

Port of Morrow Annual Financial Report

2020



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<http://www.portofmorrow.com>

PORT OF MORROW
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INTRODUCTORY SECTION

**PORT OF MORROW
Commissioners**

Name	Position	Term Expires
Rick Stokoe	President	June 30, 2021
Marv Padberg	Vice President	June 30, 2023
Joe Taylor	Secretary/Treasurer	June 30, 2021
Jerry Healy	Commissioner	June 30, 2021
John Murray	Commissioner	June 30, 2023

Other Personnel

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

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

Registered Agent

Sam Tucker, Attorney
Milton Freewater, OR 97862

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FINANCIAL SECTION

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of Port of Morrow as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of Port of Morrow as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

We have applied certain limited procedures to the management discussion and analysis and other post-employment benefit liability information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Port of Morrow's basic financial statements. The introductory section and other financial schedules which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


The other financial schedules were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statement and other financial schedules are stated fairly in all material respects in relation to the financial statements as a whole.

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 5, 2020, on our consideration of Port of Morrow's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By 

Michael R. Poe, CPA
Owner/Member

La Grande, OR
November 5, 2020

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**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

PORT OF MORROW
Management's Discussion and Analysis

This discussion and analysis of the Port of Morrow's (Port) financial performance provides an overview of the Port's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Port's financial statements, which follow this section.

Overview of the Financial Statements:

This audit report consists of three parts - management's discussion and analysis (this section), the basic financial statements (including notes), and supplementary information. The report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and also by the Oregon Secretary of State (OSS).

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

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

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

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

These activities are described in Note 1 of the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Following the financial statements is a section of supplementary information, nearly all of which is required by the GASB, the OSS, or bond ordinances.

PORT OF MORROW
Management's Discussion and Analysis

Financial Results:

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

Table 1
Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,139,279	\$ 148,941	\$ 29,889,111	\$ 52,371,631	\$ 31,028,390	\$ 52,520,572
Capital assets (net)	198,747	271,223	166,193,723	131,595,527	166,392,470	131,866,750
Total assets	1,338,026	420,164	196,082,834	183,967,158	197,420,860	184,387,322
Deferred outflows of resources	-	-	202,028	187,362	202,028	187,362
Long-term liabilities outstanding	-	-	87,566,743	96,252,834	87,566,743	96,252,834
Other liabilities	96,742	61,462	12,017,855	7,426,226	12,114,597	7,487,688
Total liabilities	96,742	61,462	99,584,598	103,679,060	99,681,340	103,740,522
Deferred inflows of resources	-	-	5,291	5,934	5,291	5,934
Net position:						
Net investment in capital assets	198,747	271,223	72,092,694	31,286,669	72,291,441	31,557,892
Restricted	-	-	6,128,168	30,102,652	6,128,168	30,102,652
Unrestricted	1,042,537	87,479	18,474,111	19,080,205	19,516,648	19,167,684
Total net position	\$ 1,241,284	\$ 358,702	\$ 96,694,973	\$ 80,469,526	\$ 97,936,257	\$ 80,828,228

The Port's total net position increased over 20%, primarily due to grant revenue.

Table 2
Changes in Net Position

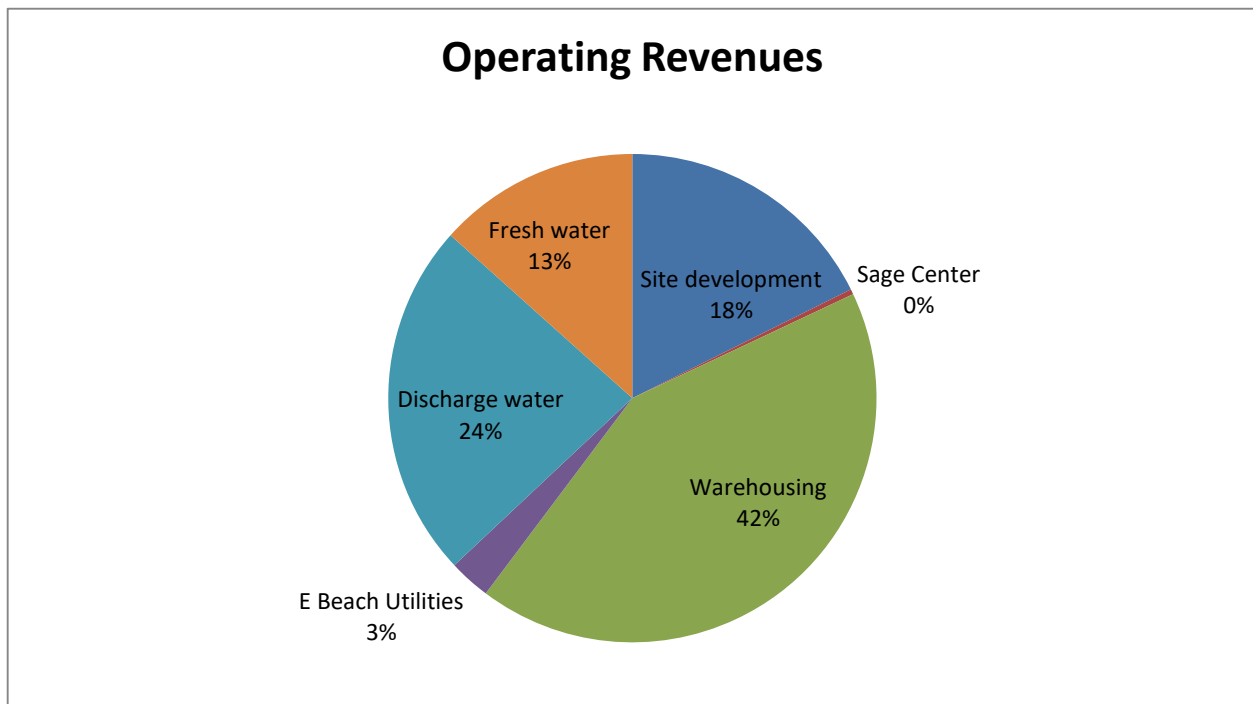
	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
General governmental revenues	\$ 1,351,461	\$ 395,710	\$ -	\$ -	\$ 1,351,461	\$ 395,710
Operating revenues						
Site Development	-	-	4,671,599	4,179,747	4,671,599	4,179,747
Sage Center	-	-	93,532	83,414	93,532	83,414
Warehousing	-	-	11,186,324	9,340,333	11,186,324	9,340,333
E. Beach Utilities	-	-	728,093	1,190,694	728,093	1,190,694
Discharge Water	-	-	6,256,359	6,171,575	6,256,359	6,171,575
Freshwater	-	-	3,541,585	2,537,376	3,541,585	2,537,376
NonOperating revenues						
Interest Income	99	245	1,199,153	953,760	1,199,252	954,005
Gain (loss) on sale of assets	(5,836)	(9,599)	3,397,643	491,959	3,391,807	482,360
Total revenues	1,345,724	386,356	31,074,288	24,948,858	32,420,012	25,335,214

PORT OF MORROW
Management's Discussion and Analysis

Table 2 (continued)
Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Expenses:						
Management and administration	672,595	679,937	-	-	672,595	679,937
Operating expense	-	-	23,617,595	21,611,532	23,617,595	21,611,532
Nonoperating expenses	-	-	3,124,261	2,362,087	3,124,261	2,362,087
Total expenses	672,595	679,937	26,741,856	23,973,619	27,414,451	24,653,556
Increase (decrease) in net position before transfers	673,129	(293,581)	4,332,432	975,239	5,005,561	681,658
Valuation adjustment	-	-	-	-	-	-
Grant income and contributions	44,453	75,000	12,058,015	1,376,922	12,102,468	1,451,922
Transfers	165,000	117,000	(165,000)	(117,000)	-	-
Increase (decrease) in net position	882,582	(101,581)	16,225,447	2,235,161	17,108,029	2,133,580
Net position-beginning	358,702	460,283	80,469,526	78,234,365	80,828,228	78,694,648
Net position-ending	<u>\$ 1,241,284</u>	<u>\$ 358,702</u>	<u>\$ 96,694,973</u>	<u>\$ 80,469,526</u>	<u>\$ 97,936,257</u>	<u>\$ 80,828,228</u>

