$ 10,786,656
Construction in progress	32,345,734	6,128,296	33,546,891	4,927,139
Assets held for sale	500,000	-	500,000	-
Total capital assets not being depreciated	43,632,390	6,128,296	34,046,891	15,713,795
Capital assets being depreciated:				
Buildings & land improvements	132,790,688	9,608,960	-	142,399,648
Equipment & furniture	58,997,606	852,504	(146,753)	59,703,357
Total capital assets being depreciated	191,788,294	10,461,464	(146,753)	202,103,005
Less: accumulated depreciation:				
Buildings	(42,944,373)	(4,707,221)	-	(47,651,594)
Equipment & furniture	(26,282,588)	(2,211,566)	88,873	(28,405,281)
Total accumulated depreciation	(69,226,961)	(6,918,787)	88,873	(76,056,875)
Net capital assets being depreciated	122,561,333	3,542,677	57,880	126,046,130
Net capital assets - Business-type Activities	\$ 166,193,723	\$ 9,670,973	\$ 34,104,771	\$ 141,759,925

Depreciation expense was charged to functions as follows:

Governmental activities:	
Unallocated	\$ 62,299
Business-type activities:	
Discharge Water	\$ 1,769,837
Site Development	3,425,734
Warehousing	1,244,232
East Beach Utility	346,721
Freshwater	132,263
Total depreciation expense	\$ 6,918,787

PORT OF MORROW
Notes to Basic Financial Statements

Note 7 - Accounts Payable:

The accounts payable balance is partly composed of the following:

Trade payable - Umatilla Electric	\$	237,893
Trade payable - City of Boardman		33,281
Trade payable - Yancy Pallets, Inc.		58,500
Trade payable - IRZ Consulting, LLC		34,858
Capital Asset - HCS LLC		93,711
Capital Asset - HD Fowler Company		102,677
Capital Asset - Thews Sheet Metal		60,505
Capital Asset - Yellow Jacket Drilling		70,071
Contingent Liability - DEQ		150,000

The Port has been notified by DEQ of potential penalties for over-applying process water under their land application permit. The Port has plans, and has obtained financing to construct a digester to alleviate any over application issues and provide excess capacity. They are currently in discussions with DEQ and related consultants regarding these issues. The Port believes it is likely they will be required to pay some amount and while the penalties could be as high as \$340,000, they believe they have sufficient justification to support an estimate of \$150,000.

Note 8 - Short-Term Debt:

The Port of Morrow had no short-term debt outstanding for the year ended June 30, 2021.

PORT OF MORROW
Notes to Basic Financial Statements

Note 9 - Long-Term Obligations:

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2021 are as follows:

	Balance 6/30/2020	Long-term Debt Incurred	Matured & Paid	Amort. Amort.	Called or Defeased	Balance 6/30/2021	Due Within One Year
Industrial development bonds (no- commitment debt):							
Threemile Canyon farms 2001A	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -
Threemile Canyon farms 2001A	10,000,000	-	10,000,000	-	-	-	-
Bonneville Power Administration	84,740,000	-	-	-	-	84,740,000	-
Bonneville Power Administration	193,075,000	-	-	-	-	193,075,000	-
Bonneville Power Administration	87,100,000	-	20,000,000	-	-	67,100,000	20,000,000
Kodiak Carbonic	2,655,000	-	2,655,000	-	-	-	-
Bonneville Power Administration	115,085,000	-	115,085,000	-	-	-	-
Bonneville Power Administration	320,955,000	-	-	-	-	320,955,000	-
Bonneville Power Administration	98,200,000	-	-	-	-	98,200,000	-
Bonneville Power Administration	377,635,000	-	-	-	-	377,635,000	-
Bonneville Power Administration	-	202,315,000	-	-	-	202,315,000	-
Total Industrial Development	1,299,445,000	202,315,000	157,740,000	-	-	1,344,020,000	20,000,000
Enterprise Notes Payable:							
Bank of Eastern Oregon	1,398,533	-	1,398,533	-	-	-	-
Special public works #4	126,232	-	60,357	-	-	65,875	65,875
Special public works #5	290,965	-	53,781	-	-	237,184	56,465
Special public works #6	404,882	-	31,953	-	-	372,929	33,605
Special public works #7	1,438,725	-	76,731	-	-	1,361,994	80,076
Special public works #8	4,124,222	-	147,947	-	-	3,976,275	152,918
Special public works #9	15,343,677	-	-	-	2,592,704	12,750,973	240,193
Total Enterprise Notes Payable	23,127,236	-	1,769,302	-	2,592,704	18,765,230	629,132
Enterprise Port Revenue Bonds:							
2011A Issue	1,113,095	-	545,902	-	-	567,193	567,193
2014FFC Issue	6,265,000	-	-	-	6,265,000	-	-
2016FFC Issue	12,875,000	-	680,000	-	10,770,000	1,425,000	700,000
2017FFC Issue	16,695,000	-	1,425,000	-	13,810,000	1,460,000	1,460,000
2019FFC A Issue	7,000,000	-	485,000	-	6,515,000	-	-
2019FFC B/C Issue	23,195,000	-	830,000	-	22,365,000	-	-
2020FFC A/B Issue	1,760,000	-	83,000	-	1,677,000	-	-
2021A Issue	-	15,280,000	430,000	-	-	14,850,000	875,000
2021B Issue	-	17,365,000	-	-	-	17,365,000	295,000
2021C Issue	-	16,555,000	130,000	-	-	16,425,000	260,000
2021D Issue	-	21,450,000	-	-	-	21,450,000	795,000
Total Enterprise Port Revenue Bonds	68,903,095	70,650,000	4,608,902	-	61,402,000	73,542,193	4,952,193
Less: Bond (Discounts) Premiums	2,407,488	7,368,550	-	-	(2,100,869)	7,675,169	520,829
Amortization of Bond Discounts (Premiums)	(336,790)	-	-	(124,804)	336,790	(124,804)	-
Deferred outflow on Refunding	(334,062)	(341,266)	-	-	34,071	(641,257)	31,933
Amortization of Deferred outflow on Refunding	250,957	-	-	55,045	(11,558)	294,444	-
Deferred inflow on Refunding	-	563,268	-	-	-	563,268	74,200
Amortization of Deferred inflow on Refunding	-	-	-	(18,550)	-	(18,550)	-
	70,890,688	78,240,552	4,608,902	(88,309)	59,660,434	81,290,463	5,579,155
Total	\$ 1,393,462,924	\$ 280,555,552	\$ 164,118,204	\$ (88,309)	\$ 62,253,138	\$ 1,444,075,693	\$ 26,208,287

PORT OF MORROW
Notes to Basic Financial Statements

Disclosure of Legal Debt Margin

Port of Morrow general obligation bonds are limited by Oregon Revised Statutes 777.410 to 2 ½% of true cash value of all taxable property within the Port district. Port of Morrow's district is all of Morrow County, Oregon. The Port's legal debt limit based on the above is \$64,824,938 at June 30, 2021. At that date, Port of Morrow had no general obligation bonds outstanding.

