

PORT OF NEWPORT, OREGON

Financial Statements
and Supplementary Information

Year Ended June 30, 2013

Prepared by The Port of Newport
Finance Department

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PORT OF NEWPORT, OREGON

JUNE 30, 2013

BOARD OF COMMISSIONERS

<u>Name</u>	<u>Term Expires</u>
JoAnn Barton, President 241 SW 12 th Street Newport, Oregon 97365	June 30, 2015
David Jincks, Vice President PO Box 1434 Newport, Oregon 97365	June 30, 2017
Don Mathews, Treasurer 345 SW Bay Boulevard Newport, Oregon 97365	June 30, 2013
Walter Chuck, Secretary 166 NE 71 st Street Newport, Oregon 97365	June 30, 2015
Dean Fleck, Assistant Secretary/Treasurer 880 SE Bay Boulevard Newport, Oregon 97365	June 30, 2015

PORT ADMINISTRATION

Don Mann	General Manager
Pat Albaugh	Director of Finance

REGISTERED AGENT AND OFFICE

Don Mann
General Manager
600 SE Bay Boulevard
Newport, Oregon 97365

PORT OF NEWPORT, OREGON

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INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

This discussion and analysis presents the highlights of financial activities and financial position for the Port of Newport, Oregon (the Port) for the year ended June 30, 2013. It has been prepared by management and should be read in conjunction with the financial statements and notes. All figures in this discussion and analysis, in both text and tables, are stated in thousands unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets of the Port exceeded its liabilities at the close of the most recent fiscal year (2013) by \$51,065 (net position). Of this amount, \$3,853 (unrestricted net position) may be used to meet the Port's ongoing obligations to its citizens and creditors.
- Cash and cash equivalents decreased from the prior year as funds were expended on the Newport International Terminal construction project.
- Net capital assets increased \$5,012 during the current year, primarily for construction related to the International Terminal project.
- Total revenue increased \$1,605 over fiscal year 2012 due primarily from grants used to reconstruct the Newport International Terminal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Port's basic financial statements. The Statement of Net Position presents information on all of the Port's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the Port's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of when the related cash flows occur. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e. uncollected taxes and earned but unused vacation leave).

Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Port's statements. The notes can be found on pages 13 through 24 of this report.

PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

PORT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

(in thousands)

	June 30,	
	2013	2012
ASSETS:		
Cash and cash equivalents	\$ 7,403	\$ 8,238
Other assets	1,812	1,145
Capital assets	89,128	84,116
TOTAL ASSETS	98,343	93,499
LIABILITIES:		
Current liabilities	2,063	2,407
Long-term liabilities	45,215	41,999
TOTAL LIABILITIES	47,278	44,406
Net assets invested in capital assets, net of related debt	43,436	44,026
Net position restricted	3,776	3,266
Net position unrestricted	3,853	1,801
TOTAL NET POSITION	\$ 51,065	\$ 49,093

By far the largest portion of the Port's net position (85%) reflects its investment in capital assets (e.g., land, dock infrastructure, marina, recreational vehicle park, construction in progress, etc.) less related outstanding debt used to acquire those assets. The Port uses these capital assets to provide services to facility patrons; consequently, these assets are not available for future spending. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total net position increased during the fiscal year. Significant grants have been received to renovate the Newport International Terminal and a Port tenant paid to expand their leased building by 20,000 square feet.

PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

PORT-WIDE FINANCIAL STATEMENTS (Continued)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)

	<u>Year Ended June 30,</u>	
	<u>2013</u>	<u>2012</u>
REVENUES:		
Operating revenue from services	\$ 5,268	\$ 5,132
Nonoperating revenue:		
Grants	1,253	62
Property taxes	884	567
Interest	18	54
Gain (loss) on sale of equipment	(2)	1
TOTAL REVENUE	<u>7,421</u>	<u>5,816</u>
EXPENSES:		
Operating expenses	5,007	4,556
Other	1,458	1,521
TOTAL EXPENSES	<u>6,465</u>	<u>6,077</u>
Excess (Deficiency) of Revenue Over Expenses Before Contribution	956	(261)
Capital contribution	<u>1,016</u>	<u>-</u>
Change in Net Position	1,972	(261)
Net position, beginning of year	<u>49,093</u>	<u>49,354</u>
Net position, end of year	<u>\$ 51,065</u>	<u>\$ 49,093</u>

The Port recognized an increase in net position during the most recent fiscal year of \$1,972. Operating revenues from moorages, leases, RV Park operations, launch ramp, and other services all increased compared to the prior fiscal year. Hoist dock revenue decreased 4% compared to the prior fiscal year. Property taxes increased to cover the first full year of debt service on General Obligation Bonds issued in 2007, 2008, and 2011 approved by voters to reconstruct the Newport International Terminal. The \$1,016 capital contribution is a result of the building addition paid for by Port's tenant, Oregon Brewing Company for their use during their lease term. Operating expenses increased as a result of increased operational services and projects.

