



PORT OF BROOKINGS HARBOR OREGON

ANNUAL FINANCIAL REPORT

For the year ended June 30, 2019

Prepared by Port Administration



PORT
of
BROOKINGS
HARBOR

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PORT
of
BROOKINGS
HARBOR

INTRODUCTORY SECTION



Fiscal Year June 30, 2019

To the District Board of Commissioners and Community

The management of the Port of Brookings Harbor is pleased to provide this annual financial report to the Board of Commissioners, the Community and other interested parties to demonstrate its accountability and communicate the District's financial position and resource flows as of and for the year ended June 30, 2019. Management of the Port is responsible for the fair presentation of the annual financial report, for maintaining appropriate internal control over financial reporting, and for complying with applicable finance-related laws, regulations, and provisions of grants and contracts. The Port reports its financial statements and schedules on the modified cash basis, which management has determined is an acceptable financial reporting framework that differs from generally accepted accounting principles (GAAP). All of the financial analyses in this report should take into considerations the limitations inherent in the modified cash basis of accounting.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CJ Huntsman CPA PC, a firm of certified public accountants of Coos Bay, Oregon, have issued an independent auditor's report on these financial statements and schedules which includes an unmodified ("clean") opinion on all the opinion units of the Port of Brookings Harbor financial reports for the year ended June 30, 2019. The independent auditor's report is located at the front of the financial section of this report.

Profile of the Port

The Port of Brookings Harbor was formed as a result of 1956 election following approval of a ballot measure to permanently form, fund and operate a shallow-draft harbor (shallow-draft harbors are defined as those with 14 feet or less depth) at the mouth of the Chetco River. The boundaries of the Port District include the City of Brookings, the neighboring community of Harbor and surrounding unincorporated areas of southern Curry County. The estimated population of the Port District is 11,000. The Port has a permanent tax rate of \$0.1316 per \$1,000 of assessed property value for those living within the Port boundaries.

As a special district, the Port of Brookings Harbor operates under the governance and supervision of an elected board of commissioners. The elected members represent specific geographic areas of the District and their positions are referred to by numbers 1 through 5. The members choose among themselves who shall serve as officers.

Local Economy

Curry County is located in southern Oregon and includes three incorporated cities — Brookings, Gold Beach and Port Orford. With mountains, valleys, the Chetco River, the Rogue River, and wilderness areas, Curry County offers many tourism and recreational opportunities.

Demographics. According to the July 1, 2019 U.S. Census, the population of Curry County is 22,813. With some of the lowest property taxes in Oregon, Curry County enjoys a large senior population (persons 65 and older), which makes up about 33.2 percent of the total population (compared to 17.1 percent in Oregon). Children under 18 years make up 14.6 percent (compared to 21.1 percent in Oregon), with 4 percent being under age five (compared to 5.7 percent in Oregon).

Port Economy to District. As reported in the Port of Brookings Harbor Strategic Business Plan, a state-wide study entitled the Economic Benefits of Oregon Ports, March 2014 summarizes the permanent annual economic impact of the Port, by including the following annual benefits:

- Totally Port related Oregon employment of 860 jobs (706 direct and 150 for indirect/induced);
- Oregon output (gross sales) were nearly \$67.9 million (\$40.9 million direct and \$27 million in direct/induced);
- Oregon real Gross Domestic Product of \$39.4 million (\$22.65 million direct and \$16.78 million in direct/induced);
- Oregon labor income of \$23.93 million (\$12.89 million direct and \$11.05 million in direct/induced);
- Annual local and Oregon tax revenue/payments of \$4.21 million (\$1.26 million in local and \$2.95 million in state tax revenues);
- Annual federal tax/payments by Oregon enterprises and employees \$5.12 million.

Budget

Oregon local governments are required by state law to budget all funds each year, except for their first year of operation. The Board of Commissioners made four changes to the adopted and appropriated budget during 2018-19 through the adoption of four supplemental budgets. In addition, the Board of Commissioners approved an interfund loan resolution for loans made and repaid during the fiscal year. There were no over-expenditures of the approved spending limits established by the Board of Commissioners in the Debt Service Fund, the Revenue Bond Fund, the Capital Projects Fund or the Reserve Fund. However, the General Fund materials and services appropriation was exceeded by \$158,368. While the spending was approved by the Board of Commissioners, it was not provided for in the General Fund budget appropriations.

Financial Analysis

The government-wide financial statements are reported using the modified cash basis of accounting. Under this basis of accounting, only cash (and cash equivalents) and items that involve the receipt and disbursement of cash (or cash equivalents) during the period are recognized, except as follows:

- (1) Interfund receivables and payables that arise from transactions events involving cash or cash equivalents are recognized;
- (2) Assets that normally convert to cash or cash equivalents (e.g. certificates, of deposit, marketable investments or receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- (3) Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in a government's financial statements. For example, accounts receivable and revenue for billed provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as buildings, equipment and improvements are not reported on the face of the financial statements. However, a government's long-term debt obligations are disclosed in the notes to the financial statements.

Summarized statement of net position:

| | Governmental Activities | |
|--------------------|--------------------------------|-------------------|
| | 2017-18 | 2018-19 |
| Total assets | <u>\$ 304,919</u> | <u>\$ 445,351</u> |
| Total liabilities | <u>-</u> | <u>-</u> |
| Net position: | | |
| Restricted | 122,894 | 120,904 |
| Committed | 182,025 | 324,447 |
| Unrestricted | <u>-</u> | <u>-</u> |
| Total net position | <u>\$ 304,919</u> | <u>\$ 445,351</u> |

For the year ended June 30, 2019, the overall modified cash basis Governmental Activities net position has increased by \$140,432. The primary reasons for the increase are due to the Port service revenues exceeding the budget estimates by \$250,409.

Summarized statement of changes in net position:

| | Governmental Activities | |
|------------------------|--------------------------------|---------------------|
| | 2017-18 | 2018-19 |
| Expenses | <u>\$ 2,928,402</u> | <u>\$ 3,390,589</u> |
| Program revenues | <u>2,685,092</u> | <u>3,260,351</u> |
| Net expense | (263,310) | (130,238) |
| General revenues | <u>340,701</u> | <u>270,670</u> |
| Change in net position | <u>\$ 77,391</u> | <u>\$ 140,432</u> |

Governmental Funds

For the fiscal year ended June 30, 2019, the governmental funds reported a combined fund balance of \$445,341 consisting of the General Fund balance of \$280,776, Debt Service Fund balance of \$21,006, Revenue Bond Fund balance of \$99,898, Capital Projects Fund balance of \$10,579 and the Reserve Fund Balance of \$33,092.

General Fund Budget

Original budget compared to final budget. During the year changes were made to the adopted and appropriated budget by adopting four supplemental budgets.

Final budget compared to actual results. On the upside, actual Port service revenues exceeded budget estimates by \$250,409, actual property tax revenues exceeded budget estimates by \$13,306, interest revenues exceeded budget estimates by \$3,755 and miscellaneous revenues exceeded budget by \$5,832. On the downside, salvage sale revenues fell short budget by \$132,092. Combined, these budget variances amounted to \$141,210 more revenue than anticipated.

With respect to Port operations, actual personnel service expenditures were less than budgeted by \$98,600. However, materials and service expenditures exceeded budget by \$159,368. Capital outlay actual spending was less than budget by \$263. The remaining unspent budgeted contingency was \$127,774. As a result, total actual General Fund spending was \$67,269 less than budgeted.

Management believes that as controls over financial accounting continue to strengthen, coupled with the modified cash basis of accounting that the Port now uses, improvements in budget management will result.

Change in accounting basis. The Port changed its accounting basis during 2017-18 from the full accrual basis in accordance with generally accepted accounting principles to the modified cash basis of accounting - another comprehensive basis of accounting. The reason for the change is that generally accepted accounting principles are becoming more complex and difficult to apply in local governments. The Port's GAAP accounting basis had been in operation for many years, but in recent years the Port had delays in completing its annual audit and in preparing its annual financial report. The delays were attributable to the increasing complexity of governmental GAAP. The change in accounting has resulted in the Annual Financial Report of the Port for 2018-19 being completed within the expected time frame of 180 days following of the fiscal year end as set by the state of Oregon.

The change in accounting basis has resulted in the following benefits:

1. Easier to manage the bookkeeping and accounting.
2. Lower cost to draft the financial statements.
3. Lower cost to audit the financial statements.
4. Requires less experienced and educated staff.
5. Allows a more-timely annual accounting close and open for the new fiscal year.
6. Closer alignment with annual Port budget.
7. More aligned with the short-term management focus of the elected commissioners and budget committee.
8. Acceptable accounting basis under Oregon Local Budget Law and the Oregon Municipal Audit Law.

Capital assets and long term debt administration

Capital assets – modified cash basis

Unlike generally accepted accounting principles, after original purchase, capital assets are not accounted for, or reported on, under the modified cash basis of accounting.

However, over the years the Port has invested in capital assets through the expenditure of capital outlay and remain available for use. These capital assets are either used in the Port operations or removed from service. It is estimated that capital assets in use or temporarily from service have a value of approximately \$18,000,000 that has been insured for.

Current year capital outlay expenditures were \$16,737 in the General Fund that consisted of three golf carts. Capital outlay in the Capital Projects Fund was \$436,547 and consisted of long-term improvements to Port property.

Long term debt – modified cash basis

At June 30, 2019 the Port's long-term debt consists of revenue bonds and four notes payable and totals \$3,384,269. All required debt payments were made and management expects to make the required debt payments as they mature.

More detailed information – capital assets and long term debt

More detailed information concerning capital assets and long-term debt transactions can be found in the notes to the basic financial statements and supplemental schedules.

Resources

There are no restrictions, commitments or other limitations that significantly affect the availability of fund resources for future use in ongoing Port operations.

Factors affecting financial condition – local economy

Marina – Basin 1. FEMA approved the first disaster declaration for Curry County from the February 24, 2019 storm. Basin 1 encountered excessive amounts of sediment from the Chetco River and storm drain culverts from the surrounding community.

FEMA approved the second disaster declaration for Curry County from the April 6, 2019 storm. Basin 1 again encountered excessive amounts of sediment from the Chetco River and storm drain culverts from the surrounding community. Bathymetric survey was conducted in July and found the port received up to 10 times the average sediment accumulations. Estimated amount of sediment from this year alone is 40,000 cubic yards.

2016 FEMA approved disaster piling project was completed this year and with the new configuration the Port is now able use all the docks for moorage rentals.

Marina – Basin 2. FEMA approved the first disaster declaration for Curry County from the February 24, 2019 storm. Basin 2 encountered excessive amounts of sediment from the Chetco River and storm drain culverts from the surrounding community and damages to basin slopes.

FEMA approved the second disaster declaration for Curry County from the April 6, 2019 storm. Basin 2 again encountered excessive amounts of sediment from the Chetco River and storm drain culverts from the surrounding community.

Approximately half of Basin 2 docks are over 44 years old and need major restoration work or replacement. C Dock continues to be out of service due to failing slopes and the need for dredging. Approximately 96% of dock moorage space is available for rent and 90% are rented.

Fuel Dock. The fuel dock is a valuable resource to the commercial fleet, Coast Guard and recreational vessels. While the fuel dock does not supply much revenue for the Port, it does supply support of other revenue generating sources.

FEMA approved the first disaster declaration for Curry County from the February 24, 2019 storm. Fuel Dock encountered damage to the ramp / bridge anchor.

