



ANNUAL FINANCIAL REPORT

**OREGON INTERNATIONAL PORT OF COOS BAY  
COOS BAY, OREGON**

For the Year Ended June 30, 2019



**Oregon International Port of Coos Bay  
Coos Bay, Oregon**

**Board of Commissioners**

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David Kronsteiner, President

Eric Farm, Vice President

Brianna Hanson, Treasurer

Robert Garcia, Secretary

James Martin, Commissioner

All Commissioners receive mail at the address listed below.

**ADMINISTRATION**

John Burns, Chief Executive Officer

Megan Richardson, Director of Finance and Accounting

125 Central Avenue, Suite 300

Coos Bay, OR 97420

# Table of Contents

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	PAGE
<b>Report of Independent Auditors</b>	1–3
<b>Management’s Discussion and Analysis</b>	4–9
<b>Basic Financial Statements</b>	
Balance sheet	10–11
Statement of revenues, expenses, and changes in net position	12
Statement of cash flows	13–14
Notes to the basic financial statements	15–38
<b>Required Supplementary Information</b>	
Schedule of the Port’s proportionate share of net pension liability	39
Schedule of pension contributions	39
Schedule of the Port’s proportionate share of the net OPEB asset	40
Schedule of OPEB contributions	40
Schedule of changes in the Port’s total OPEB liability and related ratios	40
<b>Supplementary Information</b>	
Combining balance sheet	41–42
Combining statement of revenues, expenses, and changes in net position	43
Combining statement of cash flows	44–45
Schedule of budgeted and actual revenues, expenditures, and changes in fund balance	
General fund	46–48
Special projects fund	49
Reserve fund	50
Coos Bay Rail Line	51
Schedule of property tax transactions	52
<b>Other Financial Information</b>	
Schedule of long-term debt transactions	53
Schedule of future requirements for retirement of long-term debt	54–62
<b>Single Audit Reports and Schedules</b>	
Schedule of expenditures of federal awards	63
Notes to schedule of expenditures of federal awards	64
Report of independent auditors on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	65–66
Report of independent auditors on compliance for each major program and on internal control over compliance required by the Uniform Guidance	67–68
Schedule of finding and questioned costs	69
<b>Report of Independent Auditors on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Oregon Minimum Audit Standards</i></b>	70–71

## **Report of Independent Auditors**

To the Board of Commissioners  
Oregon International Port of Coos Bay

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Oregon International Port of Coos Bay (the Port), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents on pages 4 through 9, the schedules of the Port's proportionate share of net pension liability on page 39, the Port's pension contributions on page 39, Port's share of the net OPEB asset on page 40, Port's OPEB contributions on page 40, and the changes in the Port's total OPEB liability and related ratios on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The combining and individual fund statements and schedules on pages 41 to 51; schedule of expenditures of federal award on page 63 which is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements each as listed in the table of contents (collectively, the supplementary information).

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

*Other Information*

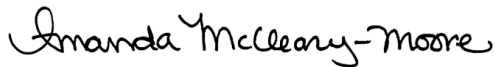
The schedule of long-term debt transactions and schedule of future requirements for retirement of long-term debt outstanding at June 30, 2019 on pages 54 to 62 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of the Oregon International Port of Coos Bay'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 Oregon International Port of Coos Bay'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 Oregon International Port of Coos Bay's internal control over financial reporting and compliance.

***Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations***

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 20, 2019 on our consideration of the Oregon International Port of Coos Bay'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.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 20, 2019

## **Management's Discussion and Analysis**

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## **Oregon International Port of Coos Bay Management's Discussion and Analysis For the Year Ended June 30, 2019**

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This discussion and analysis of the Oregon International Port of Coos Bay's (Port) financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the Port financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- For the fiscal year ending 2019, unrestricted fund balance of the Port decreased by \$2,508,417 from the prior year. Unrestricted fund balance is \$2,660,084 at June 30, 2019.
- In the General Fund, the Port continues operations of the state-owned dredge through an intergovernmental agreement with Business Oregon on behalf of the State of Oregon. Dredge activity is intended to be self-sustaining, and any deficit is currently covered by Business Oregon.
- The General Fund has exceeded budget in two departments and two categories, Administration by \$21,328, Port Development by \$16,208, Special Payments by \$78,000, and Capital Outlay by \$170,708. The Port had completed a supplemental budget to account for the expected overages of the departments. However, the estimates to cover the additional repairs and maintenance needed in both departments fell short of the actual expenditures. In addition, the Special Payments overage was not anticipated at the time the supplemental budget was approved. The Capital Outlay was intended to be part of Fiscal Year 19/20, but with the timing of a state grant deadline materials were ordered before the close of the year.
- The Special Projects Fund accounted for the grant proceeds used for capital improvements on the rail line, acquiring rolling stock, the Channel Deepening project, as well as other revenue. Contract revenue in the fund decreased by \$1,095,000 from the previous fiscal year. The decrease can be attributed to the Channel Deepening project, which due to the nature of the schedule, varies year to year. Capital grant spending increased this year by approximately \$11,000,000. The purchase of rolling stock for the rail line and the three major rehab projects on the rail line, Tunnel Rehab Phase I project, Coos Bay Swing Span Bridge Project, and the Timber Bridges Project, account for the increase this year. At June 30, 2019, the fund had net position (deficit) of (\$1,090,557).
- Starting November 1, 2018, the Port established the Coos Bay Rail Line, Inc. which took rail operations over from the previous operator. CBRL is a 503(c) nonprofit corporation that is wholly owned by the Port of Coos Bay. CBRL employs seventeen people that are responsible for operating the locomotives, switching cars, maintenance along the line, and administration functions. At June 30, 2019, the fund had a net position (deficit) of (\$240,874).