PORT OF NEWPORT, OREGON

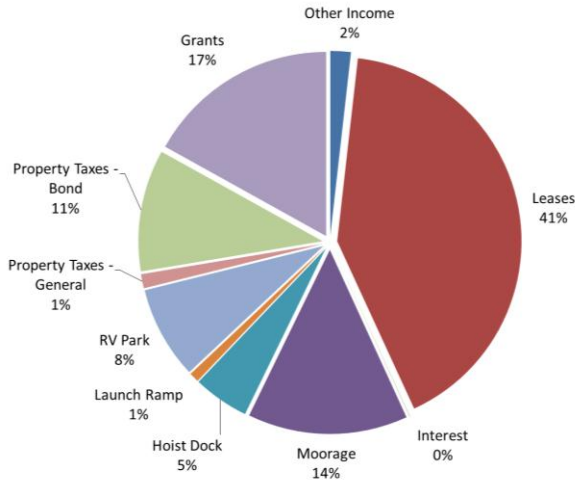
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

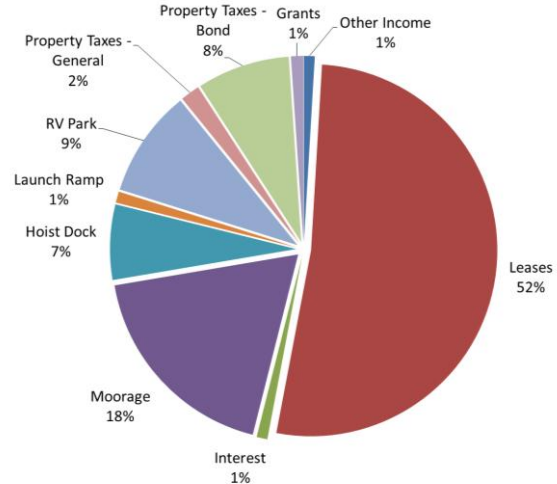
PORT-WIDE FINANCIAL STATEMENTS (Continued)

The following charts illustrate the sources of the Port's revenue and the relation of each source to total revenue.

2013 Revenues

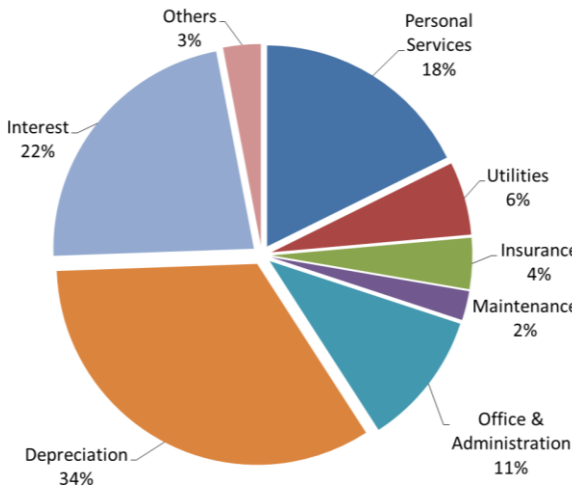


2012 Revenues

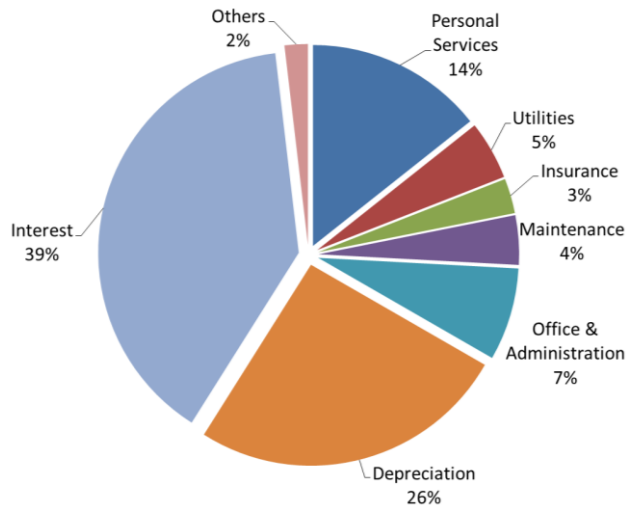


The following charts illustrate the Port's expenses.

2013 Expenses



2012 Expenses



PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

FINANCIAL ANALYSIS OF THE PORT'S FUNDS

The Port operates as a special-purpose entity, reporting all of its activities as a single enterprise function. The Port accounts for various activities in separate funds to ensure and demonstrate compliance with finance-related legal requirements.

The Port rolls all of its individual funds together for a single presentation in the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position, as well as the Statement of Cash Flows for Port-wide presentation.

GENERAL FUND BUDGETARY HIGHLIGHTS

A review of the Port's General Operating Fund indicates total revenues were 84% of budgeted projections and total expenses were 84% of budgeted levels.

One supplemental budget was passed by the Port's Board of Commissioners during the 2013 fiscal year to align budget appropriations with anticipated spending levels for the year.

CAPITAL ASSETS

The following table lists the Port's capital assets and their values, net of depreciation, as of June 30.

	June 30,	
	2013	2012
Land	\$ 20,222	\$ 20,222
Construction in progress	27,499	22,169
Land improvements	10,883	11,160
Buildings and docks	30,127	30,137
Equipment	397	428
Total	<u>\$ 89,128</u>	<u>\$ 84,116</u>

As shown in the table above, the Port's net capital assets increased by \$5,012 during the year ended June 30, 2013.

PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

CAPITAL ASSETS (Continued)

Current year additions include \$6,030 spent on the Newport International Terminal project. The Terminal is expected to be completed in the next fiscal year.

For further information relating to the Port's capital assets, see Note 3 of the Notes to Basic Financial Statements.

DEBT OUTSTANDING

Figures presented in the following table illustrate balances outstanding at June 30, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
General obligation bonds	\$ 14,340	\$ 14,605
Revenue bond	23,330	24,095
Full faith & credit obligations	3,410	-
State of Oregon loans	4,943	4,289
Flex lease loans	-	15
Bank loans	539	602
Capital leases	25	13
Total	<u>\$ 46,587</u>	<u>\$ 43,619</u>

Full faith and credit obligations of \$3,410 were issued to pay off two State of Oregon loans of \$2,523 at a lower interest rate and provide \$890 additional resources for the International Terminal project. An additional \$3,400 State of Oregon loans were taken out for the International Terminal reconstruction. Reductions in debt year to year represent scheduled principal payments.

For further information relating to the Port's debt, see Note 3 of the Notes to Basic Financial Statements.