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

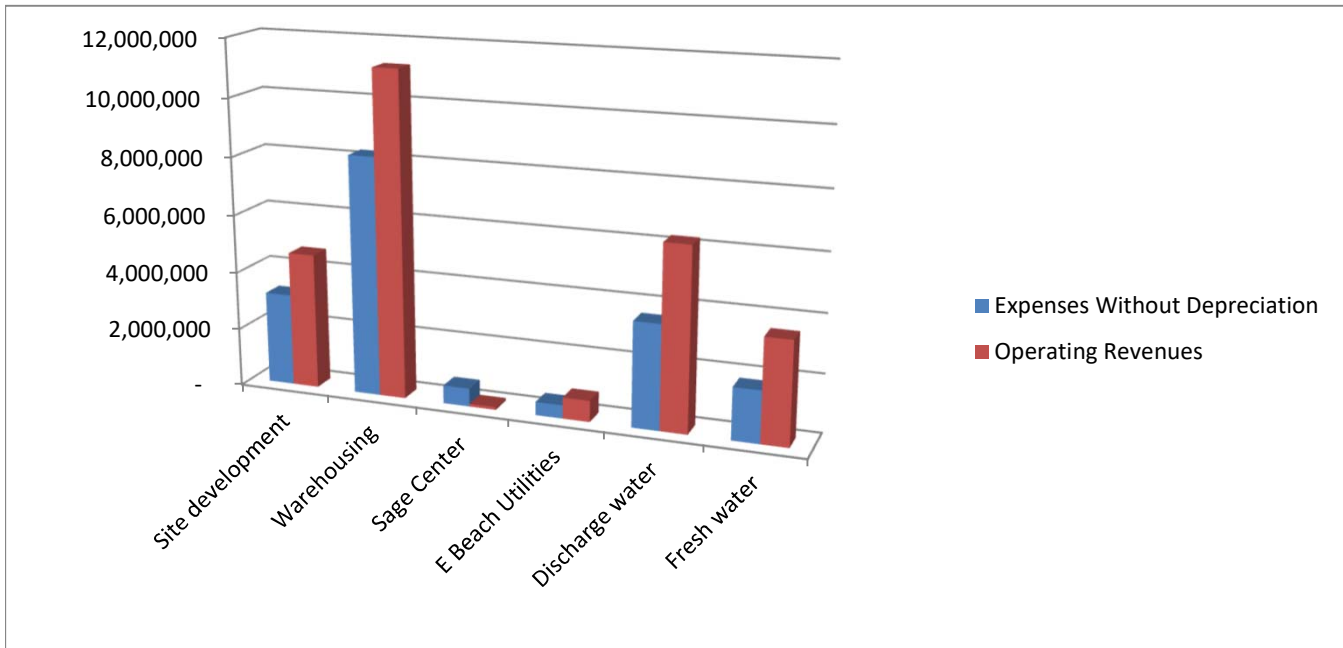


Customer use of the freezer warehouse has continually increased and an expansion to the facility was completed in the reporting period.

Water usage by existing Port tenants have resulted in an increase in water volumes in recent years. Another utility improvement project is in progress to expand capacity. The Port has infrastructure in place to meet growing demand.

PORT OF MORROW
Management's Discussion and Analysis

Depreciation accounts for 26% of the business-type activity expenses. The following is a representation of the segments without depreciation expense.



Capital Assets

At June 30, the Port had paid \$29.6 million on the pipeline project of the Columbia Improvement District.

The Port purchased the Golf Course in Boardman for \$501,757.

An expansion to the rail spur capacity was in progress. The Port had incurred \$1.2 million as of June 30, 2020.

An expansion to the warehouse was completed at cost of about \$7 million, and an expansion to the Neal Early Learning center was started and \$834,770 had been spent at year end.

Investment in improvements and expansion of the discharge water system cost \$2 million.

Debt

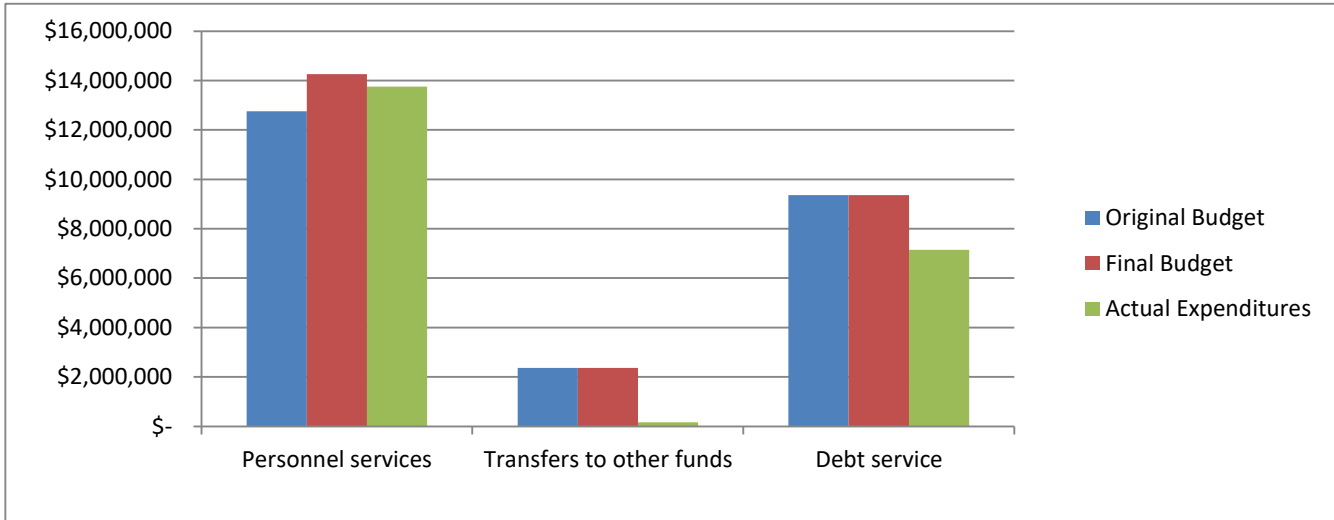
The Port had a bond issuance completed in June 2020. \$1,760,000 is financing for the Columbia Improvement District pipeline project.

The Port was part of a transaction that qualified for New Market Tax Credits. The transaction went through the "unwind" in this fiscal year and cleared the related receivable and debt payable.

PORT OF MORROW
Management's Discussion and Analysis

Budgetary

The Port's budget for the year ended June 30, 2020 was adopted by the Port Commission in June 2019. The Port transferred \$1,500,000 in appropriations by resolution in June 2020. The following table illustrates the total changes in the final budget with comparison to the actual expenditures.



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

Contacting the Port's Financial Management

This financial report is designed to provide users with a general overview of the Port's finances. If you have questions about this report or need additional financial information, contact Port of Morrow's Chief Financial Officer, PO Box 200, Boardman, OR 97818.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

PORT OF MORROW
Statement of Net Position
June 30, 2020

Assets:	Governmental Activities	Business-Type Activities	Total
Current assets:			
Petty cash	\$ 200	\$ 850	\$ 1,050
Cash in bank - Unrestricted	486,987	759,168	1,246,155
Local Government Investment Pool - Unrestricted	600,000	7,368,258	7,968,258
Local Government Investment Pool - Restricted	-	3,126,333	3,126,333
Total cash and cash equivalents	<u>1,087,187</u>	<u>11,254,609</u>	<u>12,341,796</u>
Accounts receivable - county treasurer	1,454	-	1,454
Accounts receivable (net of \$144,912 doubtful accounts)	-	2,585,235	2,585,235
Grants receivable	43,703	2,106,358	2,150,061
Deposits and prepaid expenses	-	208,376	208,376
Inventory	-	9,873	9,873
Property taxes receivable	6,935	-	6,935
Total current assets	<u>1,139,279</u>	<u>16,164,451</u>	<u>17,303,730</u>
Noncurrent assets:			
Deposits with trustee	-	3,001,835	3,001,835
Loan receivable	-	278,456	278,456
Lease receivable	-	9,144,268	9,144,268
Patronage capital credits	-	1,300,101	1,300,101
Capital assets (net)	198,747	166,193,723	166,392,470
Total noncurrent assets	<u>198,747</u>	<u>179,918,383</u>	<u>180,117,130</u>
Total assets	<u>1,338,026</u>	<u>196,082,834</u>	<u>197,420,860</u>
Deferred outflows of resources:			
Deferred outflows related to OPEB	-	118,922	118,922
Unearned charges	-	83,106	83,106
	<u>-</u>	<u>202,028</u>	<u>202,028</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	47,235	3,180,413	3,227,648
Accrued payroll and compensated absences	49,507	1,604,002	1,653,509
Customer deposits	-	3,063	3,063
Unearned revenue	-	511,212	511,212
Bonds payable	-	4,395,903	4,395,903
Notes payable	-	2,323,262	2,323,262
Total current liabilities	<u>96,742</u>	<u>12,017,855</u>	<u>12,114,597</u>
Long-term liabilities:			
Net OPEB liability	-	184,879	184,879
Bonds payable (net)	-	66,577,890	66,577,890
Notes payable	-	20,803,974	20,803,974
Total long-term liabilities	<u>-</u>	<u>87,566,743</u>	<u>87,566,743</u>
Total liabilities	<u>96,742</u>	<u>99,584,598</u>	<u>99,681,340</u>
Deferred inflows of resources:			
Deferred inflows related to OPEB	-	5,291	5,291
	<u>-</u>	<u>5,291</u>	<u>5,291</u>
Net Position:			
Net Investment in capital assets	198,747	72,092,694	72,291,441
Restricted for capital and debt service	-	6,128,168	6,128,168
Unrestricted	1,042,537	18,474,111	19,516,648
Total net position	<u>\$ 1,241,284</u>	<u>\$ 96,694,973</u>	<u>\$ 97,936,257</u>

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

PORT OF MORROW
Statement of Activities
June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>
Governmental Activities:			
Management and administration	\$ 605,956	\$ -	\$ 44,453
Depreciation - unallocated	66,639	-	-
Total governmental	<u>672,595</u>	<u>-</u>	<u>44,453</u>
Business-Type Activities:			
Site development	6,924,254	5,985,090	481,534
Sage Center	623,773	93,532	-
Warehousing	9,347,811	11,186,324	-
E Beach Utilities	800,352	728,093	-
Discharge water	5,322,705	6,256,359	-
Fresh water	1,912,191	3,541,585	-
Total business-type activities	<u>24,931,086</u>	<u>27,790,983</u>	<u>481,534</u>
Total primary government	<u>\$ 25,603,681</u>	<u>\$ 27,790,983</u>	<u>\$ 525,987</u>