# Oregon International Port of Coos Bay

## Management's Discussion and Analysis

### For the Year Ended June 30, 2019

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#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Port's basic financial statements. This audit report consists of four parts – management's discussion and analysis (this section), the basic financial statements (including notes), required supplementary information and other supplementary information. This report is guided by accounting and reporting principles established by the Governmental Accounting Standards Board (GASB), and by the Oregon Secretary of State (OSS). The basic financial statements are prepared on the accrual basis, like a business, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is received or paid. The basic financial statements consist of the balance sheet that include the Port's assets, liabilities, and net position at year end; the statement of revenues, expenses, and changes in net position, which include all revenues, expenses, and grants received for construction for the year; and the statement of cash flows, which present the sources and uses of cash for the year. 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 other supplementary information, which further explains and supports the information in the financial statements.

Even though management considers the activities related to the operation of the Port as those of a unitary nature, the accounts of the Port are organized and operated on the basis of funds and are reported as such.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Proprietary funds include the following fund type: *Enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred, and/or net income is necessary for management accountability.

The individual funds of the Port comprising the enterprise type are:

**General Fund.** The General Fund is used to account for all administrative, operating, and marketing costs of the Port and to an extent, capital improvements. Revenues consist primarily of charges for services, general property tax levies and small grants, interest, etc.

**Special Projects Fund.** This fund was created by Port resolution to account for expenditures related to the acquisition and sale of real property on the North Spit or elsewhere and major infrastructure projects related to the Port's core mission. Revenues consist primarily of grants, contracts, loans and proceeds from public-private partnerships.

**Reserve Fund.** This fund was created by Port resolution and specifically to contain surplus from Port operations, proceeds from sale of Port assets and proceeds from long term property agreements. Revenues consist of transfers from other funds.

Blended Component Unit:

**CBRL Fund.** This fund is used to account for all administrative and operating costs related to operating the rail line. Revenues consist primarily of charges for services.

**Oregon International Port of Coos Bay  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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**FINANCIAL SUMMARY**

Total Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

	2019	2018	Variation
Current and Other Assets	\$ 9,791,055	\$ 8,491,443	\$ 1,299,612
Capital Assets	59,084,783	47,573,649	11,511,134
<b>Total Assets</b>	<b>68,875,838</b>	<b>56,065,092</b>	<b>12,810,746</b>
Deferred Outflow-Pension	1,311,360	822,650	488,710
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$ 70,187,198</b>	<b>\$ 56,887,742</b>	<b>\$ 13,299,456</b>
Current Liabilities	\$ 5,628,253	\$ 2,115,252	3,513,001
Other Non-Current Liabilities	10,848,256	10,112,416	735,840
<b>Total Liabilities</b>	<b>16,476,509</b>	<b>12,227,668</b>	<b>\$ 4,248,841</b>
Deferred Inflow-Pension	221,948	150,524	71,424
Net Position:			
Net Investment in Capital Assets	50,828,657	39,313,154	11,515,503
Restricted	-	27,895	(27,895)
Unrestricted	2,660,084	5,168,501	(2,508,417)
<b>Total Net Position</b>	<b>53,488,741</b>	<b>44,509,550</b>	<b>8,979,191</b>
<b>Total Liabilities &amp; Deferred Inflow of Resources</b>	<b>\$ 70,187,198</b>	<b>\$ 56,887,742</b>	<b>\$ 13,299,456</b>

**Oregon International Port of Coos Bay  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

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	Changes in Net Position		
	2019	2018	Change
Operating Revenues:			
Charges for Services	\$ 8,959,417	\$ 7,516,751	\$ 1,442,666
Leases	318,006	333,415	(15,409)
Contract Revenue	3,069,881	4,164,788	(1,094,907)
Total Operating Revenues	<u>12,347,304</u>	<u>12,014,954</u>	<u>332,350</u>
Operating Expenses:			
Personal Services	4,115,110	3,333,092	782,018
Materials & Services	11,280,586	11,551,725	(271,139)
Depreciation	3,310,424	3,159,965	150,459
Total Operating Expense	<u>18,706,120</u>	<u>18,044,782</u>	<u>661,338</u>
Total Operating Income (Loss)	<u>(6,358,816)</u>	<u>(6,029,828)</u>	<u>(328,988)</u>
Non-Operating Revenues (Expenses)			
Property Taxes	1,750,913	1,703,999	46,914
Interest Income	125,942	92,311	33,631
Interest Expense	(459,520)	(162,687)	(296,833)
Grants	13,375,711	1,976,692	11,399,019
Miscellaneous	544,961	1,401,359	(856,398)
Total Non-Operating Income (Expense)	<u>15,338,007</u>	<u>5,011,674</u>	<u>10,326,333</u>
Change in Net Position	<u>\$ 8,979,191</u>	<u>\$ (1,018,154)</u>	<u>\$ 9,997,345</u>

**CAPITAL ASSETS**

At June 30, 2019, the Port has over \$59 million invested in a broad range of capital assets. This amount represents a net increase of \$11.5 million as outlined below.

