

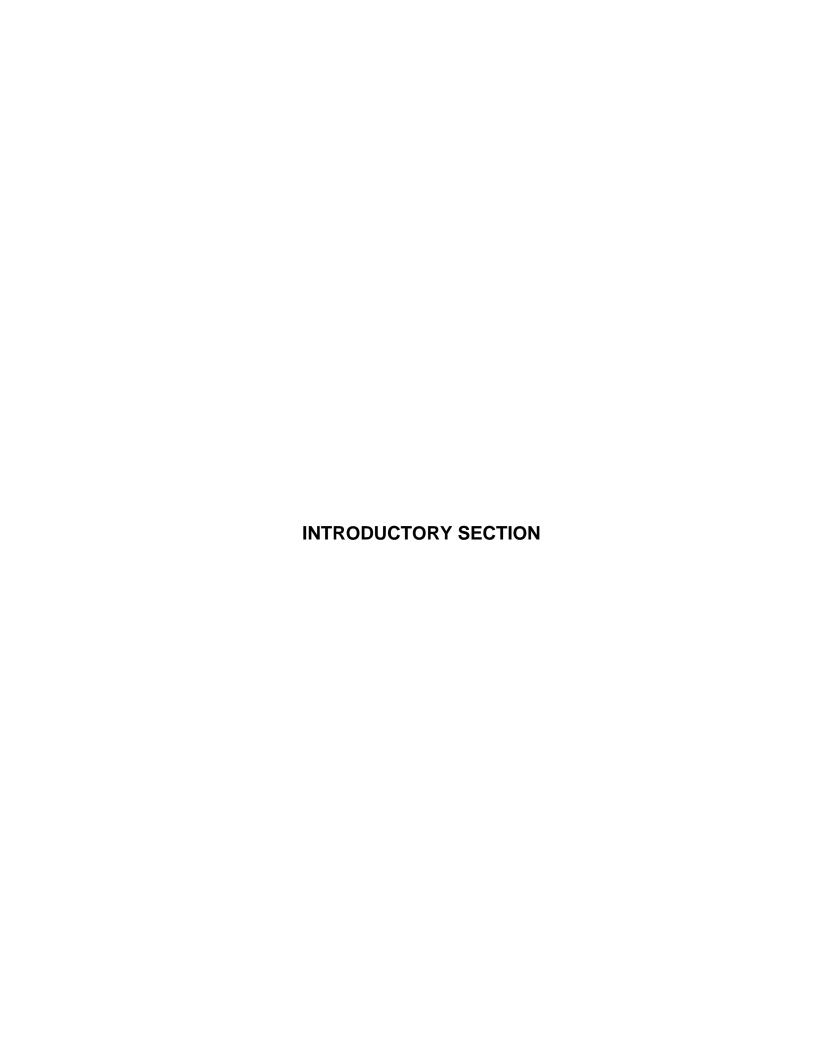
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2025



PO BOX 200 BOARDMAN, OR 97818 541.481.7678 HTTP://WWW.PORTOFMORROW.COM

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PORT OF MORROW Commissioners

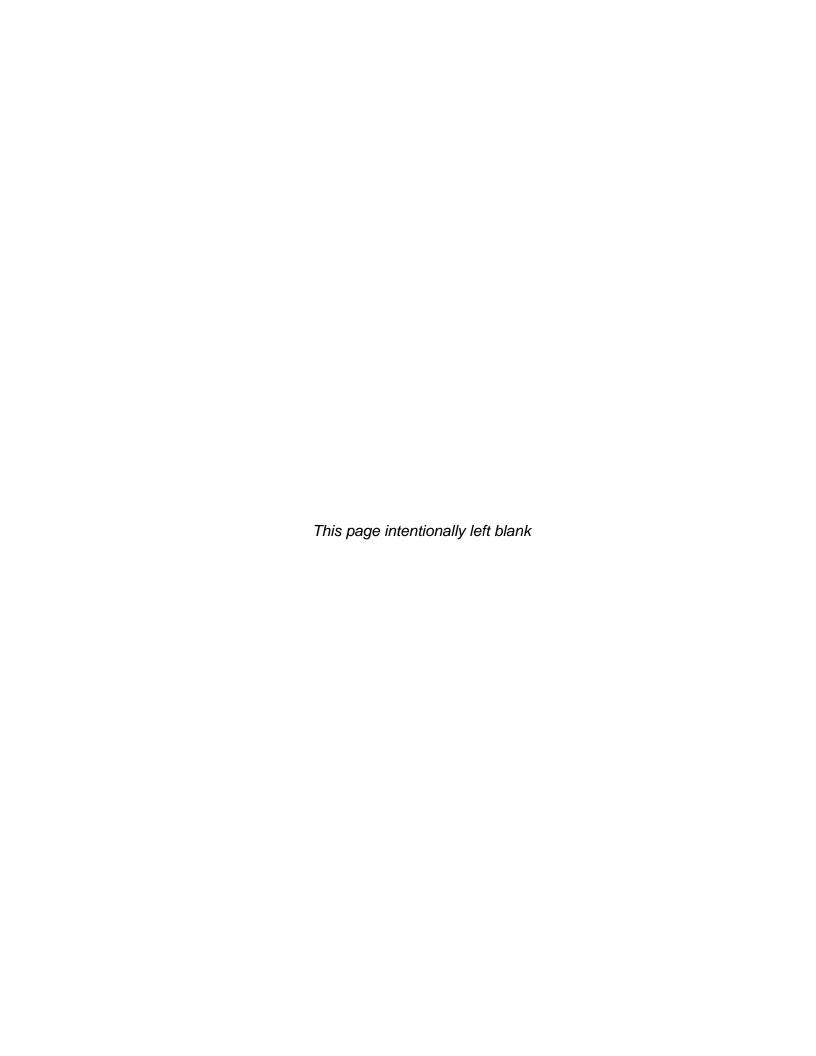
Name	Position	Term Expires
Joe Taylor	President	June 30, 2025
John Murray	Vice President	June 30, 2027
Rick Stokoe	Secretary/Treasurer	June 30, 2025
Kelly Doherty	Commissioner	June 30, 2027
Joel Peterson	Commissioner	June 30, 2025
	Other Personnel	
Lisa Mittelsdorf	Executive Director	

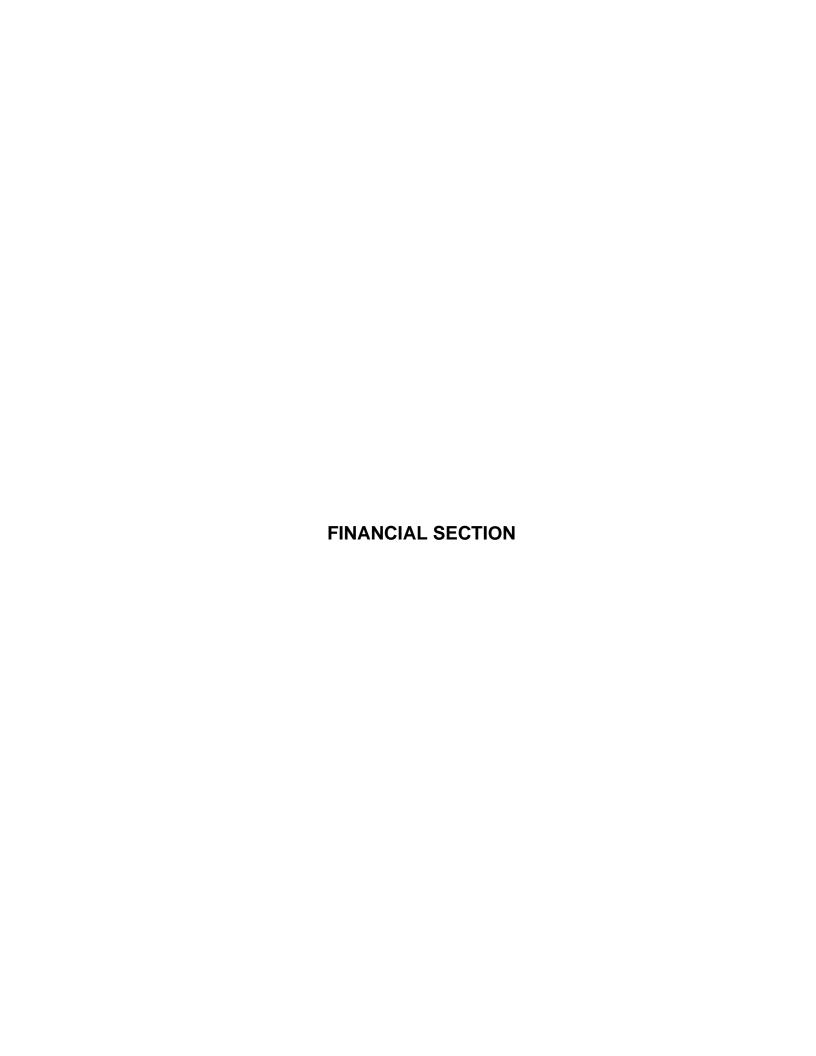
All Commissioners can receive mail at the following address:

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

Registered Agent

Sam Tucker, Attorney Milton Freewater, OR 97862







Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Port of Morrow as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Port of Morrow's basic financial statements as listed in the table of contents.

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 the Port of Morrow, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Port of Morrow and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Morrow's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Port
 of Morrow's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port of Morrow's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion analysis, budgetary comparison information, and other post-employment benefit liability information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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's discussion 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 our 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of Morrow's basic financial statements. The individual fund financial statements, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and other financial schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, the schedule of expenditures of federal awards, and other financial schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2025, on our consideration of the Port of Morrow's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port of Morrow's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port of Morrow's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 10, 2025, 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 ACCOUNANTS, LLC Certified Public Accountants

Chelsea A. Hewitt, CPA

Owner/Member

La Grande, OR November 10, 2025

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, 2025. 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, SAGE center and motor pool are reported in this category. This is the last year that the east beach utility will be reported as a separate segment. The items will be reported between the freshwater and discharge water segments. It was required by financing that has since paid off. The Port charges a fee to customers, tenants or other units within the Port to cover all or most of the cost of services it provides.

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

Financial Results:

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

Table 1
Net Position

			net i	Position					
	Governmen	tal activities		Business-ty	ре	activities	To	otal	
	2025	2024		2025		2024	2025		2024
Current and other assets	\$ 1,414,312	\$ 2,034,123	\$	201,942,458	\$	119,947,405	\$ 203,356,770	\$	121,981,528
Capital assets (net)	781,676	839,191		439,309,947		203,241,333	 440,091,623		204,080,524
Total assets	2,195,988	2,873,314		641,252,405		323,188,738	643,448,393		326,062,052
Deferred outflows of		_							_
resources	-	_		62,871		67,153	62,871		67,153
Long-term liabilities									
outstanding	-	-		381,867,998		109,745,659	381,867,998		109,745,659
Other liabilities	118,324	103,589		34,898,141		20,992,609	 35,016,465		21,096,198
Total liabilities	118,324	103,589		416,766,139		130,738,268	416,884,463		130,841,857
Deferred inflows of resources	-	-		35,454,838		37,508,450	35,454,838		37,508,450
Net position: Net investment in capital									
assets	781,676	839,191		86,091,288		123,636,806	86,872,964		124,475,997
Restricted	-	-		90,512,218		11,441,367	90,512,218		11,441,367
Unrestricted	1,295,988	1,930,534		12,490,793		19,931,000	 13,786,781		21,861,534
Total net position	\$ 2,077,664	\$ 2,769,725	\$	189,094,299	\$	155,009,173	\$ 191,171,963	\$	157,778,898

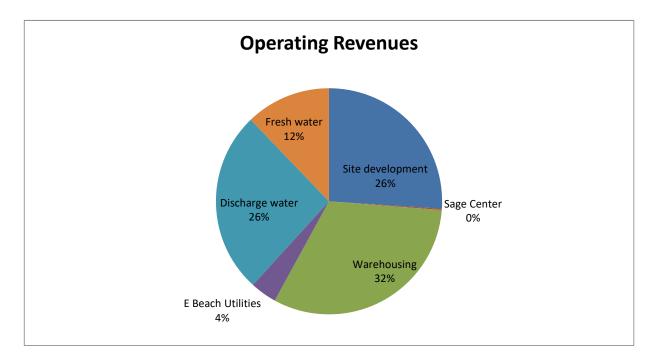
PORT OF MORROW Management's Discussion and Analysis

Table 2
Changes in Net Position

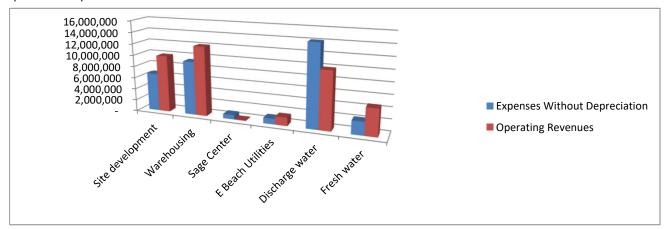
	Government	al activities	Business-typ	e activities	Tota	al
	2025	2024	2025	2024	2025	2024
Revenues:		_		_		
General governmental						
revenues	\$ 3,427,958	\$ 2,770,512	\$ -	\$ -	\$ 3,427,958 \$	2,770,512
Operating revenues						
Site Development	-	-	9,895,231	9,070,858	9,895,231	9,070,858
Sage Center	-	-	70,680	44,030	70,680	44,030
Warehousing			12,063,701	12,380,960	12,063,701	12,380,960
E. Beach Utilities	-	-	1,435,395	859,115	1,435,395	859,115
Discharge Water	-	-	9,905,770	7,726,981	9,905,770	7,726,981
Freshwater	-	-	4,631,375	4,211,473	4,631,375	4,211,473
NonOperating revenues						
Interest Income	59,346	129,685	3,941,372	1,208,096	4,000,718	1,337,781
Gain (loss) on sale of						
assets			 2,054,747	611,799	2,054,747	611,799
Total revenues	3,487,304	2,900,197	 43,998,271	36,113,312	47,485,575	39,013,509
Expenses:						
Management and						
administration	1,266,365	1,226,628			1,266,365	1,226,628
Operating expense	1,200,303	1,220,020	43,208,870	35,461,550	43,208,870	35,461,550
Nonoperating expenses	-	-	17,338,892	7,098,333	17,338,892	7,098,333
Nonoperating expenses		<u>-</u>	 17,330,092	7,090,333	17,330,092	1,090,333
Total expenses	1,266,365	1,226,628	 60,547,762	42,559,883	61,814,127	43,786,511
Increase (decrease) in net						
position before transfers	2,220,939	1,673,569	(16,549,491)	(6,446,571)	(14,328,552)	(4,773,002)
Grant income and						
contributions	87,000	11,646	47,634,617	32,028,095	47,721,617	32,039,741
Transfers	(3,000,000)	(2,000,000)	3,000,000	2,000,000		
Increase (decrease) in net						
position	(692,061)	(314,785)	34,085,126	27,581,524	33,393,065	27,266,739
Net position-beginning	2,769,725	3,084,510	 155,009,173	127,427,649	157,778,898	130,512,159
Net position-ending	\$ 2,077,664	\$ 2,769,725	\$ 189,094,299	\$ 155,009,173	\$ 191,171,963 \$	157,778,898

The Port has been assessed penalties amounting to \$3,144,201 by DEQ for exceedances of the wastewater pollution control permit (WPCF). The Port has completed construction of three anaerobic digesters to help provide treatment and additional capacity to our wastewater system. The Port is currently constructing one of two planned lagoons that will eliminate winter application by 11-1-2025. On October 10, 2024 the Port purchased additional land to reduce exceedances of its wastewater pollution control permit (WPCF). The Port has been in constant discussions with DEQ and related consultants regarding these issues. As of 06/30/2025 the Port has made payments totaling \$2,821,914 towards these penalties. The Port is in compliance with their payment arrangements.