ECONOMIC FACTORS

The Port is implementing their new Strategic Business Plan and Capital Facilities Plan. There will be additional funding dedicated to the Facilities Maintenance Reserve Fund; more consideration given to the replacement and repair of old equipment and assets; a close look at future workforce requirements; and continued expansion of a new computerized maintenance program that will assist management staff in managing assets and also allow for more efficient financial planning. This program is already in use at the NOAA MOC-P facility, the Terminal facility maintenance program has been initiated, and other Port enterprises will be phased in throughout the next fiscal year.

PORT OF NEWPORT, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

JUNE 30, 2013

ECONOMIC FACTORS (Continued)

The Port's traditional revenue sources from leases, moorage, and RV Parks remain the largest percentage of revenues. No increases in recreational and commercial moorage fees are planned in the coming year although the Commission is expected to review all rates and fees. Two fee increases are planned. The \$5.00 annual parking fee is expected to increase to \$20.00 to help offset the annual parking district fee imposed by the City of Newport. A \$5.00 per pallet fee will be implemented to offset the costs of providing pallets to commercial fishing customers.

The Newport International Terminal project will continue until dredging can be completed in the 2013-14 in-water work period. The Port is currently working to create a log importing and exporting facility. Permitting and construction for log exports is expected to be complete in fiscal year 2013-14. Since the Terminal project is not complete, the 2013-14 budget does not include shipping revenues. The Port will continue to work with multiple organizations to bring commercial shipping activity to Newport.

The Port will realize \$220 in revenue from the NOAA MOC-P operations including a \$70 energy tax credit earned from the facility construction. \$25 will be transferred to the General Operating Fund and \$195 to the Facilities Maintenance Fund. This will leave an estimated \$310 to meet needed future facility maintenance and unforeseen or emergency occurrences.

The Port will investigate the development of a vacant lot (approximately 4 acres) directly south of the NOAA MOC-P facility for the continued growth of the marine research and technology industry. There is active interest from several groups and agencies for facilities that can be used for office space, lab space, conference space, and storage.

FINANCIAL CONTACT

The Port's financial statements are designed to present district taxpayers, customers, investors and creditors with a general overview of the Port's finances and to demonstrate the Port's accountability. If you have questions about the report or need additional financial information, please contact the Port's Director of Finance at 600 SE Bay Boulevard, Newport, Oregon 97365.

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BASIC FINANCIAL STATEMENTS

PORT OF NEWPORT, OREGON

STATEMENT OF NET POSITION

JUNE 30, 2013

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 2,337,633
Restricted cash and cash equivalents	5,065,515
Accounts receivable, net of allowance for doubtful accounts	756,365
Property taxes receivable	75,606
Prepaid expenses	109,541

TOTAL CURRENT ASSETS 8,344,660

LONG-TERM ASSETS:

Capital assets, net of depreciation	89,128,397
Bond issue costs, net of amortization	870,116

TOTAL LONG-TERM ASSETS 89,998,513

TOTAL ASSETS 98,343,173

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	42,473
Accounts payable from restricted assets	15,921
Accrued expenses	87,154
Accrued interest payable	90,347
Accrued interest payable from restricted assets	509,285
Unearned revenue	76,102
Current portion of loans and capital leases payable	177,258
Current portion of bonds payable	1,065,000

TOTAL CURRENT LIABILITIES 2,063,540

LONG-TERM LIABILITIES:

Loans and capital leases payable	5,329,744
Bonds payable	39,884,863

TOTAL LONG-TERM LIABILITIES 45,214,607

TOTAL LIABILITIES 47,278,147

NET POSITION

Net investment in capital assets	43,435,642
Restricted for:	
Debt service	3,547,133
Maintenance reserve	229,066
Unrestricted	3,853,185

TOTAL NET POSITION \$ 51,065,026

See notes to basic financial statements.

PORT OF NEWPORT, OREGON

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2013

OPERATING REVENUES:

Moorages and leases	\$ 4,100,325
R.V. Park	602,845
Terminals	5,427
Hoist dock	363,168
Launch ramp	63,827
Other	132,662
TOTAL OPERATING REVENUES	<u>5,268,254</u>

OPERATING EXPENSES:

Salaries and wages	819,400
Payroll taxes and fringe benefits	325,097
Administration, promotion and marketing	62,044
Maintenance	151,611
Utilities	380,504
Legal, audit and accounting	122,621
Insurance	265,513
Service fees	317,718
Office	61,613
Supplies	97,143
Commercial shipping expenses	1,578
Operating fees	36,953
Other	195,495
Depreciation	2,170,102
TOTAL OPERATING EXPENSES	<u>5,007,392</u>

OPERATING INCOME

260,862

NON-OPERATING REVENUES (EXPENSES):

Property taxes levied for:	
General purposes	91,927
General obligation bonds	792,427
Grants	1,253,173
Interest earned	17,714
Loss on sale of equipment	(2,448)
Interest expense	(1,396,466)
Amortization	(60,440)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>695,887</u>

INCOME BEFORE CONTRIBUTIONS

956,749

Capital contribution

1,015,531

INCREASE IN NET POSITION

1,972,280

NET POSITION, July 1, 2012

49,092,746

NET POSITION, June 30, 2013

\$ 51,065,026

See notes to basic financial statements.