Port of Morrow has notes and bonds from direct borrowings and direct placements, they are identified in their descriptions.

Port of Morrow Revenue Bonds, Port of Morrow Industrial Development Revenue Bonds (direct financing type lease obligations), and installment notes payable are comprised of the following:

Revenue Bonds:

- 1) Series 2011 (issued 11-22-11, original issue of \$4,799,300) interest at 3.9%, due annually to 12-01-2021. Parity bonds secured by a pledge of net revenues available for debt service. A direct placement with Bank of Eastern Oregon.

\$ 567,193

The proceeds of these bonds were used to defease Port of Morrow Revenue Bond Series 2001A.

- 2) Series 2016 (issued 5-17-16, original issue of \$14,580,000) interest at various rates (2 - 4%), due serially to 6-01-2037. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.

\$ 1,425,000

Of these proceeds, \$2,395,000 par amount plus \$290,644 premium, were used to defease the 2010 issue (used originally to fund construction of a warehouse facility). The remaining funds are to be used to build the expansion of a freezer warehouse facility.

- 3) Series 2017 (issued 10-18-17, original issue of \$20,865,000) interest at various rates (1.7-4.2%), due serially to 6/1/37. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.

\$ 1,460,000

Of these proceeds, \$10,935,000 were used to purchase construction of an addition to Boardman Foods' building. The remaining were used to defease Revenue Bond 2013A and Full Faith and Credit 2013.

- 4) Series 2021A (issued 4-1-21, original issue of \$15,280,000) interest at various rates (2.5 – 4%), due serially to 6-1-2041. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.

\$ 14,850,000

The proceeds of these bonds were used to defease Full Faith and Credit bonds 2014 and 2019A. New money in the amount of \$4,000,000 will be used to construct a digester.

- 5) Series 2021B (issued 4-1-21, original issue of \$17,365,000) interest at various rates (0.45 – 3.25%), due serially to 12-1-2036. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.

\$ 17,365,000

PORT OF MORROW
Notes to Basic Financial Statements

The proceeds of these bonds were used to defease Full Faith and Credit bonds 2016 and 2017C.

- 6) Series 2021C (issued 4-1-21, original issue of \$16,555,000) interest at various rates (0.45 – 3.30%), due serially to 6-1-2037. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.
- \$ 16,425,000

The proceeds of these bonds were used to defease Full Faith and Credit bonds 2017A and new project money of \$6,000,000 will be used to finance an expansion at Boardman Foods.

- 7) Series 2021D (issued 4-1-21, original issue of \$21,450,000) interest at 4%, due serially to 12-1-2039. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.
- \$ 21,450,000

The proceeds of these bonds were used to defease Full Faith and Credit bonds 2019BC and 2020AB. Funds used to construct a pipeline for Columbia Improvement District.

Installment Notes Payable:

- 1) Special Public Works Fund Loan (originated 1-23-02 at \$862,000) interest at various rates from 3 to 5%, payable annually on December 1 through fiscal 2021. Unsecured. A direct borrowing.
- \$ 65,875

This loan financed a new crane.

- 2) Special Public Works Fund Loan (originated 6-16-05 at \$840,000) interest at 4.99%, payable annually on December 1 through fiscal 2025. Unsecured. A direct borrowing.
- \$ 237,184

This loan financed a wastewater pretreatment facility.

- 3) Special Public Works Fund Loan (originated 2-1-05 at \$700,000) interest at 5.17%, payable annually on December 1 through fiscal 2030. Unsecured. A direct borrowing.
- \$ 372,929

This loan was used to finance part of the East Beach Industrial Park railroad spur addition.

- 4) Special Public Works Fund Loan (originated 6-8-07) interest at 4.36%, payable annually on December 1 through fiscal 2029. Unsecured. A direct borrowing.
- \$ 1,361,994

This loan is being used to finance part of the East Beach Industrial Park utility improvements.

- 5) Special Public Works Fund Loan (originated 3-12-14) interest at 3.36%, payable annually on December 1 through fiscal 2039. Unsecured. A direct borrowing.
- \$ 3,976,275

This loan financed a wastewater pretreatment facility.

- 6) Special Public Works Fund Loan (originated 4-13-16) Interest at 5%, payable annually on December 1 through fiscal 2046. The Special Public Works Fund refinanced this loan in 2021 and the principal was reduced. Unsecured. A direct borrowing.
- \$ 12,750,973

This loan financed wastewater pipelines and pond.

PORT OF MORROW
Notes to Basic Financial Statements

Industrial Revenue Bonds:

The Port of Morrow issues industrial development revenue bonds to finance construction of industrial facilities within the Port District which it leases to industrial users by direct financing type leases. The bonds are not a liability or contingent liability of the Port of Morrow, or a lien on any of its properties or revenues other than the industrial facilities for which they were issued. The facilities and the related receipts from lease rentals are pledged for payment of the bonds. All monies are received and disbursed by designated trustees. Accordingly, the bond liability and related receivables are not reflected in the Port's financial statements.

Bonneville Power Administration Series 2012 (issued July 24, 2012) interest is 3.675%, payable semi-annually, due September 1, 2042. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 84,740,000

This issue was used to refinance existing long-term debt on Pacific Northwest power transmission distribution system.

Bonneville Power Administration Series 2014 (issued December 18, 2014) interest is 3.221 to 3.521%, payable semi-annually, due September 1, 2027. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 193,075,000

This issue was used to refinance existing long-term debt on Pacific Northwest power transmission distribution system.

Bonneville Power Administration Series 2015 (issued August 26, 2015) interest is 2.120 to 3.097%, payable semi-annually, due September 1, 2023. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 67,100,000

PORT OF MORROW
Notes to Basic Financial Statements

Bonneville Power Administration Series 2016 (issued July 21, 2016) interest is 2.92%, payable semi-annually, due September 1, 2036. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 320,955,000

This issue was used to refinance existing long-term debt on Pacific Northwest power transmission distribution system.

Bonneville Power Administration Series 2019 (issued July 10, 2019) interest is between 2.179 - 2.402 %, payable semi-annually, due September 1, 2024 - 2026. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 98,200,000

This issue was used to refinance and existing line of credit conduit financing between the Port and Bonneville.

Bonneville Power Administration Series 2020-1 (issued June 25, 2020) interest is 2.543%, payable semi-annually, due September 1, 2040. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 377,635,000

This issue was used to refinance two existing lines of credit conduit financing between the Port and Bonneville.