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

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

Net(Expense) Revenue and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
\$ -	\$ (561,503)	\$ -	\$ (561,503)
-	(66,639)	-	(66,639)
-	(628,142)	-	(628,142)
1,839,251	-	1,381,621	1,381,621
674,680	-	144,439	144,439
-	-	1,838,513	1,838,513
-	-	(72,259)	(72,259)
39,369	-	973,023	973,023
16,023,181	-	17,652,575	17,652,575
18,576,481	-	21,917,912	21,917,912
<u>\$ 18,576,481</u>	<u>(628,142)</u>	<u>21,917,912</u>	<u>21,289,770</u>
	196,903	-	196,903
	698,731	-	698,731
	99	1,199,153	1,199,252
	455,827	-	455,827
	(5,836)	3,397,643	3,391,807
	-	(3,118,561)	(3,118,561)
	-	(5,700)	(5,700)
	-	(7,000,000)	(7,000,000)
	165,000	(165,000)	-
	<u>1,510,724</u>	<u>(5,692,465)</u>	<u>(4,181,741)</u>
	882,582	16,225,447	17,108,029
	358,702	80,469,526	80,828,228
	<u>\$ 1,241,284</u>	<u>\$ 96,694,973</u>	<u>\$ 97,936,257</u>

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

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FUND FINANCIAL STATEMENTS

PORT OF MORROW
Balance Sheet - Governmental Funds
June 30, 2020

	General Fund
Assets:	
Petty cash	\$ 200
Cash in bank	486,987
Local Government Investment Pool - Unrestricted	600,000
Total cash and cash equivalents	1,087,187
Accounts receivable - county treasurer	1,454
Grant receivable	43,703
Property taxes receivable	6,935
Total assets	1,139,279
Deferred outflows of resources:	
	-
Total assets and deferred outflows of resources	\$ 1,139,279
Liabilities:	
Accounts payable	\$ 47,235
Accrued payroll payable	49,507
Total liabilities	96,742
Deferred inflows of resources:	
Unavailable property tax revenue	6,935
Fund Balances:	
Unassigned	1,035,602
Total liabilities, deferred inflows of resources and fund balance	\$ 1,139,279

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

PORT OF MORROW
Reconciliation of The Governmental Funds Balance Sheet
To The Statement of Net Position
For the Fiscal Year Ended June 30, 2020

Total fund balances for governmental funds \$ 1,035,602

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

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

Equipment	\$	698,834	
Accumulated Depreciation		<u>(500,087)</u>	
			198,747

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

6,935

Total net position of governmental activities **\$ 1,241,284**

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

PORT OF MORROW
Statement of Revenues, Expenditures, and Changes in
Fund Balances - All Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund
Revenues:	
Taxes:	
Property taxes	\$ 196,710
Payments in lieu of tax	698,731
Miscellaneous:	
Interest income	99
Bond handling charges	455,827
Total revenues	1,351,367
Expenditures:	
Current:	
Management and administration	605,956
Excess of revenues over (under) expenditures	745,411
Other Financing Sources (Uses):	
Grant Revenue	44,453
Transfers from other funds	165,000
Change in fund balance	954,864
Fund balance, beginning of year	80,738
Fund balance, end of year	\$ 1,035,602

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

PORT OF MORROW
Reconciliation of The Statement of Revenues, Expenditures, and Changes in Fund
Balances of Governmental Funds To The Statement of Activities
For the Fiscal Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ 954,864

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$0) was less than depreciation (\$66,639) less loss on disposition of assets (\$5,836) in the current period. (72,475)

Property taxes receivable but not collectable soon enough to pay for the current period's expenditures are offset by unearned revenue in the Governmental fund. In the statement of activities property taxes are recorded as revenues as billed. Property taxes receivable increased (\$6,935 - \$6,741) during the current period. 193

Change in net position of governmental activities \$ 882,582

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

PORT OF MORROW
Statement of Fund Net Position
June 30, 2020

	Business-Type Activities
Assets:	
Current assets:	
Petty cash	\$ 850
Cash in bank	759,168
Local government investment pool	10,494,591
Total cash and cash equivalents	11,254,609
Accounts receivable (net of \$144,912 doubtful accounts)	2,585,235
Grants receivable	2,106,358
Deposits and prepaid expenses	208,376
Inventory	9,873
Total current assets	16,164,451
Noncurrent assets:	
Deposits with trustee	3,001,835
Loan receivable	278,456
Lease receivable	9,144,268
Patronage capital credits	1,300,101
Capital assets:	
Assets held for sale	500,000
Property and equipment	234,920,685
Less: accumulated depreciation	(69,226,962)
Total capital assets, net of depreciation	166,193,723
Total noncurrent assets	179,918,383
Total assets	196,082,834
Deferred outflows of resources:	
Deferred outflows related to OPEB	118,922
Unearned charges	83,106
Total deferred outflows of resources	202,028
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	3,180,413
Accrued payroll and compensated absences	1,604,002
Customer deposits	3,063
Unearned revenue	511,212
Bonds payable (net)	4,395,903
Notes payable	2,323,262
Total current liabilities	12,017,855
Long-term liabilities:	
Net OPEB liability	184,879
Bonds payable (net)	66,577,890
Notes payable	20,803,974
Total long-term liabilities	87,566,743
Total liabilities	99,584,598
Deferred inflows of resources:	
Deferred inflows related to OPEB	5,291
Net Position:	
Net Investment in capital assets	72,092,694
Restricted for capital and debt service	6,128,168
Unrestricted	18,474,111
Total net position	\$ 96,694,973

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

PORT OF MORROW
Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Fiscal Year Ended June 30, 2020

Operating Revenues	
Discharge water segment	\$ 6,256,359
Site development segment	5,985,090
Fresh water segment	3,541,585
Sage center	93,532
Warehousing segment	11,186,324
East beach utility	728,093
Total operating revenues	<u>27,790,983</u>
Operating Expenses:	
Labor	12,475,473
Contract	794,720
Utilities	1,467,944
Insurance	270,329
Repairs	1,281,043
Fuel and oil	172,896
Testing and permits	655,747
Legal fees	56,964
Property taxes / Lease Expense	109,513
Supplies	841,774
Marketing	196,888
LRA Activities	94,791
Depreciation	6,506,973
Community projects	6,031
Total operating expenses	<u>24,931,086</u>
Operating income (loss)	<u>2,859,897</u>
Non-Operating Revenues (Expenses):	
Interest income	1,199,153
Gain (loss) on sale of assets	3,397,643
Transfers (to) other funds	(165,000)
Interest expense	(3,118,561)
Trustee fees	(5,700)
Total non-operating revenues (expenses)	<u>1,307,535</u>
Special Items:	
Contributions to subrecipients	(7,000,000)
Grant income	19,058,015
Total special items	<u>12,058,015</u>
Change in net position	16,225,447
Net position, beginning of year	<u>80,469,526</u>
Net position, end of year	<u><u>\$ 96,694,973</u></u>

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

PORT OF MORROW
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2020

Cash Flows From Operating Activities:

Cash received from customers	\$ 26,167,809
Cash payments to supplies for goods and services	(6,027,124)
Cash payments for personnel services	(12,150,444)
Net cash provided by operating activities	7,990,241

Cash Flows From Non Capital Financing Activities:

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

Principal paid on revenue bond maturities, loans, and contracts	(4,026,165)
Proceeds from bonds and loans	1,760,000
Interest paid on bonds and loans	(3,260,653)
Interest income on bond reserves	13,496
Capital related trustee fees on bonds	(5,700)
Acquisition and construction of capital assets	(38,552,441)
Restricted for debt service	(620,208)
Receipts from sale of capital assets	3,397,643
Capital grants received	16,902,876
Net cash provided by capital and related financing activities	(24,391,152)

Cash Flows From Investing Activities:

Interest on investments	1,185,653
Contributions to subrecipients	(6,650,000)
Lease receivable	339,186
Net cash used in investing activities	(5,125,161)

Net increase (decrease) in cash	(21,691,072)
Cash and cash equivalents at July 1, 2019	32,945,681
Cash and cash equivalents at June 30, 2020	\$ 11,254,609

continued on next page

PORT OF MORROW
Statement of Cash Flows
Enterprise Funds
For the Fiscal Year Ended June 30, 2020

Reconciliation of Operating income (Loss) to Net Cash Provided By Operating Activities:

Operating income	\$ 2,859,897
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	6,506,973
Internal service revenue charged to capital assets	(1,313,491)
Net increase in trade accounts and notes receivable	(322,508)
Increase in prepaid expense	(88,830)
Increase in deferred outflows from OPEB	(643)
Increase in patronage capital credits	(201,263)
Increase in trade accounts payable	10,346
Decrease in customer deposits	(1,048)
Increase in deferred inflows from OPEB	(116,330)
Increase in OPEB liability	114,543
Increase in accrued payroll	327,459
Increase in unearned revenue	215,136
Total adjustments	5,130,344
Net cash provided by operating activities	\$ 7,990,241

Summary of Cash and Cash Equivalents:

	June 30, 2020
Petty cash	\$ 850
Cash in Bank	759,168
Local government investment pool	10,494,591
Total cash and cash equivalents	\$ 11,254,609

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

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**NOTES TO BASIC FINANCIAL
STATEMENTS**

PORT OF MORROW
Notes to Basic Financial Statements

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

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

Basis of Presentation, Basis of Accounting

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

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

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

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

Measurement Focus, Basis of Accounting

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

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

PORT OF MORROW
Notes to Basic Financial Statements

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

Financial Position

Deposits and Investments

The cash balances of all funds are pooled and invested by the Port for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at June 30, 2020 based on market prices. The individual fund's portions of the pool's fair value are presented as cash and cash equivalents. Earnings on the pooled funds are apportioned and paid or credited to the funds monthly based on the ending balance of each participating fund.