PORT OF NEWPORT, OREGON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 4,497,800
Cash paid to suppliers	(2,015,439)
Cash paid to employees	(1,144,819)
Other	132,662

NET CASH FLOWS FROM OPERATING ACTIVITIES 1,470,204

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Noncapital grants received	39,502
Property taxes collected	96,465

NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES 135,967

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Capital grants received	1,213,671
Acquisition and construction of capital assets	(5,429,651)
Property taxes collected for payment of debt	788,979
Proceeds from borrowing	6,810,000
Premium on proceeds from borrowing	135,466
Payment of bonds, loans and capital leases payable principal	(3,866,748)
Interest paid on bonds, loans and capital leases payable	(2,113,084)
Proceeds from sale of assets held for sale	3,000

NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES (2,458,367)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	17,714
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NET DECREASE IN CASH AND CASH EQUIVALENTS (834,482)

CASH AND CASH EQUIVALENTS, July 1, 2012 8,237,630

CASH AND CASH EQUIVALENTS, June 30, 2013 \$ 7,403,148

RECONCILIATION TO AMOUNTS SHOWN ON THE STATEMENT OF NET POSITION:

Unrestricted	\$ 2,337,633
Restricted	5,065,515

\$ 7,403,148

RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

Income from operations	\$ 260,862
Adjustments to reconcile income from operations to net cash from operating activities:	
Depreciation	2,170,102
Changes in assets and liabilities:	
Accounts receivable	(713,894)
Prepaid expenses	(4,569)
Accounts payable	(318,077)
Accrued expenses	(322)
Unearned revenue	76,102

NET CASH FLOWS FROM OPERATING ACTIVITIES \$ 1,470,204

NONCASH CAPITAL ACTIVITY:

Equipment acquired through capital lease	\$ 24,767
Contribution of capital assets	1,015,531

See notes to basic financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Port is organized under the general laws of the State of Oregon. The governing body is a five-member elected Board of Commissioners (the Board). The daily management of the Port is under the supervision of the General Manager, who is appointed by the Board. The Port is the level of government financially accountable for all Port operations within its boundaries. As a result, all related activities have been included in the financial statements. There are various governmental agencies and special service districts that provide services within the Port's boundaries; however, the Port is not financially accountable for any of these entities, and accordingly their financial information is not included in these financial statements.

Measurement Focus, Basis of Presentation and Accounting

For financial reporting purposes, the Port reports its operations on an enterprise fund basis. Enterprise funds (a proprietary fund type) are accounted for on a flow of economic resources measurement focus. This measurement focus provides that all assets and liabilities associated with operations are included on the Statement of Net Position. The Port's net position is segregated into net position invested in capital assets, restricted net position and unrestricted net position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position.

The Port's financial statements are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time liabilities are incurred. The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

Operating and Non-operating Revenues and Expenses

The Port distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with ongoing operations, primarily relating to moorages, leases, the R.V. Park, the hoist dock and the launch ramp.

Operating expenses include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenue and expenses. This includes property taxes, investment interest, gain (loss) on sale of capital assets, non-operating grant revenue and amortization costs.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

Terminal, marina and lease receivables are shown net of an allowance for doubtful accounts. The allowance is judgmentally determined by management based on a collectability analysis.

Property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are payable on November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Property taxes receivable are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established.

Restricted Assets and Related Liabilities

Assets whose use is restricted for construction related to the marine terminal redevelopment project, the National Oceanic and Atmospheric Administration (NOAA) Marine Operations Center – Pacific (MOC-P) project, the facilities maintenance reserve and the payment of bonded debt service, as well as all related liabilities are segregated on the Statement of Net Position.

Where both restricted and unrestricted resources are available it is the Port's policy to expend restricted resources first, then unrestricted as necessary.

Capital Assets

Capital assets are recorded at cost (or estimated historical cost) including capitalized interest, or fair value at the time of donation. The Port defines capital assets as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for land improvements (marina and R.V. park) are 10 to 20 years, buildings – 25 to 40 years, docks – 20 to 40 years, and equipment from 5 to 10 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed in the year incurred.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

Net Position

During the year ended June 30, 2013, the Port implemented GASB Statement No. 63 *Financial Reporting of deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in accordance with Concepts Statement No. 4 *Elements of Financial Statements*. Net Position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the Port's financial statements.

Net position is divided into three components:

Net investment in capital assets – consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – consists of assets that are restricted by the Port's creditors, by enabling legislation, by grantors, and other contributors.

Unrestricted – all other net position is reported in this category.

Bond Issuance Costs

Bond issuance costs are amortized using the straight-line method over the terms of the related obligations, ranging from 1 year to 30 years.

Compensated Absences

Employees are permitted to accumulate earned but unused vacation and related employee benefits. Vacation and holiday pay are recognized as expense when earned. Compensated absences are reported with accrued expenses in the Statement of Net Position.

Long-Term Liabilities

General obligation bonds are payable from property taxes. All other long-term obligations are payable from operations.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Information

Oregon Local Budget Law requires the Port to prepare and adopt a budget by individual fund prior to July 1 of each year. The resolution authorizing appropriations, adopted in the categories of materials and services, debt service, capital outlay, contingency and transfers for each fund, sets the level by which expenditures cannot legally exceed appropriations. Appropriations lapse at the end of the fiscal year.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

Budget Information (Continued)

Unexpected additional resources may be added to the original budget through the use of a supplemental budget and appropriation resolution. A supplemental budget, greater than 10% of the fund's original budget, requires hearings before the public, publications in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the Board. There was one supplemental budget adopted during the fiscal year ended June 30, 2013.