Bonneville Power Administration Series 2021-1 (issued June 23, 2021) interest is 2.533%, payable semi-annually, due September 1, 2043. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 202,315,000

This issue was used to refinance two existing lines of credit conduit financing between the Port and Bonneville.

PORT OF MORROW
Notes to Basic Financial Statements

Minimum debt service requirements of the revenue bonds and loans (exclusive of internal loans and no-commitment debt) are as follows for the next 5 years:

<u>Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021-2022	\$ 5,581,325	\$ 3,014,465	\$ 8,595,790
2022-2023	4,868,701	2,902,666	7,771,367
2023-2024	4,994,813	2,775,985	7,770,798
2024-2025	5,120,475	2,650,899	7,771,374
2025-2026	4,525,556	2,516,882	7,042,438
2026-2031	23,940,736	10,371,703	34,312,439
2031-2036	25,664,126	5,816,544	31,480,670
2036-2041	13,795,071	1,778,276	15,573,347
2041-2046	3,816,622	278,163	4,094,785

Note 10 - Federal and State Grants:

In the normal course of operations, the Port received grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, to ensure compliance with conditions of the grant. Any liability for reimbursement which may arise as the result of a grantor audit is not believed to be material.

Note 11 - Pension Plan:

The Port of Morrow Commissioners adopted the Port of Morrow Pension Plan effective July 1, 1995. This is a single employer defined contribution plan and the trustee is Empower Retirement. An employee is eligible upon becoming a full-time permanent employee. The Plan provides retirement benefits and covers 144 participants.

All eligible employees participate at the start of the pay period after reaching age 18, and will continue to participate during each plan year in which they have 1,000 hours of service. Port of Morrow contributed the required contribution of 9% of straight time compensation for employees active in the plan on a fiscal year end June 30 basis.

If there is a break in service of the employee, that is, employment has been terminated with no more than 500 hours in the employment year, the employee loses the employer contribution not vested. Employer contributions become vested as follows:

<u>Years of Service</u>	<u>Percent Vested</u>
Less than 3	0%
3	25%
4	50%
5	75%
6 or More	100%

The employee contribution will always be fully vested. Employees are 100% vested on retirement, death, or disability. The vesting schedule applies only if employment terminates before one of these events occurs.

Total payroll paid during the fiscal year was \$9,763,643 (100%).

Total payroll subject to the pension plan for fiscal year ended June 30, 2021 was \$9,000,874 (92%).

Total employer and employee contributions in fiscal year ended June 30, 2021, were \$689,536 and \$483,233, respectively. The amount that was forfeited by employees due to leaving employment with the Port prior to vesting was \$69,436.

Note 12 - Deferred Compensation Plan (Under Internal Revenue Code Section 457):

The Port has adopted the United States Conference of Mayors deferred compensation program. This offers employees a regular and long-term savings pattern through a payroll deduction feature. Employee contributions and earnings on the plan assets are tax deferred until withdrawn from the plan by the employee.

PORT OF MORROW
Notes to Basic Financial Statements

The plan is administered by Nationwide Retirement Solutions and AIG Valic. Administrative duties include tracking fund assets by employee participant. The Port's fiduciary responsibility ends when it transfers funds to Nationwide Retirement Solutions or AIG Valic equal to the amount deducted from the employee's wage.

Note 13 - Financing Leases and Operating Leases:

The Port of Morrow is lessee of certain land. In most cases, management expects, in the normal course of business, leases will be renewed or replaced by other leases enabling the Port to retain use of facilities in desirable operating areas.

Port of Morrow is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Port's balance sheet.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021:

2021-2022	\$	380
2022-2023		380
2023-2024		380
2024-2025		380
2025-2026		380
2026-2031		1,900
2031-2036		1,520
		1,520
Total minimum payments required	\$	5,320

The Port of Morrow has two financing lease agreements one with Boardman Foods for a food processing facility and one with Columbia Improvement District for a pipeline. Lease payments are structured to cover related debt in amount and timing.

The following is a schedule by years of future lease receipts required under financing leases as of June 30, 2021:

2021-2022	\$	1,289,785
2022-2023		1,361,456
2023-2024		1,430,850
2024-2025		1,508,120
2025-2026		1,644,361
Thereafter		33,522,099
		33,522,099
Total minimum payments required	\$	40,756,671

The Port operations also involve the Port as lessor of various types of land with lease terms ranging from one (1) to fifty (50) years. The investment in property on operating leases is presented by type of land and by acreage leased:

Commercial	Buildings & Land	3	acres
Industrial	Waterfront Land	65	acres
Irrigated	Farm Land	1,088	acres
Industrial	Land	922	acres

PORT OF MORROW
Notes to Basic Financial Statements

The following is a schedule by years of minimum future rental receipts on noncancelable operating leases as of June 30, 2021:

2021-2022	\$	3,397,222
2022-2023		2,886,384
2023-2024		2,855,486
2024-2025		2,644,643
2025-2026		2,136,421
2026-2031		9,836,501
2031-2036		9,303,389
2036-2041		7,636,298
2041-2046		5,493,583
		\$ 46,189,927

The following property and equipment are subject to noncancelable operating leases, classified by nature, is as follows:

	<u>Cost</u>	<u>Accum Depr 6/30/2020</u>	<u>Depreciation 20-21</u>	<u>Accum Depr 6/30/2021</u>	<u>Book Value</u>
Industrial Waterfront					
Land/Terminal Equipment	\$ 10,605,834	\$ 6,304,945	\$ 285,740	\$ 6,590,685	\$ 4,015,149
Industrial Land	25,091,945	8,397,673	814,575	9,212,248	15,879,697
Irrigated Farm Land	3,615,858	1,066,414	199	1,066,613	2,549,245
Pipeline	31,076,692	-	-	-	31,076,692
Wastewater Pretreatment Facilities	6,495,127	2,258,055	236,507	2,494,562	4,000,565
Commercial Buildings & Land	1,003,500	347,115	29,111	376,226	627,274
	\$ 77,888,956	\$ 18,374,202	\$ 1,366,132	\$ 19,740,334	\$ 58,148,622

Note 14 - Interfund Transactions - Major Funds:

Transfers between major funds during fiscal year ended June 30, 2021, consisted of the following:

Transfer from Enterprise Fund to General Fund \$165,000

Transfers were used to reimburse the General Fund for an allocation of salaries, benefits, insurance, etc.

Note 15 - Risk Management:

Port of Morrow is exposed to various risks of loss related to limited torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which Port of Morrow carries commercial insurance, subject to customary deductibles and total coverage limits recommended by Port of Morrow's insurance agent of record. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

Workers compensation insurance is purchased from a commercial carrier. Premiums are determined based on payroll paid at various employment classification rates. Loss prevention services are available from the carrier and Port of Morrow has no potential liability beyond the premium paid.

