

From: Jeff Lackey
Sent: Monday, October 30, 2017 11:36 AM
To: Aaron Bretz <abretz@portofnewport.com>
Cc: Patricia Patrick-Joling <patricia@portofnewport.com>
Subject: Balance Sheet Questions

Aaron,

I was looking over the meeting packet for tonight's meeting, and I was looking at different #'s on the balance sheet on page 25. I wanted to compare to what the same type sheet looked like a year ago, so I looked at the October 2016 meeting packet balance sheet. I was expecting the "Sep 30, 16" column numbers to match from the Oct 2017 meeting packet balance sheet to the Oct 2016 meeting packet balance sheet. For example, long term debt as of Sep 30, 2016 is shown as \$7,726,954.74 in today's meeting packet balance sheet, but is shown as \$8,480,410.74 in October 2016 meeting packet balance sheet on page 38.

What originally caught my eye was that the change in long term debt year to year in tonight's packet was (\$148,732.96), but the general operating fund debt service budgeted for this year totaled \$448,035 in principal payment out of the total \$708,680 debt service (the difference is in interest paid); so I had expected to see an amount closer to the \$448,035 number. I also looked at the July 2017 meeting packet balance sheet to see year to year change in long term debt, and it was actually an increase of \$210,295, so that made less sense to me. Attached is a spreadsheet I made up from annual budget information with general operating fund debt service in order to try to make sense of and quantify Port debt, particularly at the terminal. I had made this spreadsheet just to try to grasp the situation.

So just a few questions:

- 1) Why are "Sep 30, 16" column numbers different in Oct 2017 and Oct 2016 meeting packet balance sheets?
- 2) Why do the long term debt #'s fluctuate month to month and year to year in balance sheets, and why doesn't the change in the year to year long term debt number seem to reflect the Port's annual payment of loan principal?
- 3) Why have the "11500 - Capital Assets" decreased \$2,082,038.26 year to year? Or if you look at Capital Assets per balance sheet from October 18, 2016 meeting packet (page 23), capital assets have decreased over \$5 million dollars. What are the reasons for these changes?

I am sure there are reasons why these numbers are what they are. I just wanted to understand why, so that when I look at a balance sheet, I can understand what I am looking at.

I wanted to give you a head's up that I would be asking about these questions tonight. I know that you and Mark have had a lot to deal with just catching up to speed with CFO and the audit, and you must be very busy getting ready for the meeting, and therefore it may not be feasible to have answers to these questions tonight, and that is fine. Sorry for the last minute nature of these questions, but it only caught my eye as I was looking over the packet.

Thanks,
Jeff

Port of Newport			
Answers to questions from Commissioner Jeff Lackey			
10/30/2017			
Paragraph 1	Long-term debt balances:		
	9/30/16 (as reported at 10/18/16 RM)		
	Long-term debt	\$ 8,480,410.74	
	Less: current portion LTD	(353,377.00)	(as of July 2017, corrected QB CP LTD acct type
		8,127,033.74	from "other curr liab" to "long-term debt")
	2015-16 audit entries (dated 6/30/16)		
	Debt principal, less curr portion LTD adj	(400,079.00)	
	9/30/16 (as reported at 10/30/17 RM)	\$ 7,726,954.74	
Paragraph 2	Change in long-term debt:		
	GF debt principal		
	per debt reconciliation & YE entry	\$ 431,816.00	
	New debt booked in FY 2016-17		
	City of Newport - SDC	(124,140.00)	
	49% cost of SB MUA per LOU	(210,295.00)	(dated 5/31/17)
	YE adjustment to current portion LTD	51,352.00	
	Change in LTD at 9/30/17	\$ 148,733.00	
Question 1	The adjusting entries from the 2015-16 audit were posted in Jan 2017.		
	However, those entries were dated 6/30/16 in QB - year-end.		