Notable additions this fiscal year included the addition of rolling stock which included three locomotives, Hy-Rail capable heavy equipment and two Hy-Rail vehicles. Major rehabilitation along the rail line included major repair of the Coos Bay Swing Span Bridge, Major Tunnel Rehab to nine tunnels, and major repairs to 37 timber bridges. In the Marina, there was dock and piling replacement at the Ice Dock facility.

**Oregon International Port of Coos Bay  
Management's Discussion and Analysis  
For the Year Ended June 30, 2019**

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>June 30, 2019</u>
Capital assets not being depreciated				
Land	\$ 1,065,679	\$ -	\$ -	\$ 1,065,679
Construction in progress	136,197	1,300,974	(119,740)	1,317,431
Total capital assets not being depreciated	<u>1,201,876</u>	<u>1,300,974</u>	<u>(119,740)</u>	<u>2,383,110</u>
Capital assets being depreciated				
Buildings and docks	11,544,292	116,400	(412,761)	11,247,931
Machinery and equipment	2,150,183	1,683,198	(287,620)	3,545,761
Improvements other than buildings	60,801,653	11,840,726	-	72,642,379
Total capital assets being depreciated	<u>74,496,128</u>	<u>13,640,324</u>	<u>(700,381)</u>	<u>87,436,071</u>
Less accumulated depreciation				
Buildings and docks	(8,634,417)	(214,528)	412,761	(8,436,184)
Machinery and equipment	(1,065,142)	(228,955)	287,620	(1,006,477)
Improvements other than buildings	(18,424,796)	(2,866,941)	-	(21,291,737)
Total accumulated depreciation	<u>(28,124,355)</u>	<u>(3,310,424)</u>	<u>700,381</u>	<u>(30,734,398)</u>
Capital assets being depreciated, net	<u>46,371,773</u>	<u>10,329,900</u>	<u>-</u>	<u>56,701,673</u>
Capital assets, net	<u>\$47,573,649</u>	<u>\$ 11,630,874</u>	<u>\$ (119,740)</u>	<u>\$59,084,783</u>

**BUDGETARY HIGHLIGHTS**

The Port's budget for the year ended June 30, 2019 was adopted by the Port Commission in June of 2018. A supplementary budget was passed in June 2019 to account for additional repairs and maintenance in Charleston Ops and Rail Ops, as well as transfers to the reserve fund. As previously noted, the estimates used to complete the supplemental budget fell short of actual expenditures and the General Fund had over expenditures.

# Oregon International Port of Coos Bay Management's Discussion and Analysis For the Year Ended June 30, 2019

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## LONG-TERM DEBT

At June 30, 2019, the Port had over \$8.25 million in notes payable. See below for details. Refer to Notes (6) for additional details.

	Outstanding Long-Term Debt		Total Change
	2019	2018	2018/19
Notes Payable	-	16,928	(16,928)
OECD Loans	8,256,126	8,243,567	12,559
	<u>\$ 8,256,126</u>	<u>\$ 8,260,495</u>	<u>\$ (4,369)</u>

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

John Burns, Chief Executive Officer  
Oregon International Port of Coos Bay  
PO Box 1215  
Coos Bay, OR, 97420

## **Basic Financial Statements**

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**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Balance Sheet  
June 30, 2019**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 4,081,667
Prepaid expenses	221,780
Receivables, net	<u>4,433,141</u>
Total current assets	<u>8,736,588</u>

**NON-CURRENT ASSETS**

Property taxes receivable	155,772
Note receivable	885,652
Net OPEB asset	20,679
Capital assets	
Depreciable assets, net	56,701,673
Nondepreciable assets	<u>2,383,110</u>
Total non-current assets	<u>60,146,886</u>

Total assets 68,883,474

**DEFERRED OUTFLOW OF RESOURCES**

Pension and OPEB related items	<u>1,311,360</u>
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Total assets and deferred outflow of resources \$ 70,194,834

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Balance Sheet**  
**June 30, 2019**

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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	\$ 2,478,044
Accrued payroll costs	173,378
Accrued interest	200,960
Unearned revenue	237,508
Current portion of long-term debt	<u>426,277</u>

Total current liabilities	<u>3,516,167</u>
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**NON-CURRENT LIABILITIES**

Accrued compensated absences	250,551
Deposits	81,409
Net pension liability	2,665,621
Total OPEB liability	20,826
Line of credit	2,112,086
Long-term debt, net of current portion	<u>7,829,849</u>

Total non-current liabilities	<u>12,960,342</u>
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Total liabilities	<u>16,476,509</u>
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**DEFERRED INFLOW OF RESOURCES**

Pension and OPEB related items	<u>221,948</u>
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**NET POSITION**

Net investment in capital assets	50,828,657
Unrestricted	<u>2,667,720</u>

Total net position	<u>53,496,377</u>
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Total liabilities, deferred inflow of resources, and net position	<u>\$ 70,194,834</u>
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**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2019**

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OPERATING REVENUES	
Charges for services	\$ 8,959,417
Leases	318,006
Contract revenue	<u>3,069,881</u>
Total operating revenues	<u>12,347,304</u>
OPERATING EXPENSES	
Personnel services	4,115,110
Consulting services	3,078,439
Rail operations service fee	3,065,090
Materials and services	4,086,706
Repairs and maintenance	1,050,351
Depreciation	<u>3,310,424</u>
Total operating expenses	<u>18,706,120</u>
Total operating loss	<u>(6,358,816)</u>
NON-OPERATING REVENUES (EXPENSES)	
Property taxes	1,758,549
Interest expense	(459,520)
Interest income	125,942
Grants	13,375,711
Miscellaneous	<u>544,961</u>
Total non-operating revenues (expenses)	<u>15,345,643</u>
CHANGE IN NET POSITION	8,986,827
TOTAL NET POSITION, beginning of year, July 1	<u>44,509,550</u>
TOTAL NET POSITION, end of year, June 30	<u><u>\$ 53,496,377</u></u>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