Note 16 - Related Party Transactions:

Jerry Healy and Marv Padberg, Port Commissioners, serve on the Board of Directors and have ownership interest in Windwave Communications, Inc. The Port paid Windwave \$13,374 for repairs and utility relocation and \$10,620 for internet service. They also leased a building for \$22,356 and were billed \$17,646 for utilities.

PORT OF MORROW
Notes to Basic Financial Statements

Note 17 - Economic Dependency:

A material part of Port of Morrow's total revenues is dependent upon one customer, the loss of which would have a materially adverse effect on the Port. During the year ended June 30, 2021, this customer accounted for \$13,094,974 equaling approximately 46% of Port operating revenues. Port of Morrow has done business with this customer for over twenty years.

Note 18 - Commitments and Contingencies:

City of Boardman Water Use:

The Port is party to an intergovernmental agreement with the City of Boardman wherein the Port agrees to purchase 648 million gallons of potable water each year from the City. The Port has agreed to pay for the water purchased from the City at the wholesale rate of \$.35 per thousand gallons. This equates to \$226,800 annually.

DEQ Contingency

As further described in Note 7, the Port is contingently liable for a DEQ fine estimated at \$150,000. This liability is expected to be paid in full during the next fiscal year.

Note 19 - Tax Abatements:

Morrow County enters into property tax abatement agreements with businesses in an Enterprise Zone and through a Strategic Investment Program.

In exchange for investing and hiring in an Enterprise Zone, businesses receive exemption from local property taxes on new plant and equipment for at least three years (but up to five years) in the standard program. In addition, many zones can offer special incentives for investments in qualifying rural facilities or in electronic commerce operations.

The Strategic Investment Program offers a 15-year property tax exemption on a portion of large capital investments and was created to induce large, capital-intensive facilities to locate and grow in Oregon.

For the fiscal year ended June 30, 2021, the Port of Morrow allocation of property tax abatements from the Enterprise Zone amounted to \$255,814 and from the Strategic Investment Program amounted to \$64,314.

Note 20 - Subsequent Events:

Subsequent events have been evaluated through November 9, 2021.

PORT OF MORROW
Notes to Basic Financial Statements

Note 21 - Segment Information:

The Port maintains six business segments within its Enterprise Funds as follows:

Fresh Water: This segment accounts for revenue and costs of production and delivery of fresh water to industrial consumers.

Discharge Water: This segment accounts for revenue and costs of disposal of water used by industrial consumers.

East Beach Utility: This segment accounts for revenue and costs of the utility system (freshwater, disposal of water, and sanitary sewer) in the east beach industrial area.

SAGE Center: This segment accounts for revenue and costs of the SAGE center, an interactive visitor's center operated by the Port.

Site Development Operations: This segment accounts for revenue and costs associated with farming Port land, rental of industrial land, irrigated farm land, grazing land, and commercial buildings, an electricity generating plant, and economic development efforts to expand existing industries and site new industries.

Warehousing: This segment accounts for revenue and costs associated with operation of a cold storage facility opened May 2015.

Segment information for the fiscal year ended June 30, 2021 is as follows:

	Freshwater	Discharge	East Beach Utility	SAGE Center	Site Development	Warehousing	Totals
Assets							
Current Assets	\$ 3,440,788	\$ 9,173,290	\$ 261,804	\$ 43,745	\$ 8,303,478	\$ 3,121,627	\$ 24,344,732
Noncurrent Assets	31,458,832	384,468	185,605	53,030	9,677,802	132,575	41,892,312
Capital Assets	3,146,190	31,366,256	3,020,571	6,894,966	64,810,218	32,521,724	141,759,925
Total Assets	38,045,810	40,924,014	3,467,980	6,991,741	82,791,498	35,775,926	207,996,969
Deferred Outflow of Resources	-	-	-	-	125,856	-	125,856
Liabilities							
Current Liabilities	1,674,939	1,661,943	131,551	157,132	3,771,777	2,890,367	10,287,709
Long-term Liabilities	23,166,053	22,931,660	1,281,918	-	23,805,425	22,769,663	93,954,719
Total Liabilities	24,840,992	24,593,603	1,413,469	157,132	27,577,202	25,660,030	104,242,428
Deferred Inflow of Resources	-	17,838	-	-	(165,461)	350,176	202,553
Net Position							
Unrestricted	10,058,624	4,467,360	395,934	(60,357)	(1,037,647)	2,036,246	15,860,160
Restricted for Capital and Debt Service	1,960,551	4,004,999	-	-	8,961,449	-	14,926,999
Net Investment in Capital Assets	1,185,643	7,840,214	1,658,577	6,894,966	47,581,811	7,729,474	72,890,685
Total Net Position	\$ 13,204,818	\$ 16,312,573	\$ 2,054,511	\$ 6,834,609	\$ 55,505,613	\$ 9,765,720	\$ 103,677,844

PORT OF MORROW
Notes to Basic Financial Statements

	Freshwater	Discharge	East Beach Utility	SAGE Center	Site Development	Warehousing	Totals
Operating Revenues							
Water Usage	\$ 2,468,369	\$ -	\$ 204,856	\$ -	\$ -	\$ -	\$ 2,673,225
Water Discharge	-	6,156,829	486,501	-	-	-	6,643,330
Building & Land Leases	-	-	-	-	3,512,963	-	3,512,963
Other Operating Revenue	154,465	238,306	58,206	36,867	3,219,042	11,970,811	15,677,697
Total Operating Revenue	2,622,834	6,395,135	749,563	36,867	6,732,005	11,970,811	28,507,215
Operating Expenses							
Labor	926,115	1,694,660	113,485	85,065	2,912,414	7,740,337	13,472,076
Depreciation	132,262	1,769,837	346,721	-	3,425,734	1,244,232	6,918,786
Other Operating Expenses	940,371	2,091,799	355,281	157,104	1,954,926	1,712,947	7,212,428
Total Operating Expenses	1,998,748	5,556,296	815,487	242,169	8,293,074	10,697,516	27,603,290
Operating Income	624,086	838,839	(65,924)	(205,302)	(1,561,069)	1,273,295	903,925
Nonoperating Revenues	913,211	12,896	-	-	1,247,900	-	2,174,007
Nonoperating Expenses							
Interest Expense	(1,005,443)	(237,879)	(60,794)	-	(955,277)	(1,300,069)	(3,559,462)
Other Nonoperating Expense	(20,000)	(65,000)	(15,000)	-	(67,600)	(1,100)	(168,700)
Total Nonoperating Income (Expense)	(112,232)	(289,983)	(75,794)	-	225,023	(1,301,169)	(1,554,155)
Special Items							
Contribution from Others	1,056,327	227,673	-	-	146,173	-	1,430,173
Valuation Adjustment	-	-	-	-	(500,000)	-	(500,000)
Grant Revenue	-	-	-	-	6,702,928	-	6,702,928
Total Special Items	1,056,327	227,673	-	-	6,349,101	-	7,633,101
Change in Net Position	1,568,181	776,529	(141,718)	(205,302)	5,013,055	(27,874)	6,982,871
Beginning Net Position	11,636,637	15,536,044	2,196,229	6,949,748	50,582,721	9,793,594	96,694,973
Reclassification - Other Segment	-	-	-	90,163	(90,163)	-	-
Ending Net Position	\$ 13,204,818	\$ 16,312,573	\$ 2,054,511	\$ 6,834,609	\$ 55,505,613	\$ 9,765,720	\$ 103,677,844
Cash Provided By:							
Operating Activities	\$ 611,404	\$ 2,653,211	\$ 182,136	\$ (223,096)	\$ 767,089	\$ 2,471,232	\$ 6,461,976
Capital	(4,857,641)	2,867,844	(190,004)	129,885	2,731,566	(1,165,272)	(483,622)
Non Capital Financing	(20,000)	(65,000)	(15,000)	90,163	(155,163)	-	(165,000)
Investing Activities	563,211	12,896	-	-	1,799,518	-	2,375,625
Beginning Cash & Cash Equivalents	4,080,902	3,093,061	100,242	46,793	3,537,976	395,635	11,254,609
Ending Cash & Cash Equivalents	\$ 377,876	\$ 8,562,012	\$ 77,374	\$ 43,745	\$ 8,680,986	\$ 1,701,595	\$ 19,443,588