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



Depreciation accounts for 21% of the business-type activity expenses. The following is a representation of the segments without depreciation expense.



Capital Assets

The Port has undertaken a plan to improve their water systems, complying with regulatory issues and providing for future growth. During the current year, the Port incurred over \$245 million for the purchase or construction of capital assets. In October they purchased over 7000 acres of irrigated farmland for increased wastewater reuse capacity. The have invested over \$38 in freshwater treatment and expansion, over \$35 million in wastewater storage and distribution, \$10 million in airport road improvements, completion of the grant financed Marine Drive rail, bridge and road improvements, and \$3.5 million to complete the SAGE Event Center expansion. \$46 million was financed by tenant contributions. The remaining was financed by either grant, loan or operations. In addition, over \$690,000 was spent on equipment.

PORT OF MORROW Management's Discussion and Analysis

Debt

In October 2024 the Port of Morrow issued bonds in the amount of \$277,385,000 (Series 2024A \$264,045,000 and Series 2024B \$13,340,000). A portion of these funds were used on October 10, 2024 to purchase land for the expansion of our wastewater distribution area. The remaining funds have been used for construction of other wastewater improvements and payment of interest during the construction period, as authorized issue. Remaining bond funds on hand at June 30, 2025 exceed \$83.5 million.

Budgetary

The Port's budget for the year ended June 30, 2025 was adopted by the Port Commission in June 2024. The following table illustrates the total changes in the final budget with comparison to the actual expenditures.

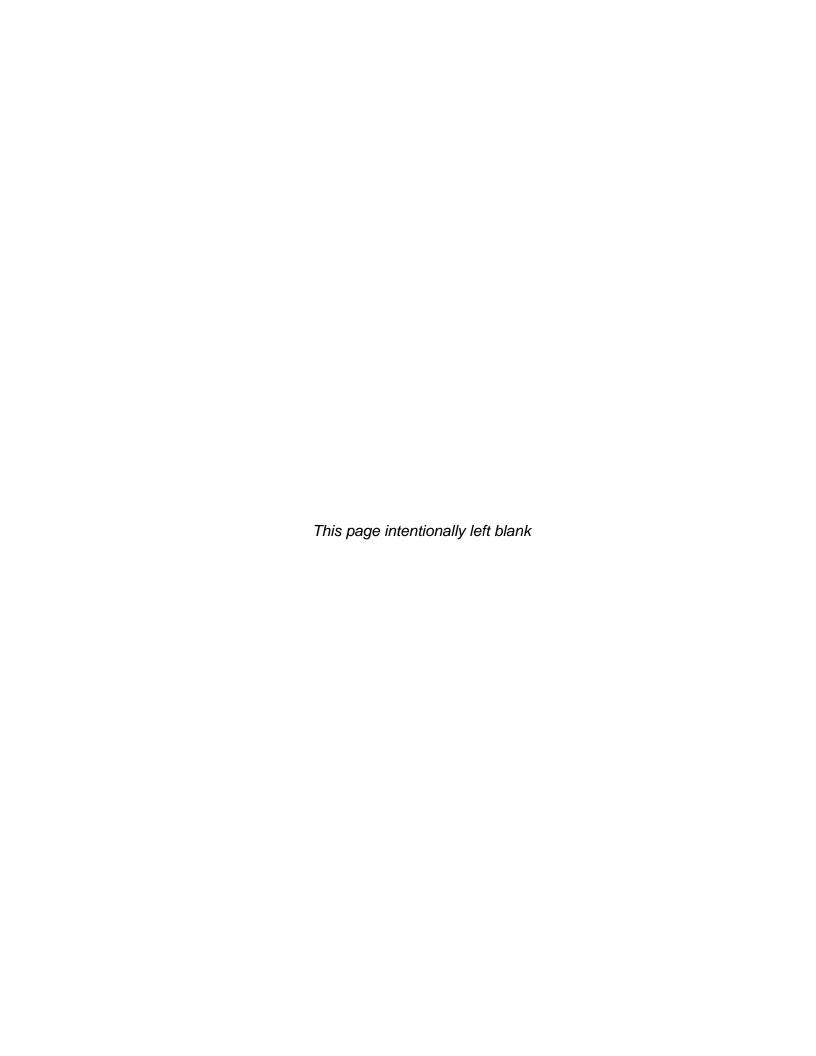
Capital outlay had a significant variance between actual results and budgeted amounts. Timing of major expenditures and construction projects is difficult to project and some projects did not proceed as quickly as planned. Expenditures did not exceed budgetary limits in any category.

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.



GOVERNMENT-WIDE FINANCIAL STATEMENTS



PORT OF MORROW Statement of Net Position As of June 30, 2025

AS OF June 3	50, 2025		
	Governmental	Business-Type	
Assets:	Activities	Activities	Total
Current assets:			
Petty cash	\$ 200	\$ 1,275	\$ 1,475
Cash in bank - Unrestricted	323,807	5,287,326	5,611,133
Local Government Investment Pool - Unrestricted	1,081,386	14,736,042	15,817,428
Local Government Investment Pool - Restricted	1,001,000	4,026,245	4,026,245
	4 405 202		
Total cash and cash equivalents	1,405,393	24,050,888	25,456,281
Accounts receivable - county treasurer	730	_	730
Accounts receivable (net of \$191,666 doubtful accounts)	<u>-</u>	9,983,759	9,983,759
Grants receivable	_	95,670	95,670
Current portion of lease receivable	-	·	
•	-	2,475,463	2,475,463
Current portion of note receivable	-	1,564,530	1,564,530
Deposits and prepaid expenses	-	734,279	734,279
Inventory	-	12,477	12,477
Property taxes receivable	8,189		8,189
Total current assets	1,414,312	38,917,066	40,331,378
Noncurrent assets:			
Deposits with trustee	_	86,485,973	86,485,973
Note receivable		31,217,554	31,217,554
	-		
Lease receivable	-	37,946,215	37,946,215
Right-to-use lease asset	-	5,937,013	5,937,013
Subscription asset	-	15,516	15,516
Patronage capital credits	-	1,423,121	1,423,121
Capital assets (net)	781,676	439,309,947	440,091,623
Total noncurrent assets	781,676	602,335,339	603,117,015
Total assets	2,195,988	641,252,405	643,448,393
Deferred outflows of resources:			
Deferred outflows related to OPEB	=	59,240	59,240
Deferred charges	<u> </u>	3,631	3,631
Total deferred outflows of resources	-	62,871	62,871
Liabilities:			
Current liabilities:	44.007	40 700 500	10 717 510
Accounts payable and accrued liabilities	14,927	19,732,583	19,747,510
Accrued payroll and compensated absences	103,397	2,510,136	2,613,533
Customer deposits	-	7,000	7,000
Unearned revenue	-	2,868,250	2,868,250
Current portion of deferred inflows related to lease receivable	-	3,106,365	3,106,365
Current portion of lease liability	-	686,119	686,119
Current portion of long-term debt	_	5,987,688	5,987,688
Total current liabilities	118,324	34,898,141	35,016,465
	110,024	34,030,141	33,010,703
Long-term liabilities:			
Net OPEB liability	-	168,821	168,821
Lease liability	-	3,327,638	3,327,638
Long-term debt	=	378,371,539	378,371,539
Total long-term liabilities	-	381,867,998	381,867,998
Total liabilities	118,324	416,766,139	416,884,463
D. C. and L. C. and C.			
Deferred inflows of resources:			
Deferred inflows related to OPEB	-	73,453	73,453
Deferred lease resources		35,381,385	35,381,385
Total deferred inflows of resources		35,454,838	35,454,838
N. 4			
Net Position:			
Net Investment in capital assets	781,676	86,091,288	86,872,964
Restricted for capital and debt service	-	90,512,218	90,512,218
Unrestricted	1,295,988	12,490,793	13,786,781
-		* 400 CC 1 CC 5	A 101 1=1 00=
Total net position	\$ 2,077,664	\$ 189,094,299	\$ 191,171,963

PORT OF MORROW Statement of Activities

For the fiscal year ended June 30, 2025

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions			
Governmental Activities:						
Management and administration	\$ 1,208,849	\$ -	\$ 87,000			
Depreciation - unallocated	57,516	-	-			
Total governmental	1,266,365	-	87,000			
Business-Type Activities:						
Site development	11,368,584	9,459,542	435,689			
Sage center	769,963	44,220	26,460			
Warehousing	10,506,976	12,063,701	-			
East beach utilities	1,345,058	1,435,395	-			
Discharge water	16,643,444	9,905,770	-			
Fresh water	2,574,845	4,631,375	-			
Total business-type activities	43,208,870	37,540,003	462,149			
Total primary government	\$ 44,475,235	\$ 37,540,003	\$ 549,149			

General revenues:

Property taxes

Payments in lieu of tax

Interest income

Bond handling charges

Gain (loss) on disposition of assets

Interest expense

Transfers

Total general revenues, transfers, and special items

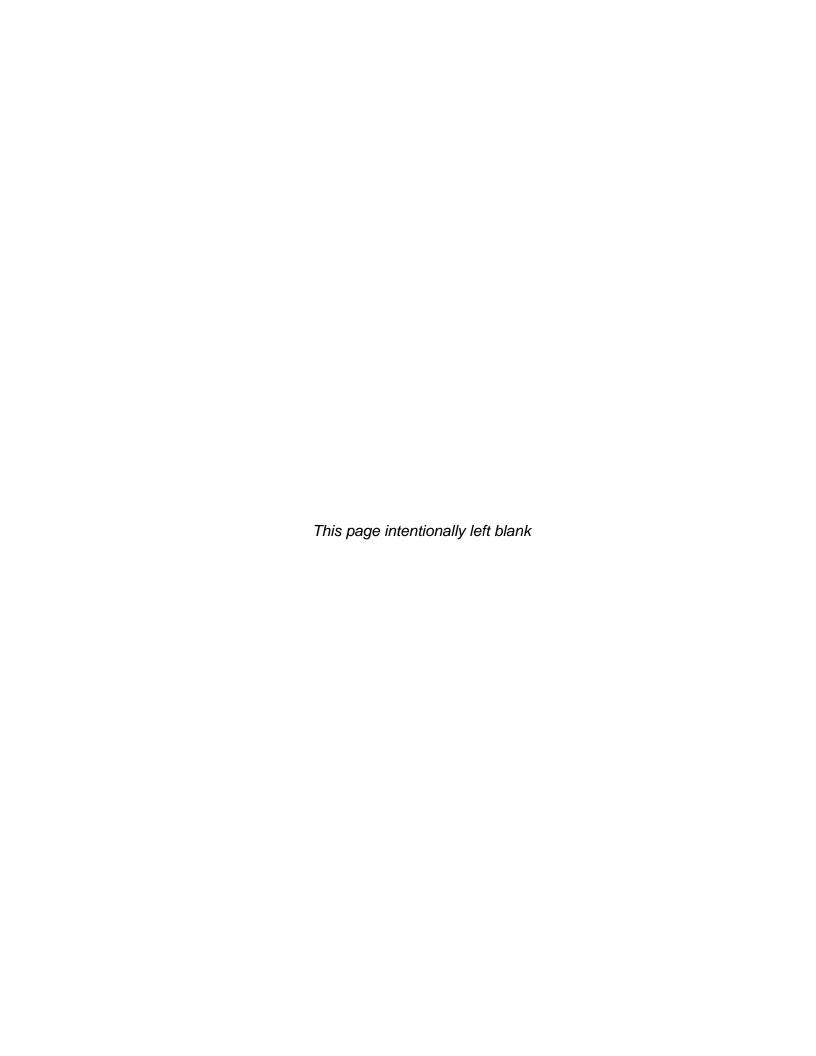
Change in net position

Net position-beginning

Net position-ending

Net(Expense) Revenue and Changes in Net Position

	C	hanges in Net Positi	on	
Capital Grants, Tenant Contributions and Contributions	Governmental Activities	Business- type Activities	Total	
\$ - - -	\$ (1,121,849) (57,516) (1,179,365)	\$ - - -	\$ (1,121,849) (57,516) (1,179,365)	
6,614,735 1,618,381 - 2,165,298 - 37,236,203 47,634,617 \$ 47,634,617	- - - - - - (1,179,365)	5,141,382 919,098 1,556,725 2,255,635 (6,737,674) 39,292,733 42,427,899 42,427,899	5,141,382 919,098 1,556,725 2,255,635 (6,737,674) 39,292,733 42,427,899 41,248,534	
	317,232 3,040,706 59,346 70,020 - - (3,000,000) 487,304 (692,061) 2,769,725	3,941,372 - 2,054,747 (17,338,892) 3,000,000 (8,342,773) 34,085,126 155,009,173	317,232 3,040,706 4,000,718 70,020 2,054,747 (17,338,892) - (7,855,469) 33,393,065 157,778,898	
	\$ 2,077,664	\$ 189,094,299	\$ 191,171,963	





PORT OF MORROW Balance Sheet - Governmental Funds As of June 30, 2025

	 General Fund
Assets: Petty cash Cash in bank Local Government Investment Pool - Unrestricted Total cash and cash equivalents Accounts receivable - county treasurer Property taxes receivable Total assets	\$ 200 323,807 1,081,386 1,405,393 730 8,189 1,414,312
Deferred outflows of resources:	
Total assets and deferred outflows of resources	\$ 1,414,312
Liabilities: Accounts payable Accrued payroll payable Total liabilities	\$ 14,927 103,397 118,324
Deferred inflows of resources: Unavailable property tax revenue	 8,189
Fund Balances: Unassigned	1,287,799
Total liabilities, deferred inflows of resources and fund balance	\$ 1,414,312

Reconciliation of The Governmental Funds Balance Sheet To The Statement of Net Position For the Fiscal Year Ended June 30, 2025

Total fund balances for governmental funds

\$ 1,287,799

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:

 Land
 36,750

 Equipment
 1,491,086

 Accumulated Depreciation
 (746,160)

781,676

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.