RV Park. RV Park continues to provide the Port with valuable revenue to pay outstanding debts, maintenance of Port facilities and other Port related operations. Main restroom/shower facility was closed from storm related affects to the sanitary system and from other health related issues. Since 2016, the RV Park has lost the laundromat building, mini-mart, dry camping sites, tent sites and main restroom/shower facilities.

Every year storms continue to wreak havoc on the RV Park roads and facilities. Plans are being developed to address the ocean waves crashing over the seawall, rebuild the lost amenities, install new pull-thru sites, upgrade the electrical system, install storm water drainage, paving and reconfigure the RV Park entrance with possible hotel type rooms.

Commercial Leases. Commercial leases continue to provide the Port with valuable revenue to pay outstanding debts, maintenance of Port facilities and other Port related operations. Port is a landlord to thirty-five (35) tenants throughout the Port. Types of leases range from retail stores, restaurants, warehouse shop/storage, land rental and commercial receiving docks.

Boat Yard. The boat yard is a do-it-yourself boat maintenance and minor boat rebuilding. Port Staff operates the 50-ton travel lift for hauling out boats. Revenue is generated by haul outs and yard days and is dependent solely on the number of haul outs and boat repair work.

Boat yard also includes the Port shop, waste oil facility, equipment and material storage.

Port Office and Operations. The Port received notice from Oregon Department of Environmental Quality that the Port must obtain a 1200-Z NPDES Industrial Storm water general permit. The 1200-Z Permit will place significant monitoring and storm water testing requirements. All Port operations, tenants and moorage holders must follow all applicable federal, state and local laws and to use best practices when conducting activities that may have an effect on storm water quality. The effects of this permit to normal Port operations is not known, but management will be proactive to update the Port storm water infrastructure.

The Port continues to pay its debts on time and has increased payments to recoup on missed payments during the 2011 Tsunami disaster rebuilding.

Infrastructure maintenance will continue to be on the forefront of the budgeting process.

Increase of staff in the office and field has provided a higher quality of service. As with last year, management will continue to use specialty services to supplement Port maintenance and repair.

The Port staff will continue to seek grants, continue discussions with County and State, to find any and all sources of funding for new projects including dock repair in the Commercial Basin, storm water control, paving, storage space, remodel of the RV Park, and upgrades where needed.

Financial policies

It has been the Port's governing body and management to budget intent to plan and spend conservatively. The unwritten policy of conservatism has been beneficial and helped conserve Port resources and continue to provide Port services.

Acknowledgements

The preparation of this report could not have been accomplished without the commitment and dedication of the fiscal officer. Credit must also be given to the Board of Commissioners for their leadership and unfailing support for maintaining the highest standards of professionalism in the management of the Port of Brookings Harbor and finances. We also express our appreciation to the Port Budget Committee for their participation in approving the annual operating budget.

Respectfully submitted,

Port Profile and Governance Information


Gary Dehlinger, Port Manager


Kim Boom, Financial Officer

Financial Information and Analysis


Gerald W. Burns, CPA, CGMA



BOARD OF COMMISSIONERS

| <u>Position Number</u> | <u>Name and Address</u> | <u>Term Starts</u> | <u>Term Ends</u> |
|------------------------|---|--------------------|------------------|
| 1 | Joe Speir - Secretary P.O. Box 651 Brookings, OR 97415 Phone: 541-661-0757 (Cell) Email: joe@portofbrookingsharbor.com | 6-15-18 | 6-30-19 |
| 2 | Wes Ferraccioli – Board Member 1327 Crissey Circle Brookings, OR 97415 Phone: 541-450-4100 (Cell) Email: wes@portofbrookingsharbor.com | 6-15-18 | 6-30-19 |
| 3 | Roy Davis - Chairman P. O. Box 2679 Brookings, OR 97415 Phone: 541-661-0117 (Cell) Email: roy@portofbrookingsharbor.com | 7-01-15 | 6-30-19 |
| 4. | Richard Heap – Co-Chairman 95975 N Brookside Dr. Brookings, OR 97415 Phone: 541-661-7078 (Cell) Email: richard@portofbrookingsharbor.com | 6-13-18 | 6-30-19 |
| 5 | Kenneth Range - Treasurer 96197 Cape Ferrelo Road Brookings, OR 97415 Phone: 541-661-1247 (Cell) Email: ken@portofbrookingsharbor.com | 6-13-18 | 6-30-19 |