3. DETAILED NOTES ON ALL ACCOUNTS

Cash and Cash Equivalents

Cash and cash equivalents at June 30, 2013, were comprised of the following:

Cash on hand	\$	2,125
Deposits with financial institutions		<u>7,401,023</u>
Total cash and cash equivalents	\$	<u><u>7,403,148</u></u>

Deposits with financial institutions are comprised of bank demand deposits and money market funds. The total bank balance per the bank statements was approximately \$7,447,000, of which approximately \$665,000 was covered by federal depository insurance. Amounts in excess of the federal depository insurance totaling approximately \$6,782,000 were held by qualified depositories for public funds included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer as required by Oregon Revised Statutes.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

3. DETAILED NOTES ON ALL ACCOUNTS (Continued)

Capital Assets

Following is a summary of the changes in capital assets:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Capital assets not being depreciated:					
Land	\$ 20,221,521	\$ -	\$ -	\$ -	\$ 20,221,521
Construction in progress	22,168,973	6,029,517	-	(698,852)	27,499,638
Total capital assets not being depreciated	<u>42,390,494</u>	<u>6,029,517</u>	<u>-</u>	<u>(698,852)</u>	<u>47,721,159</u>
Capital assets being depreciated:					
Land improvements	18,265,201	-	-	148,248	18,413,449
Buildings and docks	40,373,858	1,116,210	(401,580)	550,604	41,639,092
Equipment	811,244	36,533	(19,169)	-	828,608
Total capital assets being depreciated	<u>59,450,303</u>	<u>1,152,743</u>	<u>(420,749)</u>	<u>698,852</u>	<u>60,881,149</u>
Less accumulated depreciation for:					
Land improvements	(7,104,994)	(425,230)	-	-	(7,530,224)
Buildings and docks	(10,236,117)	(1,677,552)	401,580	-	(11,512,089)
Equipment	(383,447)	(67,320)	19,169	-	(431,598)
Total accumulated depreciation	<u>(17,724,558)</u>	<u>(2,170,102)</u>	<u>420,749</u>	<u>-</u>	<u>(19,473,911)</u>
Total capital assets being depreciated, net	<u>41,725,745</u>	<u>(1,017,359)</u>	<u>-</u>	<u>698,852</u>	<u>41,407,238</u>
Total capital assets, net	<u>\$ 84,116,239</u>	<u>\$ 5,012,158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,128,397</u>

During the year ended June 30, 2013, the Port continued improvements to the International Terminal as evidence in the increase to construction in progress.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

3. DETAILED NOTES ON ALL ACCOUNTS (Continued)

Leases - Port as Lessor

The Port, as a lessor, leases certain properties with a total approximate net capitalized cost of \$26,770,000 and annual depreciation expense of approximately \$1,380,000 under long-term operating leases. On August 7, 2009, the Port entered into a 20-year lease for a MOC-P with the United States of America, through the NOAA, expiring June 30, 2031, commonly referred to as the NOAA lease. NOAA lease revenue is pledged first to pay bond principal and interest, second to credit the reserve account to eliminate any deficiency in the required reserve and third for any other lawful Port purpose. The annual rent under this lease is approximately \$2,500,000 which is included in the schedule below.

The minimum future payments to be received under non-cancelable leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 2,980,000
2015	2,940,000
2016	2,890,000
2017	2,790,000
2018	2,730,000
Thereafter	<u>49,070,000</u>
Total	<u>\$ 63,400,000</u>

Total minimum future lease payments do not include amounts for lease payments based on the lessee's gross sales. These payments amounted to approximately \$96,000 for fiscal year 2013.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

3. DETAILED NOTES ON ALL ACCOUNTS (Continued)

Bonds, Loans and Capital Leases Payable

Bonds, loans and capital leases payable are as follows:

	<u>Original Amount</u>	<u>Outstanding July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2013</u>
<u>General Obligation Bonds:</u>					
Series 2007, interest rates from 4% to 4.25%*	\$ 5,000,000	\$ 4,545,000	\$ -	\$ 105,000	\$ 4,440,000
Series 2008, interest rates from 3.5% to 4.25%*	5,000,000	4,620,000	-	100,000	4,520,000
Series 2011, interest rates from 2% to 5.5%*	5,452,000	5,440,000	-	60,000	5,380,000
<u>Full Faith and Credit Obligation Bond:</u>					
Series 2013, interest at 2.45%	3,410,000	-	3,410,000	-	3,410,000
<u>Certificate of Participation:</u>					
Flex Lease, Series 2003F, interest rates from 1.3% to 4.6%*	121,000	15,000	-	15,000	-
<u>State of Oregon Loans:</u>					
Special Public Works Fund Loans, interest at 4.77% - 6.5%	9,071,047	4,167,535	3,400,000	2,714,177	4,853,358
Oregon Port Revolving Loans, interest at 6%	366,065	121,651	-	32,258	89,393
<u>Oregon Coast Bank Loans:</u>					
Loan payable, interest at 7%	315,955	154,729	-	41,580	113,149
Loan payable, interest at 6.75%	44,046	5,171	-	5,171	-
Loan payable, interest at 6%	465,811	442,423	-	16,698	425,725
<u>Toyota Financial Service:</u>					
Capital lease, interest at 5.55%	33,038	11,882	-	8,697	3,185
Capital lease, interest at 6.22%	25,246	592	-	592	-
Capital lease, interest at 4.75%	24,767	-	24,767	2,575	22,192
<u>Revenue Bond:</u>					
Series 2010, interest rate from 3% to 6.125%	24,095,000	24,095,000	-	765,000	23,330,000
		<u>\$ 43,618,983</u>	<u>\$ 6,834,767</u>	<u>\$ 3,866,748</u>	<u>\$ 46,587,002</u>

*Note that amounts do not represent variable interest debt, but rather stated rates related to various maturities for the respective issuances.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

3. DETAILED NOTES ON ALL ACCOUNTS (Continued)

Bonds, Loans and Capital Leases Payable (Continued)

Future maturities are as follows:

Year Ending June 30,	Principal						Total	Total Interest
	General Obligation Bonds	Full Faith & Credit Obligation Bond	State of Oregon Loans	Oregon Coast Bank Loans	Capital Lease	Revenue Bond		
2014	\$ 275,000	\$ -	\$ 106,866	\$ 62,620	\$ 7,772	\$ 790,000	\$ 1,242,258	\$ 2,250,938
2015	285,000	30,000	174,989	67,019	4,831	815,000	1,376,839	2,118,783
2016	300,000	120,000	181,694	40,538	5,076	840,000	1,487,308	2,068,446
2017	310,000	185,000	195,336	21,456	5,320	870,000	1,587,112	2,013,048
2018	320,000	190,000	235,924	22,798	2,378	910,000	1,681,100	1,951,857
2019-2023	1,820,000	1,055,000	1,219,123	137,195	-	5,245,000	9,476,318	9,017,892
2024-2028	2,235,000	1,140,000	1,328,588	185,843	-	6,820,000	11,709,431	6,743,916
2029-2033	2,780,000	630,000	1,290,150	1,405	-	7,040,000	11,741,555	3,645,808
2034-2038	3,475,000	60,000	210,081	-	-	-	3,745,081	1,359,855
2039-2043	2,540,000	-	-	-	-	-	2,540,000	379,650
	<u>14,340,000</u>	<u>3,410,000</u>	<u>4,942,751</u>	<u>538,874</u>	<u>25,377</u>	<u>23,330,000</u>	<u>46,587,002</u>	<u>\$ 31,550,192</u>
unamortized bond discount/ premium	<u>(267,199)</u>	<u>137,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,137)</u>	
	<u>\$ 14,072,801</u>	<u>\$ 3,547,062</u>	<u>\$ 4,942,751</u>	<u>\$ 538,874</u>	<u>\$ 25,377</u>	<u>\$ 23,330,000</u>	<u>46,456,865</u>	
Current portion							<u>1,242,258</u>	
Long-term portion							<u>\$ 45,214,607</u>	

General obligation bonds, full faith and credit obligation bond, and State of Oregon loans are direct obligations and pledge the full faith and credit of the Port. The revenue bonds are secured by the NOAA lease revenue and the required reserve was fully funded with bond proceeds. The funds provided by the obligations listed above and the Oregon Coast Bank loans, were and continue to be used for the acquisition, repair and construction of capital assets.

During the fiscal year ended June 30, 2013, the Port obtained additional financing authority under a forgivable loan from the State of Oregon Business Development Department in the amount of \$400,000. The no interest loan is secured by a promissory note. The loan will be forgiven by the State upon completion of the project. The Port had also negotiated a \$3,000,000 loan awarded with a \$500,000 grant from the Oregon Infrastructure Finance Authority (IFA). Both instruments were used to fund construction of the International Terminal. At June 30, 2013, the Port had fully drawn on both loans.

On April 15, 2013, the Port issued \$3,410,000 in full faith and credit obligations, of which \$2,520,000 was used to refund two Special Public Works Fund Community Facility ("SPWFCF") loans with a total outstanding balance of \$2,624,942, resulting in an approximate \$300,000 benefit in total debt service requirement savings. The two prior loans were both used to fund the South Beach Marina RV Park development. The issuance also included \$890,000

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

3. DETAILED NOTES ON ALL ACCOUNTS (Continued)

Bonds, Loans and Capital Leases Payable (Continued)

of new funding deposited into the Construction Fund for improvements to the Port's International Terminal.

The Port has various capital leases for certain equipment. The balance outstanding on these leases at June 30, 2013, was \$25,377. The cost of leased equipment at year-end was \$57,081, with accumulated depreciation of \$38,123 and net book value of \$39,515.

4. OTHER INFORMATION

Pension Plan

Substantially all Port employees, after six months of employment, are participants in the State of Oregon Public Employees Retirement System (PERS). The Port's policy is to fund pension costs as determined by actuarial valuations. The Port contributes to the PERS and to the Oregon Public Service Retirement Plan (OPSRP). PERS is a cost sharing multiple-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in PERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

The State of Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon, 97281-3700 or by calling 1-888-320-7377.

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

4. OTHER INFORMATION (Continued)

Pension Plan (Continued)

Funding Policy

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Contributions to PERS have historically been made based on the annual required contribution and were charged to expenses/expenditures as funded.

The Port's annual required contribution rate for fiscal year 2013 was 4.46% of covered employees' salaries for PERS and 4.19% for general OPSRP. The employee contribution rate is 6%.

Risk Pooling and Revised PERS Contribution Rates

The Port participates in the State and Local Government Rate Pool (SLGRP). The SLGRP was created by legislative act of the State of Oregon and provided local governments the option to pool their PERS related assets and liabilities with others that elected to participate in the pool. Contribution rates are determined based on the overall experience of the pool versus the potentially more volatile experience of individual employers.

Annual Pension Cost

For fiscal year 2013, the Port's actual annual pension cost of approximately \$36,000 was equal to the annual required contributions. The required contribution was determined as part of the actuarial valuation at December 31, 2009, using the projected unit credit cost methods. Significant actuarial assumptions used in the valuation included: (a) rate of return on the investment of present and future assets of 8%; (b) projected salary increases which include 3.75% per year in addition to salary increases due to promotions and longevity that may vary by age and service; (c) post-retirement benefit increases of 2% per year (the maximum allowable); (d) consumer price inflation of 2.75% per year; and, (e) thirty-year open amortization of the unfunded actuarial liability as a level percentage of projected annual payroll.

Beginning in 2000, the actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. No obligation for retirees is attributed to the Port as PERS pools the risk related to retired employees among all employers. PERS assumes the obligation for benefits from the individual entity, as a whole, when benefits become payable.