8,189

Total net position of governmental activities

\$ 2,077,664

Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Funds For the Fiscal Year Ended June 30, 2025

	General Fund
Revenues:	
Taxes:	
Property taxes	\$ 316,958
Payments in lieu of tax	3,040,706
Miscellaneous:	50.040
Interest income	59,346
Bond handling charges Total revenues	70,020
Total revenues	3,487,030
Expenditures:	
Current:	
Management and administration	1,208,849
Excess of revenues over (under) expenditures	2,278,181
Other Financing Sources (Uses):	
Grant revenue	87,000
Transfers to other funds	(3,000,000)
Total other financing sources (uses)	(2,913,000)
Change in fund balance	(634,819)
Fund balance, beginning of year	1,922,618
Fund balance, end of year	\$ 1,287,799

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, 2025

Net change in fund balances - total governmental funds

\$ (634,819)

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 (\$57,515) less loss on disposition of assets (\$0) in the current period.

(57,515)

Property taxes receivable but not collectable soon enough to pay for the current period's expenditures are offset by unearned revenue in the Governmental fund. in the statement of activities property taxes are recorded as revenues as billed. Property taxes receivable had increased (\$7,916-\$8,189) during the current period.

273

Change in net position of governmental activities

\$ (692,061)

PORT OF MORROW **Statement of Fund Net Position** As of June 30, 2025

	Business-Type Activities
Assets:	
Current assets:	ф 4.07 <i>Г</i>
Petty cash Cash in bank	\$ 1,275 5,287,326
Local Government Investment Pool	18,762,287
Total cash and cash equivalents	24,050,888
Accounts receivable (net of \$191,666 doubtful accounts)	9,983,759
Grants receivable	95,670
Current portion of leases receivable	2,475,463
Current portion of note receivable	1,564,530
Deposits and prepaid expenses	734,279
Inventory	12,477
Total current assets	38,917,066
Noncurrent assets:	86,485,973
Deposits with trustee Note receivable	31,217,554
Lease receivable	37,946,215
Right-to-use lease asset	5,937,013
Subscription asset	15,516
Patronage capital credits	1,423,121
Capital assets not being depreciated:	
Land, construction in progress	270,695,430
Capital assets being depreciated:	070 074 440
Property and equipment	272,974,443
Less: accumulated depreciation	(104,359,926)
Total capital assets, net of depreciation Total noncurrent assets	<u>439,309,947</u> 602,335,339
Total assets	641,252,405
Deferred outflows of resources:	
Deferred outflows related to OPEB	59,240
Deferred charges	3,631
12.1999	62,871
Liabilities: Current liabilities:	
	10 732 583
Accounts payable and accrued liabilities Accrued payroll and compensated absences	19,732,583 2,510,136
Customer deposits	7,000
Unearned revenue	2,868,250
Current portion of deferred inflows related to lease receivable	3,106,365
Current portion of lease liability	686,119
Current portion of long-term debt	5,987,688
Total current liabilities	34,898,141
Long-term liabilities:	160 021
Net OPEB liability Lease Liability	168,821 3,327,638
Lease clability Long-term debt	378,371,539
Total long-term liabilities	381,867,998
Total liabilities	416,766,139
Deferred inflows of resources:	
Deferred inflows related to OPEB	73,453
Deferred lease resources	35,381,385
Total deferred inflows of resources	35,454,838
Net Position:	86 U01 280
Net Position: Net Investment in capital assets	86,091,288 90,512,218
Net Position:	86,091,288 90,512,218 12,490,793

Statement of Revenues, Expenses, and Changes in Fund Net Position Enterprise Funds

For the Fiscal Year Ended June 30, 2025

Operating Revenues		
Discharge water segment	\$	9,905,770
Site development segment		9,895,231
Fresh water segment		4,631,375
Sage center		70,680
Warehousing segment		12,063,701
East beach utility		1,435,395
Total operating revenues	_	38,002,152
Operating Expenses:		
Labor		16,329,864
Contract		1,264,407
Utilities		2,023,930
Insurance		784,269
Repairs		1,763,169
Fuel and oil		318,781
Testing and permits		4,686,770
Legal fees		1,378,693
Property taxes / lease expenses		3,631,019
Supplies		1,114,399
Marketing		389,337
CDA activities		394,187
Depreciation		9,129,235
Community projects		810
Total operating expenses		43,208,870
Operating income (loss)		(5,206,718)
Non-Operating Revenues (Expenses):		
Interest income		3,941,372
Gain (loss) on sale of assets		2,054,747
Transfers (to) from other funds		3,000,000
Interest expense		(17,338,892)
Total non-operating revenues (expenses)		(8,342,773)
Special Items:		
Tenant Contributions		45,420,321
Grant income		2,214,296
Total special items		47,634,617
Change in net position		34,085,126
Net position, beginning of year	_	155,009,173
Net position, end of year	\$	189,094,299

Statement of Cash Flows Enterprise Funds

For the Fiscal Year Ended June 30, 2025

Cash Flows From Operating Activities:	
Cash received from customers	\$ 39,509,521
Cash payments to supplies for goods and services	(20,668,586)
Cash payments for personnel services	(16,291,383)
Net cash provided by operating activities	2,549,552
Cash Flows From Non Capital Financing Activities:	
Cash payments for quasi-external operating transactions	3,000,000
Cash Flows From Capital and Related Financing Activities:	
Principal paid on revenue bond maturities, loans, and contracts	(6,844,531)
Proceeds from bonds and loans	277,385,000
Interest paid on bonds and loans	(13,556,048)
Interest income on bond reserves	3,201,436
Acquisition and construction of capital assets	(191,896,172)
Restricted for debt service	(83,541,163)
Receipts from sale of capital assets	2,381,159
Capital grants received	9,092,312
Net cash provided by capital and related financing activities	(3,778,007)
Cash Flows From Investing Activities:	
Interest on investments	739,937
Net cash used in investing activities	739,937
Net increase (decrease) in cash	2,511,482
Cash and cash equivalents at July 1, 2024	21,539,406
Cash and cash equivalents at June 30, 2025	\$ 24,050,888

continued on next page

Statement of Cash Flows

Enterprise Funds For the Fiscal Year Ended June 30, 2025

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

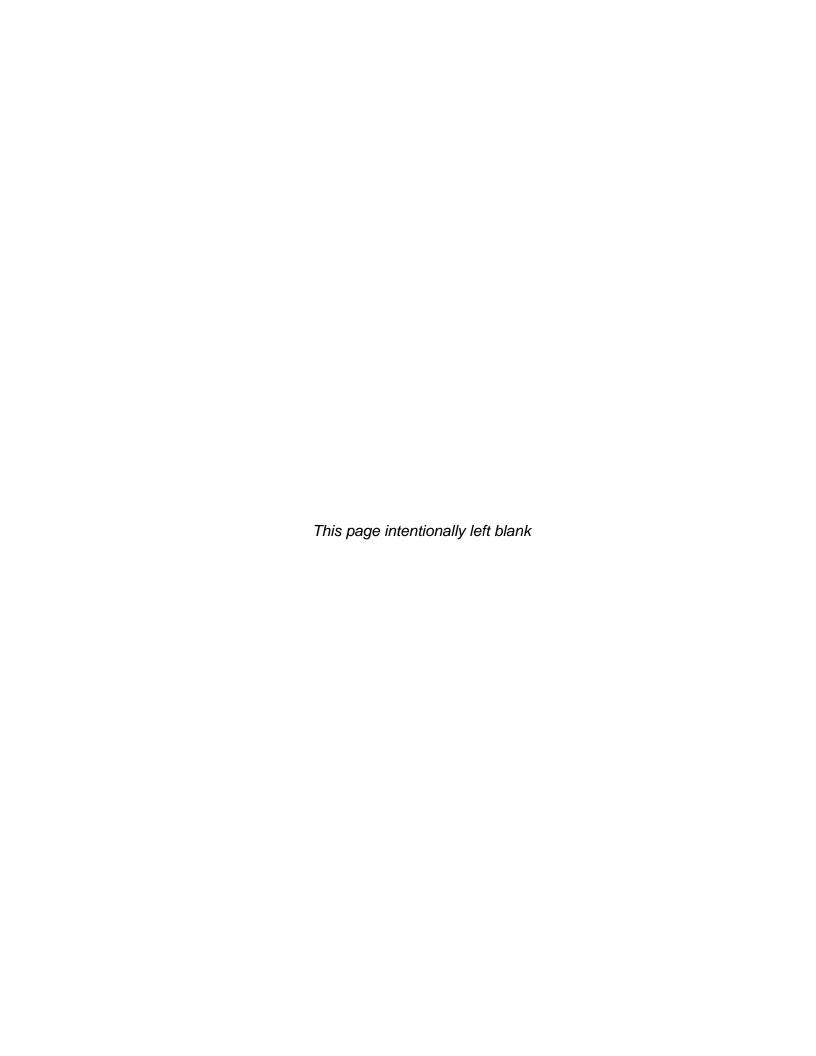
Operating income	\$ (5,206,718)
Adjustments to reconcile net income to net cash provided by operating	
activities:	
Depreciation	9,129,235
Internal service revenue charged to capital assets	(1,370,317)
Net decrease in trade accounts and notes receivable	1,132,371
Decrease in lease receivable	895,512
Decrease in right-to-use asset	767,645
Increase in prepaid expense	(133,358)
Decrease in subscription asset	25,104
Decrease in deferred outflows from OPEB	7,913
Decrease in patronage capital credits	91,202
Decrease in trade accounts payable	(1,282,911)
Decrease in lease liability	(2,275,784)
Decrease in subscription liability	(19,512)
Decrease in deferred inflows from OPEB	(4,144)
Decrease in deferred lease resources	(1,442,160)
Increase in OPEB liability	23,367
Increase in accrued payroll	11,345
Increase in customer deposits	300
Increase in unearned revenue	 2,200,462
Total adjustments	 7,756,270
Net cash provided by operating activities	\$ 2,549,552

Summary of Cash and Cash Equivalents:

·	June 30, 2025
Petty cash	1,275
Cash in Bank	5,287,326
Local government investment pool	18,762,287
Total cash and cash equivalents	\$ 24,050,888

Noncash operating activities:

The Port entered into a land lease as the lessee which resulted in a noncash addition of \$3,538,340 to both assets and liabilities on the balance sheet.



NOTES TO BASIC FINANCIAL STATEMENTS

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.

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, 2025 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

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.

Receivables

All accounts, property taxes, grants and note receivables are shown net of an allowance for uncollectible accounts.

Lease Receivables

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Port, reduced by principal payments received.

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. Included in this category, the Port has deferred outflows related to other post employment benefits.

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 Port has four types of items, which arises under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable property taxes, is reported in the governmental activities statement of net position and the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. The business-type fund reports deferred charges on refunding of debt. This results from the difference in the carrying value of refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The business-type fund reports deferred lease resources. This amount is deferred and amortized over the life of the lease. The business-type fund reports also reports deferred inflows related to other post employment benefits.

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.

Notes to Basic Financial Statements

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.

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 75% 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.

Notes to Basic Financial Statements

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 75% of sick pay accumulated by employees with six or more years. The liability is included in "accrued payroll payable".

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:

<u>Nonspendable</u> - 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.

<u>Restricted</u> - 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.

<u>Committed</u> - 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.

<u>Assigned</u> - 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.

<u>Unassigned</u> - 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 inorder 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.

Leases and SBITA Payable

Leases and SBITA payable are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the agreement or implicitly determined by the Port, reduced by principal payments received.

Notes to Basic Financial Statements

Discount and Premiums on Port Revenue Bonds

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

Unearned Amount on Refunding (Net)

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

Accounting Estimates

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

New Accounting Pronouncement and Accounting Standards

During the fiscal year June 30, 2025, the Port implemented the following GASB pronouncement:

GASB Statement No. 101, Compensated Absences

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. For additional information, refer to the disclosures below.