ADMINISTRATION

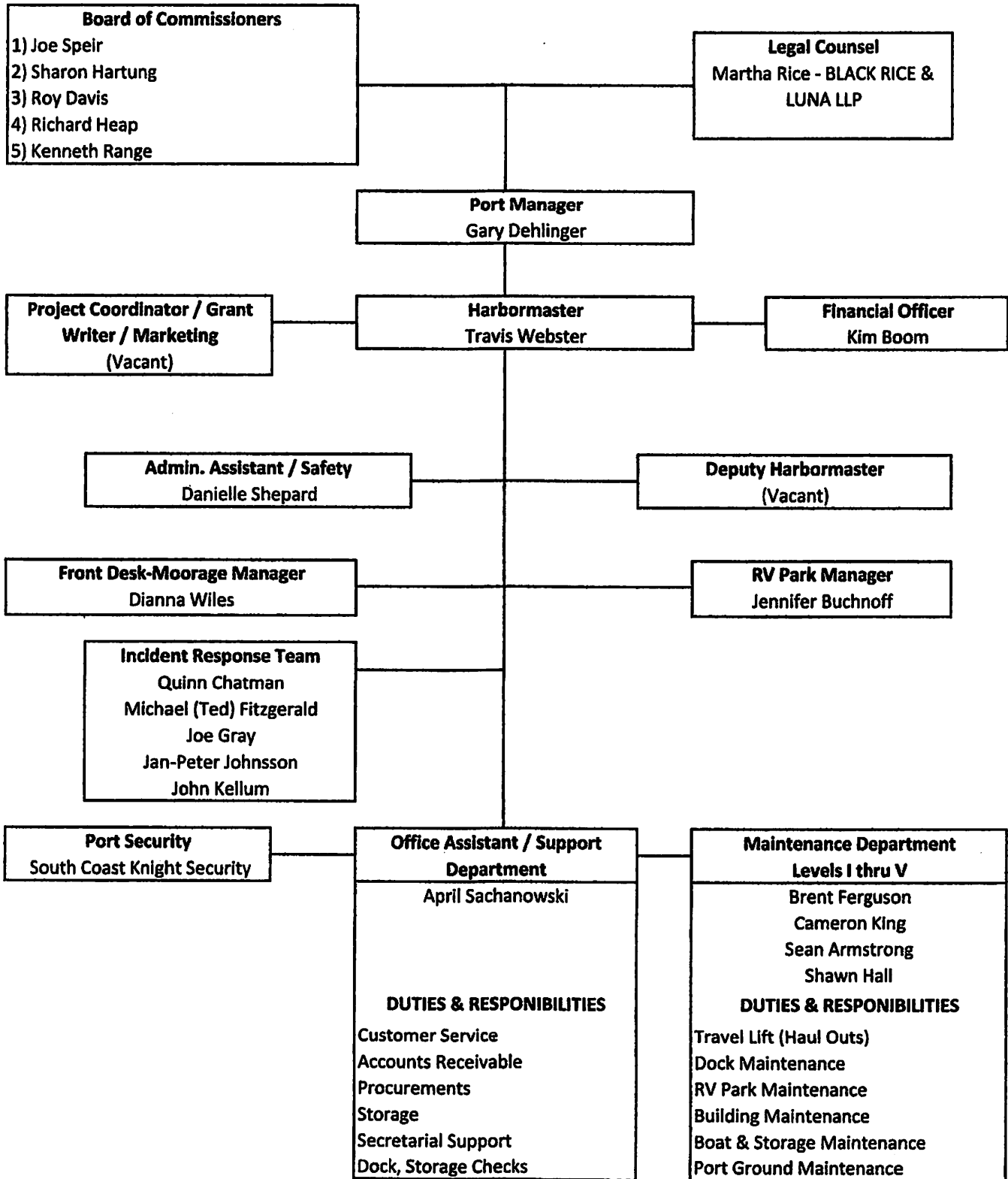
REGISTERED AGENT

Port Manager
Gary Dehlinger

Harbormaster
Travis Webster

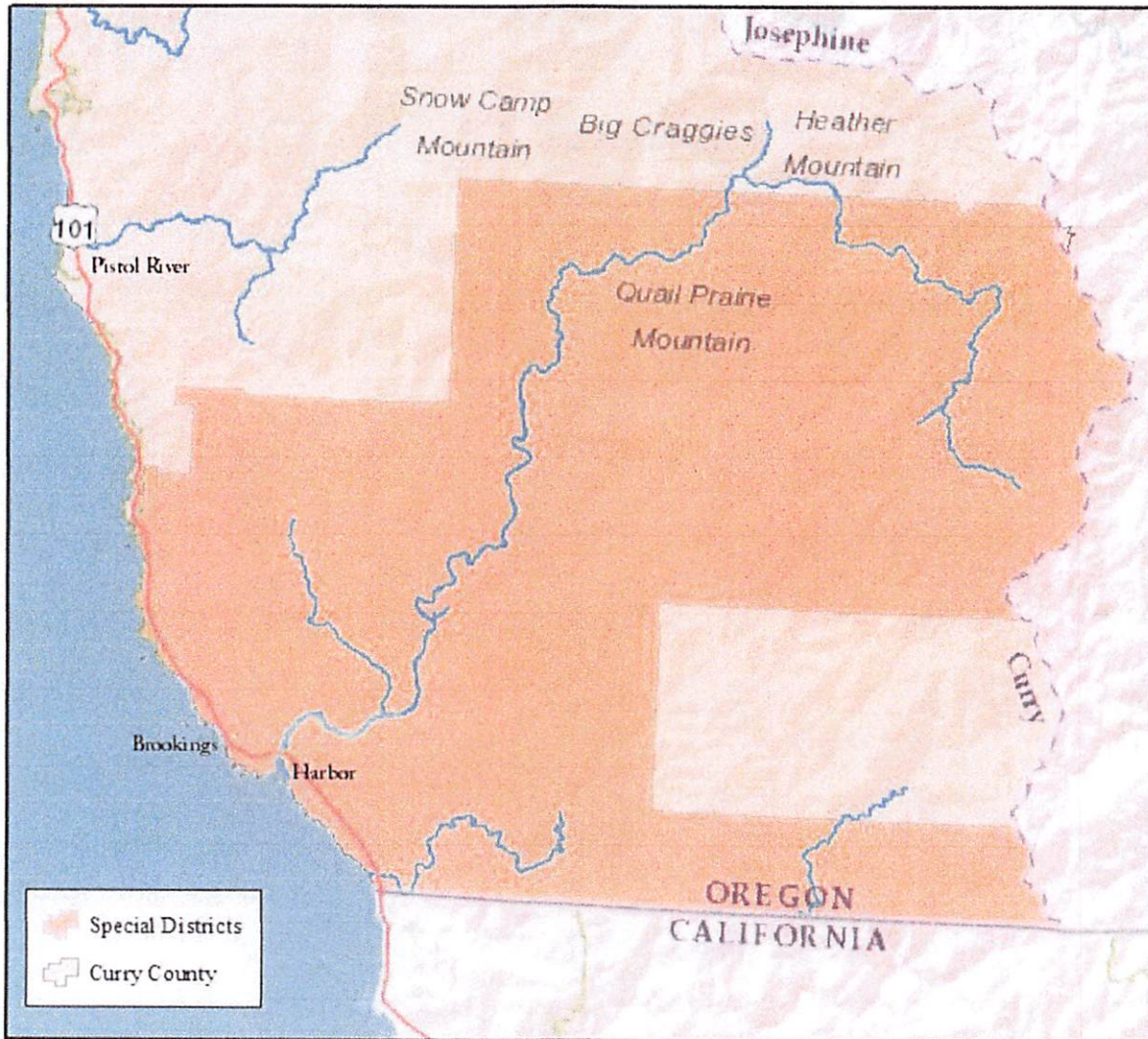
Financial Officer
Kim Boom

**PORT
of
BROOKINGS HARBOR
Organization Chart**



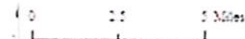


Port of Brookings Harbor Geographic Boundaries



Brookings Area Special Districts

Community Library, Cemetery, Port



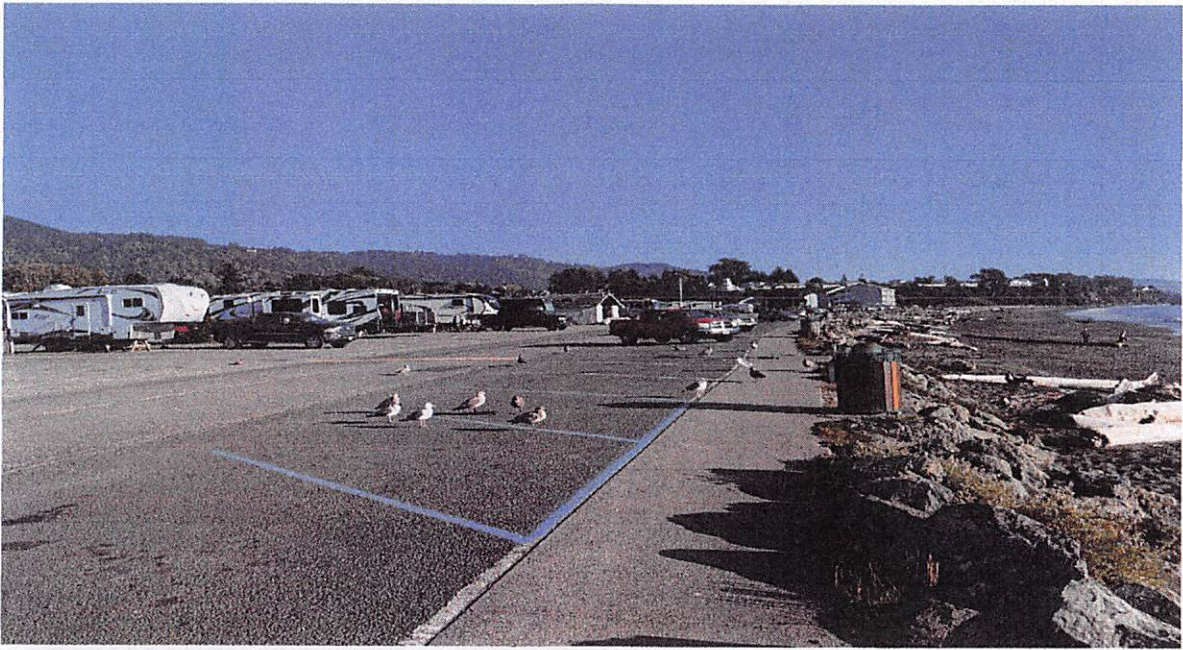
Port of Brookings Harbor Pictures



FEMA DR-4258 Basin 1 Piling Project completed April 2019



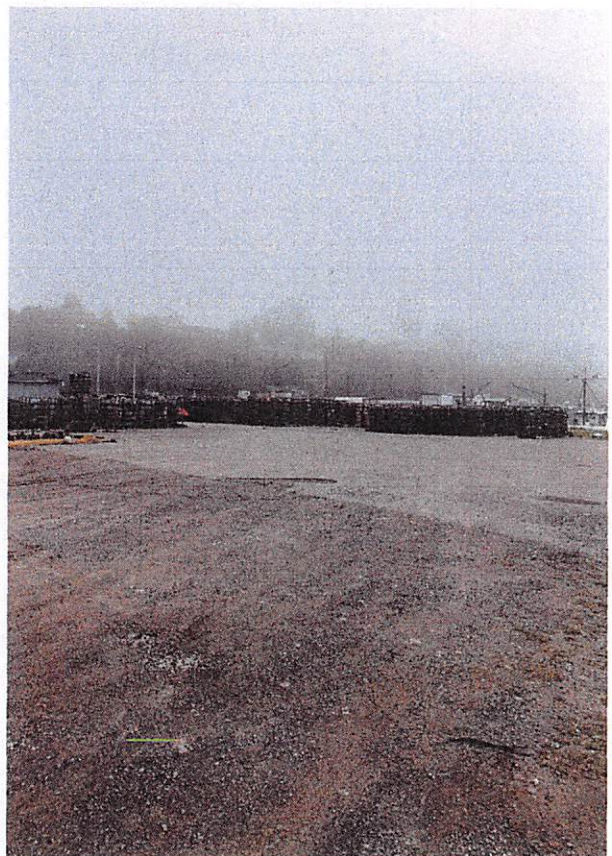
New Port Meeting Room



Beachfront RV Park



Fuel Dock



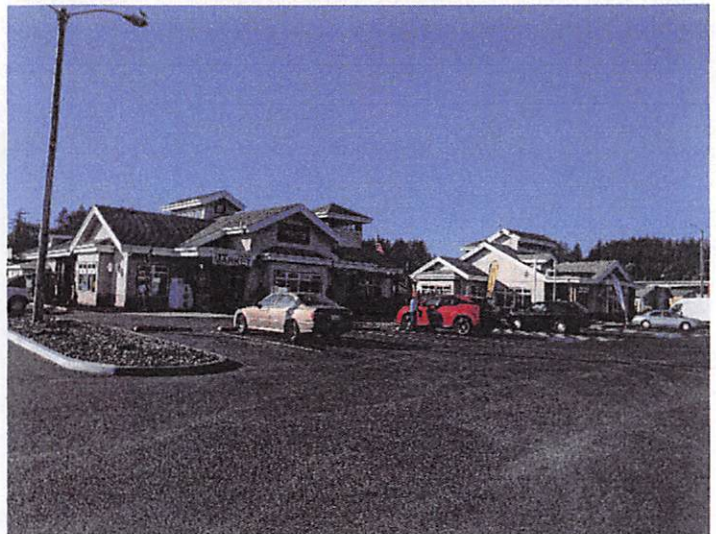
Gear Storage



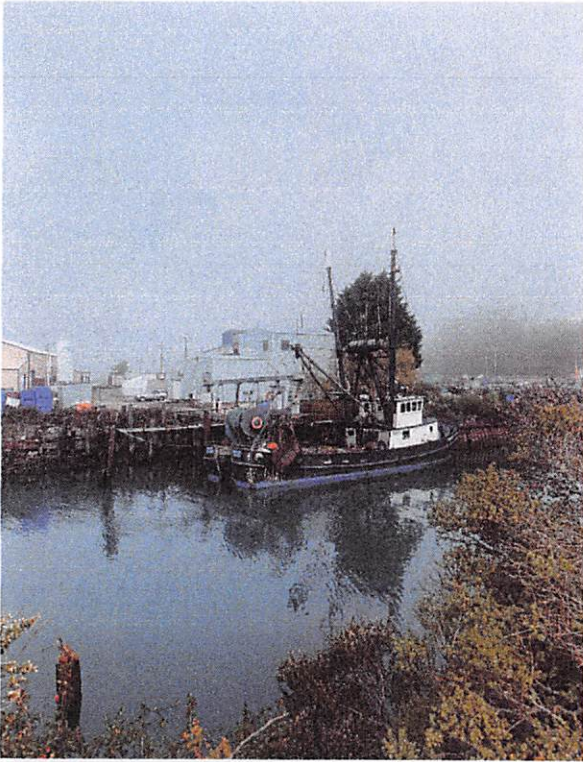
Basin 2



Travelift



Commercial Retail



Ice House



Boat Trailer Storage



Receiving Dock

FINANCIAL SECTION



PORT
of
BROOKINGS
HARBOR

Independent Auditor's Report

C. J. Huntsman, CPA, P.C.

**Constance J. Huntsman
Certified Public Accountant
Admin@huntsmancpa.net**

**P.O. Box 569
Coos Bay, OR 97420
541-808-3080**

**Memberships
American Institute of CPA's
Oregon Society of CPA's**

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Port of Brookings Harbor
Brookings, OR 97415

Report on the Basic Financial Statements

I have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Port of Brookings Harbor, Oregon, as of and for the year ended June 30, 2019, 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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Port of Brookings Harbor, Oregon, as of June 30, 2019, and the respective changes in modified cash basis financial position and the respective budgetary comparison statements for each major fund for the year then ended in accordance with the basis of accounting described in Note 1.

Emphasis of a Matter

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describes the basis of accounting. The Port of Brookings Harbor, Oregon, prepares its financial statements on the modified cash basis, allowable under Oregon law, which is a basis of accounting other than accounting principles generally accepted in the United States of America. My opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

My audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Port of Brookings Harbor's basic financial statements. The supplementary information which includes the modified cash basis schedule of property tax transactions, schedule of long-term debt principal and interest transactions, and schedules of future cash requirements for payment of long-term debt for the revenue bond series 2000, combined IFA notes payable and other notes payable, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The modified cash basis schedule of property tax transactions, schedule of long-term debt principal and interest transactions, and schedules of future cash requirements for payment of long-term det for the revenue bond series 2000, combined IFA notes payable and other notes payable as listed in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the modified cash basis schedule of property tax transactions, schedule of long-term debt principal and interest transactions, and schedules of future cash requirements for payment of long-term det for the revenue bond series 2000, combined IFA notes payable and other notes payable are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

The introductory section that includes the transmittal letter, elected board of commissioners, administration, port organization chart, port geographic boundaries, and port pictures, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, I have also issued my report dated December 3, 2019, on my consideration of the Port's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of my testing of compliance and the results of that testing, and not to provide an opinion on compliance.



Constance J. Huntsman, CPA
November 30, 2019



PORT
of
BROOKINGS
HARBOR

Basic Financial Statements



PORT
of
BROOKINGS
HARBOR

Government-wide Financial Statements

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2019**

| | Governmental Activities |
|----------------------|------------------------------------|
| Assets: | |
| Cash and Investments | \$ 445,351 |
| | <hr/> |
| Total Assets | 445,351 |
| | <hr/> |
| Liabilities: | |
| Other Liabilities | - |
| | <hr/> |
| Total Liabilities | - |
| | <hr/> |
| Net Position: | |
| Restricted for: | |
| Debt Service | 120,904 |
| | <hr/> |
| Committed for: | |
| Port Operations | 280,776 |
| Capital Projects | 43,671 |
| Total Committed | 324,447 |
| | <hr/> |
| Total Net Position | \$ 445,351 |
| | <hr/> <hr/> |

See accompanying notes to basic financial statements.