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

Cash and Cash Equivalents

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

Deferred Outflows/Inflows of Resources

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

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

Property Tax Calendar

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

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

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

Inventory and Prepaid Items

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

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

PORT OF MORROW
Notes to Basic Financial Statements

Capital Assets

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

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

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

Capitalized Interest

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

Compensated Absences

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

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

Years of employment begin with the date of hire.

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

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

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

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

PORT OF MORROW
Notes to Basic Financial Statements

Net Position/Fund Balance Classifications

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

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

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

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

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

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

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

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

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

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

Unearned Revenue

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

Unearned Charges

These are bond issue costs which are amortized over the term of the issue.

PORT OF MORROW
Notes to Basic Financial Statements

Discount on Port Revenue Bonds

Bond discounts for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective-interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable.

Unearned Amount on Refunding (Net)

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

Accounting Estimates

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

Note 2 - Compliance and Accountability:

Finance-Related Legal and Contractual Provisions

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

None reported

Note 3 - Deposits and Investments:

Deposits and investments are comprised of the following at June 30, 2020:

Petty Cash	\$ 1,050
Deposits with financial institutions	1,246,155
Deposits with trustee	3,001,835
Local Government Investment Pool	11,094,591
	<u>\$ 15,343,631</u>

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

Cash and cash equivalents	\$ 12,341,796
Deposits with trustee	3,001,835
	<u>\$ 15,343,631</u>

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

Investments, including amounts held in pooled cash and investments, are stated at fair value, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Fair value is determined at the quoted market price, if available; otherwise, the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. Investments in the State of Oregon Local Government Pool (LGIP) are stated at fair value.

PORT OF MORROW
Notes to Basic Financial Statements

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$1,623,057 at June 30, 2020. The difference is due to transactions in process. Deposits are secured by federal deposit insurance to legal limits. The remaining amount is secured by collateral in accordance with Oregon Revised Statutes.

Custodial Credit Risk - Deposits

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

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

Investments

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

Credit Risk - Investments

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

Custodial Credit Risk - Investments

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

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

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

PORT OF MORROW
Notes to Basic Financial Statements

Concentration Risk

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

<u>Investment Type</u>	<u>Maturities</u>	<u>Concentration % of Portfolio</u>	<u>Actual Amount</u>
Local Government Investment Pool	Avg 6-18 months	100%	<u>\$ 11,094,591</u>

Interest Rate Risk

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

Note 4 - Accounts and Other Receivables:

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

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

Accounts receivable is partly composed of amounts due Port of Morrow at June 30, 2020 for fresh water and discharge services, land leases, warehouse storage, and royalties. Accounts receivable are considered delinquent if uncollected after 30 days. Uncollectible receivables are accounted for using the reserve method as required by GAAP based on 80% of accounts receivable aged over 90 days delinquent.

The Enterprise Fund has financed certain road and utility improvements for a local community and has entered into a new leverage loan associated with their new market tax credit transaction. Loan Receivable tracks the aggregate outstanding balances of these transactions.

Note 5 - Property Taxes Receivable

Property taxes receivable included in revenues are \$6,935, which are all past due and accruing interest.

PORT OF MORROW
Notes to Basic Financial Statements

Note 6 - Capital Assets:

Capital asset activity for the twelve months ended June 30, 2020, was as follows:

	Balance at July 1, 2019	Increases	Decreases	Balance at June 30, 2020
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 36,750	\$ -	\$ -	\$ 36,750
Capital assets being depreciated:				
Buildings	186,828	-	-	186,828
Equipment & furniture	506,996	-	(31,741)	475,255
Total capital assets being depreciated	693,824	-	(31,741)	662,083
Less: accumulated depreciation:				
Buildings	(101,830)	-	-	(101,830)
Equipment & furniture	(357,521)	(66,639)	25,904	(398,256)
Total accumulated depreciation	(459,351)	(66,639)	25,904	(500,086)
Net capital assets being depreciated	234,473	(66,639)	(5,837)	161,997
Net capital assets - Governmental Activities	\$ 271,223	\$ (66,639)	\$ (5,837)	\$ 198,747
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 10,284,899	\$ 501,757	\$ -	\$ 10,786,656
Construction in progress	1,347,345	32,345,734	1,347,345	32,345,734
Assets held for sale	500,000	-	-	500,000
Total capital assets not being depreciated	12,132,244	32,847,491	1,347,345	43,632,390
Capital assets being depreciated:				
Buildings & land improvements	124,027,980	8,762,708	-	132,790,688
Equipment & furniture	58,155,291	842,315	-	58,997,606
Total capital assets being depreciated	182,183,271	9,605,023	-	191,788,294
Less: accumulated depreciation:				
Buildings	(38,599,326)	(4,345,047)	-	(42,944,373)
Equipment & furniture	(24,120,662)	(2,161,926)	-	(26,282,588)
Total accumulated depreciation	(62,719,988)	(6,506,973)	-	(69,226,961)
Net capital assets being depreciated	119,463,283	3,098,050	-	122,561,333
Net capital assets - Business-type Activities	\$ 131,595,527	\$ 35,945,541	\$ 1,347,345	\$ 166,193,723

Depreciation expense was charged to functions as follows:

Governmental activities:	
Unallocated	\$ 66,639
Business-type activities:	
Discharge Water	\$ 1,731,290
Site Development	3,189,816
Warehousing	1,113,990
East Beach Utility	344,991
Fresh Water	126,886
Total depreciation expense	\$ 6,506,973

PORT OF MORROW
Notes to Basic Financial Statements

Note 7 - Accounts Payable:

The accounts payable balance is partly composed of the following:

Trade payable - Umatilla Electric	\$	119,502
Trade payable - City of Boardman		21,346
Capital Asset - Rotschy Inc.		261,171
Capital Asset - Madison Ranches		235,011
Capital Asset - Thompson Pipegroup		824,559
Capital Asset - Columbia Electric Supply		86,612

Note 8 - Short-Term Debt:

The Port of Morrow had no short-term debt outstanding for the year ended June 30, 2020.

PORT OF MORROW
Notes to Basic Financial Statements

Note 9 - Long-Term

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2020 are as follows:

	Balance 6/30/2019	Long-term Debt Incurred	Matured & Paid	Amort.	Called or Defeased	Balance 6/30/2020	Due Within One Year
Industrial development bonds (no- commitment debt):							
Threemile Canyon farms 2001A	10,000,000	-	-	-	-	10,000,000	10,000,000
Threemile Canyon farms 2001A	10,000,000	-	-	-	-	10,000,000	10,000,000
Bonneville Power Administration	84,740,000	-	-	-	-	84,740,000	-
Bonneville Power Administration	193,075,000	-	-	-	-	193,075,000	-
Bonneville Power Administration	97,790,000	-	10,690,000	-	-	87,100,000	20,000,000
Kodiak Carbonic	3,115,000	-	460,000	-	-	2,655,000	2,655,000
Bonneville Power Administration	115,085,000	-	-	-	-	115,085,000	57,500,000
Bonneville Power Administration	320,955,000	-	-	-	-	320,955,000	-
Bonneville Power Administration	98,200,000	-	-	-	-	98,200,000	-
Bonneville Power Administration	377,635,000	-	-	-	-	377,635,000	-
Total Industrial Development	<u>1,310,595,000</u>	<u>-</u>	<u>11,150,000</u>	<u>-</u>	<u>-</u>	<u>1,299,445,000</u>	<u>100,155,000</u>
Enterprise Notes Payable:							
Bank of Eastern Oregon	1,400,000	-	1,467	-	-	1,398,533	1,398,533
Special public works #4	186,106	-	59,874	-	-	126,232	60,357
Special public works #5	342,190	-	51,225	-	-	290,965	53,781
Special public works #6	435,264	-	30,382	-	-	404,882	31,953
Special public works #7	1,512,250	-	73,525	-	-	1,438,725	76,731
Special public works #8	4,267,360	-	143,138	-	-	4,124,222	147,947
Special public works #9	15,888,377	-	544,700	-	-	15,343,677	553,960
Enhanced Capital A	3,131,000	-	-	-	3,131,000	-	-
Enhanced Capital B	709,000	-	-	-	709,000	-	-
Total Enterprise Notes Payable	<u>27,871,547</u>	<u>-</u>	<u>904,311</u>	<u>-</u>	<u>3,840,000</u>	<u>23,127,236</u>	<u>2,323,262</u>
Enterprise Port Revenue Bonds:							
2011A Issue	1,638,507	-	525,412	-	-	1,113,095	\$ 545,903
2014FFC Issue	6,600,000	-	335,000	-	-	6,265,000	345,000
2016FFC Issue	13,530,000	-	655,000	-	-	12,875,000	680,000
2017FFC Issue	18,275,000	-	1,580,000	-	-	16,695,000	1,425,000
2019FFC A Issue	7,000,000	-	-	-	-	7,000,000	485,000
2019FFC B/C Issue	23,195,000	-	-	-	-	23,195,000	830,000
2020FFC A/B Issue	-	1,760,000	-	-	-	1,760,000	85,000
Total Enterprise Port Revenue Bonds	<u>70,238,507</u>	<u>1,760,000</u>	<u>3,095,412</u>	<u>-</u>	<u>-</u>	<u>68,903,095</u>	<u>4,395,903</u>
Less: Bond (Discounts) Premiums	2,407,488	-	-	-	-	2,407,488	-
Amortization of Bond Discounts (Premiums)	(208,684)	-	-	(128,106)	-	(336,790)	-
Unearned Amount on Refunding	(334,062)	-	-	-	-	(334,062)	-
Amortization of Unearned Amount	149,293	-	-	101,664	-	250,957	-
	<u>72,252,542</u>	<u>1,760,000</u>	<u>3,095,412</u>	<u>(26,442)</u>	<u>-</u>	<u>70,890,688</u>	<u>4,395,903</u>
Total	<u>\$ 1,410,719,089</u>	<u>\$ 1,760,000</u>	<u>\$ 15,149,723</u>	<u>\$ (26,442)</u>	<u>\$ 3,840,000</u>	<u>\$ 1,393,462,924</u>	<u>\$ 106,874,165</u>