GASB Statement No. 102, Certain Risk Disclosures

For the year ended 6/30/2025, the financial statements include the adoption of GASB Statement No. 102, Certain Risk Disclosures.

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, 2025:

Petty Cash	\$ 1,475
Deposits with financial institutions	5,611,133
Deposits with trustee	86,485,973
Local Government Investment Pool	 19,843,673
	\$ 111,942,254

Notes to Basic Financial Statements

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

Cash and cash equivalents	\$ 25,456,281
Deposits with trustee	 86,485,973
	\$ 111,942,254

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.

Deposits

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$8,578,950 at June 30, 2025. 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 statures 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.

Notes to Basic Financial Statements

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.

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.

		Concentration	
Investment Type	Maturities	% of Portfolio	Actual Amount
Local Government Investment Pool	Avg 6-18 months	100%	\$ 19,843,673

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, 2025 for fresh water and discharge services, land leases, warehouse storage, and royalties. Accounts receivable are considered delinquent if uncollected after 30 days. Uncollectible receivables are accounted for using the reserve method as required by GAAP based on 80% of accounts receivable aged over 90 days delinquent.

Note 5 - Property Taxes Receivable:

Property taxes receivable included in revenues are \$8,189, which are all past due and accruing interest.

Note 7 - Capital Assets:

Capital asset activity for the twelve months ended June 30, 2025, was as follows:

Supplemental Activities	•		Salance at	•					Balance at
Capital assets not being depreciated: Land \$ 36.750 \$ - \$ - \$ 36.75 \$ 36.75 Capital assets being depreciated: Buildings \$ 808,077 \$ - \$ - \$ 6808,07 Equipment & furniture \$ 683,009 \$ - \$ - \$ - \$ 6830,07 Equipment & furniture \$ 683,009 \$ - \$ - \$ - \$ 683,009 Colar Lagital assets being depreciated 1,491,086 \$ - \$ - \$ - \$ 1,491,08 Less: accumulated depreciation: Buildings \$ (149,223) \$ (24,949) \$ - \$ (1774,17 Equipment & furniture \$ (539,420) \$ (32,567) \$ - \$ (774,17 Equipment & furniture \$ (539,420) \$ (32,567) \$ - \$ (746,16 Net capital assets being depreciated \$ (688,643) \$ (57,516) \$ - \$ (746,16 Net capital assets being depreciated \$ (802,443) \$ (57,516) \$ - \$ (746,16 Net capital assets of Governmental Activities \$ 839,193 \$ (57,516) \$ - \$ (746,16 Rusiness-type Activities: Capital assets of Governmental Activities \$ 839,193 \$ (57,516) \$ - \$ (746,16 Rusiness-type Activities: Capital assets obeing depreciated: \$ 167,129,43 Construction in progress \$ 60,328,717 \$ 76,092,911 \$ 32,855,628 \$ 103,566,00 Capital assets being depreciated: \$ 142,283,441 \$ 38,572,251 \$ 322,658 \$ 103,566,00 Capital assets being depreciated: \$ 120,441,443,436 \$ 32,454,148 \$ 3,764 \$ 92,441,40 Capital assets being depreciated \$ 29,486,486 \$ 43,814,369 \$ 32,6412 \$ 272,974,40 Less: accumulated depreciation \$ (57,243,625) \$ (4,980,266) \$ 107,609 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,160,100 \$ (62,116,28 \$ 10,				Incr	eases	Dec	reases	, lı	
Capital assets being depreciated: Land	Governmental Activities:		ui, 1, 2027	IIIOI			. 54555		ano 00, 2020
Land									
Buildings		\$	36,750	\$		\$		\$	36,750
Buildings	Capital assets being depreciated:								
Total capital assets being depreciated 1,491,086 1,491,086 Less: accumulated depreciation: Buildings (149,223) (24,949) - (174,175) Equipment & furniture (539,420) (32,567) - (571,98 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (746,16 (7	Buildings		808,077		-		-		808,077
Eless: accumulated depreciation: Buildings (149,223) (24,949) - (174,175)	Equipment & furniture		683,009		-		-		683,009
Buildings	Total capital assets being depreciated		1,491,086		-		-		1,491,086
Buildings	Less: accumulated depreciation:								
Total accumulated depreciation Net capital assets being depreciated 802,443 (57,516) - (746,16) Net capital assets being depreciated 802,443 (57,516) - (744,92) Net capital assets - Governmental Activities Business-type Activities: Capital assets not being depreciated: Land \$ 8,768,183 \$ 158,361,247 \$ - \$ 167,129,43 Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 52,42,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities Unallocated Business-type activities: Unallocated S 57,516 Business-type activities: Discharge Water Site Development 4,749,943 Warehousing East Beach Utility 36,064 Fresh Water 293,332	Buildings		(149,223)		(24,949)		-		(174,172)
Total accumulated depreciation Net capital assets being depreciated 802,443 (57,516) - (746,16 Net capital assets being depreciated 802,443 (57,516) - (744,92) Net capital assets - Governmental Activities 8 839,193 \$ (57,516) \$ - \$ 781,67 Business-type Activities: Capital assets not being depreciated: Land \$ 8,768,183 \$ 158,361,247 \$ - \$ 167,129,43 Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities Unallocated Business-type activities: Unallocated S 203,241,332 S 269,139,292 S 32,417,853 S 439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated S 57,516 Business-type activities: Discharge Water Site Development 4,749,943 Warehousing East Beach Utility 36,064 Fresh Water 293,332	Equipment & furniture		(539,420)		(32,567)		-		(571,987)
Net capital assets - Governmental Activities \$ 839,193 \$ (57,516) \$ - \$ 781,67	Total accumulated depreciation		(688,643)				-		(746,160)
Business-type Activities: Capital assets not being depreciated: Land \$8.768,183 \$158,361,247 \$- \$167,129,43 Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,644) Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92) Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$203,241,332 \$269,139,292 \$32,417,853 \$439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$57,516 Business-type activities: Discharge Water \$2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Net capital assets being depreciated		802,443				_		744,926
Capital assets not being depreciated: Land \$8,768,183 \$158,361,247 \$- \$167,129,43 Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,644) Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92) Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$203,241,332 \$269,139,292 \$32,417,853 \$439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$57,516 Business-type activities: Discharge Water \$2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Net capital assets - Governmental Activities	\$	839,193	\$	(57,516)	\$	-	\$	781,676
Land \$8,768,183 \$158,361,247 \$-\$167,129,43 Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43	Business-type Activities:		_						
Construction in progress 60,328,717 76,092,911 32,855,628 103,566,00 Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,94 Depreciation expense was charged to functions as follows: S 57,516 S 57,516 S 57,516 <td>Capital assets not being depreciated:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Capital assets not being depreciated:								
Total capital assets not being depreciated 69,096,900 234,454,158 32,855,628 270,695,43 Capital assets being depreciated: Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,644) Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,924) Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$203,241,332 \$269,139,292 \$32,417,853 \$439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$57,516 Business-type activities: Discharge Water \$2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Land	\$	8,768,183	\$ 15	58,361,247	\$	-	\$	167,129,430
Capital assets being depreciated: Buildings & land improvements	Construction in progress		60,328,717		76,092,911	32	,855,628		103,566,000
Buildings & land improvements 142,283,441 38,572,251 322,658 180,533,03 Equipment & furniture 87,203,045 5,242,118 3,754 92,441,40 Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,44 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,94 Depreciation expense was charged to functions as follows:	Total capital assets not being depreciated		69,096,900	23	34,454,158	32	,855,628		270,695,430
Equipment & furniture	Capital assets being depreciated:								
Total capital assets being depreciated 229,486,486 43,814,369 326,412 272,974,444 Less: accumulated depreciation: Buildings (57,243,625) (4,980,266) 107,609 (62,116,28) Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64) Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92) Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$203,241,332 \$269,139,292 \$32,417,853 \$439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$57,516 Business-type activities: Discharge Water \$2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Buildings & land improvements		142,283,441	;	38,572,251		322,658		180,533,034
Less: accumulated depreciation: Buildings			87,203,045		5,242,118		3,754		92,441,409
Buildings (57,243,625) (4,980,266) 107,609 (62,116,28 Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,94 Depreciation expense was charged to functions as follows:	Total capital assets being depreciated		229,486,486		43,814,369	-	326,412		272,974,443
Equipment & furniture (38,098,429) (4,148,969) 3,754 (42,243,64 Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$203,241,332 \$269,139,292 \$32,417,853 \$439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$57,516 Business-type activities: Discharge Water \$2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	•								
Total accumulated depreciation (95,342,054) (9,129,235) 111,363 (104,359,92 Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$ 57,516	Buildings		(57,243,625)		(4,980,266)		107,609		(62,116,282)
Net capital assets being depreciated 134,144,432 34,685,134 (437,775) 168,614,51 Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,94 Depreciation expense was charged to functions as follows: Governmental activities: \$ 57,516 \$ 57,516 Business-type activities: Discharge Water \$ 2,538,788 \$ 2,538,788 Site Development 4,749,943 \$ 4,749,943 Warehousing 1,191,108 \$ 356,064 Fresh Water 293,332			(38,098,429)						(42,243,644)
Net capital assets - Business-type Activities \$ 203,241,332 \$ 269,139,292 \$ 32,417,853 \$ 439,309,940 Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$ 57,516 Business-type activities: Discharge Water \$ 2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332			(95,342,054)				111,363		(104,359,926)
Depreciation expense was charged to functions as follows: Governmental activities: Unallocated \$ 57,516 Business-type activities: Discharge Water \$ 2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Net capital assets being depreciated		134,144,432		34,685,134		(437,775)		168,614,517
Governmental activities: Unallocated Business-type activities: Discharge Water Site Development Warehousing East Beach Utility Fresh Water \$ 57,516 \$ 2,538,788 4,749,943 1,191,108 356,064 Fresh Water \$ 293,332	Net capital assets - Business-type Activities	\$	203,241,332	\$ 26	69,139,292	\$ 32	,417,853	\$	439,309,947
Unallocated \$ 57,516 Business-type activities: \$ 2,538,788 Discharge Water \$ 2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Depreciation expense was charged to functions as	follows:							
Business-type activities: Discharge Water \$ 2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332									
Discharge Water \$ 2,538,788 Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Unallocated			=	\$ 57,510	<u> </u>			
Site Development 4,749,943 Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Business-type activities:								
Warehousing 1,191,108 East Beach Utility 356,064 Fresh Water 293,332	Discharge Water				\$ 2,538,78	В			
East Beach Utility 356,064 Fresh Water 293,332	Site Development				4,749,94	3			
Fresh Water 293,332	Warehousing				1,191,10	В			
	East Beach Utility				356,06	4			
Total depreciation expense	Fresh Water				293,33	2			
Total depreciation expense $\psi = 9,129,233$	Total depreciation expense				\$ 9,129,23	5			

Notes to Basic Financial Statements

Note 8 - Accounts Payable:

The accounts payable balance is partly composed of the following:

Trade payable - City of Boardman	\$ 58,993
Trade payable - IRZ Consulting, LLC	152,587
Trade payable - Parametrix	72,415
Trade payable - Umatilla Electric	167,162
Trade payable - Walther Farms	118,460
Capital Asset - Ariafiltra	3,393,473
Capital Asset - Delhur Industries	4,374,004
Capital Asset - IMCO General Construction Inc	2,804,708
Capital Asset - Rivertech Irrigation	461,799
Capital Asset - Samuel Advanced Fabrication	807,012
Capital Asset - Superior Tank Company inc	268,853
Capital Asset - Tapani Inc.	438,587
Contingent Liability - DEQ	322,287

The Port has been assessed penalties amounting to \$3,144,201 by DEQ for exceedances of the wastewater pollution control permit (WPCF). The Port has completed construction of three anaerobic digesters to help provide treatment and additional capacity to our wastewater system. The Port is currently constructing one of two planned lagoons that will eliminate winter application by 11-1-2025. On 10/10/2024 the Port purchased additional land to reduce exceedances of its wastewater pollution control permit (WPCF). The Port has been in constant discussions with DEQ and related consultants regarding these issues. The Port may resolve up to 80% of the total civil penalty assessed in the Amended Notice by contributing that amount to an approved Supplemental Environmental Project (SEP). The remaining 20% would still need to be paid to the DEQ. As of 06/30/2025, the Port has made payments totaling \$2,821,914 towards these penalties.

Note 9 - Compensated Absences

For the fiscal year ended 6/30/2025 compensated absences had a net increase of \$79,956 to make the balance \$1,137,100.

Note 10 - Subscription Liability

The Port of Morrow is involved in various SBITAs. With the implementation of GASB 96 Subscription-Based Information Technology Arrangements (SBITA), effective the fiscal year June 30, 2023, all newly acquired software subscriptions during the current fiscal year were analyzed and classified as either qualified or non qualified SBITAs. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. With this implementation a subscription asset and liability is recognized.

As of the year ended 6/30/2025 the Port of Morrow has 4 active SBITAs Each agreement was for 36 months and have interest rates ranging from 1.85% - 2.5%. The value of the right of use asset as of 06/30/2025 is \$51,583 with accumulated amortization of \$36,067. The value of the subscription liability as of 06/30/2025 is \$0.