PORT
of
BROOKINGS
HARBOR

Fund Financial Statements

Governmental Funds

Governmental Activities

General Fund

The **General Fund** accounts for the administration and Port operations. Principal sources of revenue consist of property taxes, charges for Port operations services, grants from other agencies, and interest earnings. Major expenditures are for personnel services, operating supplies, repairs and maintenance, and professional contracted services relating to the administration and Port operations and capital outlay for equipment.

Debt Services Funds

The **Debt Service Fund** is used to account for the principal and interest paid on the Port's debt other than the revenue obligation bond. Resources are provided by operating transfers from the General Fund and interest earnings.

The **Revenue Bond Fund** is used to account for principal and interest payments on the revenue bond. Resources are provided by operating transfers from the General Fund and interest earnings.

Capital Projects Fund

The **Capital Projects Fund** is used to account for expenditures on major construction and improvement projects of the Port. Resources are provided by capital grants, loans and operating transfers from the General Fund.

Reserve Fund

The **Reserve Fund** was established by Resolution 307 to accumulate funds to pay for dock maintenance and future dock replacements. Resources are provided by operating transfers from the General Fund.

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS
MODIFIED CASH BASIS
MAJOR GOVERNMENTAL FUNDS - GOVERNMENTAL ACTIVITIES
June 30, 2019**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Revenue Bond Fund</u> | <u>Capital Projects Fund</u> | <u>Reserve Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|------------------------------|----------------------------------|--------------------------------------|-------------------------|---|
| ASSETS: | | | | | | |
| Cash and Investments | \$ 280,776 | \$ 21,006 | \$ 99,898 | \$ 10,579 | \$ 33,092 | \$ 445,351 |
| Total Assets | <u>\$ 280,776</u> | <u>\$ 21,006</u> | <u>\$ 99,898</u> | <u>\$ 10,579</u> | <u>\$ 33,092</u> | <u>\$ 445,351</u> |
| LIABILITIES AND FUND BALANCE: | | | | | | |
| Liabilities: | | | | | | |
| Other Liabilities | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance: | | | | | | |
| Restricted | - | 21,006 | 99,898 | - | - | 120,904 |
| Committed | 280,776 | - | - | 10,579 | 33,092 | 324,447 |
| Total Fund Balance | <u>280,776</u> | <u>21,006</u> | <u>99,898</u> | <u>10,579</u> | <u>33,092</u> | <u>445,351</u> |
| Total Liabilities and Fund Balance | <u>\$ 280,776</u> | <u>\$ 21,006</u> | <u>\$ 99,898</u> | <u>\$ 10,579</u> | <u>33,092</u> | <u>\$ 445,351</u> |

See accompanying notes to basic financial statements.

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS
MAJOR GOVERNMENTAL FUNDS - GOVERNMENTAL ACTIVITIES
For the Year Ended June 30, 2019**

| | General Fund | Debt Service Fund | Revenue Bond Fund | Capital Projects Fund | Reserve Fund | Total Governmental Funds |
|---|-------------------|----------------------|-------------------------|-----------------------------|------------------|--------------------------------|
| REVENUES | | | | | | |
| Property Taxes | \$ 235,810 | \$ - | \$ - | \$ - | \$ - | \$ 235,810 |
| Charges for Port Services | 2,537,811 | - | - | - | - | 2,537,811 |
| Salvage Sales | 51,908 | - | - | - | - | 51,908 |
| Grants | - | - | - | 670,632 | - | 670,632 |
| Interest | 6,211 | 1,025 | 1,880 | 6 | 521 | 9,843 |
| Miscellaneous | 25,217 | - | - | - | - | 25,217 |
| TOTAL REVENUES | <u>2,856,957</u> | <u>1,025</u> | <u>1,880</u> | <u>670,638</u> | <u>521</u> | <u>3,531,021</u> |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Port Operations | 1,892,377 | - | - | - | - | 1,892,377 |
| Capital Outlay | 16,737 | - | - | 829,216 | - | 845,953 |
| Debt Service | - | 422,139 | 130,120 | - | - | 552,259 |
| TOTAL EXPENDITURES: | <u>2,009,114</u> | <u>422,139</u> | <u>130,120</u> | <u>829,216</u> | <u>-</u> | <u>3,390,589</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>847,843</u> | <u>(421,114)</u> | <u>(128,240)</u> | <u>(158,578)</u> | <u>521</u> | <u>140,432</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating Transfers In | 658,985 | 468,051 | 167,313 | 822,245 | 21,473 | 2,138,087 |
| Operating Transfers Out | (1,391,082) | (50,000) | (38,000) | (658,985) | - | (2,138,087) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(734,097)</u> | <u>418,051</u> | <u>129,313</u> | <u>165,260</u> | <u>21,473</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>113,746</u> | <u>(3,063)</u> | <u>1,073</u> | <u>6,682</u> | <u>21,994</u> | <u>140,432</u> |
| FUND BALANCE, July 1, 2018 | <u>167,030</u> | <u>24,089</u> | <u>98,825</u> | <u>3,897</u> | <u>11,098</u> | <u>304,919</u> |
| FUND BALANCE, June 30, 2019 | <u>\$ 280,776</u> | <u>\$ 21,006</u> | <u>\$ 99,898</u> | <u>\$ 10,579</u> | <u>\$ 33,092</u> | <u>\$ 445,351</u> |

See accompanying notes to the basic financial statements

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

GENERAL FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance</u> |
|---|----------------------------|-------------------------|-------------------|----------------------------------|
| REVENUES | | | | |
| Property Taxes | \$ 222,504 | \$ 222,504 | \$ 235,810 | \$ 13,306 |
| Charges for Port Services | 2,287,402 | 2,287,402 | 2,537,811 | 250,409 |
| Salvage Sales | 184,000 | 184,000 | 51,908 | (132,092) |
| Interest | 2,400 | 2,456 | 6,211 | 3,755 |
| Miscellaneous | 19,385 | 19,385 | 25,217 | 5,832 |
| TOTAL REVENUES | <u>2,715,691</u> | <u>2,715,747</u> | <u>2,856,957</u> | <u>141,210</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Port Operations | | | | |
| Personnel Services | 639,191 | 639,191 | 540,591 | 98,600 |
| Materials and Services | 1,309,418 | 1,292,418 | 1,451,786 | (159,368) |
| Total Current | <u>1,948,609</u> | <u>1,931,609</u> | <u>1,992,377</u> | <u>(60,768)</u> |
| Capital Outlay | - | 17,000 | 16,737 | 263 |
| Operating Contingency | 152,774 | 127,774 | - | 127,774 |
| TOTAL EXPENDITURES : | <u>2,101,383</u> | <u>2,076,383</u> | <u>2,009,114</u> | <u>67,269</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>614,308</u> | <u>639,364</u> | <u>847,843</u> | <u>208,479</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 24,807 | 956,700 | 656,985 | (299,715) |
| Operating Transfers Out | (641,669) | (1,583,369) | (1,391,082) | 192,287 |
| TOTAL OTHER FINANCIAL SOURCES (USES) | <u>(616,862)</u> | <u>(626,669)</u> | <u>(734,097)</u> | <u>(107,428)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | (2,554) | 12,695 | 113,746 | 101,051 |
| FUND BALANCE, July 1, 2018 | 67,554 | 67,554 | 167,030 | 99,476 |
| FUND BALANCE, June 30, 2019 | <u>\$ 65,000</u> | <u>\$ 80,249</u> | <u>\$ 280,776</u> | <u>\$ 200,527</u> |

See accompanying notes to financial statements
See accompanying notes to budget presentations

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

DEBT SERVICE FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance</u> |
|---|----------------------------|-------------------------|------------------|----------------------------------|
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 1,025 | \$ 1,025 |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>1,025</u> | <u>1,025</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 451,083 | 451,083 | 399,729 | (51,354) |
| Interest | 20,466 | 20,466 | 22,410 | 1,944 |
| TOTAL EXPENDITURES | <u>471,549</u> | <u>471,549</u> | <u>422,139</u> | <u>(49,410)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(471,549)</u> | <u>(471,549)</u> | <u>(421,114)</u> | <u>50,435</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 471,549 | 471,549 | 468,051 | (3,498) |
| Operating Transfers Out | - | - | (50,000) | (50,000) |
| TOTAL OTHER FINANCIAL SOURCES (USES) | <u>471,549</u> | <u>471,549</u> | <u>418,051</u> | <u>(53,498)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | - | - | (3,063) | (3,063) |
| FUND BALANCE, July 1, 2018 | 23,602 | 23,602 | 24,069 | 467 |
| FUND BALANCE, June 30, 2019 | <u>\$ 23,602</u> | <u>\$ 23,602</u> | <u>\$ 21,006</u> | <u>\$ (2,596)</u> |

See accompanying notes to financial statements
See accompanying notes to budget presentations

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

| <u>REVENUE BOND FUND</u> | | | | |
|---|-----------------------------------|--------------------------------|----------------------|---|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance</u> |
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 1,880 | \$ 1,880 |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>1,880</u> | <u>1,880</u> |
| EXPENDITURES | | | | |
| Debt Service | | | | |
| Principal | 69,036 | 69,036 | 69,016 | (20) |
| Interest | 61,084 | 61,084 | 61,104 | 20 |
| TOTAL EXPENDITURES | <u>130,120</u> | <u>130,120</u> | <u>130,120</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(130,120)</u> | <u>(130,120)</u> | <u>(128,240)</u> | <u>1,880</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 130,120 | 130,120 | 167,313 | 37,193 |
| Operating Transfers Out | - | - | (38,000) | (38,000) |
| TOTAL OTHER FINANCIAL SOURCES (USES) | <u>130,120</u> | <u>130,120</u> | <u>129,313</u> | <u>(807)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | - | - | 1,073 | 1,073 |
| FUND BALANCE, July 1, 2018 | 98,395 | 98,395 | 98,825 | 430 |
| FUND BALANCE, June 30, 2019 | <u>\$ 98,395</u> | <u>\$ 98,395</u> | <u>\$ 99,898</u> | <u>\$ 1,503</u> |

See accompanying notes to financial statements
See accompanying notes to budget presentations

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

CAPITAL PROJECTS FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance</u> |
|---|----------------------------|-------------------------|------------------|----------------------------------|
| REVENUES | | | | |
| Grants | \$ 2,422,321 | \$ 2,816,273 | \$ 670,632 | \$ (2,145,641) |
| Interest | - | - | 6 | 6 |
| TOTAL REVENUES | <u>2,422,321</u> | <u>2,816,273</u> | <u>670,638</u> | <u>(2,145,635)</u> |
| EXPENDITURES | | | | |
| Capital Outlay | <u>2,387,729</u> | <u>2,796,273</u> | <u>829,216</u> | <u>(1,967,057)</u> |
| TOTAL EXPENDITURES | <u>2,387,729</u> | <u>2,796,273</u> | <u>829,216</u> | <u>(1,967,057)</u> |
| | | | | - |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>34,592</u> | <u>20,000</u> | <u>(158,578)</u> | <u>(178,578)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | 40,000 | 956,700 | 822,245 | (134,455) |
| Operating Transfers Out | <u>(24,807)</u> | <u>(956,700)</u> | <u>(656,985)</u> | <u>299,715</u> |
| TOTAL OTHER FINANCIAL SOURCES (USES) | <u>15,193</u> | <u>-</u> | <u>165,260</u> | <u>165,260</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | 49,785 | 20,000 | 6,682 | (13,318) |
| FUND BALANCE, July 1, 2018 | 5,000 | 5,000 | 3,897 | (1,103) |
| FUND BALANCE, June 30, 2019 | <u>\$ 54,785</u> | <u>\$ 25,000</u> | <u>\$ 10,579</u> | <u>\$ (14,421)</u> |