PORT OF MORROW
Notes to Basic Financial Statements

Disclosure of Legal Debt Margin

Port of Morrow general obligation bonds are limited by Oregon Revised Statutes 777.410 to 2 ½% of true cash value of all taxable property within the Port district. Port of Morrow's district is all of Morrow County, Oregon. The Port's legal debt limit based on the above is \$61,977,688 at June 30, 2020. At that date, Port of Morrow had no general obligation bonds outstanding.

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

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

Revenue Bonds:

- 1) Series 2011 (issued 11-22-11, original issue of \$4,799,300) interest at 3.9%, due annually to 12-01-2021. Parity bonds secured by a pledge of net revenues available for debt service. A direct placement with Bank of Eastern Oregon. \$ 1,113,095

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

- 2) Series 2014 (issued 9-30-14, original issue of \$8,170,000) interest at various rates (2 - 4%), due serially to 6-01-2029. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service. \$ 6,265,000

The proceeds of these bonds were used to partially fund the construction of a freezer warehouse facility.

- 3) Series 2016 (issued 5-17-16, original issue of \$14,580,000) interest at various rates (2 - 4%), due serially to 6-01-2037. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service. \$ 12,875,000

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

- 4) Series 2017 (issued 10-18-17, original issue of \$20,865,000) interest at various rates (1.7-4.2%), due serially to 6/1/37. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service. \$ 16,695,000

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

- 5) Series 2019 (issued 4-2-19, original issue of \$30,195,000) interest at various rates (2.96-3.38%), due serially to 5/1/2039. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service. A direct placement with Zions Bank. \$ 30,195,000

Of these proceeds, \$7,000,000 financed an addition to the freezer warehouse. \$23,195,000 financed the Columbia Improvement District pipeline project.

PORT OF MORROW
Notes to Basic Financial Statements

- 6) Series 2020 (issued 5-15-2020, original issue of \$1,760,000) interest at various rates (2.33-3.04%), due serially to 12-15-2039. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service. A direct placement with Zions Bank. \$ 1,760,000

Proceeds of this issue are to finance construction of the Columbia Improvement District pipeline project.

Installment Notes Payable:

- 1) Special Public Works Fund Loan (originated 1-23-02 at \$862,000) interest at various rates from 3 to 5%, payable annually on December 1 through fiscal 2021. Unsecured. A direct borrowing. \$ 126,232

This loan financed a new crane.

- 2) Special Public Works Fund Loan (originated 6-16-05 at \$840,000) interest at 4.99%, payable annually on December 1 through fiscal 2025. Unsecured. A direct borrowing. \$ 290,965

This loan financed a wastewater pretreatment facility.

- 3) Special Public Works Fund Loan (originated 2-1-05 at \$700,000) interest at 5.17%, payable annually on December 1 through fiscal 2030. Unsecured. A direct borrowing. \$ 404,882

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

- 4) Special Public Works Fund Loan (originated 6-8-07) interest at 4.36%, payable annually on December 1 through fiscal 2029. Unsecured. A direct borrowing. \$ 1,438,725

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

- 5) Special Public Works Fund Loan (originated 3-12-14) interest at 3.36%, payable annually on December 1 through fiscal 2039. Unsecured. A direct borrowing. \$ 4,124,222

This loan financed a wastewater pretreatment facility.

- 6) Special Public Works Fund Loan (originated 4-13-16) Interest at 3.41%, payable annually on December 1 through fiscal 2042. Unsecured. A direct borrowing. \$ 15,343,677

This loan financed wastewater pipelines and pond.

- 7) \$ 1,398,533
The Port entered into a note agreement with the Bank of Eastern Oregon (originated 1-24-19) in the amount of \$2,000,000 at 4.25%. Principal and interest is due in full January 24, 2021. This loan is unsecured. The loan is interim financing for the construction of a waste water disposal system. A direct borrowing.

PORT OF MORROW
Notes to Basic Financial Statements

Industrial Revenue Bonds:

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

Threemile Canyon Farms LLC Series 2001A & C (issued July 10, 2001) interest is variable, adjusted weekly and paid quarterly. Principal is due in full in 2021.

\$ 20,000,000

This issue was used for constructing a solid waste disposal located at a dairy west of Boardman, Oregon.

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

\$ 84,740,000

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

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

\$ 193,075,000

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

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

\$ 97,790,000

PORT OF MORROW
Notes to Basic Financial Statements

Kodiak Carbonic, LLC Series 2015 (issued September 29, 2015) interest is variable at the LIBOR Index Rate, and paid monthly. Principal was paid in full August 2020.

\$ 2,655,000

This issue was used for constructing a facility to process raw carbon dioxide gas currently vented as a waste product by Pacific Ethanol Inc. east of Boardman, Oregon.

Bonneville Power Administration Series 2016 (issued January 29, 2016) interest is 3.221 to 3.521%, payable semi-annually, due September 1, 2027. Under the terms of a Lease Agreement, Bonneville is required to make unconditional lease payments directly to the trustee equal to debt service on the bonds. Bonneville is also required to pay any additional taxes, charges or other reasonable costs and expenses of the Port in connection with the Lease Agreement. The Port has no control over, and no obligation with respect to, the project financed by the bonds, including the operation, maintenance, repair, replacement or use of the project.

\$ 115,085,000

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

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

\$ 320,955,000

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

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

\$ 98,200,000

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

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Notes to Basic Financial Statements

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

\$ 377,635,000

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

Additionally, the Port has two lines of credit conduit financing outstanding for Bonneville as of November 5, 2020. The Port has no control over the projects to be financed and no obligation to make any payments due under the lines of credit.

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

<u>Enterprise Fund</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-2021	\$ 6,719,165	\$ 3,007,881	\$ 9,727,046
2021-2022	5,464,509	2,806,885	8,271,394
2022-2023	4,979,203	2,627,044	7,606,247
2023-2024	5,142,683	2,460,148	7,602,831
2024-2025	5,320,759	2,282,792	7,603,551
2025-2030	23,521,770	8,872,349	32,394,119
2030-2035	22,404,686	4,747,161	27,151,847
2035-2040	16,198,817	1,264,962	17,463,779
2040-2045	2,278,741	76,412	2,355,153

Note 10 - Federal and State Grants:

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

Note 11 - Pension Plan:

The Port of Morrow Commissioners adopted the Port of Morrow Pension Plan effective July 1, 1995. This is a single employer defined contribution plan and the trustee is Empower Retirement. An employee is eligible upon becoming a full-time permanent employee. The Plan provides retirement benefits and covers 137 participants.

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

PORT OF MORROW
Notes to Basic Financial Statements

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

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

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

Total payroll paid during the fiscal year was \$9,525,497 (100%).

Total payroll subject to the pension plan for fiscal year ended June 30, 2020 was \$8,005,495 (84%).

Total employer and employee contributions in fiscal year ended June 30, 2020, were \$678,985 and \$465,943, respectively. The amount that was forfeited by employees due to leaving employment with the Port prior to vesting was \$11,794.