The Port's annual required contributions, percentages of annual contributions to the plan, and the net pension obligation for 2013 and the two preceding years were as follows:

<u>Year Ended June 30,</u>	<u>Required Contributions</u>	<u>Percentage of Required Contributions Made</u>	<u>Net Pension Obligation</u>
2013	\$ 36,000	100 %	\$ -
2012	41,000	100	-
2011	43,000	100	-

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

4. OTHER INFORMATION (Continued)

Retirement Health Insurance Account (RHIA)

Plan Description

As a member of Oregon Public Employees Retirement System (OPERS), the Port contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing, multiple-employer defined benefit other postemployment benefit plan (OPEB) administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700.

Funding Policy

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently .59% for PERS members and .50% for OPSRP of annual covered payroll, respectively. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The Port's contributions to RHIA for the years ended June 30, 2011, 2012, and 2013 were paid with contributions for pension, and equaled the required contributions for each year.

5. RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance. The Port does not engage in risk financing activities where the risk is retained (self-

PORT OF NEWPORT, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2013

5. RISK MANAGEMENT (CONTINUED)

insurance) by the Port. For the past three years commercial insurance coverage has been sufficient to cover any losses. The Port is exposed to environmental liabilities for which it is not insured.

6. COMMITMENTS AND CONTINGENCIES

The Port had commitments under various contracts for the terminal redevelopment project totaling approximately \$740,000 at June 30, 2013.

OTHER SUPPLEMENTARY INFORMATION

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PORT OF NEWPORT, OREGON

DESCRIPTION OF BUDGETARY FUNDS

For financial reporting and operating purposes, management considers the Port's activities those of a unitary enterprise operation and, as such, those activities are reported in a single enterprise fund in the preceding section of this report. However, for budgetary and legal purposes those activities are accounted for in the funds described below. Schedules for these funds, prepared on a non-GAAP budgetary basis of accounting, are shown on the following pages.

General Operating Fund

The General Operating Fund accounts for all activities not accounted for by other funds, primarily moorage, lease, and R.V. park operations. Primary resources are moorage and rental fees.

Bonded Debt Fund

The Bonded Debt Fund accounts for the redemption of general obligation bonds and interest thereon. The primary source of revenue is property taxes.

Facilities Maintenance Fund

The Facilities Maintenance Fund accounts for reserves set aside for the repair and replacement of facilities and equipment. Primary resources have historically been transfers from the General Operating Fund.

Construction Fund

The Construction Fund accounts for expenditures relating to capital improvements, particularly rebuilding the Port's International Terminal. The primary resources are proceeds of General Obligation Bonds and grant funding.

NOAA Lease Revenue Fund

The NOAA Lease Revenue Fund accounts for expenditures relating to capital improvements for the NOAA MOC-P facility. Primary resources were initially proceeds from the Revenue Bond and grant funding. Current resources consist primarily of lease payments. This fund services the bond repayment and covers facilities maintenance costs over the term of the lease.

PORT OF NEWPORT, OREGON

GENERAL OPERATING FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2013

	<u>Budget Original and Final</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
REVENUES:			
Moorage	\$ 1,128,012	\$ 1,039,471	\$ (88,541)
Leases	539,854	524,030	(15,824)
R.V. Park	530,535	602,845	72,310
Terminals	323,596	5,427	(318,169)
Hoistdock	381,150	363,168	(17,982)
Intergovernmental	313,816	140,181	(173,635)
Launch ramp	56,000	63,827	7,827
Property taxes	80,672	91,927	11,255
Interest	3,000	2,152	(848)
Miscellaneous	82,920	59,665	(23,255)
TOTAL REVENUES	<u>3,439,555</u>	<u>2,892,693</u>	<u>(546,862)</u>
EXPENDITURES:			
Personal services	1,056,331	1,044,564	11,767
Materials and services	1,545,004	1,246,118	298,886
Capital outlay	337,443	109,947	227,496
Debt service	503,234	3,152,330	(2,649,096)
TOTAL EXPENDITURES	<u>3,442,012</u>	<u>5,552,959</u>	<u>(2,110,947)</u>
EXPENDITURES OVER REVENUES	<u>(2,457)</u>	<u>(2,660,266)</u>	<u>(2,657,809)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	150,000	25,000	(125,000)
Proceeds from sale of assets	-	3,000	3,000
Refunding bond proceeds	-	2,655,466	2,655,466
Operating transfers out	(125,000)	-	125,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>2,683,466</u>	<u>2,658,466</u>
EXPENDITURES AND OTHER FINANCING USES OVER REVENUES AND OTHER FINANCING SOURCES	<u>22,543</u>	<u>23,200</u>	<u>657</u>
FUND BALANCE, July 1, 2012	<u>6,730</u>	<u>382,434</u>	<u>375,704</u>
FUND BALANCE, June 30, 2013	<u>\$ 29,273</u>	<u>\$ 405,634</u>	<u>\$ 376,361</u>

PORT OF NEWPORT, OREGON

BONDED DEBT FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2013

	<u>Budget</u> <u>Original</u> <u>and Final</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 822,320	\$ 792,427	\$ (29,893)
Interest	2,000	649	(1,351)
TOTAL REVENUES	<u>824,320</u>	<u>793,076</u>	<u>(31,244)</u>
EXPENDITURES:			
Debt service	<u>917,523</u>	<u>917,523</u>	<u>-</u>
EXPENDITURES OVER REVENUES	(93,203)	(124,447)	(31,244)
FUND BALANCE , July 1, 2012	<u>93,203</u>	<u>661,795</u>	<u>568,592</u>
FUND BALANCE , June 30, 2013	<u>\$ -</u>	<u>\$ 537,348</u>	<u>\$ 537,348</u>