See accompanying notes to financial statements
See accompanying to budget presentations

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
MODIFIED CASH BASIS - BUDGET AND ACTUAL
For the Year Ended June 30, 2019**

RESERVE FUND

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Final Budget Variance</u> |
|---|----------------------------|-------------------------|------------------|----------------------------------|
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 521 | \$ 521 |
| TOTAL REVENUES | <u>-</u> | <u>-</u> | <u>521</u> | <u>521</u> |
| EXPENDITURES | | | | |
| Capital Outlay | - | - | - | - |
| TOTAL EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>-</u> | <u>521</u> | <u>521</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating Transfers In | - | 25,000 | 21,473 | (3,527) |
| Operating Transfers Out | - | - | - | - |
| TOTAL OTHER FINANCIAL SOURCES (USES) | <u>-</u> | <u>25,000</u> | <u>21,473</u> | <u>(3,527)</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>-</u> | <u>25,000</u> | <u>21,994</u> | <u>(3,006)</u> |
| FUND BALANCE, July 1, 2018 | 11,075 | 11,075 | 11,098 | 23 |
| FUND BALANCE, June 30, 2019 | <u>\$ 11,075</u> | <u>\$ 36,075</u> | <u>\$ 33,092</u> | <u>\$ (2,983)</u> |

See accompanying to financial statements
See accompanying notes to budget presentations



PORT
of
BROOKINGS
HARBOR

Notes to Basic Financial Statements

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial reporting entity

The Port of Brookings Harbor (“the Port”) financial reporting entity is composed solely of the primary government. In determining the financial reporting entity, the Port considered all provisions of applicable accounting standards. Although there are various other governmental agencies and special service entities which provide services within the Port's boundaries, the Port is not financially accountable for any of these entities and accordingly, their financial information is not included in these financial statements. There are no other entities for which the Port has responsibility, exercises control or is financially accountable.

The Port of Brookings Harbor was approved by the voters at a special election in 1956. The Port is organized and operates under the laws of the State of Oregon pertaining to Port districts. The Port provides port services and facilities to recreational and commercial users on the southern Oregon coast. A five-member Board of Commissioners governs of its operations.

The Port has a permanent tax rate of \$0.1316 cents per \$1,000 of assessed property value that is levied each year on all taxable property within the Port boundaries. The Port District includes the areas of the City of Brookings, the neighboring community of Harbor and surrounding unincorporated areas of Curry County. The estimated population of those living in the Port District boundaries is 11,000.

Government-Wide Financial Statements

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. These statements distinguish between governmental and business-type activities. Governmental activities are generally financed through taxes, intergovernmental revenues, and both exchange and non-exchange revenues. Business-type activities are financed in whole or part by fees charged to external parties for goods and services. The Port reports only governmental activities.

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting used is based on the recording of cash and cash equivalents, and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles. While there is no standard setting body that establishes accounting standards for the modified cash basis of accounting, both the Government Finance Officers Association (GFOA) and the American Institute of CPAs (AICPA) publish guidance and example materials used in preparing modified cash basis financial statements. The Port used these application materials published by the GFOA and the AICPA in preparing these financial statements. Generally accepted accounting principles are defined by the Governmental Accounting Standards Board (GASB) through their pronouncements.

This modified cash basis of accounting differs from generally accepted accounting principles in that not all GASB pronouncements apply to the presentation and disclosures contained in financial statements. Only

PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

cash and items that involve the receipt or disbursement of cash during the fiscal year are recognized, except for the following modifications:

- (1) Interfund receivables and payables that arise from transactions and events involving cash are recognized;
- (2) Assets that normally convert to cash that arise from transactions and events involving cash are recognized;
- (3) Liabilities for cash (or cash equivalents) held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded or presented in the basic financial statements. For example, accounts receivable and revenue for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported in the basic financial statements. However, any long-term liabilities and compensated absences are described in the notes to the basic financial statements.

The modified cash basis of accounting is an acceptable accounting framework recognized by Oregon law for use by local governments.

Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate basic financial statements are provided for each of the Port's individual funds.

The government-wide financial statements are presented on the modified cash basis of accounting.

Basis of presentation - fund financial statements

The fund financial statements provide information about the Port's funds. Separate statements for each fund are presented. The emphasis of fund financial statements is on major funds, and each is displayed in a separate column. Under GASB pronouncements, a fund is considered major if it is the primary operating fund of the District or if total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10% of the total for all governmental funds. A fund can also be considered major if the governing body – the Port Board of Commissioners - chooses to do so.

PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Funds that are not major funds are aggregated and reported as nonmajor funds. The fund financial statements are also presented on the modified cash basis of accounting. There are no nonmajor funds.

The Port reports the following major governmental funds:

General Fund – Used to account for financial resources of the Port not accounted for in any other fund. Principal sources of revenue consist of property taxes, charges for Port services, grants from other agencies and interest earnings. Major expenditures are for personnel services, operating supplies, repairs and maintenance, utilities and professional contracted services relating to administration and Port operations. Expenditures also include capital outlay for equipment.

Debt Service Fund – Used to account for the principal and interest paid on the Port's long-term debt other than the revenue obligation bond. Resources are provided by operating transfers from the General Fund and interest earnings.

Revenue Bond Fund – Used to account for principal and interest paid on the revenue bond. Resources are provided by operating transfers from the General Fund and interest earnings.

Capital Projects Fund – Used to account for expenditures relating to major construction and improvement projects of the Port. Resources are provided by capital grants, loans and operating transfers from the General Fund.

Reserve Fund - Used to provide future resources for major dock repairs and replacements. This fund was established under the provisions of Oregon Local Budget Law by Port Resolution 307.

Assets, liabilities and net position/fund balance –

Cash - The Port's cash is considered to be cash on hand, demand deposits, and savings accounts. There are no cash equivalents.

The Port deposits cash in checking and money market accounts at a local bank approved by the Oregon State Treasurer. The bank maintains depository insurance under the federal depository insurance program and participates in the State of Oregon collateral pool sufficient to cover the Port's cash deposits as required by Oregon law.

The Port also maintains an account with the Oregon Local Investment Pool managed by the Oregon State Treasurer.

The Port maintains an account with the Curry County Treasurer for the purpose of receiving the Port's share of property taxes. Property tax collections are generally transferred to the Port's general checking account within a few weeks of collection.

PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position flow assumption - Sometimes the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Restricted net position – Consists of net 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.

Unrestricted net position – Consists of all other net assets that do not meet the definition of "restricted".

Fund balance policies - Fund balance of the governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Port itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Port's highest level of decision-making authority. The Port Board of Commissioners is the highest level of decision-making authority for the Port that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts, if any, in the assigned fund balance classification are intended to be used by the Port for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners by resolution directs the Port Manager to assign fund balance. The Board of Commissioners may also assign fund balance - as it does when it appropriates fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, the constraints upon resources resulting from assignments are more easily removed or modified.

Fund financial statements – Governmental fund equity is classified as fund balance. As an approximate measure of liquidity, fund balance is similar to the working capital of a private-sector business. As such, there are limitations that may be placed on the use of fund balance resources. The various components of fund balance are designed to indicate the nature of such limitations. Financial statements of governmental funds report up to five components of fund balance.

Non-spendable fund balance - Inherently non-spendable resources are, because of their form, unable to be spent, or must remain intact.

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted fund balance - Externally enforceable limitations on resource use have been imposed by creditors, grantors, contributors, laws and regulations of other governments or by through constitutional provisions or enabling legislation.

Committed fund balance - Self-imposed limitations on spending set by the Board of Commissioners prior to the end of the fiscal year by formal action – a resolution - that requires formal action to remove such self-imposed restrictions.

Assigned fund balance - Self-imposed limitation resulting from intended use established by the Board of Commissioners such as through the adoption of the Port budget. No other body or official can assign fund balance.

Unassigned fund balance - Residual net resources the expenditure of which has not been limited in any way.

Revenues, Expenditures and Expenses – The Port's modified cash basis of accounting reports revenues, expenditures and expenses as appropriate.

Government-wide statements – In the Statement of Activities, modified cash basis revenues that are derived directly from each governmental activity or from parties outside the Port's taxpayers are reported as program revenues. Program revenues include fees for Port services charged to customers, and grants that are restricted to specific functions and activities. All other governmental revenues are reported as general. All taxes levied by the Port are classified general revenue as is miscellaneous revenue.

Fund financial statements – In the fund financial statements revenues are reported by source and expenditures are reported as current, capital outlay, and debt service.

Interfund balances and activities – The Port's modified cash basis of accounting reports interfund fund transfers, balances and activities as appropriate.

Government-wide financial statements – In the process of aggregating the financial information for the government-wide financial statements interfund activity and balances are eliminated.

Fund financial statements – Interfund activity and balances within and among the governmental funds is reported in the fund financial statements as (1) interfund loans provided with a requirement for repayment are reported as interfund receivables and payables, and (2) interfund transfers where repayment is not expected are reported as transfers in and out.

PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Significance – As a local government, the Port is subject to various federal, state and local laws and regulations and contractual requirements. The more important, and potentially material, areas of compliance include the Port's budget and appropriations, cash deposit and investment accounts, collateralization of cash deposits and investments, long-term debt agreements, grant agreements and payroll.

Budget and appropriations – Oregon local governments are required by state law to budget all funds each year, except in the first year of operation.

A budget is prepared for all funds in accordance with the legal requirements set forth in the Oregon Local Budget Law and the modified cash basis of accounting. The funds included in the budget include all funds included in the fund financial statements. Budget appropriation amounts shown in the financial statements include the original and revised budget appropriations as approved by the Port Board of Commissioners. Oregon Local Budget Law does not allow management to change the adopted or supplemental budgets in any way. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Port lapses as of year-end.

The Board of Commissioners made four changes to the adopted and appropriated 2018-19 budget during 2018-19. There were no over-expenditures of appropriations in the Debt Service Fund, the Revenue Bond Fund, the Capital Projects Fund or the Reserve Fund. However, there were over-expenditures of the General Fund materials and services appropriation totaling \$159,368 - primarily because of expenditures that, while approved by the Port Commissioners, were not included in the appropriated General Fund budget.

Cash and investments – The Board of Commissioners has no deposit and investment policies that limit allowable deposits or investments or address specific deposit and investment risks. The Port complies with state statutes relating to deposits, investments and related risks.

Statutes authorize the Port to invest in its own bonds, legally issued general obligations of the United States and the states of Oregon, Washington, Idaho, or California, legally issued general obligation bonds of any city within the state of Oregon issued for utility services, open accounts, certificates of deposit and savings accounts of banks which maintain a head office in Oregon, bankers acceptances that are guaranteed by a qualified financial institution, certain other investments related to deferred compensation plans, and local government investment pools managed by the local county Treasurer or the state Treasurer.

The Port has selected a bank that is identified as an approved depository in the Oregon statutes. In accordance with Oregon law, deposits of municipal funds can only be deposited in approved financial institutions identified by the state of Oregon Treasurer. In addition, Oregon law requires that all deposits be covered by federal depository insurance and account balances in excess of the federal depository insurance be secured with acceptable collateral. All approved depositories participate in the collateral pool managed by the Treasurer of the state of Oregon who is the responsible official concerning all matters relating to collateral coverage.