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

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

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

Note 13 - Operating Leases:

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

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

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020:

2020-2021	\$	380
2021-2022		380
2022-2023		380
2023-2024		380
2024-2025		380
2025-2030		1,900
2030-2035		1,900
2035-2040		380
Total minimum payments required	<u>\$</u>	<u>6,080</u>

PORT OF MORROW
Notes to Basic Financial Statements

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

Commercial	Buildings & Land	3	acres
Industrial	Waterfront Land	65	acres
Irrigated	Farm Land	1,090	acres
Industrial	Land	934	acres

The following is a schedule by years of minimum future rental receipts on noncancelable operating leases as of June 30, 2020:

2020-2021	\$ 5,053,105
2021-2022	4,748,132
2022-2023	4,187,459
2023-2024	4,179,784
2024-2025	4,181,629
2025-2030	17,818,620
2030-2035	16,867,198
2035-2040	14,764,905
2040-2045	4,085,336
2045-2047	224,250
	<u>\$ 76,110,418</u>

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

	Cost	Accum Depr 6/30/2019	Depreciation 19-20	Accum Depr 6/30/2020	Book Value
Industrial Waterfront					
Land/Terminal Equipment	\$ 10,605,834	\$ 6,017,880	\$ 287,065	\$ 6,304,945	\$ 4,300,889
Industrial Land	24,932,203	7,581,516	816,157	8,397,673	16,534,530
Irrigated Farm Land	3,615,858	1,066,215	199	1,066,414	2,549,444
Pipeline	28,163,577	-	-	-	28,163,577
Wastewater Pretreatment Facilities	6,495,127	2,021,546	236,509	2,258,055	4,237,072
Commercial Buildings & Land	1,003,500	313,936	33,179	347,115	656,385
	<u>\$ 74,816,099</u>	<u>\$ 17,001,093</u>	<u>\$ 1,373,109</u>	<u>\$ 18,374,202</u>	<u>\$ 56,441,897</u>

Note 14 - Interfund Transactions - Major Funds:

Transfers between major funds during fiscal year ended June 30, 2020, consisted of the following:

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

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

Note 15 - Risk Management:

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

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

PORT OF MORROW
Notes to Basic Financial Statements

Note 16 - Related Party Transactions:

Gary Neal, the retired General Manager, and Jerry Healy and Marv Padberg, Port Commissioners, serve on the Board of Directors and have ownership interest in Windwave Communications, Inc. The Port paid Windwave \$938 for utility installation and \$10,647 for internet service. They also leased a building for \$21,600.

Note 17 - Economic Dependency:

A material part of Port of Morrow's total revenues is dependent upon one customer, the loss of which would have a materially adverse effect on the Port. During the year ended June 30, 2020, this customer accounted for \$13,540,711 equaling approximately 48% of Port operating revenues. Port of Morrow has done business with this customer for over twenty years.

Note 18 - Commitments and Contingencies:

City of Boardman Water Use:

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

Note 19 - Tax Abatements:

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

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

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

For the fiscal year ended June 30, 2020, the Port of Morrow allocation of property tax abatements from the Enterprise Zone amounted to \$213,855 and from the Strategic Investment Program amounted to \$70,753.

Note 20 - Subsequent Events:

On March 11, 2020, the World Health Organization declared a world-wide pandemic related to COVID-19. The virus is causing significant upheaval in the United States and most countries in the world. Supply chains are disrupted and most citizens in the U.S. are under some sort of stay at home order. As of the date of the report, the Port's revenue had not been significantly impacted by the virus, however, it is unknown if the pandemic will cause future impacts on revenues and operations.

Subsequent events have been evaluated through November 5, 2020.

PORT OF MORROW
Notes to Basic Financial Statements

Note 21 - Segment Information:

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

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

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

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

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

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

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

Segment information for the fiscal year ended June 30, 2020 is as follows:

	Fresh Water	Discharge	East Beach Utility	SAGE Center	Site Development	Warehousing	Totals
Assets							
Current Assets	\$ 4,343,167	\$ 3,354,180	\$ 189,603	\$ 42,221	\$ 6,369,931	\$ 1,865,348	\$ 16,164,450
Noncurrent Assets	1,993,825	377,029	182,014	52,004	10,989,778	130,010	13,724,660
Capital Assets	32,091,801	32,325,732	3,316,747	6,894,966	57,976,520	33,587,957	166,193,723
Total Assets	38,428,793	36,056,941	3,688,364	6,989,191	75,336,229	35,583,315	196,082,833
Deferred Outflow of Resources	-	-	-	-	202,028	-	202,028
Liabilities							
Current Liabilities	2,752,156	3,089,029	130,141	39,443	3,542,365	2,464,721	12,017,855
Long-term Liabilities	24,040,000	17,431,868	1,361,994	-	21,407,880	23,325,000	87,566,742
Total Liabilities	26,792,156	20,520,897	1,492,135	39,443	24,950,245	25,789,721	99,584,597
Deferred Inflow of Resources	-	-	-	-	5,291	-	5,291
Net Position							
Unrestricted	(389,333)	642,180	241,476	627,550	11,860,081	2,032,654	15,014,608
Restricted for Capital and Debt Service	3,974,169	-	-	-	2,154,000	-	6,128,169
Net Investment in Capital Assets	8,051,801	14,893,864	1,954,753	6,322,198	36,568,640	7,760,940	75,552,196
Total Net Position	\$ 11,636,637	\$ 15,536,044	\$ 2,196,229	\$ 6,949,748	\$ 50,582,721	\$ 9,793,594	\$ 96,694,973

PORT OF MORROW
Notes to Basic Financial Statements

	Fresh Water	Discharge	East Beach Utility	SAGE Center	Site Development	Warehousing	Totals
Operating Revenues							
Water Usage	\$ 3,396,043	\$ -	\$ 177,203		\$ -	\$ -	\$ 3,573,246
Water Discharge	-	6,036,567	454,007		-	-	6,490,574
Building & Land Leases	-	-	-		3,449,070		3,449,070
Other Operating Revenue	145,543	219,791	96,882	93,532	2,536,021	11,186,324	14,278,093
Total Operating Revenue	3,541,586	6,256,358	728,092	93,532	5,985,091	11,186,324	27,790,983
Operating Expenses							
Labor	926,853	2,053,011	114,172	410,672	1,924,986	6,701,053	12,130,747
Depreciation	126,886	1,731,290	344,991	-	3,189,817	1,113,990	6,506,974
Other Operating Expenses	858,452	1,538,403	341,189	213,101	1,809,451	1,532,768	6,293,364
Total Operating Expenses	1,912,191	5,322,704	800,352	623,773	6,924,254	9,347,811	24,931,085
Operating Income	1,629,395	933,654	(72,260)	(530,241)	(939,163)	1,838,513	2,859,898
Nonoperating Revenues	390,810	300,000	50,000	37,485	3,818,501	-	4,596,796
Nonoperating Expenses							
Interest Expense	(749,832)	(432,248)	(64,081)	(50,993)	(820,229)	(1,001,179)	(3,118,562)
Other Nonoperating Expense	(22,000)	(65,000)	(15,000)	-	(67,600)	(1,100)	(170,700)
Total Nonoperating Income (Expense)	(381,022)	(197,248)	(29,081)	(13,508)	2,930,672	(1,002,279)	1,307,534
Special Items							
Contribution to Others	(7,000,000)	-	-	-	-	-	(7,000,000)
Grant Revenue	16,023,181	39,369	-	674,680	2,320,785	-	19,058,015
Change in Net Position	10,271,554	775,775	(101,341)	130,931	4,312,294	836,234	16,225,447
Beginning Net Position	3,986,041	14,138,533	3,731,985	6,191,267	44,896,994	7,524,706	80,469,526
Reclassification - Other Segment	(2,620,958)	621,736	(1,434,415)	627,550	1,373,433	1,432,654	-
Ending Net Position	\$ 11,636,637	\$ 15,536,044	\$ 2,196,229	\$ 6,949,748	\$ 50,582,721	\$ 9,793,594	\$ 96,694,973
Cash Provided By:							
Operating Activities	\$ 1,762,802	\$ 2,741,130	\$ 175,719	\$ (544,244)	\$ 1,517,063	\$ 2,337,771	\$ 7,990,241
Capital	(11,259,542)	(2,845,092)	(180,765)	(78,313)	(1,712,663)	(8,479,777)	(24,556,152)
Investing Activities	(8,559,190)	(2,000,000)	(1,310,000)	1,337,485	7,206,544	(1,800,000)	(5,125,161)
Beginning Cash & Cash Equivalents	22,136,832	5,197,023	1,415,288	(668,135)	(3,472,968)	8,337,641	32,945,681
Ending Cash & Cash Equivalents	\$ 4,080,902	\$ 3,093,061	\$ 100,242	\$ 46,793	\$ 3,537,976	\$ 395,635	\$ 11,254,609

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**REQUIRED SUPPLEMENTARY
INFORMATION**

PORT OF MORROW
General Fund
Statement of Revenues, Expenditures and Changes in
Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance - Positive (Negative)
	Original	Final		
Revenues:				
Property taxes	\$ 182,302	\$ 182,302	\$ 196,710	\$ 14,408
Payments in lieu of taxes	15,500	15,500	698,731	683,231
Interest income	3,000	3,000	99	(2,901)
Bond handling charges	350,856	350,856	455,827	104,971
Contribution	135,000	135,000	-	(135,000)
Sale of assets	100	100	-	(100)
Miscellaneous	100	100	-	(100)
Total revenues	<u>686,858</u>	<u>686,858</u>	<u>1,351,367</u>	<u>664,509</u>
Expenditures:				
Personnel services	640,800	640,800	313,750	327,050
Materials and services	464,000	464,000	292,206	171,794
Capital outlay	10,000	10,000	-	10,000
General operating contingency	39,058	39,058	-	39,058
Total expenditures	<u>1,153,858</u>	<u>1,153,858</u>	<u>605,956</u>	<u>547,902</u>
Excess of revenues over (under) expenditures	<u>(467,000)</u>	<u>(467,000)</u>	<u>745,411</u>	<u>1,212,411</u>
Other Financing Sources (Uses):				
Grant income	-	-	44,453	44,453
Transfer to/from enterprise fund	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Change in fund balance	(302,000)	(302,000)	954,864	1,256,864
Fund balance, beginning of year	<u>402,000</u>	<u>402,000</u>	<u>80,738</u>	<u>(321,262)</u>
Fund balance, end of year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 1,035,602</u>	<u>\$ 935,602</u>