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**REQUIRED SUPPLEMENTARY
INFORMATION**

PORT OF MORROW
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 202,084	\$ 202,084	\$ 213,903	\$ 11,819
Payments in lieu of taxes	15,500	15,500	1,164,282	1,148,782
Interest income	3,000	3,000	7,550	4,550
Bond handling charges	350,856	350,856	260,000	(90,856)
Contribution	85,000	85,000	-	(85,000)
Sale of assets	100	100	-	(100)
Miscellaneous	100	100	-	(100)
Total revenues	<u>656,640</u>	<u>656,640</u>	<u>1,645,735</u>	<u>989,095</u>
Expenditures:				
Personnel services	707,550	707,550	317,760	389,790
Materials and services	499,000	499,000	248,030	250,970
Capital outlay	275,000	275,000	7,900	267,100
General operating contingency	92,090	92,090	-	92,090
Total expenditures	<u>1,573,640</u>	<u>1,573,640</u>	<u>573,690</u>	<u>999,950</u>
Excess of revenues over (under) expenditures	<u>(917,000)</u>	<u>(917,000)</u>	<u>1,072,045</u>	<u>1,989,045</u>
Other Financing Sources (Uses):				
Grant income	50,000	50,000	271,047	221,047
Transfer to/from enterprise fund	165,000	165,000	165,000	-
Total other financing sources (uses)	<u>215,000</u>	<u>215,000</u>	<u>436,047</u>	<u>221,047</u>
Change in fund balance	(702,000)	(702,000)	1,508,092	2,210,092
Fund balance, beginning of year	<u>802,000</u>	<u>802,000</u>	<u>1,035,602</u>	<u>233,602</u>
Fund balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 2,543,694</u>	<u>\$ 2,443,694</u>

PORT OF MORROW
General Fund
Statement of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>
Personnel Services:			
Payroll	\$ 445,000	\$ 445,000	\$ 215,316
Payroll overhead	262,550	262,550	102,444
Total personnel services	<u>707,550</u>	<u>707,550</u>	<u>317,760</u>
Materials and Services:			
Office supplies	40,000	40,000	22,484
Legal	10,000	10,000	3,113
Audit and accounting	40,000	40,000	36,580
Notices and publications	5,000	5,000	2,929
Dues and subscriptions	75,000	75,000	56,014
Insurance and bonds	4,000	4,000	4,000
Utilities	15,000	15,000	2,323
Phone System	25,000	25,000	-
Marketing	70,000	70,000	39,763
Commissioner expenses	35,000	35,000	10,246
Staff travel	40,000	40,000	18,723
Economic development	80,000	80,000	47,335
Planning/repair & maintenance	45,000	45,000	1,304
Education	15,000	15,000	3,216
Total materials and services	<u>499,000</u>	<u>499,000</u>	<u>248,030</u>
Capital Outlay:			
Equipment	<u>275,000</u>	<u>275,000</u>	<u>7,900</u>
General Operating Contingency			
	<u>92,090</u>	<u>92,090</u>	<u>-</u>
Total expenditures	<u>\$ 1,573,640</u>	<u>\$ 1,573,640</u>	<u>\$ 573,690</u>

PORT OF MORROW
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

Post Employment Benefits Other than Pensions (OPEB)

The other post employment benefits for the Port consists of one plan. The Port provides an implicit rate subsidy for retiree health insurance premiums. The Port's multi-employer defined benefit postemployment healthcare plan is administered by Special Districts Insurance Services (SDIS). No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates paid by the Port and offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2019, the following employees were covered by the benefit terms:

Actives	107
Retirees	1
Spouses of Ineligible Retirees	1
Total	109

Schedule of Changes in the Port's Total OPEB Liability and Related Ratios

	<u>Valuation Date</u> July 1, 2019
Present Value of Benefits	
Actives	\$ 409,098
Retirees	90,154
Total	\$ 499,252
Total OPEB Liability	
Actives	\$ 94,725
Retirees	90,154
Total	\$ 184,879
Service Cost	
As of Valuation Date	\$ 22,825
Discount Rate	3.50%
Changes in Total OPEB Liability	Increase (Decrease)
June 30, 2020 to June 30, 2021	Total OPEB Liability
Balance as of June 30, 2020	\$ 184,879
Changes for the year:	
Service cost	22,825
Interest on total OPEB liability	6,821
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	-
Effect of assumptions changes or inputs	10,418
Benefit payments	(25,858)
	\$ 199,085

PORT OF MORROW
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

OPEB Expense	<u>July 1, 2020 to June 30, 2021</u>
Service cost	\$ 22,825
Interest on total OPEB liability	6,821
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	6,445
Recognition of assumption changes	2,075
Administrative Expense	n/a
OPEB Expense	<u><u>\$ 38,166</u></u>

Deferred outflows of resources related to OPEB of \$31,537 resulting from the Port's contributions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,741	\$ -
Changes of assumptions or inputs	28,578	(4,648)
Benefit Payments	31,537	-
Total as of June 30, 2021	<u><u>\$ 125,856</u></u>	<u><u>\$ (4,648)</u></u>

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ended June 30:	Annual Recognition
2022	\$ 8,520
2023	8,520
2024	8,520
2025	8,520
2026	8,520
Thereafter	47,071
Total	<u><u>\$ 89,671</u></u>

The total OPEB liability in the July 1, 2019 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Actuarial Cost
Inflation	2.5% per year, used to develop other economic assumptions
Salary increases	3.5% based on general inflation and the likelihood of raises throughout participants careers
Healthy mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees. Future mortality improvement is not projected as it would be immaterial to the valuation.
Discount rate	3.50% as of June 30, 2019 measurement date. These rates reflect the BondBuyer 20-Year General Obligation Bond Index. Reporting dates follow measurement dates by one full year.