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Deposits with financial institutions are in three bank demand deposit checking accounts and three accounts with the Local Government Investment Pool. At June 30, 2019, the bank balances were \$169,995 in the checking accounts, \$5,016 in money market accounts and \$268,709 in the Local Government Investment Pool deposit accounts. The bank accounts are covered by \$250,000 of federal depository insurance. In addition, the banks holding the deposits are approved by the state of Oregon Treasurer to receive deposits from local governments. As state approved depositories, the banks have pledged collateral to a state managed pool, considered sufficient by the state of Oregon Treasurer, to cover local government deposits in excess of the federal depository insurance.

Since the Port's bank deposits at year-end were covered by federal depository insurance and were deposited in approved depositories, the Port is in compliance with state-mandated deposit insurance and collateral requirements at June 30, 2019.

Long-term debt - The Port's long-term debt includes a revenue bond payable to the United States Department of Agriculture, nine notes payable to the Oregon Business Development Department Infrastructure Financing Authority, three notes payable to private parties and compensated absences owed to employees.

Laws, regulations, and contracts - During the ordinary course of conducting operations and accounting for its fiscal affairs, the Port is subject to various laws, regulations, and contractual requirements. The Port has designed management controls that it believes assure compliance with those applicable laws, regulations, and contracts.

NOTE 3 – DETAILED NOTES – ACCOUNT BALANCES/TRANSACTIONS

Cash – At June 30, 2019, the Port's cash accounts consisted of the following:

| | | <u>Carrying Amounts</u> |
|---|----------------|--------------------------|
| Petty cash | | \$ 1,631 |
| Deposits: | | |
| Bank checking accounts | \$ 169,995 | |
| Bank money market accounts | 5,016 | |
| Local Government Investment Pool accounts | <u>268,709</u> | <u>443,720</u> |
| Total cash | | <u><u>\$ 445,351</u></u> |

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 3 – DETAILED NOTES – ACCOUNT BALANCES/TRANSACTIONS (Continued)

Custodial risk of cash deposits in the Port's checking and savings accounts have been mitigated as they are fully insured or collateralized at June 30, 2019. The deposit in the bank money market account is subject to interest rate risk and remained in the less than 1% range during the fiscal year.

The Port's deposits in the Local Government Investment Pool ("LGIP") is subject to credit risk and interest rate risk, but not to concentration of credit risk, custodial risk or foreign currency risk. The LGIP itself is not rated, but the holdings of the LGIP are rated and those ratings met the requirements of the LGIP's investment policies. This is a deposit-type investment recorded at fair value with a less than three-month maturity. The interest rate changes each month and averaged 2.6% per month for the fiscal year.

Restricted net assets – The amounts reported as restricted net assets are composed of amounts received through grants that are held for payment of grant qualifying purchases.

Property tax revenue - The Port of Brookings Harbor levies a permanent tax rate property tax levy. By July 15 of each year, the Port certifies its property tax levies to Curry County, Oregon. Curry County makes all assessments of property value, and levies, collects, and distributes property taxes for all taxing districts within its boundaries.

Assessments of property values are as of July 1 of each year, and the taxes levied are a lien on the properties as of July 1 of the year levied. Taxes are payable in three installments, on November 15, February 15, and May 15, following the levy date and become delinquent May 15. The County pools all tax collections and makes distributions to taxing districts according to their pro-rata share of the total levy of each fiscal year for which collections are received.

Property tax receipts, resulting from modified cash basis transactions, are recognized as revenue when received. Uncollected property taxes are not reported on the modified cash basis of accounting.

Transfers - Transfers are used to move available resources from the General Fund to the debt service funds for debt service expenditures, and from the General Fund to the Capital Projects Fund as local match for various grant and loan fund projects.

NOTE 4 – OTHER INFORMATION

Risk management - The Port is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Port manages these risks by securing commercial insurance through a pooling arrangement managed by the Oregon Special Districts Association. The purpose of the insurance pool is to realize lower premiums through a group purchase and the pooling does not extend to the actual claims liabilities which remain solely the responsibility of the participating members. Management believes that such insurance coverage is sufficient to preclude any significant uninsured losses. To date, settled claims have not exceeded this insurance coverage.

PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4 – OTHER INFORMATION (Continued)

Subsequent events - No events have occurred subsequent to the end of the fiscal year through November 30, 2019, the date of the independent auditor's report, that were not anticipated by the Port's adopted budget for 2018-19 fiscal year, or that have had an adverse impact on the basic financial statements as of and for the year ended June 30, 2019 of the Port of Brookings Harbor.

New accounting standards - As described in Note 1 to these financial statements, generally accepted accounting principles (GAAP), as expressed in pronouncements of the Governmental Accounting Standards Board (GASB), may apply to Port's modified cash basis of accounting or to financial statement presentation and disclosures included in the Port's financial statements. During the 2018-19 year several new GASB pronouncements became effective. None were applicable to the Port's modified cash basis of accounting.

Accounting framework – As explained in Note 1, the Port has adopted the modified cash basis as its accounting framework. While there is no standard setting body that establishes standards for the modified cash basis of accounting, guidance materials are available from the American Institute of Certified Public Accountants (AICPA) and the Government Finance Officers Association (GFOA) that assist in preparing financial statements that have general support in the United States. However, there are differences between the AICPA and GFOA modified cash basis of accounting guidance materials. A significant difference is that the AICPA guidance provides that capital asset costs and related depreciation, and long-term liabilities are reported on the government wide financial statements, while the GFOA guidance does not include the reporting of capital assets and long-term debt in the government wide financial statements. The AICPA accounting framework attempts to apply all Governmental Accounting Standards Board accounting standards within the context of cash transactions, where the GFOA accounting framework focuses on cash receipts and disbursements of the current fiscal year and disclosure of future cash disbursement obligations and commitments. Both AICPA and GFOA disclose capital assets and long-term debt in the notes to the financial statements.

Property taxes and abatement – The Oregon Constitution contains limits on property taxes for schools and non-school government operations. Property taxes for non-school operations are limited to \$10 for each \$1,000 of property market value. The limitation does not apply to taxes levied for principal and interest on general obligation bonds. A limit is also placed on the growth property values to no more than 3% per year, subject to certain exceptions – including the general obligation bonded debt.

Oregon Revised Statutes allow property tax abatements through various state programs that reduce levied property taxes. Such abatements are generally related to economic development. Based on information provided by Curry County, there are no material or significant property tax abatements currently in effect that reduce the Port's annual property tax levy.

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 4 – OTHER INFORMATION (Continued)

Port as lessor – The Port owns and leases certain properties to independent commercial businesses under long-term noncancelable operating leases. The minimum future lease payments to be received under such leases are as follows:

| Fiscal Year Ending | Amount |
|-------------------------------|---------------------|
| 2020 | \$ 437,674 |
| 2021 | 349,537 |
| 2022 | 204,017 |
| 2023 | 191,266 |
| 2024 | 178,418 |
| 2025-29 | 579,403 |
| 2030-34 | 463,359 |
| 2035-39 | 359,054 |
| 2040-44 | 283,230 |
| 2045-49 | 46,544 |
| Total | \$ 3,092,502 |

These commercial leases are a significant source of revenue to the Port. There are currently 34 leases in effect relating to retail stores, warehouse shop/storage, land rental and commercial receiving docks. Square footage under lease totals 229,483. Estimated value of the leased property, as reported in a 2015 professional appraisal, is \$4,880,000.

Capital assets and long-term obligations - As a result of using the modified cash basis of accounting, capital assets and long-term debt obligations and other obligations not directly related to a cash transaction incurred during the current fiscal year are not reported as assets or liabilities in the basic financial statements. However, these capital assets and long-term debt obligations are disclosed in the following notes to the basic financial statements.

NOTE 5 – CAPITAL ASSETS

Capital assets - The Port has acquired capital assets such as, equipment, docking facilities, and commercial buildings that are rented to various tenants, and an RV park open to the public. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and recorded as capital outlay expenditures having an estimated useful life in excess of five years. The costs of normal maintenance and repairs, or minor upgrades and improvements, of capital assets that do not add to the asset value or materially extend the capital asset useful life are not considered to be capital assets. Capital assets are not depreciated over their estimated useful lives for accounting purposes under the modified cash basis of accounting framework used by the Port. The accumulated investment in capital assets compared to capital asset insurance coverage is provided as unaudited supplemental information in the Letter of Transmittal.

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 – LONG TERM DEBT

Long-term debt - The Port has incurred long-term debt arising from cash transactions that include a revenue bond, infrastructure financing agreements payable to the State of Oregon, and three notes payable. The

Port has obligations to its employees for outstanding compensated absences earned by employees for vacation and overtime.

Revenue Bond

| | |
|---|-------------------------------------|
| <u>Installment Revenue Bond No. 1, Series 2000</u> | <u>Remaining Balance</u> |
| Annual payments of \$130,120, consisting of principal and 5% interest, due on November 6 of each year. Proceeds used for the construction and improvements to the boat basin. Source of repayment is from the unobligated net revenues of the Port and made from the Revenue Bond Fund. | |
| | <u>\$ 1,153,056</u> |

Debt service requirements to maturity are:

| <u>Fiscal Year End June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|----------------------------|--------------------------|----------------------------|
| 2020 | \$ 72,487 | \$ 57,633 | \$ 130,120 |
| 2021 | 76,112 | 54,008 | 130,120 |
| 2022 | 79,917 | 50,203 | 130,120 |
| 2023 | 83,913 | 46,207 | 130,120 |
| 2024 | 88,109 | 42,011 | 130,120 |
| 2025-29 | 511,200 | 139,400 | 650,600 |
| 2029-31 | 241,297 | 18,188 | 259,485 |
| Totals | <u>\$ 1,153,035</u> | <u>\$ 407,650</u> | <u>\$ 1,560,685</u> |

Oregon Business Development Department Infrastructure Financing Authority (IFA)

The IFA has provided nine loans to the Port for the construction of various improvements over the years. These loans are secured by these Port improvements and bear interest ranging from 4.88% to 7.00%. In March 2011 the Port sustained substantial damage from a tsunami that severely degraded the Port's revenue generating facilities. To assist the Port in its financial recovery from the tsunami the State of Oregon

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 – LONG TERM DEBT (Continued)

suspended payments on the outstanding loans until such time that the Port returns to normal operations. For payment purposes the loans are considered to have been consolidated. In 2009, the IFA restructured the payment schedule to require payment of principal only with the interest being deferred until such time as the principal has been fully repaid at which time the interest may be forgiven.

IFA Restructured Debt

| IFA Restructured Debt Requirements | Remaining Balance |
|---|------------------------------|
| Quarterly payments of \$ 62,042 applied to principal. Matured but unpaid interest is accrued but deferred until the underlying loans are paid off and may ultimately be forgiven. Proceeds from the sale of any secured properties or assets will be applied to the oldest loan's principal. | \$ 1,917,127 |

Beginning in 2019-20, the Port has decided to increase the required quarterly payments of \$62,042 to \$72,500 in order to accelerate the payoff of the current balance of suspended payments.