Subscription asset, net for the year end June 30, 2025 are as follows:

	Beginr	ling Balance	P	Additions	Reductions		End	ling Balance
Governmental activities	\$	2,603	\$	-	\$ 2,603		\$	-
Business-type activities		40,620			 25,104	_		15,516
Total, net	\$	_	\$	-	\$ 27,707	_	\$	15,516

Note 11 - Leases Payable

With the implementation of GASB Statement No. 87, Leases effective the fiscal year ended 06/30/2022, all newly acquired leases during the current fiscal year were analyzed and classified as either qualified or non-qualified leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

As of 06/30/2025, Port of Morrow, OR had 2 active lease. The leases have payments that range from \$97,150 to \$724,728 and an interest rate of 2.4320% to 4.3970%. As of 06/30/2025, the total combined value of the lease liability is \$4,013,757, the total combined value of the short-term lease liability is \$686,119. The combined value of the right to use asset, as of 06/30/2025 of \$7,009,112 with accumulated amortization of \$1,072,098 is included within the Lease

Right-to-use asset for the year end June 30, 2025 are as follows:

Business-type activities	Begir	nning Balance	Additions	Reductions	End	ling Balance
Land	\$	3,166,318	3,538,340	767,645	\$	5,937,013
Total Leases	\$	3,166,318	3,538,340	767,645	\$	5,937,013

		Business-type activities	
Fiscal Year	Principal	Interest	Total Payments
2026	686,119	 135,759	821,878
2027	703,037	118,841	821,878
2028	720,377	101,501	821,878
2029	13,422	83,729	97,151
2030	14,012	83,139	97,151
2031 - 2035	79,858	405,892	485,750
2036 - 2040	99,028	386,722	485,750
2041 - 2045	122,800	362,950	485,750
2046 - 2050	152,279	333,471	485,750
2051 - 2055	188,834	296,916	485,750
2056 - 2060	234,164	251,586	485,750
2061 - 2065	290,376	195,374	485,750
2066 - 2070	360,081	125,669	485,750
2071 - 2075	349,370	39,230	388,600
Total, net	\$ 4,013,757	\$ 2,920,779	6,934,536

Note 12 - Short-Term Debt:

The Port of Morrow had no short-term debt outstanding for the year ended June 30, 2025.

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 \$375,000,000 at June 30, 2025. 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.

Note 13 - Long-Term Obligations:

Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended June 30, 2025 are as follows:

		Long-term					
	Balance	Debt	Matured &		Called or	Balance	Due Within
	6/30/2024	Incurred	Paid	Amort.	Defeased	6/30/2025	One Year
Industrial development bonds (no- commitment							
debt):							
Bonneville Power Administration	\$ 84,740,000	\$ -	\$ -	\$ -	\$ -	\$ 84,740,000	\$ -
Bonneville Power Administration	193,075,000	-	37,015,000	-	-	156,060,000	70,345,000
Bonneville Power Administration	-	-	-	-	-	-	-
Bonneville Power Administration	250,000,000	-	-	-	-	250,000,000	37,425,000
Bonneville Power Administration	98,200,000	-	22,490,000	-	-	75,710,000	-
Bonneville Power Administration	377,635,000	-	-	-	-	377,635,000	-
Bonneville Power Administration	202,315,000	-	-	-	-	202,315,000	-
Bonneville Power Administration	76,020,000	-	-	-	-	76,020,000	-
Total Industrial Development	1,281,985,000	-	59,505,000		_	1,222,480,000	107,770,000
Enterprise Notes Payable:							
Special public works #5	59,198	-	59,198	-	-	-	-
Special public works #6	266,815	-	266,815	-	-	-	-
Special public works #7	1,111,138	-	91,014	-	-	1,020,124	94,982
Special public works #8	3,501,934	-	168,856	-	-	3,333,078	174,530
Special public works #9	11,928,502	-	312,317	-	-	11,616,185	329,932
Total Enterprise Notes Payable	16,867,587	-	898,200	-	-	15,969,387	599,444
Enterprise Port Revenue Bonds:							
2021A Issue	12,120,000	_	980,000	-	_	11,140,000	1,030,000
2021B Issue	13,650,000	-	2,115,000	-	-	11,535,000	1,465,000
2021C Issue	15,260,000	_	460,000	-	-	14,800,000	465,000
2021D Issue	18,965,000	-	895,000	-	-	18,070,000	925,000
2022 Issue	30,685,000	-	1,090,000	-	-	29,595,000	1,150,000
2024A Issue	-	264,045,000	-	-		264,045,000	-
2024B Issue		13,340,000	-			13,340,000	
Total Enterprise Port Revenue Bonds	90,680,000	277,385,000	5,540,000	-	-	362,525,000	5,035,000
Less: Bond (Discounts) Premiums	7,368,550	-	-	-	-	7,368,550	_
Amortization of Bond Discounts (Premiums)	(1,150,467)	-	-	(353,244)	-	(1,503,711)	353,245
Deferred outflow on Refunding	(341,266)	-	-	-	-	(341,266)	-
Americation of Deferred outflower Defending	00.004			04.400		00.710	04.400
Amortization of Deferred outflow on Refunding	68,604	-	-	21,109	-	89,713	21,109
Deferred inflow on Refunding	563,268	-	-	-	-	563,268	
Amortization of Deferred inflow on Refunding	(241,150)	-	<u>-</u>	(74,200)	<u>-</u>	(315,350)	74,200
	96,947,539	277,385,000	5,540,000	(406,335)	_	368,386,204	5,483,554
Total	\$ 1,395,800,126	\$ 277,385,000	\$ 65,943,200	\$ (406,335)	\$ -	\$ 1,606,835,591	\$ 113,852,998

Notes to Basic Financial Statements

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:

eve	nue Bonds:	
1)	Series 2021A (issued 4-1-21, original issue of \$15,280,000) interest at various rates $(2.5-4\%)$, due serially to 6-1-2041. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.	\$ 11,140,000
	The proceeds of these bonds were used to defease Full Faith and Credit bonds 2014 and 2019A. New money in the amount of \$4,000,000 will be used to construct a digester.	
2)	Series 2021B (issued 4-1-21, original issue of \$17,365,000) interest at various rates $(0.45-3.25\%)$, due serially to 12-1-2036. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.	<u>\$ 11,535,000</u>
	The proceeds of these bonds were used to defease Full Faith and Credit bonds 2016 and 2017C.	
3)	Series 2021C (issued 4-1-21, original issue of \$16,555,000) interest at various rates ($0.45-3.30\%$), due serially to 6-1-2037. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.	\$ 14,800,000
	The proceeds of these bonds were used to defease Full Faith and Credit bonds 2017A and new project money of \$6,000,000 will be used to finance an expansion at Boardman Foods.	
4)	Series 2021D (issued 4-1-21, original issue of \$21,450,000) interest at 4%, due serially to 12-1-2039. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.	\$ 18,070,000
	The proceeds of these bonds were used to defease Full Faith and Credit bonds 2019BC and 2020AB. Funds used to construct a pipeline for Columbia Improvement District.	
5)	Series 2022 (issued 10-19-22, original issue of \$31,725,000) interest at 4.990%, due serially to 6-1-2042. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service.	\$ 29,595,000
	Of these proceeds \$4,380,000 will be used for an addition to the Sage Center. The remainder will be used for wastewater improvements.	
6)	Series 2024A (issued 10-9-24, original issue of \$264,045,000) interest at 5.150%, due serially to 10-1-2026. Full Faith and Credit bonds secured by a pledge of net revenues available for debt service, and a deed of trust on the land acquired. Limited offering.	\$ 264,045,000
	The proceeds of these bonds were used to purchase land, and make land application improvements.	
7)	Series 2024B (issued 10-9-24, original issue of \$13,340,000) interest at 7.250%, due serially to 10-1-2026. Full Faith and Credit bonds secured	

30

\$ 13,340,000

by a pledge of net revenues available for debt service, and a deed of

The proceeds of these bonds were used to make land application

trust on the land acquired. Limited offering.

improvements.

Notes to Basic Financial Statements

Installment Notes Payable:

 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.

\$ 1,020,124

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

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

\$ 3,333,079

This loan financed a wastewater pretreatment facility.

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

\$ 11,616,185

This loan financed wastewater pipelines and pond.

Industrial Revenue Bonds:

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

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

\$ 84,740,000

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

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

\$ 156,060,000

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

Notes to Basic Financial Statements

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

\$ 250,000,000

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.

\$ 75,710,000

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

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

\$ 377,635,000

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

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

\$ 202,315,000

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

Bonneville Power Administration Series 2024 (issued June 13, 2024) interest is 4.819% - 4.887%, payable semi-annually, due September 1, 2030 - 2032. 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.

\$ 76,020,000

This issue was used to for the principal purpose of financing for the costs of acquisition of certain transmission facilities.

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:

Enterprise Fund	Principal	Interest	Total
2025-2026	5,634,444	18,547,367	24,181,811
2026-2027	282,912,196	11,073,062	293,985,258
2027-2028	5,600,463	3,589,061	9,189,524
2028-2029	5,824,266	3,376,373	9,200,639
2029-2030	6,603,628	3,155,195	9,758,823
2030-2035	34,210,337	11,801,384	46,011,721
2035-2040	28,078,230	5,227,906	33,306,136
2040-2045	8,820,863	849,247	9,670,110
2045-2050	809,961	24,298	834,259

Notes to Basic Financial Statements

Note 14 - 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 15 - 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 165 participants.

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

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

Years of Service	Percent Vested
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 \$12,964,541 (100%).

Total payroll subject to the pension plan for fiscal year ended June 30, 2025 was \$10,659,020 (82%).

Total employer and employee contributions in fiscal year ended June 30, 2025, were \$959,312 and \$661,813, respectively. The amount that was forfeited by employees due to leaving employment with the Port prior to vesting was \$75,940.

Note 16 - 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 Corebridge (formerly 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 Corebridge equal to the amount deducted from the employee's wage.

Note 17 - Interfund Transactions - Major Funds:

Transfers between major funds during fiscal year ended June 30, 2025, consisted of the following:

Transfer from General Fund to Enterprise Fund \$3,000,000

Transfers were used to pay for discharge water expenses.

Notes to Basic Financial Statements

Note 18 - 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.

Environmental protection insurance has been purchased to cover leased property that is used to land apply wastewater.

Note 19 - Related Party Transactions:

Joel Peterson, Port Commission, is on the Board of Bank of Eastern Oregon (Bank). The Port maintains cash deposits with the Bank.

Note 20 - 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, 2025, this customer accounted for \$14,085,880 equaling approximately 38% of Port operating revenues. Port of Morrow has done business with this customer for nearly 40 years.

Note 21 - 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 \$.48 per thousand gallons. This equates to \$311,040 annually.

DEQ Contingency

As further described in Note 8, the Port is contingently liable for a DEQ fine assessed at \$3,144,201. The Port has made payments totaling \$2,821,914 towards these penalties.

Columbia Development Authority Contingency

Columbia Development Authority ("CDA") is a public entity created by an Intergovernmental Agreement between five public entities; the Port, Port of Umatilla ("POU"), Umatilla County, Morrow County and the Confederated Tribes of the Umatilla Indian Reservation ("CTUIR"). The CDA board voted to transfer properties from the Umatilla Army Depot to CTUIR, POM and POU. Umatilla County claims the actions by the CDA board were unlawful. Umatilla County has sued CDA, the Port and POU. (County of Umatilla v. Columbia Development Authority et al, Umatilla County Circuit Court No. 24CV31777). No material claim for damages is asserted against the Port.

Class Action Lawsuit Contingency

Port is one of the five present defendants in a class action lawsuit filed in Federal Court in February, 2024. (Pearson v. Port of Morrow, et al. U.S. District Court No 2024-cv-00362—HL). The lawsuit alleges in most general terms that defendants placed excessive nitrates in the soil causing injuries to people in the Boardman, Oregon area. Port attorney's fees are expected to be paid by insurance. It is unknown if damages will be limited by the Oregon Tort Claims Act or covered by insurance. The case has not progressed to where Port attorneys have provided an analysis of risk and exposure. Nitrates leaching into the ground water cause domestic well waters to exceed EPA limits.

Irrigon Rural Fire Protection District Contingency

Irrigation Rural Fire Protection District has sued Boardman Fire Rescue District, Columbia Development, Morrow County and Port of Morrow. The dispute is between the two fire districts. Litigation will determine which fire district will provide services for land that will eventually be owned in part by Port. No claim for damages is sought against Port. No material financial impact on Port.

Note 22 - 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, 2025, the Port of Morrow allocation of property tax abatements from the Enterprise Zone are estimated at \$488,061 and from the Strategic Investment Program \$97,173.

Note 23 - Subsequent Events:

Subsequent events have been evaluated through November 10, 2025.

Note 24 - 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.