PORT OF MORROW
Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2021

Healthcare cost trend rate	Medical and vision:	
	Year	Pre-65 Trend
	2019	15.75%
	2020	6.00%
	2021	5.25%
	2022-2024	5.00%
	2025-2026	4.75%
	2027-2030	5.00%
	2031	5.25%
	2032-2038	5.75%
	2039-2050	5.50%
	2051-2059	5.25%
	2060-2065	5.00%
	2066-2068	4.75%
	2069-2071	4.50%
	2072+	4.25%
	Dental: 4.00% per year	

Health cost trend affects both the projected health care costs as well as the projected health care premiums. Health trend prior to the valuation date uses the ultimate trend rates shown above.

Sensitivity Analysis

The following presents the total OPEB liability of the Plan, calculated using the disclosure discount rate as well as what the Plan's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	1%	Current	1%
Discount Rate:	Decrease	Discount Rate	Increase
Total OPEB liability	\$ 214,453	\$ 199,085	\$ 185,079
 Healthcare Cost Trend			
Total OPEB liability	\$ 178,607	\$ 199,085	\$ 224,934

PORT OF MORROW
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

The Port budgets all funds which are subject to budget requirements of state law. The Board of Commissioners legally adopts the budget by resolution before July 1. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The level of control (total personal services, materials and services, capital outlay, and other expenditures) is established by resolution for all funds.

The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. A supplemental budget that differs by 10 percent or more of any one of the individual funds contained in the original budget for that fiscal year requires hearings before the public, publications in newspapers, and approval by the Port. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the Board of Commissioners. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are then charged against ensuing year's appropriations.

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SUPPLEMENTARY INFORMATION

PORT OF MORROW
Enterprise Fund
Statement of Revenues, Expenses, and Fund Net Position and Reconciliation To
Net Position - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Revenues	\$ 33,953,187	\$ 33,953,187	\$ 30,868,281
Expenses	(83,507,594)	(83,507,594)	(46,321,291)
Excess of revenues over (under) expenses	(49,554,407)	(49,554,407)	(15,453,010)
Other Financing Sources (Uses):			
Loan proceeds	5,390,000	5,390,000	10,914,922
Interest income	120,000	120,000	94,533
Transfer to other funds	3,900,000	3,900,000	-
Sale of assets	7,400,000	7,400,000	635,756
Grant income	23,500,000	23,500,000	8,133,101
Total other financing sources (uses)	40,310,000	40,310,000	19,778,312
Excess (deficiency) of revenues and other financing sources over expenses and other uses	(9,244,407)	(9,244,407)	4,325,302
Reconciliation to GAAP Basis:			
Loan proceeds	-	-	(10,914,922)
Principal paid on long-term debt	-	-	6,378,204
Depreciation	-	-	(6,918,786)
Amortization	-	-	(36,495)
Fixed assets - capitalized	-	-	14,211,821
Sale of assets	-	-	(43,880)
Lease receivables	-	-	(811,921)
Valuation adjustment	-	-	(500,000)
Labor capitalized	-	-	1,293,548
Total reconciliation items	-	-	2,657,569
Change in net position	(9,244,407)	(9,244,407)	6,982,871
Net position, beginning of year	3,840,000	3,840,000	96,694,973
Net position, end of year	\$ (5,404,407)	\$ (5,404,407)	\$ 103,677,844

PORT OF MORROW
Enterprise Fund
Statement of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts
	Original	Final	
Discharge Water Segment:			
Water discharge	\$ 6,645,790	\$ 6,645,790	\$ 6,156,829
Miscellaneous and reimbursable services	34,000	34,000	105,877
Co-generation fixed fee	50,000	50,000	50,000
Patronage dividend	25,000	25,000	82,428
Total revenues - Discharge Water Segment	<u>6,754,790</u>	<u>6,754,790</u>	<u>6,395,134</u>
Site Development Segment:			
Land leases	1,612,228	1,612,228	1,384,726
Mining royalties	350,000	350,000	283,695
Building leases	3,698,328	3,698,328	3,136,178
T-3 lease	221,482	221,482	222,203
Rail tariff	150,000	150,000	116,930
Miscellaneous & reimbursements	8,000	8,000	134,395
Operating grant - LRA, CARES Act	500,000	500,000	646,173
Farm lease	295,804	295,804	291,442
Steam revenue	260,000	260,000	226,091
Patronage dividend	8,000	8,000	13,738
Total revenues - Site Development Segment	<u>7,103,842</u>	<u>7,103,842</u>	<u>6,455,571</u>
Freshwater Segment:			
Water usage	2,761,396	2,761,396	2,468,368
CID lease	1,780,059	1,780,059	1,291,576
Patronage dividend & miscellaneous	20,100	20,100	79,465
Co-generation fixed fee	75,000	75,000	75,000
Total revenues - Fresh Water Segment	<u>4,636,555</u>	<u>4,636,555</u>	<u>3,914,409</u>
Warehousing Segment:			
Warehouse Storage & Handling Revenue	<u>12,907,000</u>	<u>12,907,000</u>	<u>11,970,811</u>
Motor Pool Segment:			
Equipment rents	<u>1,510,000</u>	<u>1,510,000</u>	<u>1,345,926</u>
SAGE Center Segment:			
Admission and facility use	112,000	112,000	7,867
Sponsorships (donations)	83,000	83,000	29,000
Total revenues - Sage Center	<u>195,000</u>	<u>195,000</u>	<u>36,867</u>
East Beach Utility Segment:			
Utility fees - freshwater	200,000	200,000	204,856
Utility fees - discharge	600,000	600,000	486,501
Miscellaneous & reimbursements	46,000	46,000	58,206
Total revenues - East Beach Utility	<u>846,000</u>	<u>846,000</u>	<u>749,563</u>
Total revenues - enterprise fund	<u>\$ 33,953,187</u>	<u>\$ 33,953,187</u>	<u>\$ 30,868,281</u>