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CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 6,358,355
Cash payments to suppliers for goods and services	(7,148,183)
Cash payments for employee services	<u>(2,955,628)</u>
Net cash from (used by) operating activities	<u>(3,745,456)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes received	<u>1,766,185</u>
Net cash provided by noncapital financing activities	<u>1,766,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fixed assets	(14,821,558)
Payments on note receivable	60,925
Change in line of credit	2,112,086
Proceeds from long-term debt	394,705
Principal paid on long-term debt	(399,074)
Grants	13,375,711
Miscellaneous	544,961
Interest paid on long-term debt	<u>(437,166)</u>
Net cash from capital and related financing activities	<u>830,590</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>125,942</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,022,739)
CASH AND CASH EQUIVALENTS, beginning of year, July 1	<u>5,104,406</u>
CASH AND CASH EQUIVALENTS, end of year, June 30	<u><u>\$ 4,081,667</u></u>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2019**

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RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES

Operating (loss)	<u>\$ (6,358,816)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities	
Depreciation	3,310,424
Allowance	541,000
Pension and OPEB related deferrals	71,424
Changes in balance sheet	
(Increase) decrease in accounts receivable	(2,826,053)
(Increase) decrease in prepaids	(99,016)
(Increase) decrease in net OPEB asset	(14,479)
Increase (decrease) in deferred outflows of pension and OPEB related items	(488,710)
Increase (decrease) in accrued compensated absences	34,706
Increase (decrease) in accounts payable and other accrued expenses	1,367,728
Increase (decrease) in unearned revenue	(3,504)
Increase (decrease) in deposits	21,381
Increase (decrease) in net pension liability	695,609
Increase (decrease) in total OPEB liability	<u>2,850</u>
Total adjustments	<u>2,613,360</u>
Net cash from (used by) operating activities	<u><u>\$ (3,745,456)</u></u>

# Oregon International Port of Coos Bay

## Coos Bay, Oregon

### Notes to Financial Statements

#### June 30, 2019

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#### **Note 1 – Summary of Significant Accounting Policies**

##### **Reporting entity**

The Oregon International Port of Coos Bay (Port) is organized under the laws pertaining to port districts in the State of Oregon and Oregon Senate Bill 962, which became effective January 1, 1988. The Port has a five-person Board of Commissioners with the members being appointed by the Governor of the State of Oregon. The Governor also designates the President of the Commission who is the presiding officer. The President in turn designates the officers of the Commission.

The Port is involved in a wide variety of transportation-related activities in southwestern Oregon. The Port owns and operates the Charleston Marina Complex - Marina & Launch Ramp, RV Park, and Shipyard - which serves the commercial fishing and seafood processing industry, as well as the recreational boating, fishing and coastal tourism sector. Additionally, the Port owns the Coos Bay rail line and related rail infrastructure in three southwestern Oregon Counties: Coos, western Douglas and western Lane. The line was operated by an experienced private-sector short line railroad operating company under contract with the Port until October 31, 2018. As of May 23, 2018, the Port created Coos Bay Rail Line, Inc. and they took over operations of the line as of November 1, 2018. The Port owns and is involved in the long-term development of industrial and marine industrial property in the North Bay Marine Industrial Park on the North Spit of lower Coos Bay, and maintains ownership of property in upper Coos Bay on the North Bend and Coos Bay waterfronts. The Port also serves as the non-federal local sponsor of the federally-authorized navigation system serving Charleston and the Coos Bay harbor.

The accompanying financial statements include the Port and its component unit, collectively referred to as the financial reporting entity. In accordance with GASB Statement Number 14, as amended by GASB Statement 39, GASB Statement 61 and GASB Statement 80, the component unit discussed below has been included in the Port's reporting entity because of the significance of their operational or financial relationship with the Port.

##### ***Blended Component Unit***

###### Coos Bay Rail Line, Inc. (CBRL)

The CBRL was created and organized as a public, non-profit local government corporation exclusively for public or charitable purposes, including but not limited to, leasing the Coos Bay Rail Line and operation of the Coos Bay Rail Line.

##### **Measurement focus, basis of accounting, and basis of presentation**

For financial reporting purposes, management considers the activities related to the operation of the Port as those of a unitary nature and are reported as such. The accounts of the Port are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

**Note 1 – Summary of Significant Accounting Policies (continued)**

The financial statements of the Port have been prepared in conformity with standards set by the State of Oregon and with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to proprietary funds of local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Accordingly, the Port utilizes the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of cash flows.

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Operating revenues and expenses generally result from providing services. The principal operating revenues of the Port are contract revenue, moorage fees and leases. Operating expenses of the Port include administrative expense, personnel expense and depreciation. Revenues and expenses that are earned or incurred outside of the course of normal operations, including interest income and expense, property tax revenue, and grant proceeds, are classified as non-operating. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

If both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources first, then unrestricted resources as they are needed.