PORT OF MORROW
General Fund
Statement of Expenditures - Budget and Actual
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Personnel Services:			
Payroll	\$ 445,000	\$ 445,000	\$ 222,084
Payroll overhead	195,800	195,800	91,665
Total personnel services	<u>640,800</u>	<u>640,800</u>	<u>313,749</u>
Materials and Services:			
Office supplies	40,000	40,000	19,919
Legal	10,000	10,000	2,056
Audit and accounting	40,000	40,000	35,080
Notices and publications	5,000	5,000	407
Dues and subscriptions	75,000	75,000	49,145
Insurance and bonds	4,000	4,000	4,000
Utilities	15,000	15,000	2,011
Marketing	70,000	70,000	30,015
Commissioner expenses	35,000	35,000	28,995
Staff travel	40,000	40,000	16,074
Economic development	70,000	70,000	92,843
Planning/repair & maintenance	45,000	45,000	3,540
Education	15,000	15,000	8,122
Total materials and services	<u>464,000</u>	<u>464,000</u>	<u>292,207</u>
Capital Outlay:			
Equipment	<u>10,000</u>	<u>10,000</u>	<u>-</u>
General Operating Contingency			
	<u>39,058</u>	<u>39,058</u>	<u>-</u>
Total expenditures	<u>\$ 1,153,858</u>	<u>\$ 1,153,858</u>	<u>\$ 605,956</u>

PORT OF MORROW
Required Supplementary Information
June 30, 2020

Post Employment Benefits Other than Pensions (OPEB)

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

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

Actives	107
Retirees	1
Spouses of Ineligible Retirees	1
Total	109

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

	<u>Valuation Date</u> July 1, 2019
Present Value of Benefits	
Actives	\$ 409,098
Retirees	90,154
Total	\$ 499,252
Total OPEB Liability	
Actives	\$ 94,725
Retirees	90,154
Total	\$ 184,879
Service Cost	
As of Valuation Date	\$ 22,825
Discount Rate	3.50%
Changes in Total OPEB Liability	Increase (Decrease)
June 30, 2019 to June 30, 2020	Total OPEB Liability
Balance as of June 30, 2019	\$ 70,336
Changes for the year:	
Service cost	12,602
Interest on total OPEB liability	3,160
Effect of changes to benefit terms	-
Effect of economic/demographic gains or losses	78,631
Effect of assumptions changes or inputs	22,742
Benefit payments	(2,592)
	\$ 184,879

PORT OF MORROW
Required Supplementary Information
June 30, 2020

OPEB Expense	July 1, 2019 to June 30, 2020
Service cost	\$ 12,602
Interest on total OPEB liability	3,160
Effect of plan changes	-
Recognition of Deferred (Inflows)/Outflows of Resources	
Recognition of economic/demographic (gains) or losses	6,445
Recognition of assumption changes	1,221
Administrative Expense	n/a
OPEB Expense	\$ 23,428

Deferred outflows of resources related to OPEB of \$25,858 resulting from the Port's contributions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 72,186	\$ -
Changes of assumptions or inputs	\$ 20,878	\$ (5,291)
Benefit Payments	25,858	-
Total as of June 30, 2019	\$ 118,922	\$ (5,291)

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

Year ended June 30:	Annual Recognition
2021	\$ 7,666
2022	7,666
2023	7,666
2024	7,666
2025	7,666
Thereafter	49,443
Total	\$ 87,773

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

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

PORT OF MORROW
Required Supplementary Information
June 30, 2020

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

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

Sensitivity Analysis

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

	1% Decrease	Current Discount Rate	1% Increase
Discount Rate:			
Total OPEB liability	\$ 199,625	\$ 184,879	\$ 171,644
Healthcare Cost Trend			
Total OPEB liability	\$ 166,509	\$ 184,879	\$ 207,997

**NOTES TO REQUIRED
SUPPLEMENTARY INFORMATION**

PORT OF MORROW
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

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

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

SUPPLEMENTARY INFORMATION

PORT OF MORROW
Enterprise Fund
Statement of Revenues, Expenses, and Fund Net Position and Reconciliation To
Net Position - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual
	Original	Final	Amounts
Revenues	\$ 28,556,271	\$ 28,556,271	\$ 28,566,658
Expenses	(104,637,867)	(104,637,867)	(67,138,849)
Excess of revenues over (under) expenses	(76,081,596)	(76,081,596)	(38,572,191)
Other Financing Sources (Uses):			
Loan proceeds	30,215,000	30,215,000	1,760,000
Interest income	151,310	151,310	1,199,153
Transfer to other funds	2,000,000	2,000,000	-
Sale of assets	7,475,000	7,475,000	3,397,643
Grant income	34,739,184	34,739,184	18,576,481
Total other financing sources (uses)	74,580,494	74,580,494	24,933,277
Excess (deficiency) of revenues and other financing sources over expenses and other uses	(1,501,102)	(1,501,102)	(13,638,914)
Reconciliation to GAAP Basis:			
Loan proceeds	-	-	(1,760,000)
Principal paid on long-term debt	-	-	4,127,829
Depreciation	-	-	(6,506,973)
Contributions and subrecipients	-	-	(7,000,000)
Amortization	-	-	(101,664)
Fixed assets - capitalized	-	-	39,832,189
Labor capitalized	-	-	1,272,980
Total reconciliation items	-	-	29,864,361
Change in net position	(1,501,102)	(1,501,102)	16,225,447
Net position, beginning of year	3,840,000	3,840,000	80,469,526
Net position, end of year	\$ 2,338,898	\$ 2,338,898	\$ 96,694,973

PORT OF MORROW
Enterprise Fund
Statement of Revenues - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>
	<u>Original</u>	<u>Final</u>	
Discharge Water Segment:			
Water discharge	\$ 6,645,790	\$ 6,645,790	\$ 6,036,567
Miscellaneous and reimbursable services	34,000	34,000	59,613
Co-generation fixed fee	50,000	50,000	50,000
Patronage dividend	25,000	25,000	110,178
Total revenues - Discharge Water Segment	<u>6,754,790</u>	<u>6,754,790</u>	<u>6,256,358</u>
Site Development Segment:			
Land leases	1,521,804	1,521,804	1,195,150
Mining royalties	220,000	220,000	320,897
Building leases	3,258,785	3,258,785	2,253,920
T-3 lease	201,462	201,462	225,078
Rail tariff	220,000	220,000	99,424
Miscellaneous & reimbursements	8,000	8,000	19,645
Operating grant - LRA, CARES Act	500,000	500,000	481,534
Farm lease	272,450	272,450	261,880
Steam revenue	200,000	200,000	233,787
Patronage dividend	8,000	8,000	61,818
Total revenues - Site Development Segment	<u>6,410,501</u>	<u>6,410,501</u>	<u>5,153,133</u>
Fresh Water Segment:			
Water usage	2,666,000	2,666,000	3,396,043
Patronage dividend & miscellaneous	20,100	20,100	70,543
Co-generation fixed fee	75,000	75,000	75,000
Total revenues - Fresh Water Segment	<u>2,761,100</u>	<u>2,761,100</u>	<u>3,541,586</u>
Warehousing			
Warehouse Storage & Handling Revenue	<u>9,846,500</u>	<u>9,846,500</u>	<u>11,186,324</u>
Motor Pool Segment:			
Equipment rents	<u>1,261,000</u>	<u>1,261,000</u>	<u>1,607,633</u>
SAGE Center:			
Admission and facility use	113,000	113,000	81,350
Sponsorships (donations)	83,000	83,000	-
Patronage dividend	-	-	12,182
Total revenues - Sage Center	<u>196,000</u>	<u>196,000</u>	<u>93,532</u>
East Beach Utility:			
Utility fees - freshwater	333,880	333,880	177,203
Utility fees - discharge	946,500	946,500	454,007
Miscellaneous & reimbursements	46,000	46,000	58,296
Patronage dividend	-	-	38,586
Total revenues - East Beach Utility	<u>1,326,380</u>	<u>1,326,380</u>	<u>728,092</u>
Total revenues - enterprise fund	<u>\$ 28,556,271</u>	<u>\$ 28,556,271</u>	<u>\$ 28,566,658</u>