PORT OF MORROW
Enterprise Fund
Statement of Expenses - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenses:				
Personnel services	\$ 18,051,379	\$ 18,051,379	\$ 14,765,621	\$ 3,285,758
Materials and services	7,589,590	7,589,590	7,273,978	315,612
Capital outlay	41,659,681	41,659,681	14,211,821	27,447,860
Transfers to other funds	4,065,000	4,065,000	165,000	3,900,000
Debt service	9,935,233	9,935,233	9,904,871	30,362
Contingency	2,206,711	2,206,711	-	2,206,711
Total expenses	<u>\$ 83,507,594</u>	<u>\$ 83,507,594</u>	<u>\$ 46,321,291</u>	<u>\$ 37,186,303</u>
By Program:				
Freshwater	\$ 13,486,555	\$ 13,486,555	\$ 7,454,080	\$ 6,032,475
Discharge Water	11,484,790	11,484,790	6,506,535	4,978,255
East Beach Utilities	1,014,122	1,014,122	671,836	342,286
Site Development	40,203,842	40,203,842	17,625,747	22,578,095
Motorpool	1,586,000	1,586,000	1,319,398	266,602
SAGE Center	1,325,285	1,325,285	451,245	874,040
Warehousing	14,407,000	14,407,000	12,292,450	2,114,550
	<u>\$ 83,507,594</u>	<u>\$ 83,507,594</u>	<u>\$ 46,321,291</u>	<u>\$ 37,186,303</u>

OTHER FINANCIAL SCHEDULES

PORT OF MORROW
Schedule of Future Requirements For Retirement of
Bonded and Long-Term Debt
For the Fiscal Year Ended June 30, 2021

	<u>2021-2022</u>		<u>2022-2023</u>		<u>2023-2024</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Industrial Development Bonds						
(No-Commitment Debt) :						
Bonneville Power Administration Series 2012	-	3,114,195	-	3,114,195	-	3,114,195
Bonneville Power Administration Series 2014	-	6,236,323	-	6,236,323	-	6,236,323
Bonneville Power Administration Series 2015	20,000,000	1,514,560	22,100,000	882,430	25,000,000	129,042
Bonneville Power Administration Series 2016-1	-	9,371,886	-	9,371,886	-	-
Bonneville Power Administration Series 2019	-	2,271,186	-	2,271,186	-	2,271,186
Bonneville Power Administration Series 2020-1	-	9,603,258	-	9,603,258	-	9,603,258
Bonneville Power Administration Series 2021-1	-	5,124,639	-	5,124,639	-	5,124,639
Total no commitment debt	<u>20,000,000</u>	<u>37,236,047</u>	<u>22,100,000</u>	<u>36,603,917</u>	<u>25,000,000</u>	<u>26,478,643</u>
Enterprise Fund:						
Full Faith & Credit Bond, Series 2021 A	875,000	576,000	910,000	541,000	945,000	504,600
Full Faith & Credit Bond, Series 2021 B	295,000	333,971	1,335,000	329,636	2,085,000	318,667
Full Faith & Credit Bond, Series 2021 C	260,000	449,237	450,000	447,807	455,000	444,657
Full Faith & Credit Bond, Series 2021 D	795,000	842,100	830,000	809,600	860,000	775,800
Full Faith & Credit Bond, Series 2017	1,460,000	40,513	-	-	-	-
Full Faith & Credit Bond, Series 2016	700,000	43,000	725,000	14,500	-	-
Revenue Bond, Series 2011	567,193	22,121	-	-	-	-
Special Public Works Fund #4	65,875	3,294	-	-	-	-
Special Public Works Fund #5	56,465	11,836	59,282	9,018	62,240	6,060
Special Public Works Fund #6	33,605	19,280	35,342	17,543	37,169	15,716
Special Public Works Fund #7	80,076	59,383	83,568	55,891	87,211	52,248
Special Public Works Fund #8	152,918	133,603	158,056	128,465	163,367	123,154
Special Public Works Fund #9	240,193	480,128	282,453	549,207	299,825	535,084
Total commitment debt	<u>5,581,325</u>	<u>3,014,465</u>	<u>4,868,701</u>	<u>2,902,666</u>	<u>4,994,813</u>	<u>2,775,985</u>
Total debt	<u>\$ 25,581,325</u>	<u>\$ 40,250,511</u>	<u>\$ 26,968,701</u>	<u>\$ 39,506,583</u>	<u>\$ 29,994,813</u>	<u>\$ 29,254,628</u>

2024-2025		2025-2026		All Subsequent Years		Total	
Principle	Interest	Principle	Interest	Principal	Interest	Principal	Interest
-	3,114,195	-	3,114,195	84,740,000	49,827,122	84,740,000	65,398,097
-	6,236,323	37,015,000	6,236,323	156,060,000	8,324,067	193,075,000	39,505,682
-	-	-	-	-	-	67,100,000	2,526,032
-	9,371,886	-	9,371,886	320,955,000	93,718,860	320,955,000	131,206,404
22,490,000	1,862,805	37,425,000	1,063,193	38,285,000	153,268	98,200,000	9,892,824
-	9,603,258	-	9,603,258	377,635,000	136,046,155	377,635,000	184,062,445
-	5,124,639	-	5,124,639	202,315,000	83,216,744	202,315,000	108,839,939
<u>22,490,000</u>	<u>35,313,106</u>	<u>74,440,000</u>	<u>34,513,494</u>	<u>1,179,990,000</u>	<u>371,286,216</u>	<u>1,344,020,000</u>	<u>541,431,423</u>
980,000	466,800	1,030,000	427,600	10,110,000	1,998,452	14,850,000	4,514,452
2,115,000	300,477	1,465,000	278,964	10,070,000	1,570,487	17,365,000	3,132,201
460,000	439,970	465,000	433,300	14,335,000	3,126,147	16,425,000	5,341,117
895,000	740,700	925,000	704,300	17,145,000	5,163,702	21,450,000	9,036,202
-	-	-	-	-	-	1,460,000	40,513
-	-	-	-	-	-	1,425,000	57,500
-	-	-	-	-	-	567,193	22,121
-	-	-	-	-	-	-	-
-	-	-	-	-	-	65,875	3,294
59,197	2,954	-	-	-	-	237,184	29,867
39,091	13,794	41,112	11,773	186,612	24,712	372,931	102,818
91,014	48,446	94,982	44,477	925,142	190,532	1,361,993	450,977
168,856	117,665	174,530	111,991	3,158,549	852,747	3,976,276	1,467,625
312,317	520,093	329,932	504,477	11,286,252	5,317,907	12,750,972	7,906,896
<u>5,120,475</u>	<u>2,650,899</u>	<u>4,525,556</u>	<u>2,516,882</u>	<u>67,216,555</u>	<u>18,244,687</u>	<u>92,307,425</u>	<u>32,105,583</u>
<u>\$ 27,610,475</u>	<u>\$ 37,964,005</u>	<u>\$ 78,965,556</u>	<u>\$ 37,030,376</u>	<u>\$ 1,247,206,555</u>	<u>\$ 389,530,902</u>	<u>\$ 1,436,327,425</u>	<u>\$ 573,537,006</u>