Proprietary fund includes the following fund type:

- **Enterprise fund** is used to account for those operations that are financed and operated in a manner similar to private business or where the governing board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The individual funds of the Port comprising the enterprise fund are as follows:

- **General Fund** – The General Fund is used to account for all administrative, operating, and marketing costs of the Port. Revenues consist primarily of general property tax levies, grants, and charges for services.
- **Special Projects Fund** – This fund was created by Port resolution and is used to account for expenditures in the acquisition of land and special projects such as contracts for dredging.
- **Reserve Fund** – This fund was created by Port resolution and specifically requires expenditures for future dredging, improvements, and changes or replacement of facilities, infrastructure, land, buildings and equipment, personnel costs and rail line.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

- **Coos Bay Rail Line, Inc.** – The CBRL was created and organized as a public, non-profit local government corporation exclusively for public or charitable purposes, including but not limited to, leasing the Coos Bay and Rail Line and operation of the Coos Bay Rail Line.

**Assets, deferred outflows, liabilities, deferred inflows, and net position**

*Deposits and investments* – The Port's cash and cash equivalents are considered to be cash on hand, demand deposits and investments in the Oregon State Treasury Local Government Investment Pool (LGIP). The Local Government Investment Pool is included in the Oregon Short Term Fund (OSTF), which was established by the State Treasurer. The Oregon Short Term Fund Board and the Oregon Investment Council regulate OSTF investments (ORS 294.805 to 294.895).

The Port maintains merged bank accounts and investments for its funds in a central pool of cash and investments. The investment policy of the Port is to invest its funds in banks and in the LGIP and to transfer resources to the general checking accounts as the need arises. This policy is in accordance with ORS 294.035 which specifies the types of investments authorized for municipal corporations.

*Fair value inputs and methodologies and hierarchy* – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

**Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Port has the ability to access.

**Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

**Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

**Note 1 – Summary of Significant Accounting Policies (continued)**

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

*Receivables and payables* – Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds, if any, are reported as "due to/from other funds." Due to/from other funds of the Port are eliminated in the balance sheet.

Trade receivables are shown net of an allowance for uncollectible accounts. Property taxes receivable are reported in accordance with the policies described below in Note 4.

*Capital assets* – Capital assets are defined by the Port as assets with an initial cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the Port are depreciated over the remaining useful lives of the related capital assets. Depreciation of all exhaustible capital assets is charged against the operations of the enterprise fund and accumulated depreciation is reported on the balance sheet. Depreciation has been calculated over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings and docks	20-45 years
Improvements other than buildings	30-40 years
Machinery and equipment	3-10 years

*Compensated absences* – Paid time-off accumulates at the regular rates of pay. Paid-time-off may not accrue more than 75 days per employee. Paid-time-off pay is recorded as an expense as it is incurred. Employees are paid for overtime as they earn it.

*Net position* – Net position are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Port or through external restrictions imposed by creditors, grantors or law or regulations of other governments.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

*Unearned revenue* – The Port reports unavailable revenue on its balance sheet, which consists of moorage revenue received, but not earned at fiscal year-end.

*Use of estimates* – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*Accounting for contributions from federal government and other* – Capital grants and other contributions from governmental agencies are recorded as revenue when earned. Operating grants are also recorded as revenue when earned.

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

In addition to liabilities, the balance sheet 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.

*Pension* – Substantially all of the Port's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value by the Plan.

**Budgetary information**

Annual appropriated budgets as prescribed by Oregon Local Budget Law are adopted for all funds. All annual appropriations lapse at fiscal year-end. The Port does not utilize the encumbrance system of accounting for expenditures or expenses.

Budgets are adopted on a non-GAAP basis in that loan and bond proceeds are treated as revenues, property taxes and principal received on notes receivable are treated as revenue when received, capital outlay and debt principal payments are recognized as expenditures, interest payments on long-term debts are recognized as expenditures when paid, vacation and compensatory pay is recognized when paid, and no provision is made for depreciation expense.



**Note 1 – Summary of Significant Accounting Policies (continued)**

**Adoption of new GASB pronouncements**

In November 2016, the GASB issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the Port’s fiscal year beginning July 1, 2018. This statement establishes standards of accounting and financial reporting for certain asset retirement obligations. The statement establishes criteria for determining the timing and pattern of recognition for a liability and a corresponding deferred outflow of resources for asset retirement obligations. The adoption of this statement did not have a material effect on the Port’s financial statements.

In March 2018, the GASB issued Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,” effective for the Port’s fiscal year beginning July 1, 2018. The statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement disclosure requirements related to debt obligations of governments. The adoption of this statement did not have a material effect on the Port’s financial statements.

**Note 2 – Stewardship, Compliance, and Accountability**

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The Port follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the Budget Committee submits to the Board of Commissioners an approved operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is then held to obtain comments from taxpayers and other interested parties.
3. Prior to July 1, the budget is legally adopted and expenditures are appropriated and taxes levied by a resolution. The Board of Commissioners does have the authority to make certain limited changes in the budget figures approved by the Budget Committee when it adopts the budget. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.
4. All revisions of appropriations, whether within a fund or between funds, require Board approval in the form of a resolution. Supplemental budgets are prepared and adopted in the same manner as the regular budget in order to have the authority to make expenditures from unanticipated revenues.