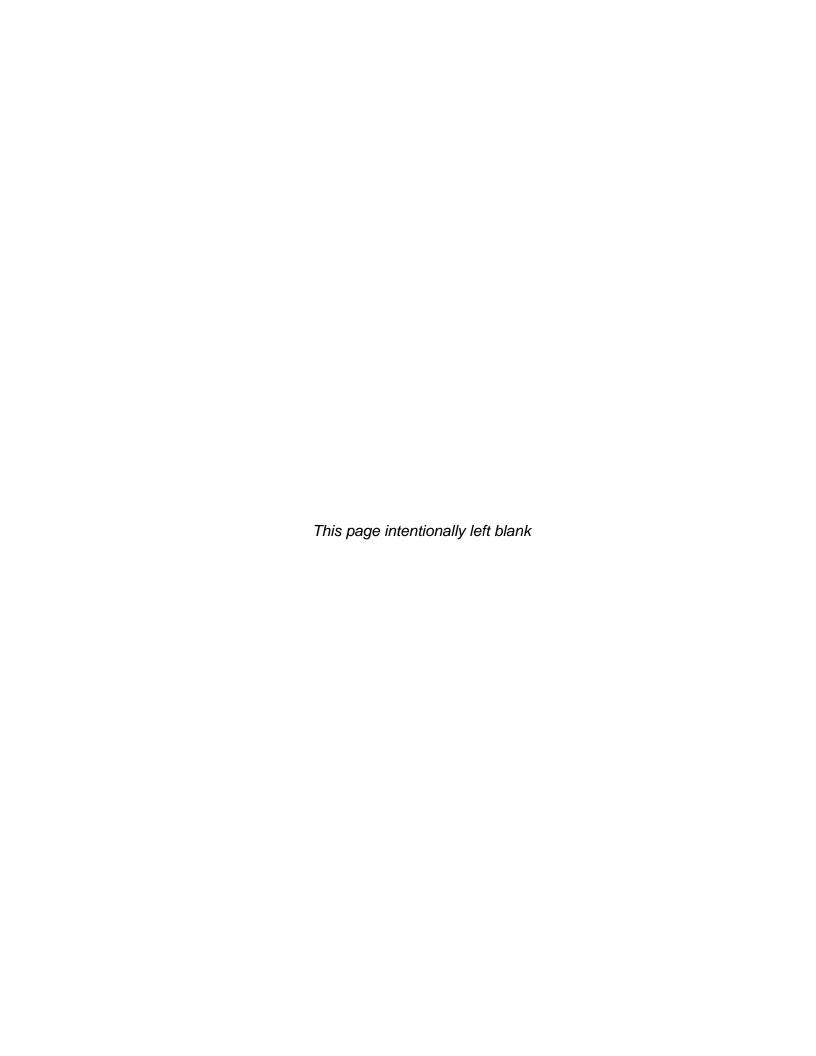
Site Development Operations: This segment accounts for revenue and costs associated with farming Port land, rental of industrial land, irrigated farm land, grazing land, and commercial buildings, an electricity generating plant, and economic development efforts to expand existing industries and site 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, 2025 is as follows:

					E	East Beach	SAGE		Site			
	Fres	sh Water	Di	scharge		Utility	Center	D	evelopment	W	/arehousing	Totals
Assets												
Current Assets	\$	7,009,118	\$	5,271,235	\$	2,693,156	\$ 203,787	\$	21,652,903	\$	2,086,867	\$ 38,917,066
Noncurrent Assets	1	5,533,161	8	9,644,564		199,237	469,114		57,037,004		142,312	163,025,392
Capital Assets	3	1,058,826	24	2,379,370		35,224,215	16,666,212		85,986,601		27,994,723	439,309,947
Total Assets	53	3,601,105	33	7,295,169		38,116,608	17,339,113		164,676,508		30,223,902	641,252,405
Deferred Outflow of Resources		-		5,416		-	-		57,455		_	62,871
Liabilities												
Current Liabilities	4	4,088,115	1	4,734,468		6,320,074	544,650		6,934,253		2,276,581	34,898,141
Long-term Liabilities	18	8,838,762	32	1,823,372		925,142	3,924,000		21,136,398		15,220,324	381,867,998
Total Liabilities	22	2,926,877	33	6,557,840		7,245,216	4,468,650		28,070,651		17,496,905	416,766,139
Deferred Inflow of Resources		-		-		_	-		35,454,838			35,454,838
Net Position												
Unrestricted		(384,598)	(4,191,132)		(3,332,699)	(122,938)		18,923,399		1,598,761	12,490,793
Restricted for Capital and Debt Service		1,910,694	8	6,073,310		-	412,189		2,116,025		-	90,512,218
Net Investment in Capital Assets	29	9,148,132	(8	1,139,433)		34,204,091	12,581,212		80,169,050		11,128,236	86,091,288
Total Net Position	\$ 30	0,674,228	\$	742,745	\$	30,871,392	\$ 12,870,463	\$	101,208,474	\$	12,726,997	\$ 189,094,299

			East Beach	SAGE	Site		
0 " 0	Fresh Water	Discharge	Utility	Center	Development	Warehousing	Totals
Operating Revenues Water Usage	\$ 3,216,068	\$ -	\$ 360,576	\$ -	\$ -	\$ -	\$ 3,576,644
Water Discharge	\$ 3,210,000	7,285,258	951,735	- -	Φ -	-	8,236,993
Operating Interest Income	737,446	146,317	931,733	<u>-</u>	1,743,751		2,627,514
Building & Land Leases	737,440	2,317,872	_	_	4,573,706	_	6,891,578
Other Operating Revenue	677,861	156,323	123,084	70,680	3,577,774	12,063,701	16,669,423
3		,	1=2,000		2,211,111	,,.	
Total Operating Revenue	4,631,375	9,905,770	1,435,395	70,680	9,895,231	12,063,701	38,002,152
Operating Expenses							
Labor	1,105,513	3,363,148	198,341	281,621	3,865,880	7,515,360	16,329,863
Depreciation	293,332	2,538,788	356,064	-	4,749,943	1,191,108	9,129,235
Other Operating Expenses	1,176,000	10,741,508	790,653	488,342	2,752,761	1,800,508	17,749,772
Total Operating Expenses	2,574,845	16,643,444	1,345,058	769,963	11,368,584	10,506,976	43,208,870
Operating Income	2,056,530	(6,737,674)	90,337	(699,283)	(1,473,353)	1,556,725	(5,206,718)
Nonoperating Revenues	16,651	6,490,770	-	25,393	2,463,305	-	8,996,119
Nonoperating Expenses							
Interest Expense	(576,816)	(15,533,771)	(46,152)	(210,525)	(545,755)	(425,873)	(17,338,892)
Total Nonoperating Income							
(Expense)	(560,165)	(9,043,001)	(46,152)	(185,132)	1,917,550	(425,873)	(8,342,773)
Special Items							
Tenant Contributions	37,236,203	_	2,165,298	854,677	5,164,143	-	45,420,321
Grant Revenue		-	-	763,704	1,450,592	-	2,214,296
Total Special Items	37,236,203	-	2,165,298	1,618,381	6,614,735	-	47,634,617
Change in Net Position	38,732,568	(15,780,675)	2,209,483	733,966	7,058,932	1,130,852	34,085,126
Beginning Net Position	7,891,733	12,059,129	18,730,390	12,030,358	92,703,286	11,594,277	155,009,173
Reclassification - Other	(15,950,073)	4,464,291	9,931,519	106,139	1,446,256	1,868	-
Segment	(-,,,	, - , -	,,,,,		, -,	,	
Ending Net Position	\$ 30,674,228	\$ 742,745	\$ 30,871,392	\$ 12,870,463	\$ 101,208,474	\$ 12,726,997	\$ 189,094,299
Cash Provided By:							
Operating Activities	\$ 4,298,084	\$ (4,348,367)	\$ 366,549	\$ (675,083)	\$ 70,877	\$ 2,837,492	\$ 2,549,552
Capital	11,726,261	(7,100,514)	(10,298,067)	(194,757)	4,772,735	(2,683,665)	(3,778,007)
Non Capital Financing	(15,950,075)	7,464,291	9,931,518	(194,737) 869,840	838,253	(153,827)	3,000,000
Investing Activities	16,651	306,783	-	7,944	408,559	(100,021)	739,937
Beginning Cash & Cash							
Equivalents	2,319,773	7,698,189	100,000	188,991	10,982,453	250,000	21,539,406
Ending Cash & Cash							
Equivalents	\$ 2,410,694	\$ 4,020,382	\$ 100,000	\$ 196,935	\$ 17,072,877	\$ 250,000	\$ 24,050,888



REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts Original Final		Actual			/ariance - Positive	
			Final		Amounts		Negative)
Revenues:							
Property taxes	\$	331,738	\$ 331,738	\$	316,958	\$	(14,780)
Payments in lieu of taxes		23,500	23,500		28,699		5,199
Enterprise zone		3,000,000	3,000,000		3,012,007		12,007
Interest income		110,000	110,000		59,346		(50,654)
Bond handling charges		70,000	70,000		70,020		20
Contribution		100,000	100,000		-		(100,000)
Sale of assets		100	100		-		(100)
Miscellaneous		100	100		_		(100)
Total revenues		3,635,438	 3,635,438		3,487,030		(148,408)
Expenditures:							
Personnel services		1,110,000	1,110,000		774,324		335,676
Materials and services		845,000	845,000		434,525		410,475
Capital outlay		805,000	805,000		-		805,000
General operating contingency		645,438	645,438		-		645,438
Total expenditures		3,405,438	3,405,438		1,208,849		2,196,589
Excess of revenues over (under)							
expenditures		230,000	230,000		2,278,181		2,048,181
Other Financing Sources (Uses):							
Grant income		70,000	70,000		87,000		17,000
Transfer to/from enterprise fund		(3,000,000)	 (3,000,000)		(3,000,000)		
Total other financing sources (uses)		(2,930,000)	(2,930,000)		(2,913,000)		17,000
Change in fund balance		(2,700,000)	(2,700,000)		(634,819)		2,065,181
Fund balance, beginning of year		2,800,000	2,800,000		1,922,618		(877,382)
Fund balance, end of year	\$	100,000	\$ 100,000	\$	1,287,799	\$	1,187,799

General Fund

Statement of Expenditures - Budget and Actual For the Fiscal Year Ended June 30, 2025

	Budgeted	Actual		
	Original	Final	Amounts	
Personnel Services:				
Payroll	\$ 700,000	\$ 700,000	\$ 510,484	
Payroll overhead	410,000	410,000	263,840	
Total personnel services	1,110,000	1,110,000	774,324	
Materials and Services:				
Office supplies	45,000	45,000	32,418	
IT licensing	100,000	100,000	-	
Legal	10,000	10,000	6,991	
Audit and accounting	55,000	55,000	49,400	
Notices and publications	5,000	5,000	1,997	
Dues and subscriptions	170,000	170,000	125,939	
Insurance and bonds	100,000	100,000	100,000	
Utilities	15,000	15,000	-	
Phone system	60,000	60,000	-	
Marketing	70,000	70,000	19,230	
Commissioner expenses	35,000	35,000	25,607	
Staff travel	40,000	40,000	32,973	
Economic development / vocational	80,000	80,000	19,853	
Planning/repair & maintenance	45,000	45,000	7,564	
Education	15,000	15,000	12,553	
Total materials and services	845,000	845,000	434,525	
Capital Outlay:				
Regrade and asphalt main office parking lot	345,000	345,000	-	
Admin Vehicle	60,000	60,000	-	
Equipment	400,000	400,000	-	
Total capital outlay	805,000	805,000	-	
Other Financing Sources (Uses):				
Transfers to other funds	3,000,000	3,000,000	3,000,000	
General Operating Contingency	645,438	645,438		
Total expenditures	\$ 6,405,438	\$ 6,405,438	\$ 4,208,849	

PORT OF MORROW Schedule of Changes in the Total OPEB Liability and Related Ratios June 30, 2025

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, 2023, the following employees were covered by the benefit terms:

Actives	128
Retirees	0
Spouses of Ineligible Retirees	0
Total	128

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

	Valuation Date July 1, 2023			
Present Value of Benefits Actives Retirees	\$	462,614 -		
Total	\$	462,614		
Total OPEB Liability Actives Retirees	\$	145,454 -		
Total	\$	145,454		
Service Cost As of Valuation Date	\$	22,299		
Discount Rate		3.93%		
Changes in Total OPEB Liability June 30, 2024 to June 30, 2025		se (Decrease) PEB Liability		
Balance as of June 30, 2024	\$	145,454		
Changes for the year: Service cost Interest on total OPEB liability Effect of changes to benefit terms Effect of economic/demographic gains or losses Effect of assumptions changes or inputs Benefit payments		22,299 6,117 - - (4,726) (323)		
	\$	168,821		

PORT OF MORROW Schedule of Changes in the Total OPEB Liability and Related Ratios June 30, 2025

OPEB Expense	July Jun	
Service cost	\$	22,299
Interest on total OPEB liability		6,117
Effect of plan changes		-
Recognition of Deferred (Inflows)/Outflows of Resources		
Recognition of economic/demographic (gains) or losses		4,934
Recognition of assumption changes		(4,641)
Administrative Expense		n/a
OPEB Expense	\$	28,709

Deferred outflows of resources related to OPEB of \$1,573 resulting from the Port's contributions

	Deferred Inflows of Resources		Deferred Outflows of Resources		
Differences between expected and actual experience Changes of assumptions or inputs	\$	(12,564) (60,889)	\$	39,961 17,706	
Benefit Payments		-		1,573	
Total as of June 30, 2025	\$	(73,453)	\$	59,240	

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:	Annua	I Recognition
2026	\$	293
2027		293
2028		339
2029		743
2030		936
Thereafter		(18,390)
Total	\$	(15,786)

The total OPEB liability in the July 1, 2023 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	2.4% per year, used to develop other economic assumptions
Salary increases	3.4% 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	3.65% as of June 30, 2023 measurement date. These rates reflect the BondBuyer 20-Year General Obligation Bond Index. Reporting dates follow measurement dates by one full year.