PORT OF MORROW
Schedule of Insurance Coverage
For the Fiscal Year Ended June 30, 2021

	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Amount</u>
Liability			
Special Districts insurance Services General Liability (single limit) automobile insurance on various automobiles. Auto physical damage - \$ 100 Deductible - Comprehensive \$ 500 Deductible - Collision	36P16391-202	12/31/2021	\$ 5,000,000
Property			
Special Districts insurance Services All property, real and personal, including inland Marine \$ 1,000 Deductible on property coverage \$ 500 Deductible - inland Marine coverage \$ 1,000,000 Business interruption \$ 50,000 EDP	36P16391-202	12/31/2021	\$ 65,508,469
Boiler and Machinery			
Special Districts insurance Services \$ 1,000 Deductible	36P16391-202	12/31/2021	\$ 50,000,000
Crime Coverage			
Special Districts insurance Services	36P16391-202	12/31/2021	\$ 1,000,000
Workers' Compensation			
Special Districts insurance Services	35W16391-83	6/30/2021	\$ 3,000,000
Erisa Bond			
Old Republic Surety Company	W180013325	7/25/2021	\$ 500,000
Group Insurance			
Regence BlueCross BlueShield	68000661	6/30/2021	Health
MODA Health	G0020636	6/30/2021	Dental

**INDEPENDENT AUDITORS'
REPORT ON COMPLIANCE AND
INTERNAL CONTROL REQUIRED
BY OREGON STATE
REGULATIONS**

Independent Auditors' Report on Compliance and Internal Control Required by Oregon State Regulations

Commissioners
Port of Morrow
P.O. Box 200
Boardman, OR 97818

We have audited the basic financial statements of Port of Morrow as of and for the year ended June 30, 2021, and have issued our report thereon dated November 9, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port of Morrow'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 statements 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).**

The independently elected officials of Port of Morrow do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-10-140.

In connection with our testing nothing came to our attention that caused us to believe Port of Morrow 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 financial statements, we considered Port of Morrow's internal control over financial reporting (internal control) purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of Morrow's internal control. Accordingly, we do not express an opinion on the effectiveness of Port of Morrow's internal control over financial reporting.


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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By 

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, OR
November 9, 2021

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**AUDIT DELIVERABLES REQUIRED
BY THE SINGLE AUDIT ACT OF
1996**

PORT OF MORROW
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
U.S. Department of Defense:			
<u>Direct Programs:</u>			
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	H10052010018	\$ 354,285
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	HQ0052110021	<u>100,261</u>
Total U.S. Department of Defense			<u>454,546</u>
U.S. General Service Administration:			
<u>Direct Programs:</u>			
Donation of Federal Surplus Property	39.003		6,864
U.S. Department of Transportation:			
<u>Direct Programs:</u>			
National Infrastructure Investments	20.933	693JF71910010	267,798
U.S. Department of Treasury:			
<u>Pass-Through Oregon Department of Administrative Services:</u>			
COVID-19 - Coronavirus Relief Fund	21.019		<u>482,512</u>
Total expenditures of federal awards			<u><u>\$ 1,211,720</u></u>

PORT OF MORROW
Notes to Schedule of Expenditures of Federal Awards

Note A - Purpose of the Schedule:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") is a supplementary schedule to Port of Morrow's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the Port, it is not intended to and does not present either the financial position, results of operations, or changes in fund balances/equity of the Port of Morrow.

Note B - Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to the Port's basic financial statements. The Schedule includes all federal programs administered by the Port for the year ended June 30, 2021.

Basis of Presentation

The accompanying Schedule includes the federal award activity of the Port under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Port.

Federal Financial Assistance

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the Port and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

The Single Audit Act and the Uniform Guidance establish criteria to be used in defining major programs. Major programs for the Port of Morrow are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Basis of Accounting

The receipt and expenditure of federal awards are accounted for under the same basis of accounting as the fund in which they are recorded. Federal awards recorded in proprietary funds are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Federal awards recorded in governmental funds are reported using the modified accrual basis of accounting. Revenues are recognized when measurable and available. Expenditures are recorded when the related liability is incurred.

Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Insurance Coverage

For fiscal year ended June 30, 2021, the Port had insurance coverage in effect comparable to other entities of similar size and circumstance.

Indirect Cost Rate

The Port has not elected to use the 10% de minimis indirect cost rate.

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Commissioners
Port of Morrow
P.O. Box 200
Boardman, OR 97818

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Port of Morrow, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Port of Morrow's basic financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Chelsea A. Hewitt
Chelsea A. Hewitt, CPA
Owner/Member

La Grande, OR
November 9, 2021

Independent Auditors' Report on Compliance for Each Major Program And on Internal Control over Compliance Required by the Uniform Guidance

Commissioners
Port of Morrow
P.O. Box 200
Boardman, OR 97818

Report on Compliance for Each Major Federal Program

We have audited Port of Morrow's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Port of Morrow's major federal programs for the year ended June 30, 2021. Port of Morrow's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Port of Morrow's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Port of Morrow's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Port of Morrow's compliance.

Opinion on Each Major Federal Program

In our opinion, Port of Morrow, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance


Management of Port of Morrow, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Port of Morrow's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Port of Morrow's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By 

Chelsea A. Hewitt, CPA
Owner/Member

La Grande, OR
November 9, 2021

PORT OF MORROW
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. Summary of Audit Results

	Results
Financial Statements Audit	
1. Type of auditor's report issued	Unmodified
2. Internal control over financial reporting:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Did the audit disclose any noncompliance material to the financial statements?	No
Federal Awards	
1. Type of auditor's report issued:	
<u>Major programs:</u>	
Coronavirus Relief Fund	
CFDA Number 21.019	Unmodified
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	
CFDA Number 12.607	Unmodified
2. Internal control over major programs:	
Were significant deficiencies disclosed?	No
Of the significant deficiencies disclosed were any material weaknesses?	N/A
3. Were any of the following disclosed in accordance with 2 CFR Section 200.516(a)?	
Significant deficiencies in internal control over major programs?	No
Material Noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to major programs?	No
Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program?	No
Known questioned costs which are greater than \$25,000 for a federal program which is not audited as a major program?	No
4. The threshold for distinguishing Types A and B programs:	\$ 750,000
5. Auditee qualified as a low-risk auditee	No

B. Findings and Questioned Costs - Financial Statement Audit

	Questioned Costs
None noted as a result of our audit procedures	None Noted as a result of our audit procedures

C. Federal Awards Findings and Questioned Costs

None noted as a result of our audit procedures.

PORT OF MORROW
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Financial Statement Finding:

None noted as a result of our audit procedures