The deferred interest arrangement continued.

| Deferred Interest | | Balance |
|--------------------------|------------|---------------------|
| Deferred, June 30, 2018 | | \$ 2,918,466 |
| Current year deferral | \$ 130,367 | |
| Current year payments | 3,662 | 126,705 |
| Deferred, June 30, 2019 | | \$ 3,045,171 |

Notes Payable

The Port is obligated under the terms of three notes payable relating to the purchase of a building and equipment are described as follows:

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 – LONG TERM DEBT (Continued)

Notes Payable (Continued)

Tidewinds: In March of 2016, the Port purchased a building on Port property for \$18,000. Under the terms of the purchase agreement, principal only payments are required and are computed based on a formula. Currently the required monthly principal payment is \$72. Based on the current monthly principal payment the purchase agreement will be fully paid in 2037.

**Remaining
Balance**

\$ 15,192

Travel Lift: In October 2016, the Port purchased a 50 ton hoist for placing and removing boats from the boat basin or trailers for \$324,000. Monthly payments of \$4,659, including 5.502% interest, are required. The contract will be fully paid in 2024.

**Remaining
Balance**

\$ 214,844

Forklift: In February 2018, the Port purchased a forklift for use in Port operations. Monthly payments of \$1,465, including 6.0% interest, are required. The note will be fully paid in 2025.

84,050

Total Notes Payable

\$ 314,066

**PORT OF BROOKINGS HARBOR
NOTES TO FINANCIAL STATEMENTS
June 30, 2019**

NOTE 6 – LONG TERM DEBT (Continued)

Notes Payable (Continued)

| <u>Fiscal Year End June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|-------------------|------------------|-------------------|
| 2020 | \$ 58,670 | \$ 15,679 | \$ 74,349 |
| 2021 | 62,233 | 12,115 | 74,348 |
| 2022 | 65,779 | 8,569 | 74,348 |
| 2023 | 69,531 | 4,817 | 74,348 |
| 2024 | 35,547 | 1,530 | 37,077 |
| 2025-29 | 15,774 | 263 | 16,037 |
| 2030-34 | 4,320 | - | 4,320 |
| 2035-37 | 2,232 | - | 2,232 |
| Totals | <u>\$ 314,086</u> | <u>\$ 42,973</u> | <u>\$ 357,059</u> |

Debt Service Summary – The following is a summary of the long-term debt transactions of the Port for the year ended June 30, 2019:

| <u>Transactions</u> | <u>Revenue Bond</u> | <u>IFA Notes</u> | <u>Notes Payable</u> | <u>Total</u> |
|----------------------------|---------------------|---------------------|----------------------|---------------------|
| Payable, June 30, 2018 | \$ 1,222,072 | \$ 2,261,255 | \$ 369,687 | \$ 3,853,014 |
| New long term debt | - | - | - | - |
| Principal payments | (69,016) | (344,128) | (55,601) | (468,745) |
| Payable, June 30, 2019 | <u>\$ 1,153,056</u> | <u>\$ 1,917,127</u> | <u>\$ 314,086</u> | <u>\$ 3,384,269</u> |
| Interest payments | <u>\$ 61,104</u> | <u>\$ 3,663</u> | <u>\$ 18,748</u> | <u>\$ 83,515</u> |
| Future Principal Payments: | | | | |
| Due within one year | \$ 72,500 | \$ 290,000 | \$ 58,670 | \$ 421,170 |
| Due after one year | 1,080,556 | 1,627,127 | 255,416 | 2,963,099 |
| Payable, June 30, 2019 | <u>\$ 1,153,056</u> | <u>\$ 1,917,127</u> | <u>\$ 314,086</u> | <u>\$ 3,384,269</u> |

Compensated absences - As a result of the modified cash basis of accounting used by the Port for financial reporting purposes, obligations related to accrued compensated absences, including vacation, are not reported as liabilities in the financial statements. Expenditures/expenses related to compensated absences are recorded when paid. The amount of the Port's obligation related to accrued compensated absences for accumulated, unpaid compensatory time that would be due employees upon termination, as of June 30, 2019 is approximately \$17,157.



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Notes to Budget Presentations

**PORT OF BROOKINGS HARBOR
NOTES TO BUDGET PRESENTATIONS
June 30, 2019**

Oregon Local Budget Law - The Port is required by state law to budget all funds. A budget is prepared for all funds in accordance with the cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law.

Oregon Local Budget Law does two important things:

1. It establishes standard procedures for preparing, presenting and administering the budget.
2. It requires citizen involvement in the preparation of the budget and public disclosure of the budget before its formal adoption.

The budget process includes five significant steps:

1. Preparing the budget:
 - a. Governing body appoints the budget officer.
 - b. Budget officer prepares, or supervises the preparation, of the proposed budget.
2. Approving the budget:
 - a. Budget officer publishes notice of the budget committee meeting at least twice during the 5 to 30 days before the meeting with at least 5 days between notices.
 - b. Budget committee meets at least once to discuss and approve the budget.
 - c. Budget committee meetings are subject to the Oregon Open Meetings Law and Public Documents Law.
 - d. Budget officer presents the proposed budget.
 - e. Budget officer describes the proposed budget in the "Budget Message".
 - f. Budget committee discusses the proposed budget.
 - g. Budget committee allows for public input at the meetings.
 - h. Budget committee approves total proposed expenditures and total property tax levy.
3. Advertising and holding public hearing:
 - a. Budget summary and notice of budget hearing is published 5 to 30 days before the scheduled hearing.
 - b. Governing body conducts public hearing to receive citizen testimony.
4. Adopting the budget:
 - a. Budget adopted, appropriations made, tax levy declared and categorized by approving resolutions.
 - b. Budget is filed with the county clerk and the levy is certified to the county tax collector.
5. Administering the budget:
 - a. Expenditures cannot legally exceed the adopted appropriation.
 - b. The legal level of budgetary control for all funds is at the object category totals of personnel services, materials and services, capital outlay, debt service, operating transfers and contingency.
 - c. The governing body can modify the budget by adopting resolutions approving appropriation transfers, increases or supplemental budgets.

**PORT OF BROOKINGS HARBOR
NOTES TO BUDGET PRESENTATIONS
June 30, 2019**

The adopted budget - The Port Board of Commissioners resolution adopting the budget and authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriation. The level of control for the General Fund is by personnel services, materials and services, capital outlay, operating transfers, and contingency. The level of control for the Debt Service Fund and the Revenue Bond Fund is by total debt service. The amounts appropriated are in agreement with the amounts of expenditures included in the adopted budget. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories.

Unexpected additional resources may be added to the budget and appropriated for expenditure through the use of a supplemental budget. The original budget process requires approval of the budget committee, hearings before the public, publications in newspapers, and approval by the Port Board of Commissioners. Oregon Local Budget Law does not require the involvement of the budget committee during a supplemental process.

Oregon Local Budget Law does not allow management to change the adopted or supplemental budgets in any way. Only the Board of Commissioners may change the budget. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. In addition, Oregon Local Budget Law also provides certain specific exceptions to the supplemental budget process to increase appropriations. Such transfers and increases require approval of the Board of Commissioners by adoption of a resolution. Budget appropriation amounts shown in the financial statements include the original and revised final budget appropriations as approved by the Board of Commissioners. Appropriations are limited to a single fiscal year; therefore, all spending authority of the Port lapses as of year-end.

2018-19 Budget - The Board of Commissioners adopted and appropriated the 2018-19 budget as outlined in Oregon Local Budget Law and made four changes to the original budget. There were no over-expenditures of appropriations in the Debt Service Fund, the Revenue Bond Fund, the Capital Projects Fund or the Reserve Fund. However, there were over-expenditures in the General Fund materials and service appropriation that total \$159,368. These expenditures were approved for payment by the Port Commissioners, but were not included in the appropriated General Fund budget. Overall, total General Fund appropriations were not overspent.



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Supplemental Schedules



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**PORT OF BROOKINGS HARBOR
 SCHEDULE OF PROPERTY TAX TRANSACTIONS
 MODIFIED CASH BASIS
 For the year ended June 30, 2019**

| | General Fund |
|--|---------------------|
| Uncollected, July 1, 2018 | \$ 24,600 |
| 2017-18 property tax levy | 243,169 |
| Total property taxes to collect | 267,769 |
| Less: | |
| Property taxes collected: | |
| Current | 235,810 |
| Prior | 9,643 |
| Total property taxes collected | 245,453 |
| Discounts, adjustments and other | 5,360 |
| Uncollected, June 30, 2019 | \$ 27,676 |
| Uncollected property taxes consist of: | |
| 2018-19 Property tax levy | \$ 9,750 |
| Prior year levies | 17,926 |
| Uncollected , June 30 2019 | \$ 27,676 |

**PORT OF BROOKINGS HARBOR
SCHEDULE OF LONG TERM DEBT
PRINCIPAL AND INTEREST TRANSACTIONS
For the year ended June 30, 2019**

| LONG TERM DEBT | Date of Issue | Average Interest Rates |
|--------------------------------|----------------------|-------------------------------|
| Debt Service Fund | | |
| Notes Payable | | |
| IFA Combined Notes | January-10 | 5.0 Deferred |
| Other Notes: | | |
| Tidewinds | March-16 | 0.0 |
| Travel Lift | October-16 | 5.5 |
| Umpqua | February-18 | 6.0 |
| Total Other Notes | | |
| Total Debt Service Fund | | |
| Revenue Bond Fund | | |
| No. 1 Series 2000 | November-00 | 5.0 |
| | | |
| Debt Service Fund | | |
| Notes Payable | | |
| IFA Combined Notes | January-10 | 5.0 Deferred |
| Other Notes: | | |
| Tidewinds | March-16 | 0.0 |
| Travel Lift | October-16 | 5.5 |
| Umpqua | February-18 | 6.0 |
| Total Other Notes | | |
| Total Debt Service Fund | | |
| Revenue Bond Fund | | |
| No. 1 Series 2000 | November-00 | 5.0 |

| <u>Maturity Dates</u> | <u>Original Amount of Debt</u> | <u>Outstanding July 1, 2018</u> | <u>PRINCIPAL</u> | | <u>Outstanding June 30, 2019</u> |
|-----------------------|--------------------------------|---------------------------------|------------------|-------------------|----------------------------------|
| | | | <u>Issued</u> | <u>Redeemed</u> | |
| March-30 | \$ 4,080,618 | \$ 2,261,255 | \$ - | \$ 344,128 | \$ 1,917,127 |
| March-37 | 18,000 | 16,056 | - | 864 | 15,192 |
| November-24 | 324,200 | 257,520 | - | 42,676 | 214,844 |
| February-25 | 100,000 | 96,111 | - | 12,061 | 84,050 |
| | <u>442,200</u> | <u>369,687</u> | <u>-</u> | <u>55,601</u> | <u>314,086</u> |
| | <u>\$ 4,522,818</u> | <u>\$ 2,630,942</u> | <u>\$ -</u> | <u>\$ 399,729</u> | <u>\$ 2,231,213</u> |

| | | | | | |
|----------|---------------------|---------------------|-------------|------------------|---------------------|
| March-31 | <u>\$ 2,000,000</u> | <u>\$ 1,222,072</u> | <u>\$ -</u> | <u>\$ 69,016</u> | <u>\$ 1,153,056</u> |
|----------|---------------------|---------------------|-------------|------------------|---------------------|

| | <u>INTEREST</u> | | | <u>Outstanding June 30, 2019</u> |
|-------------|---------------------------------|-------------------|------------------|----------------------------------|
| | <u>Outstanding July 1, 2018</u> | <u>Matured</u> | <u>Paid</u> | |
| March-30 | \$ 2,918,467 | \$ 130,367 | \$ 3,663 | \$ 3,045,171 |
| March-37 | - | - | - | - |
| November-24 | - | 13,232 | 13,232 | - |
| February-25 | - | 5,516 | 5,516 | - |
| | <u>-</u> | <u>18,748</u> | <u>18,748</u> | <u>-</u> |
| | <u>\$ 2,918,467</u> | <u>\$ 149,115</u> | <u>\$ 22,411</u> | <u>\$ 3,045,171</u> |
| March-31 | <u>\$ -</u> | <u>\$ 61,104</u> | <u>\$ 61,104</u> | <u>\$ -</u> |