PORT OF MORROW Schedule of Changes in the Total OPEB Liability and Related Ratios June 30, 2025

Healthcare cost trend rate	Medical and vision:	
	Year	Pre-65 Trend
	2023	6.75%
	2024	6.50%
	2025	5.75%
	2026	5.25%
	2027-2028	5.00%
	2029	4.75%
	2030-2031	4.50%
	2032	4.25%
	2033-2045	4.00%
	2046-2064	4.25%
	2065-2071	4.00%
	2072+	3.75%
	Dantal, 4 000/ name	

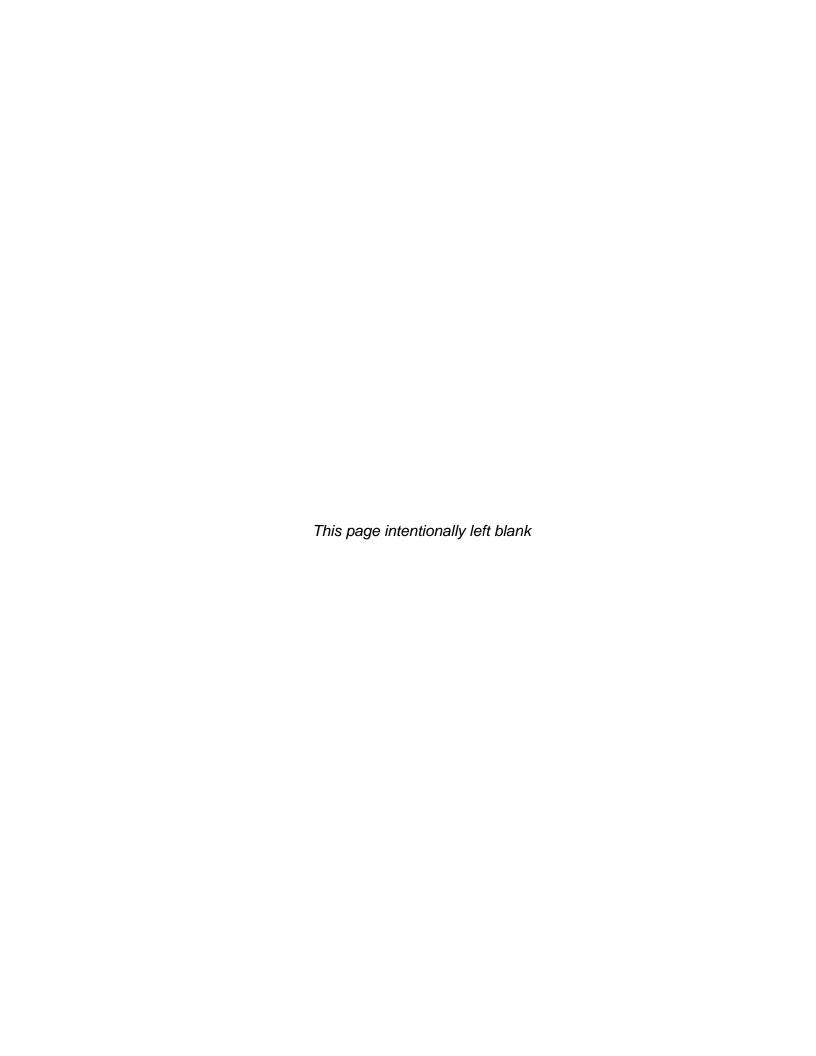
Dental: 4.00% per year

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

Sensitivity Analysis

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

		1%	Current			1%
Discount Rate:	Decrease		Decrease Discount Rate		Increase	
Total OPEB liability	\$	186,689	\$	168,821	\$	152,280
Healthcare Cost Trend Total OPEB liability	\$	141,645	\$	168,821	\$	202,469

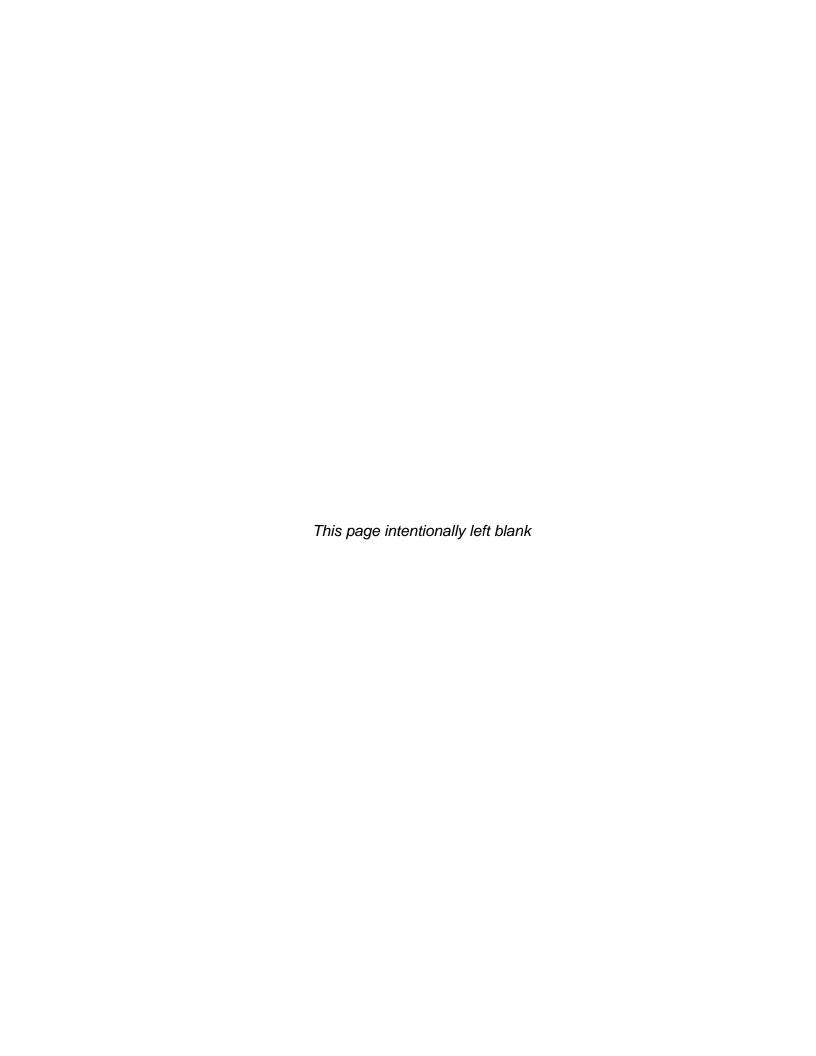


PORT OF MORROW Notes to Required Supplementary Information

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 resolution. 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.





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, 2025

	Budgeted Amounts					Actual		
	Original		Final			Amounts		
Revenues	\$	120,545,065	\$	120,545,065	\$	84,061,009		
Expenses		(467,094,941)		(467,094,941)		(303,530,258)		
Excess of revenues over (under) expenses		(346,549,876)		(346,549,876)		(219,469,249)		
Other Financing Sources (Uses):								
Loan proceeds		313,888,754		313,888,754		277,385,000		
Interest income		608,000		608,000		3,941,372		
Operating interest income		-		-		2,627,513		
Transfer from other funds		3,000,000		3,000,000		3,000,000		
Transfer to other segments		1,700,000		1,700,000		-		
Sale of assets		1,075,000		1,075,000		2,269,797		
Grant income		11,350,000		11,350,000		2,214,296		
Total other financing sources (uses)		331,621,754		331,621,754		291,437,978		
Excess (deficiency) of revenues and other								
financing sources over expenses and other uses		(14,928,122)		(14,928,122)		71,968,729		
Reconciliation to GAAP Basis:								
Loan proceeds		-		-		(277,385,000)		
Principal paid on long-term debt		-		-		6,438,197		
Depreciation		-		-		(9,129,235)		
Amortization		-		-		53,090		
Fixed assets - capitalized		-		-		242,666,080		
Sale of assets		-		-		(215,050)		
Lease receivables		-		-		(3,058,504)		
Labor capitalized		-		-		2,746,819		
Total reconciliation items		-		-		(37,883,603)		
Change in net position		(14,928,122)		(14,928,122)		34,085,126		
Net position-beginning	\$	15,100,000	\$	15,100,000		155,009,173		
Net position, end of year	\$	171,878	\$	171,878	\$	189,094,299		

Enterprise Fund

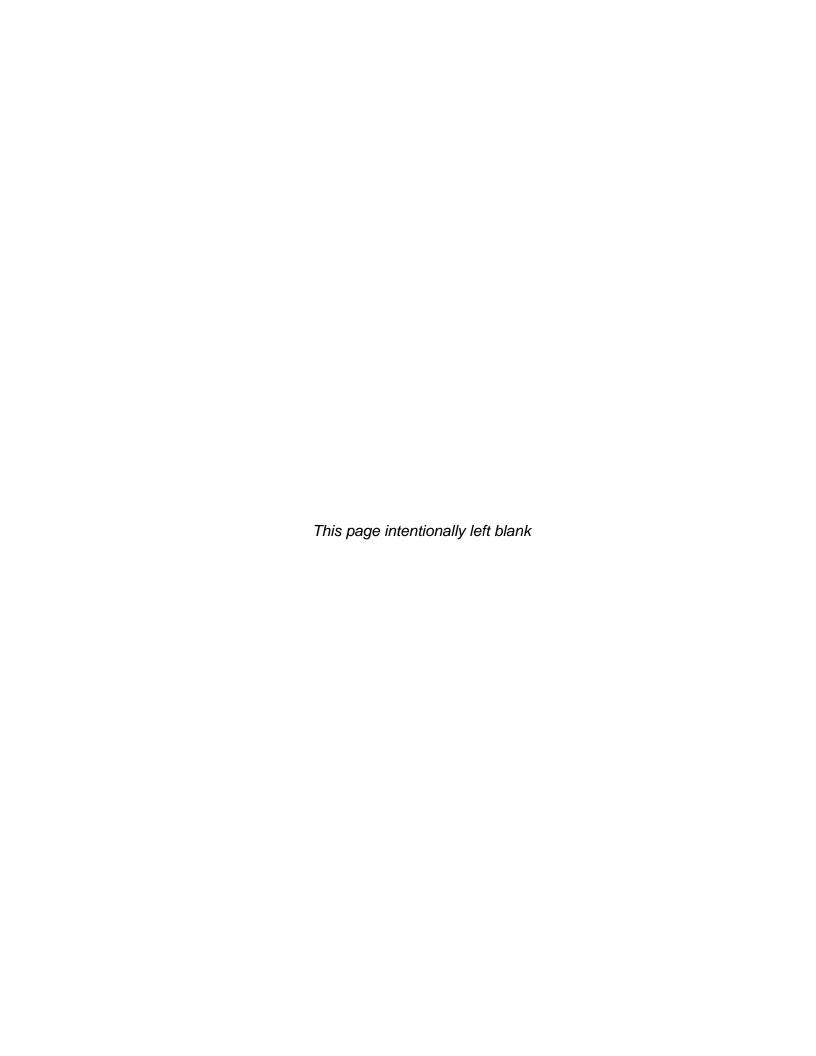
Statement of Revenues - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended June 30, 2025

	Budgeted	Actual		
	Original	Final	Amounts	
Discharge Water Segment:				
Water discharge	\$ 10,080,744	\$ 10,080,744	\$ 7,600,431	
Lease from wastewater expansion land	1,000,000	1,000,000	2,317,871	
Miscellaneous and reimbursable services	34,000	34,000	66,474	
Co-generation fixed fee	50,000	50,000	50,000	
Patronage dividend	25,000	25,000	39,850	
Total revenues - Discharge Water Segment	11,189,744	11,189,744	10,074,626	
Site Development Segment:				
Land leases	2,141,674	2,141,674	1,780,029	
Mining royalties	576,649	576,649	475,987	
Building leases	3,964,290	3,964,290	3,901,580	
T-3 lease	218,149	218,149	254,735	
Rail tariff	200,000	200,000	160,250	
Miscellaneous & reimbursements	362,160	362,160	313,548	
Operating grant - CDA	866,407	866,407	435,689	
Farm lease	238,709	238,709	234,593	
Steam revenue	475,000	475,000	326,014	
Tenant Contributions	10,995,130	10,995,130	5,164,143	
Patronage dividend	8,000	8,000	6,642	
Total revenues - Site Development Segment	20,046,168	20,046,168	13,053,210	
Fresh Water Segment:				
Water usage	3,917,767	3,917,767	3,216,068	
CID lease	1,643,200	1,643,200	1,635,429	
Tenant Contributions	57,298,042	57,298,042	37,819,139	
Patronage dividend & miscellaneous	70,100	70,100	19,925	
Co-generation fixed fee	75,000	75,000	75,000	
Total revenues - Fresh Water Segment	63,004,109	63,004,109	42,765,561	
Warehousing				
Warehouse storage & handling revenue	13,585,000	13,585,000	10,985,319	
Patronage dividend & miscellaneous	1,200,000	1,200,000	1,078,382	
Tationage dividend & miscellaneous	14,785,000	14,785,000	12,063,701	
Motor Pool Segment:				
Equipment rents	2,831,000	2,831,000	1,577,861	
Tenant Contributions	400,000	400,000	-	
Tonant Continuations	3,231,000	3,231,000	1,577,861	
SAGE Center:		<u> </u>		
Admission and facility use	114,000	114,000	44,220	
Display reimbursements	1,295,000	1,295,000	44,220	
Sponsorships (donations)	85,700		- 881,137	
Total revenues - Sage Center	1,494,700	85,700 1,494,700	925,357	
-	.,,	.,,		
East Beach Utility: Utility fees - freshwater	434,877	434,877	360,576	
Utility fees - discharge	1,267,700	1,267,700	951,735	
Tenant Contributions	4,980,354	4,980,354	2,165,298	
Miscellaneous & reimbursements	111,413	111,413	123,084	
Total revenues - East Beach Utility	6,794,344	6,794,344	3,600,693	
Total revenues - enterprise fund	\$ 120,545,065	\$120,545,065	\$ 84,061,009	
rotal rovolidos - ofitorpriso fulla	Ψ 120,040,000	ψ 120,040,000	Ψ 04,001,009	

Enterprise Fund

Statement of Expenses - Budget and Actual (Budgetary Basis) For the Fiscal Year Ended June 30, 2025

	Budgeted	Amounts	Actual	Variance - Positive (Negative)		
	Original	Final	Amounts			
Expenses:						
Personnel services	\$ 23,672,982	\$ 23,672,982	\$ 19,076,682	\$ 4,596,300		
Materials and services	16,331,989	20,481,989	17,957,317	2,524,672		
Capital outlay	409,197,129	397,697,129	242,666,080	155,031,049		
Transfers to other segments	1,700,000	1,700,000	-	1,700,000		
Debt service	13,872,985	21,372,985	23,830,179	(2,457,194)		
Contingency	2,319,856	2,169,856	-	2,169,856		
Total expenses	\$ 467,094,941	\$ 467,094,941	\$ 303,530,258	\$ 163,564,683		
By Program:						
Fresh Water	\$ 63,642,109	\$ 63,642,109	\$ 39,788,699	\$ 23,853,410		
Discharge Water	334,348,498	334,348,498	227,198,437	107,150,061		
East Beach Utilities	6,762,466	6,762,466	3,255,837	3,506,629		
Site Development	35,266,168	35,266,168	18,079,893	17,186,275		
Motorpool	3,306,000	3,306,000	2,146,708	1,159,292		
Sage Center	8,084,700	8,084,700	1,130,799	6,953,901		
Warehousing	15,685,000	15,685,000	11,929,885	3,755,115		
-	\$ 467,094,941	\$ 467,094,941	\$ 303,530,258	\$ 163,564,683		