PORT OF MORROW
Enterprise Fund
Statement of Expenses - Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenses:				
Personnel services	\$ 12,752,910	\$ 14,252,910	\$ 13,748,453	\$ 504,457
Materials and services	7,219,590	7,219,590	6,242,781	976,809
Capital outlay	70,838,814	69,338,814	39,832,189	29,506,625
Transfers to other funds	2,365,000	2,365,000	165,000	2,200,000
Debt service	9,361,048	9,361,048	7,150,426	2,210,622
Contingency	2,100,505	2,100,505	-	2,100,505
Total expenses	<u>\$ 104,637,867</u>	<u>\$ 104,637,867</u>	<u>\$ 67,138,849</u>	<u>\$ 37,499,018</u>
 By Program:				
Fresh Water	\$ 42,125,284	\$ 42,125,284	\$ 31,418,066	\$ 10,707,218
Discharge Water	8,594,790	8,594,790	6,869,966	1,724,824
E Beach Utilities	1,294,502	1,294,502	645,648	648,854
Site Development	33,783,481	32,283,481	9,188,060	23,095,421
Motorpool	1,336,000	1,536,000	1,461,465	74,535
Sage Center	757,310	757,310	674,766	82,544
Warehousing	16,746,500	18,046,500	16,880,878	1,165,622
	<u>\$ 104,637,867</u>	<u>\$ 104,637,867</u>	<u>\$ 67,138,849</u>	<u>\$ 37,499,018</u>

OTHER FINANCIAL SCHEDULES

PORT OF MORROW
Schedule of Future Requirements For Retirement of
Bonded and Long-Term Debt
For the Fiscal Year Ended June 30, 2020

	<u>2020-2021</u>		<u>2021-2022</u>		<u>2022-2023</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Industrial Development Bonds						
(No-Commitment Debt) :						
Threemile Canyon Farms	10,000,000	407,000	-	-	-	-
Threemile Canyon Farms	10,000,000	407,000	-	-	-	-
Bonneville Power Administration Series 2012	-	3,114,195	-	3,114,195	-	3,114,195
Bonneville Power Administration Series 2014	-	6,236,323	-	6,236,323	-	6,236,323
Bonneville Power Administration Series 2015	20,000,000	2,051,394	20,000,000	1,514,560	22,100,000	882,430
Kodiak Carbonic Series 2015	2,655,000	15,000	-	-	-	-
Bonneville Power Administration Series 2016-1	-	9,371,886	-	9,371,886	-	9,371,886
Bonneville Power Administration Series 2016-2	57,500,000	1,514,734	-	1,514,734	-	1,514,734
Bonneville Power Administration Series 2019	-	2,271,186	-	2,271,186	-	2,271,186
Bonneville Power Administration Series 2020-1	-	9,603,258	-	9,603,258	-	9,603,258
Total no commitment debt	<u>100,155,000</u>	<u>34,991,976</u>	<u>20,000,000</u>	<u>33,626,142</u>	<u>22,100,000</u>	<u>32,994,012</u>
Enterprise Fund:						
Full Faith & Credit Bond, Series 2020 AB	85,000	48,864	65,000	46,169	70,000	44,117
Full Faith & Credit Bond, Series 2019 A	485,000	220,295	500,000	204,239	520,000	187,613
Full Faith & Credit Bond, Series 2019 B/ C	830,000	733,760	860,000	705,199	890,000	675,624
Full Faith & Credit Bond, Series 2017	1,425,000	573,100	1,460,000	536,050	1,495,000	495,538
Full Faith & Credit Bond, Series 2016	680,000	609,100	700,000	581,500	725,000	553,000
Full Faith & Credit Bond, Series 2014	345,000	245,725	360,000	232,787	370,000	218,387
Revenue Bond, Series 2011	545,902	43,411	567,193	22,121	-	-
Special Public Works Fund #4	60,357	6,312	65,875	3,294	-	-
Special Public Works Fund #5	53,781	14,519	56,465	11,836	59,282	9,018
Special Public Works Fund #6	31,953	20,932	33,605	19,280	35,342	17,543
Special Public Works Fund #7	76,731	62,728	80,076	59,383	83,568	55,891
Special Public Works Fund #8	147,947	138,574	152,918	133,603	158,056	128,465
Special Public Works Fund #9	553,960	260,843	563,377	251,425	572,955	241,848
Bank of Eastern Oregon	1,398,533	29,719	-	-	-	-
Total commitment debt	<u>6,719,164</u>	<u>3,007,881</u>	<u>5,464,509</u>	<u>2,806,885</u>	<u>4,979,203</u>	<u>2,627,044</u>
Total debt	<u>\$ 106,874,164</u>	<u>\$ 37,999,857</u>	<u>\$ 25,464,509</u>	<u>\$ 36,433,027</u>	<u>\$ 27,079,203</u>	<u>\$ 35,621,056</u>

2023-2024		2024-2025		All Subsequent Years		Total	
Principal	Interest	Principle	Interest	Principal	Interest	Principal	Interest
-	-	-	-	-	-	10,000,000	407,000
-	-	-	-	-	-	10,000,000	407,000
-	3,114,195	-	3,114,195	84,740,000	52,941,315	84,740,000	68,512,290
-	6,236,323	-	6,236,323	193,075,000	14,560,388	193,075,000	45,742,003
25,000,000	129,042	-	-	-	-	87,100,000	4,577,426
-	-	-	-	-	-	2,655,000	15,000
-	-	-	9,371,886	320,955,000	103,090,746	320,955,000	140,578,290
-	-	-	-	57,585,000	-	115,085,000	4,544,202
-	2,271,186	22,490,000	1,862,805	75,710,000	1,216,461	98,200,000	12,164,010
-	9,603,258		9,603,258	377,635,000	145,649,413	377,635,000	193,665,703
<u>25,000,000</u>	<u>21,354,004</u>	<u>22,490,000</u>	<u>30,188,467</u>	<u>1,109,700,000</u>	<u>317,458,323</u>	<u>1,299,445,000</u>	<u>470,612,924</u>
70,000	41,989	75,000	39,785	1,395,000	293,038	1,760,000	513,962
535,000	170,417	550,000	152,731	4,410,000	521,437	7,000,000	1,456,731
920,000	645,035	950,000	613,432	18,745,000	4,672,257	23,195,000	8,045,307
1,535,000	450,460	1,590,000	403,470	9,190,000	2,281,520	16,695,000	4,740,138
765,000	519,375	805,000	480,125	9,200,000	2,945,500	12,875,000	5,688,600
385,000	203,587	400,000	188,188	4,405,000	911,800	6,265,000	2,000,474
-	-	-	-	-	-	1,113,095	65,532
-	-	-	-	-	-	126,232	9,605
62,240	6,060	59,197	2,954	-	-	290,965	44,386
37,169	15,716	39,091	13,794	227,723	36,483	404,883	123,748
87,211	52,248	91,014	48,446	1,020,124	235,007	1,438,724	513,704
163,367	123,154	168,856	117,665	3,333,078	964,736	4,124,222	1,606,197
582,695	232,108	592,601	222,202	12,478,089	2,099,106	15,343,677	3,307,531
-	-	-	-	-	-	1,398,533	29,719
<u>5,142,683</u>	<u>2,460,148</u>	<u>5,320,759</u>	<u>2,282,792</u>	<u>64,404,014</u>	<u>14,960,884</u>	<u>92,030,332</u>	<u>28,145,634</u>
<u>\$ 30,142,683</u>	<u>\$ 23,814,152</u>	<u>\$ 27,810,759</u>	<u>\$ 32,471,259</u>	<u>\$ 1,174,104,014</u>	<u>\$ 332,419,207</u>	<u>\$ 1,391,475,332</u>	<u>\$ 498,758,558</u>

PORT OF MORROW
Schedule of Insurance Coverage
For the Fiscal Year Ended June 30, 2020

	<u>Policy Number</u>	<u>Expiration Date</u>	<u>Amount</u>
Liability			
Special Districts insurance Services General Liability (single limit) automobile insurance on various automobiles. Auto physical damage - \$ 100 Deductible - Comprehensive \$ 500 Deductible - Collision	35P16391-202	12/31/2020	\$ 5,000,000
Property			
Special Districts insurance Services All property, real and personal, including inland Marine \$ 1,000 Deductible on property coverage \$ 500 Deductible - inland Marine coverage \$ 1,000,000 Business interruption \$ 50,000 EDP	35P16391-202	12/31/2020	\$ 65,508,469
Boiler and Machinery			
Special Districts insurance Services \$ 1,000 Deductible	35P16391-202	12/31/2020	\$ 50,000,000
Crime Coverage			
Special Districts insurance Services	35P16391-202	12/31/2020	\$ 1,000,000
Workers' Compensation			
Special Districts insurance Services	34W16391-83	6/30/2020	\$ 3,000,000
Erisa Bond			
Old Republic Surety Company	W180013325	7/25/2020	\$ 500,000
Group Insurance			
Regence BlueCross BlueShield	68000661	6/30/2020	Health
MODA Health	G0020636	6/30/2020	Dental

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

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

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

We have audited the basic financial statements of Port of Morrow as of and for the year ended June 30, 2020, and have issued our report thereon dated November 5, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Port of Morrow's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

In connection with our testing nothing came to our attention that caused us to believe Port of Morrow was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered Port of Morrow's internal control over financial reporting (internal control) purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Port of Morrow's internal control. Accordingly, we do not express an opinion on the effectiveness of Port of Morrow's internal control over financial reporting.

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

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

Purpose of this Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC
Certified Public Accountants

By Michael R. Poe
Michael R. Poe, CPA
Owner/Member

La Grande, OR
November 5, 2020