**PORT OF BROOKINGS HARBOR
SCHEDULE OF FUTURE CASH REQUIREMENTS FOR
REVENUE BOND PRINCIPAL AND INTEREST MATURITIES
June 30, 2019**

| Series 2000 Issue | | | |
|--------------------------|---------------------|-------------------|---------------------|
| Fiscal Year Paid | Principal | Interest | Total |
| 2019-20 | \$ 72,487 | \$ 57,633 | \$ 130,120 |
| 2020-21 | 76,112 | 54,008 | 130,120 |
| 2021-22 | 79,917 | 50,203 | 130,120 |
| 2022-23 | 83,913 | 46,207 | 130,120 |
| 2023-24 | 88,109 | 42,011 | 130,120 |
| 2024-25 | 92,514 | 37,606 | 130,120 |
| 2025-26 | 97,140 | 32,980 | 130,120 |
| 2026-27 | 101,997 | 28,123 | 130,120 |
| 2027-28 | 107,097 | 23,023 | 130,120 |
| 2028-29 | 112,452 | 17,668 | 130,120 |
| 2029-30 | 118,074 | 12,046 | 130,120 |
| 2030-31 | 123,223 | 6,163 | 129,386 |
| | \$ 1,153,035 | \$ 407,671 | \$ 1,560,706 |

**PORT OF BROOKINGS HARBOR
SCHEDULE OF FUTURE CASH REQUIREMENTS FOR
COMBINED IFA NOTES PAYABLE
June 30, 2019**

| | Restructured Payments | | Deferred Interest | | Total Principal | Total Interest | Total |
|---------|------------------------------|-----------------|--------------------------|---------------------|----------------------------|---------------------------|---------------------|
| | Principal | Interest | Current | Accumulated | | | |
| 2019-20 | \$ 290,000 | \$ - | \$ - | \$ - | \$ 290,000 | \$ - | \$ 290,000 |
| 2020-21 | 290,000 | - | - | - | 290,000 | - | 290,000 |
| 2021-22 | 290,000 | - | - | - | 290,000 | - | 290,000 |
| 2022-23 | 290,000 | - | - | - | 290,000 | - | 290,000 |
| 2023-24 | 290,000 | - | - | - | 290,000 | - | 290,000 |
| 2024-25 | 290,000 | - | - | - | 290,000 | - | 290,000 |
| 2025-26 | 177,127 | - | - | - | 177,127 | - | 177,127 |
| 2026-27 | - | - | - | 3,045,171 | - | 3,045,171 | 3,045,171 |
| | \$ 1,917,127 | \$ - | - | \$ 3,045,171 | \$ 1,917,127 | \$ 3,045,171 | \$ 4,962,298 |

PORT OF BROOKINGS HARBOR
SCHEDULE OF FUTURE CASH REQUIREMENTS FOR
NOTES PAYABLE PRINCIPAL AND INTEREST MATURITIES
June 30, 2019

| | NOTES PAYABLE | | | | | | | | |
|---------|------------------|-------------|-------------------|------------------|------------------|------------------|--------------------|-------------------|-------------------|
| | Tide Winds | | Travel Lift | | Fork Lift | | Total Principal | Total Interest | Total |
| | Principal | Interest | Principal | Interest | Principal | Interest | | | |
| 2019-20 | \$ 864 | \$ - | \$ 45,202 | \$ 10,706 | \$ 12,604 | \$ 4,973 | \$ 58,670 | \$ 15,679 | \$ 74,349 |
| 2020-21 | 864 | - | 47,752 | 8,156 | 13,817 | 3,959 | 62,233 | 12,115 | 74,348 |
| 2021-22 | 864 | - | 50,447 | 5,461 | 14,468 | 3,108 | 65,779 | 8,569 | 74,348 |
| 2022-23 | 864 | - | 53,293 | 2,815 | 15,374 | 2,202 | 69,531 | 4,817 | 74,348 |
| 2023-24 | 864 | - | 18,150 | 486 | 16,533 | 1,044 | 35,547 | 1,530 | 37,077 |
| 2024-25 | 864 | - | - | - | 11,454 | 263 | 12,318 | 263 | 12,581 |
| 2025-26 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2026-27 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2027-28 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2028-29 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2029-30 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2030-31 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2031-32 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2032-33 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2033-34 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2034-35 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2035-36 | 864 | - | - | - | - | - | 864 | - | 864 |
| 2036-37 | 504 | - | - | - | - | - | 504 | - | 504 |
| | <u>\$ 15,192</u> | <u>\$ -</u> | <u>\$ 214,644</u> | <u>\$ 27,424</u> | <u>\$ 84,050</u> | <u>\$ 15,549</u> | <u>\$ 314,086</u> | <u>\$ 42,973</u> | <u>\$ 357,059</u> |

Other Information - Unaudited

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**NET POSITION - MODIFIED CASH BASIS
UNAUDITED**

| | Fiscal Year 2018 | Fiscal Year 2019 |
|---------------------------|-----------------------------|-----------------------------|
| Assets: | | |
| Cash and Investments | \$ 304,919 | \$ 445,351 |
| Total Assets | 304,919 | 445,351 |
| Liabilities: | | |
| Other Liabilities | - | - |
| Total Liabilities | - | - |
| Net Position: | | |
| Restricted for: | | |
| Debt Service | 122,894 | 120,904 |
| Committed for: | | |
| Port Operations | 167,030 | 280,776 |
| Capital Projects | 14,995 | 43,671 |
| Total | 182,025 | 324,447 |
| Total Net Position | \$ 304,919 | \$ 445,351 |

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**CHANGES IN NET POSITION - MODIFIED CASH BASIS
UNAUDITED**

| | <u>Fiscal Year 2018</u> | <u>Fiscal Year 2019</u> |
|-------------------------------|-----------------------------|-----------------------------|
| EXPENSES | | |
| Governmental Activities : | | |
| Port Operations | \$ 1,883,211 | \$ 1,992,377 |
| Capital Outlay | 600,327 | 845,953 |
| Debt Service | 444,864 | 552,259 |
| Total Governmental Activities | <u>2,928,402</u> | <u>3,390,589</u> |
| Program Revenues: | | |
| Port Services | 2,310,267 | 2,537,811 |
| Salvage Sales | 79,427 | 51,908 |
| Grants | 275,398 | 670,632 |
| Total Program Revenues | <u>2,665,092</u> | <u>3,260,351</u> |
| Net (Expenses) Revenues | <u>(263,310)</u> | <u>(130,238)</u> |
| General Revenues: | | |
| Property Taxes | 237,622 | 235,810 |
| Interest | 3,079 | 9,643 |
| Miscellaneous | - | 25,217 |
| Total General Revenues | <u>240,701</u> | <u>270,670</u> |
| Operating Transfers In | 621,981 | 2,136,067 |
| Operating Transfers Out | (621,981) | (2,136,067) |
| Loan Proceeds | <u>100,000</u> | <u>-</u> |
| Change in Net Position | 77,391 | 140,432 |
| Net Position - Beginning | 230,100 | 304,919 |
| Accounting Basis Change | (2,572) | - |
| Net Position - Ending | <u>\$ 304,919</u> | <u>\$ 445,351</u> |

**PORT OF BROOKINGS HARBOR
CURRY COUNTY, OREGON**

**CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
UNAUDITED**

| | <u>Fiscal Year 2018</u> | <u>Fiscal Year 2019</u> |
|---|-----------------------------|-----------------------------|
| REVENUES | | |
| Property Taxes | \$ 237,622 | \$ 235,810 |
| Charges for Port Services | 2,310,267 | 2,537,811 |
| Salvage Sales | 79,427 | 51,908 |
| Grants | 275,398 | 670,632 |
| Interest | 3,079 | 9,643 |
| Miscellaneous | - | 25,217 |
| TOTAL REVENUES | <u>2,905,793</u> | <u>3,531,021</u> |
| EXPENDITURES | | |
| Current | | |
| Port Operations | 1,883,211 | 1,992,377 |
| Capital Outlay | 600,327 | 845,953 |
| Debt Service | 444,864 | 552,259 |
| TOTAL EXPENDITURES: | <u>2,928,402</u> | <u>3,390,589</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(22,609)</u> | <u>140,432</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Operating Transfers In | 621,981 | 2,136,067 |
| Operating Transfers Out | (621,981) | (2,136,067) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>-</u> | <u>-</u> |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES | <u>(22,609)</u> | <u>140,432</u> |
| FUND BALANCE, July 1 | 230,100 | 304,919 |
| Accounting Basis Change | (2,572) | - |
| FUND BALANCE, June 30 | <u>\$ 204,919</u> | <u>445,351</u> |

Independent Auditor's Report Required By State Regulations

**C. J. Huntsman, CPA,
P.C.**

**Constance J. Huntsman
Certified Public Accountant
Admin@huntsmancpa.net**

**P.O. Box 569
Coos Bay, OR 97420
541-808-3080**

**Memberships
American Institute of CPA's
Oregon Society of CPA's**

INDEPENDENT AUDITOR'S REPORT REQUIRED BY STATE REGULATIONS

Board of Commissioners
Port of Brookings Harbor
P.O. Box 848
Brookings, OR 97415

I have audited the modified cash basis basic financial statements of the Port of Brookings Harbor, Oregon, as of and for the year ended June 30, 2019, and have issued my report thereon dated November 30, 2019. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards for Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the modified cash basis basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the Port of Brookings Harbor's modified cash basis basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules (OAR) 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion.

I performed procedures to the extent 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 Brookings Harbor do not collect or receive money and are, therefore, not subject to the requirements of OAR 162-010-0140.

In connection with my testing nothing came to my attention that caused me to believe the Port of Brookings Harbor, Oregon, 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 162-010-0000 through 162-010-0320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:

The Board of Commissioners adopted and appropriated the 2018-19 budget as outlined in Oregon Local Budget Law and made four changes to the original budget. There were no over-expenditures of appropriations in the Debt Service Fund, the Revenue Bond Fund, the Capital Projects Fund or the Reserve Fund. However, there were over-expenditures in the General Fund materials and services appropriation that total \$159,368. These expenditures were approved for payment by the Port Commissioners but were not included in the appropriated General Fund budget. Overall, total General Fund appropriations were not overspent.

OAR 162-010-0230 Internal Control

In planning and performing my audit, I considered the Port of Brookings Harbor's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the modified cash basis financial statements, but not the purpose of expressing an opinion on the effectiveness of Port of Brookings Harbor's internal control. Accordingly, I do not express an opinion on the effectiveness of Port of Brookings Harbor's internal control over financial reporting.

Purpose of this Report

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



Constance J. Huntsman, CPA
November 30, 2019



PORT
BROOKINGS
HARBOR