Schedule of Future Requirements For Retirement of Bonded and Long-Term Debt

For the Fiscal Year Ended June 30, 2025

	2025	-2026	2026-2027		2027-2028		
	Principal	Interest	Principal	Interest	Principal	Interest	
Industrial Development Bonds (No-Commitment Debt) :							
Bonneville Power Administration Series 2012	\$ -	\$ 3,114,195	\$ -	\$ 3,114,195	\$ -	\$ 3,114,195	
Bonneville Power Administration Series 2014	70,345,000	5,389,355		3,018,025	85,715,000	3,018,025	
Bonneville Power Administration Series 2016-1	-	7,467,500	-	7,467,500	-	7,467,500	
Bonneville Power Administration Series 2019	37,425,000	1,781,129	38,285,000	919,606	-	-	
Bonneville Power Administration Series 2020-1 Bonneville Power	-	9,603,258	-	9,603,258	-	9,603,258	
Administration Series 2021-1	-	5,124,639	-	5,124,639	-	5,124,639	
Bonneville Power Administration Series 2024		3,683,365		3,683,365		3,683,365	
Total no commitment debt	107,770,000	36,163,441	38,285,000	32,930,588	85,715,000	32,010,982	
Enterprise Fund: Full Faith & Credit Bond, Series 2021 A	1,030,000	427,600	1,070,000	386,400	1,105,000	343,600	
Full Faith & Credit Bond, Series 2021 B	1,465,000	278,964	1,195,000	258,185	1,085,000	236,635	
Full Faith & Credit Bond, Series 2021 C	465,000	433,300	470,000	425,395	485,000	415,525	
Full Faith & Credit Bond, Series 2021 D	925,000	704,300	965,000	666,500	1,005,000	627,100	
Full Faith & Credit Bond, Series 2022	1,150,000	1,476,790	1,200,000	1,419,405	1,265,000	1,359,525	
Full Faith & Credit Bond, Series 2024 A	-	13,598,318	264,045,000	6,799,159	-	-	
Full Faith & Credit Bond, Series 2024 B	-	967,150	13,340,000	483,575	-	-	
Special Public Works Fund #7	94,982	44,477	99,123	40,336	103,445	36,014	
Special Public Works Fund #8	174,530	111,991	180,394	106,127	186,455	100,066	
Special Public Works Fund #9	329,932	504,477	347,679	487,980	365,563	470,596	
Total commitment debt	5,634,444	18,547,367	282,912,196	11,073,062	5,600,463	3,589,061	
Total debt	\$ 113,404,444	\$ 54,710,808	\$ 321,197,196	\$ 44,003,650	\$ 91,315,463	\$ 35,600,043	

2028	8-2029	2029	9-2030	All Subsequent Years		Total					
Principal	Interest	Principal	interest		Principal	l Interest		Principal		Interest	
-	3,114,195	-	3,114,195	\$	84,740,000	\$	40,484,537	\$	84,740,000	\$	56,055,512
_	_	_	_	\$	_	\$	_	\$	156,060,000	\$	11,425,405
				Ψ		Ψ		Ψ	100,000,000	Ψ	11,120,100
-	7,467,500	-	7,467,500	\$	250,000,000	\$	52,272,500	\$	250,000,000	\$	89,610,000
-	-	-	-	\$	-	\$	-	\$	75,710,000	\$	2,700,735
-	9,603,258	-	9,603,258	\$	377,635,000	\$	105,635,838	\$	377,635,000	\$	153,652,128
-	5,124,639	-	5,124,639	\$	202,315,000	\$	71,744,945	\$	202,315,000	\$	97,368,140
	3,683,365		3,683,365	\$	76,020,000	\$	7,101,358	\$	76,020,000	\$	25,518,183
	28,992,957	_	28,992,957		990,710,000		277,239,178		1,222,480,000		436,330,103
1,160,000	299,400	1,205,000	253,000		5,570,000		716,050		11,140,000		2,426,050
1,110,000	212,478	755,000	189,898		5,925,000		673,290		11,535,000		1,849,449
495,000	404,370	1,455,000	391,500		11,430,000		1,489,355		14,800,000		3,559,445
1,045,000	586,100	1,085,000	543,500		13,045,000		2,740,500		18,070,000		5,868,000
1,330,000	1,296,402	1,390,000	1,230,035		23,260,000		8,216,286		29,595,000		14,998,443
-	-	-	-		-		-		264,045,000		20,397,477
-	-	-	-		-		-		13,340,000		1,450,725
107,955	31,504	112,662	26,797		501,957		55,879		1,020,124		235,007
192,720	93,801	199,195	87,326		2,399,785		465,425		3,333,079		964,736
383,591	452,318	401,771	433,139		9,787,648		3,546,051		11,616,185		5,894,561
5,824,266	3,376,373	6,603,628	3,155,195		71,919,390		17,902,836		378,494,388		57,643,893
\$ 5,824,266	\$ 32,369,329	\$ 6,603,628	\$ 32,148,151	\$	1,062,629,390	\$	295,142,015	\$	1,600,974,388	\$	493,973,996

Schedule of Insurance Coverage For the Fiscal Year Ended June 30, 2025

	Policy Number	Expiration Date	Amount
Liability Special Districts insurance Services General Liability (single limit) automobile insurance on various automobiles. Auto physical damage - \$ 100 Deductible - Comprehensive \$ 500 Deductible - Collision	40P16391-202	12/31/2025	\$ 10,000,000
Property Special Districts insurance Services All property, real and personal, including inland Marine \$ 10,000 Deductible on property coverage \$ 500 Deductible - inland Marine coverage \$ 1,000,000 Business interruption \$ 50,000 EDP	40P16391-202	12/31/2025	\$ 221,904,659
Boiler and Machinery Special Districts insurance Services \$ 1,000 Deductible	40P16391-202	12/31/2025	\$ 100,000,000
Crime Coverage Special Districts insurance Services	40P16391-202	12/31/2025	\$ 1,000,000
Workers' Compensation SAIF	100057425	6/30/2025	\$ -
Erisa Bond Old Republic Surety Company	W150346870	7/25/2024	\$ 500,000
Group Insurance Regence BlueCross BlueShield MODA Health	68000661 G0020636	6/30/2025 6/30/2025	Health Dental
Pollution Policy XPT Specialty Insurance Services	PEC0068206	3/9/2026	\$ 10,000,000
Liquor Liability (Golf Course) United State Liability Insurance	LQ2002063D	7/30/2025	\$ 1,000,000 \$ 2,000,000

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, 2025, and have issued our report thereon dated November 10, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance and Other Matters

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

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

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

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

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

OAR 162-10-0230 Internal Control

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

expressing an opinion on the effectiveness of Port of Morrow's internal control over financials reporting. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Purpose of this Report

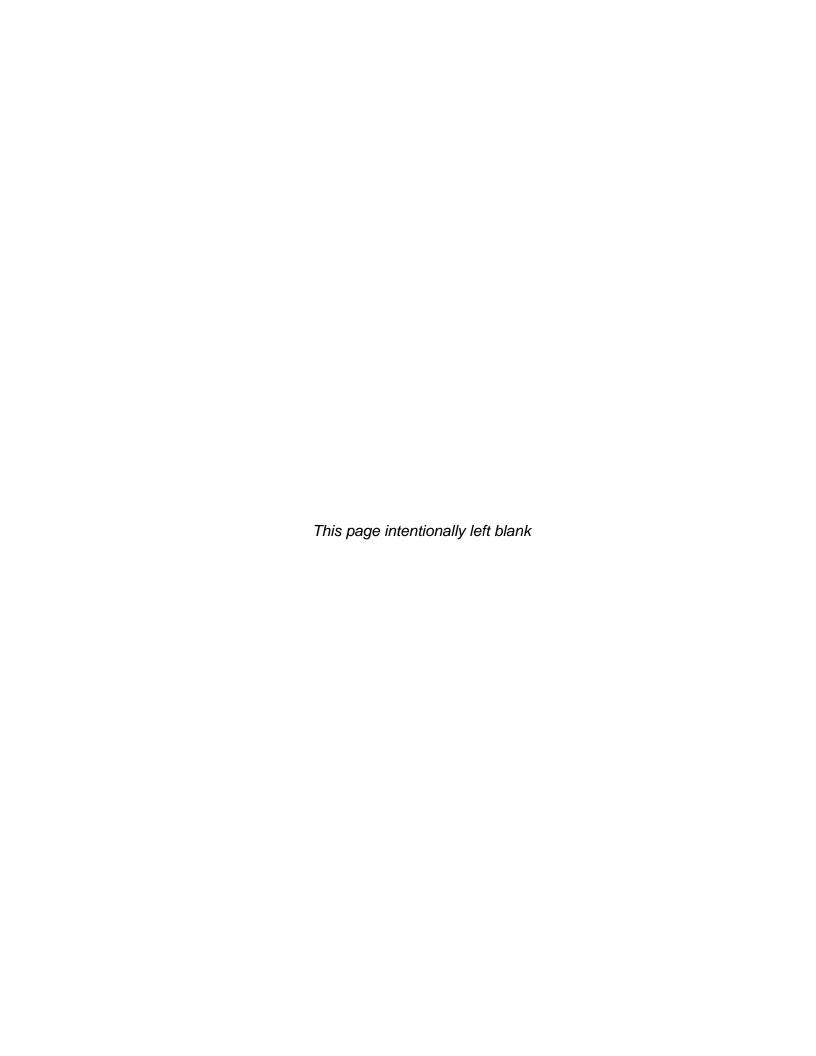
This report is intended solely for the information and use of the board of commissioners and management of Port of Morrow and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC Certified Public Accountants

Chelsea A. Hewitt, CPA

Owner/Member

La Grande, OR November 10, 2025



AUDIT DELIVERABLES REQUIRED BY THE SINGLE AUDIT ACT OF 1996

PORT OF MORROW

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Number	Grant Number	Expenditures
U.S. Department of Defense:			
<u>Direct Programs:</u> Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of a Military Installation	12.607	HQ00052410009	\$ 402,202
U.S. General Service Administration:			
<u>Direct Programs:</u> Donation of Federal Surplus Property	39.003		27,802
U.S. Department of Transportation:			
<u>Direct Programs:</u> National Infrastructure Investments	20.933	693JF71910010	1,414,990
Total expenditures of federal awards			\$ 1,844,994

PORT OF MORROW Notes to Schedule of Expenditures of Federal Awards

Note A - Purpose of the Schedule:

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

Note B - Significant Accounting Policies:

Reporting Entity

The reporting entity is fully described in Note 1 to the Port's basic financial statements. The Schedule includes all federal programs administered by the Port for the year ended June 30, 2025.

Basis of Presentation

The accompanying Schedule includes the federal award activity of the Port under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2. U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Port.

Federal Financial Assistance

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

Major Programs

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

Basis of Accounting

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

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

Insurance Coverage

For fiscal year ended June 30, 2025, the Port had insurance coverage in effect comparable to other entities of similar size and circumstance.

Indirect Cost Rate

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of Port of Morrow, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Port of Morrow's basic financial statements, and have issued our report thereon dated November 10, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC Certified Public Accountants

Chelsea A. Hewitt, CPA

Owner/Member

La Grande, OR November 10, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Port of Morrow's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Port of Morrow's major federal programs for the year ended June 30, 2025. Port of Morrow's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Port of Morrow complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Port of Morrow and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Port of Morrow's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Port of Morrow's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Port of Morrow's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial

likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Port of Morrow's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform
 audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence
 regarding Port of Morrow's compliance with the compliance requirements referred to above and performing such
 other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Port of Morrow's internal control over compliance relevant to the audit in order to
 design audit procedures that are appropriate in the circumstances and to test and report on internal control over
 compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the
 effectiveness of Port of Morrow's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

CONNECTED PROFESSIONAL ACCOUNTANTS, LLC Certified Public Accountants

Chelsea A. Hewitt, CPA

Owner/Member

La Grande, OR November 10, 2025

PORT OF MORROW Schedule of Findings and Questioned Costs For the Year Ended June 30, 2025

A. Summary of Audit Results:

	u. y o. y xua x source.	Results
Financ	cial Statements Audit	
1. 7	Гуре of auditor's report issued	Unmodified
2. I	nternal control over financial reporting: Were significant deficiencies disclosed? Of the significant deficiencies disclosed were any material weaknesses?	No N/A
3. [Did the audit disclose any noncompliance material to the financial statements?	No
Federa	al Awards	
1. 7	Гуре of auditor's report issued:	
	<u>Major program:</u> National Infrastructure Investments Assistance Number 20.933	Unmodified
2. I	nternal control over major programs: Were significant deficiencies disclosed? Of the significant deficiencies disclosed were any material weaknesses?	No N/A
3. \	Were any of the following disclosed in accordance with 2 CFR Section 200.516(a)? Significant deficiencies in internal control over major programs? Material Noncompliance with the provisions of laws, regulations, contracts,	No
	or grant agreements related to major programs? Known questioned costs which are greater than \$25,000 for a type of compliance requirement for a major program?	No No
	Known questioned costs which are greater than \$25,000 for a federal program which is not audited as a major program?	No
4. 7	The threshold for distinguishing Types A and B programs:	\$ 750,000
5. <i>A</i>	Auditee qualified as a low-risk auditee	Yes
	gs and Questioned Costs - Financial Statement Audit: ne noted as a result of our audit procedures	Questioned Costs None noted as a result of our audit
	gs and Questioned Costs - Financial Statement Audit: ne noted as a result of our audit procedures	None r

C. Federal Awards Findings and Questioned Costs:

None noted as a result of our audit procedures.

PORT OF MORROW Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2025

Financial Statement Finding:

None noted as a result of our audit procedures