PORT OF NEWPORT, OREGON

FACILITIES MAINTENANCE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2013

	Budget		Actual	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 20	\$ 20	\$ 58	\$ 38
EXPENDITURES:				
Materials and services	147,305	217,305	51,060	166,245
EXPENDITURES OVER REVENUES	(147,285)	(217,285)	(51,002)	166,283
OTHER FINANCING SOURCES (USES):				
Transfers in	125,000	195,000	125,000	(70,000)
REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(22,285)	(22,285)	73,998	96,283
FUND BALANCE, July 1, 2012	22,285	22,285	22,293	8
FUND BALANCE, June 30, 2013	\$ -	\$ -	\$ 96,291	\$ 96,291

PORT OF NEWPORT, OREGON

CONSTRUCTION FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2013

	Budget		Actual	Variance from Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Interest	\$ 4,000	\$ 4,000	\$ 2,446	\$ (1,554)
Intergovernmental	500,000	500,000	1,112,992	612,992
Miscellaneous	-	-	4,120	4,120
TOTAL REVENUES	504,000	504,000	1,119,558	615,558
EXPENDITURES:				
Capital outlay*	4,378,852	5,278,852	5,307,937	(29,085)
EXPENDITURES OVER REVENUES	(3,874,852)	(4,774,852)	(4,188,379)	586,473
OTHER FINANCING SOURCES (USES):				
Proceeds of borrowing	3,400,000	4,300,000	4,290,000	(10,000)
REVENUE AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(474,852)	(474,852)	101,621	576,473
FUND BALANCE, July 1, 2012	474,852	474,852	1,110,549	635,697
FUND BALANCE, June 30, 2013	\$ -	\$ -	\$ 1,212,170	\$ 1,212,170

* Based on nature of the fund all expenditures are considered capital outlay.

PORT OF NEWPORT, OREGON

NOAA LEASE REVENUE FUND

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2013

	<u>Budget</u>		<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Leases	\$ 2,532,875	\$ 2,532,875	\$ 2,536,824	\$ 3,949
Interest	12,000	12,000	12,439	439
Miscellaneous	-	70,000	68,877	(1,123)
TOTAL REVENUES	2,544,875	2,614,875	2,618,140	3,265
EXPENDITURES:				
Personal services	100,346	100,346	99,933	413
Materials and services	250,831	400,831	305,019	95,812
Capital outlay	44,939	44,939	11,767	33,172
Debt service	1,998,759	1,998,759	1,998,759	-
TOTAL EXPENDITURES	2,394,875	2,544,875	2,415,478	129,397
REVENUES OVER EXPENDITURES	150,000	70,000	202,662	132,662
OTHER FINANCING SOURCES (USES):				
Transfers out	(150,000)	(220,000)	(150,000)	70,000
EXPENDITURES AND OTHER FINANCING USES OVER REVENUE AND OTHER FINANCING SOURCES	-	(150,000)	52,662	202,662
FUND BALANCE, July 1, 2012	-	150,000	5,826,199	5,676,199
FUND BALANCE, June 30, 2013	\$ -	\$ -	\$ 5,878,861	\$ 5,878,861

PORT OF NEWPORT, OREGON

**RECONCILIATION OF REVENUES AND
EXPENDITURES TO CHANGES IN NET POSITION**

YEAR ENDED JUNE 30, 2013

	<u>Revenues</u>	<u>Expenditures</u>	<u>Revenues Over (Under) Expenditures</u>
BUDGETARY BASIS REVENUES AND EXPENDITURES:			
General Operating Fund	\$ 2,892,693	\$ 5,552,959	\$ (2,660,266)
Bonded Debt Fund	793,076	917,523	(124,447)
Facilities Maintenance Fund	58	51,060	(51,002)
Construction Fund	1,119,558	5,307,937	(4,188,379)
NOAA Lease Revenue Fund	2,618,140	2,415,478	202,662
TOTAL	\$ 7,423,525	\$ 14,244,957	(6,821,432)
ADD (DEDUCT) ITEMS TO RECONCILE TO AN ENTERPRISE FUND REPORTING BASIS:			
Capital outlay expenditures capitalized			5,429,651
Contributed capital			1,015,531
Depreciation expense			(2,170,102)
Interest expense capitalized, net			712,311
Payment of bonded debt and loan principal			3,866,748
Amortization of bond discount and issue costs			(60,440)
Change in accrued interest			5,903
Loss on sale of asset			(2,448)
Other			(3,442)
CHANGES IN NET POSITION - GAAP			\$ 1,972,280

PORT OF NEWPORT, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS

YEAR ENDED JUNE 30, 2013

<u>Tax Year</u>	<u>Receivable July 1, 2012</u>	<u>Levy as Extended by Assessor</u>	<u>Discounts/ Adjustments</u>	<u>Collections</u>	<u>Receivable June 30, 2013</u>
2012-2013	\$ -	\$ 906,749	\$ (28,645)	\$ (840,834)	\$ 37,270
2011-2012	29,573	-	(91)	(14,410)	15,072
2010-2011	24,980	-	(79)	(9,642)	15,259
2009-2010	15,145	-	(87)	(9,328)	5,730
2008-2009	4,978	-	(80)	(4,229)	669
and prior	2,020	-	(219)	(195)	1,606
	<u>\$ 76,696</u>	<u>\$ 906,749</u>	<u>\$ (29,201)</u>	<u>\$ (878,638)</u>	<u>\$ 75,606</u>

Reconciliation to property tax revenue:

Tax collections, above	\$ 878,638
Interest and other taxes	<u>6,806</u>
Total tax collections	885,444
Receivable, July 1, 2012	(76,696)
Receivable, June 30, 2013	<u>75,606</u>
Property tax revenue	<u>\$ 884,354</u>
Allocated as follows:	
General Operating Fund	\$ 91,927
Bonded Debt Fund	<u>792,427</u>
	<u>\$ 884,354</u>

COMPLIANCE SECTION