**Level of control**

Expenditures are appropriated at the following levels for each fund, other than the General Fund: personnel services, materials and services, capital outlay, debt service and transfers. The General Fund is appropriated for at the Department level and includes: Administration, External Affairs, Port Operations, Charleston Operations, Port Development, Railroad Operations, Dredge Operations, and Non-Departmental which include Debt Service, Special Payments, Transfers, Contingency, and Capital Outlay.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 2 – Stewardship, Compliance, and Accountability (continued)**

Expenditures were within appropriation level except for the following:

General Fund – Administration operations \$21,328  
 General Fund – Port development operations \$16,208  
 General Fund – Special payments \$78,000  
 General Fund – Capital outlay \$170,708

**Interfund transfers**

Interfund transfers in the budgetary funds for the year ended June 30, 2019, consisted of the following:

	<u>Transfers out</u>	<u>Transfers In</u>
General Fund	\$ -	\$ 14,630,238
Special Projects Fund	13,986,143	-
Reserve Fund	644,095	-
	<u>644,095</u>	<u>-</u>
Total	<u>\$ 14,630,238</u>	<u>\$ 14,630,238</u>

The Port makes interfund transfers between the funds to provide for future expenditures.

**Negative fund balance**

The Special Projects Fund has a negative net position of (\$1,090,557), and the Coos Bay Rail Line Fund has a negative net position of (\$240,874). Management plans to correct these with future transfers.

**Note 3 – Deposits and Investments**

**Deposits**

The Port maintains an internal cash and investments pool that is available for use by all funds. Cash and investments are comprised of the following at June 30, 2019:

Cash on hand	\$ 1,050
Deposits with financial institutions	
Demand deposits	745,428
State of Oregon Local Government Investment Pool	<u>3,335,189</u>
Total cash and cash equivalents	<u>\$ 4,081,667</u>

Deposits with financial institutions are comprised of demand deposits. Effective July 1, 2008, the State of Oregon formed the Oregon Public Funds Collateralization program under ORS 295. The collateralization program creates a statewide pool of qualified bank depositories for local governments, providing collateralization for bank balances that exceed the limits of federal depository insurance, and eliminating the need for certificates of participation. As of June 30, 2019, the Port had total bank balances of \$1,079,313.

**Note 3 – Deposits and Investments (continued)**

**Investments**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2019. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. The pool is comprised of a variety of investments. These investments are characterized at net asset value in the Oregon Short Term Fund's audited financial report. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

**Custodial credit risk – Deposits**

In the case of deposits, this is the risk that in the event of bank failure, the Port's deposits may not be returned. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. The Public Funds Collateralization Program was created by the Office of the State Treasurer to facilitate bank depository, custodian, and public official compliance with ORS 295. ORS 295 requires the depository institutions to pledge collateral against any public funds deposits in excess of deposit insurance amounts. As of June 30, 2019, the total bank balances were \$1,079,313. Of these deposits, \$250,000 was covered by federal depository insurance. The Port keeps its deposits at financial institutions deemed to be qualified depositories by the Office of the State Treasurer. Accordingly, the Port had no custodial credit risk at June 30, 2019.

**Credit risk – Investments**

For investments this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of the outside party. The Port's policy is to invest most of its funds in the State of Oregon LGIP which is not evidenced by securities. As of June 30, 2019, the amortized value of the position in the LGIP approximates fair value of the pool shares as reported in the Oregon Short Term Fund audited financial statements.

**Interest rate risk**

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity beyond three months.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 3 – Deposits and Investments (continued)**

**Concentration of credit risk**

The Port has concentrations in the LGIP in which 100% of its investments are held.

As of June 30, 2019, the Port had the following investments and maturities:

Investment Type	<u>Less than 3 months</u>
State Treasurer's Investment Pool	<u>\$ 3,335,189</u>
Total	<u><u>\$ 3,335,189</u></u>

**Note 4 – Receivables**

**Accounts receivable**

The accounts receivable at June 30, 2019 consisted of the following:

Receivables, trade - current	\$ 4,974,141
Less - allowance for doubtful accounts	<u>(541,000)</u>
Total	<u><u>\$ 4,433,141</u></u>

**Property Taxes receivable**

Property taxes are an enforceable lien on real and personal property. Taxes are levied on July 1 and payable in full on November 15, although three installments, on November 15, February 15, and May 15, are allowed. The County bills, collects and remits the property taxes to the Port. For the year ended June 30, 2019, the Port levied a net tax of \$1,791,633. The total taxes receivable at June 30, 2019 amounted to \$148,136, of which \$61,482 was for the year ended June 30, 2019.

Property tax revenues are recognized when levied. The Port levied taxes for the year ended June 30, 2019 at a rate of \$0.6119 per \$1,000 of assessed valuation.

**Note receivable**

During the year ended June 30, 2012, the Port sold a parcel of North Spit property to Southport Forest Products, LLC. The note receivable matures May 31, 2031 and the interest rate is 3.0%. The balance of the note receivable was \$885,652 on June 30, 2019.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

**Note 5 – Capital Assets**

The following is a summary of enterprise fund type capital assets for the Port at June 30, 2019:

	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>June 30, 2019</u>
Capital assets not being depreciated				
Land	\$ 1,065,679	\$ -	\$ -	\$ 1,065,679
Construction in progress	136,197	1,300,974	(119,740)	1,317,431
Total capital assets not being depreciated	<u>1,201,876</u>	<u>1,300,974</u>	<u>(119,740)</u>	<u>2,383,110</u>
Capital assets being depreciated				
Buildings and docks	11,544,292	116,400	(412,761)	11,247,931
Machinery and equipment	2,150,183	1,683,198	(287,620)	3,545,761
Improvements other than buildings	60,801,653	11,840,726	-	72,642,379
Total capital assets being depreciated	<u>74,496,128</u>	<u>13,640,324</u>	<u>(700,381)</u>	<u>87,436,071</u>
Less accumulated depreciation				
Buildings and docks	(8,634,417)	(214,528)	412,761	(8,436,184)
Machinery and equipment	(1,065,142)	(228,955)	287,620	(1,006,477)
Improvements other than buildings	(18,424,796)	(2,866,941)	-	(21,291,737)
Total accumulated depreciation	<u>(28,124,355)</u>	<u>(3,310,424)</u>	<u>700,381</u>	<u>(30,734,398)</u>
Capital assets being depreciated, net	<u>46,371,773</u>	<u>10,329,900</u>	<u>-</u>	<u>56,701,673</u>
Capital assets, net	<u>\$47,573,649</u>	<u>\$ 11,630,874</u>	<u>\$ (119,740)</u>	<u>\$59,084,783</u>

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

**Note 6 – Long-Term Debt**

**Loans**

The Port has borrowed from the Oregon Business Development Department for various Port projects as well as Umpqua Bank.

<u>Purpose</u>	<u>Payment Terms</u>	<u>Interest Rate</u>	<u>Maturity Dates</u>	<u>Amount</u>
Oregon Business Development Department:				
Rail Road Line	Yearly payment of \$523,682	5.00%	December 2034	\$ 5,675,550
Travel Lift Replacement	Yearly payment of \$29,861	3.57%	December 2042	476,005
Industrial Rail Spur	Yearly payment of \$77,505	5.59%	December 2023	330,076
Greenhill Road Railroad Project	Yearly payment of \$43,424	3.56%	December 2021	121,199
B Dock Rehabilitation	Yearly payment of \$15,245	3.42%	December 2033	176,584
Port Shipyard Facilities	Yearly payment of \$23,976	6.00%	December 2021	64,088
Shipyard Stormwater System	Yearly payment of \$65,518	3.76%	December 2042	1,017,919
Charleston Infrastructure	Yearly payment of \$19,200	1.78%	December 2020	33,286
Coos Bay Rail Tunnel Rehabilitation	Yearly payment of \$29,187	3.96%	December 2039	361,419
				<u>\$ 8,256,126</u>

Long term debt activity for the year was as follows:

	<u>Beginning Balance July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2019</u>	<u>Amount Due Within One Year</u>
Rail Road Line	\$ 5,904,031	\$ -	\$ 228,481	\$ 5,675,550	\$ 239,905
Travel Lift Replacement	476,005	-	-	476,005	12,867
Industrial Rail Spur	386,004	-	55,928	330,076	59,054
Greenhill Road Railroad Project	158,964	-	37,765	121,199	39,109
B Dock Rehabilitation	185,485	-	8,901	176,584	9,206
Port Shipyard Facilities	83,079	-	18,991	64,088	20,131
Shipyard Stormwater System	1,050,000	-	32,081	1,017,919	27,245
Umpqua Bank Work Barge	16,927	-	16,927	-	-
Charleston Infrastructure	-	33,286	-	33,286	18,760
Coos Bay Rail Tunnel Rehabilitation	-	361,419	-	361,419	-
Total	<u>\$ 8,260,495</u>	<u>\$ 394,705</u>	<u>\$ 399,074</u>	<u>\$ 8,256,126</u>	<u>\$ 426,277</u>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 6 – Long-Term Debt (continued)**

The debt service requirements on all long term debt to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
Year Ending June 30, 2020	\$ 426,277	\$ 372,134
2021	441,736	352,111
2022	447,524	367,610
2023	416,480	324,518
2024	436,731	304,166
2025-2029	2,093,184	1,224,281
2030-2034	2,641,248	676,218
2035-2039	995,948	150,564
2040-2043	356,998	31,962
Total	<u>\$ 8,256,126</u>	<u>\$ 3,803,564</u>

The Port is approved for an additional loan with the Oregon Business Development Department in the amount of \$850,000 for capital projects that have not yet been started. There have been no drawdowns on this line through June 30, 2019. In September 2018 the Port obtained a \$5,000,000 line of credit with Umpqua Bank. The maturity date for the line of credit is October 1, 2021, with an interest rate of prime minus 1.60% (3.40% as of June 30, 2019). Interest only payments are required monthly, principal must be paid in full by the maturity date. The outstanding balance as of June 30, 2019 on the line of credit was \$2,112,086.

**Note 7 – Unearned Revenue**

Unearned revenues at June 30, 2019, consist of unearned moorage of \$237,508 received in advance, but not yet earned by the Port.

**Note 8 – Leases**

The Port leases docks, land, buildings, moorings and equipment to various companies under operating leases. In most cases, rents are at a fixed rate per month. The majority of the operating leases contain renewal options at a negotiable rate.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 8 – Leases (continued)**

The following is a summary of leased property, plant and equipment for the year ended June 30, 2019:

Land and improvements	\$ 321,728
Buildings, docks and equipment	<u>8,461,164</u>
	8,782,892
Accumulated depreciation	<u>(7,086,107)</u>
Total	<u>\$ 1,696,785</u>

The following is a schedule by years of minimum future rental income:

	<u>Total</u>
Year Ending June 30, 2020	\$ 366,637
2021	370,822
2022	384,754
2023	391,136
2024	397,678
Thereafter	<u>874,942</u>
Total	<u>\$ 2,785,969</u>

**Note 9 – Other Information**

**Risk management**

The Port is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance. Worker's compensation insurance is also provided through a commercial carrier. There has been no significant reduction in insurance coverage from the prior year. There has been no instance, in the past three years, in which the settlement costs have exceeded the insurance coverage.

**Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Port expects such amounts, if any, to be immaterial. Also, there are no known environmental or pollution liabilities.



**Note 10 – Defined Benefit Pension Plans**

**Plan description**

The Oregon Public Employees Retirement System (PERS) consists of a cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report, which can be found at:

[http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx).

**PERS pension (Chapter 238)**

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

*Pension benefits* – The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.

*Death benefits* – Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following contributions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability benefits* – A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

*Benefit changes after retirement* – Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The cap on the COLA will vary based on the amount of the annual benefit.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 10 – Defined Benefit Pension Plans (continued)**

**OPSRP pension program (OPSRP DB)**

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

*Pension benefits* – This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service – 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. A member of the pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death benefits* – Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

*Disability benefits* – A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to a job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit changes after retirement* – Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions**

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2019 were \$273,230, excluding amounts to fund employer specific liabilities.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 10 – Defined Benefit Pension Plans (continued)**

At June 30, 2019, the Port reported a net pension liability of \$2,665,621 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The Port's proportion of the net pension liability was based on a projection of the Port's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Port's proportion was .0176 percent.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 90,676	\$ -
Changes in assumptions	619,752	-
Net difference between projected and actual earnings on investments	-	118,369
Changes in proportionate share	246,452	73,439
Differences between employer contributions and employer's proportionate share of system contributions	<u>71,900</u>	<u>22,247</u>
Total (prior to post-measurement date contributions)	1,028,780	214,055
Port contributions subsequent to measurement date	<u>273,230</u>	<u>-</u>
Net deferred outflow/inflow of resources	<u><u>\$ 1,302,010</u></u>	<u><u>\$ 214,055</u></u>

Amounts reported as deferred outflows of resources related to pension resulting from Port contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows or inflows of resources related to pension other than post-measurement contributions will be recognized in pension expense as follows:

	<u>Total</u>
Year End June 30, 2020	\$ 365,132
2021	278,434
2022	39,723
2023	102,280
2024	<u>29,156</u>
Total	<u><u>\$ 814,725</u></u>

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 10 – Defined Benefit Pension Plans (continued)**

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 4, 2019. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>

**Actuarial valuations**

The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the Oregon Public Service Retirement Plan (OPSRP) Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial methods and assumptions**

Valuation Date	December 31, 2016
Measurement Date	June 30, 2018
Experience Study Report	2016, published July 2017
Actuarial Cost Method	Entry age normal
Amortization Method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset Valuation Method	Market value of assets, excluding reserves
Inflation Rate	2.50 percent
Investment Rate of Return	7.20 percent
Projected Salary Increase	3.50 percent overall payroll growth. For COLA, a blend of 2.00 percent COLA and graded COLA (1.25%/0.15%) in accordance with the Moro decision, blend based on service.
Mortality	<p><b>Healthy retirees and beneficiaries</b> RP-2000 sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees</b> Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 10 – Defined Benefit Pension Plans (continued)**

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2016 Experience Study which is reviewed for the four-year period ended December 31, 2016.

*Discount rate* – The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Port's proportionate share of the net pension liability to changes in the discount rate* – The following presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent than the current rate.)

	Decrease (6.20%)	Rate (7.20%)	Increase (8.20%)
Port's proportionate share of the net pension liability	\$ 4,454,757	\$ 2,665,621	\$ 1,188,836

*Individual account program* – In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. OPSRP is effective for all new employees hired on or after August 29, 2003, and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The Port makes this contribution on behalf of its employees.

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 11 – Oregon Public Employees Retirement System Retiree Health Insurance Account**

**Plan description**

PERS administers the Retirement Health Insurance Account (RHIA) cost-sharing multiple-employer defined benefit OPEB plan (the Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides OPEB through the Plan.

PERS is administered in accordance with Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The Oregon Legislature has delegated authority to the Public Employees Retirement Board (Board) to administer and manage PERS. All members of the board are appointed by the governor and confirmed by the State Senate. The governor designates the chairperson. One member must be a public employer manager or a local elected official, one member must be a union-represented public employee or retiree, and three members must have experience in business management, pension management, or investing.

RHIA was established by ORS 238.420 and is administered and managed by the Board. The Plan was closed to new entrants hired on or after August 29, 2003.

PERS issues a publicly available financial report online at:

<http://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx>

**Benefits provided**

The RHIA provides a monthly premium subsidy available to Medicare entitled (enrolled in Medicare Parts A and B) retirees that are receiving either a PERS service or disability retirement allowance and have had either eight or more years of qualifying service time at retirement or is receiving a PERS disability retirement allowance that is computed as if the retiree had eight or more years of creditable service time.

**Contributions**

Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. Employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined. Ultimate authority for setting and changing the laws governing contributions rest with the Oregon Legislature. Employees are not required to contribute to the OPEB plan.

The contribution, as determined by the proportionate share, as of the June 30, 2018 measurement date was \$8,299.

**Assets, liabilities, deferred outflows of resources and deferred inflows of resources, and expense related to OPEB**

At June 30, 2019, the Port reported an asset of \$20,679 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2016. The Port's proportionate share as of the June 30, 2018 measurement date was .01852%.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 11 – Oregon Public Employees Retirement System Retiree Health Insurance Account**  
**(continued)**

For the year ended June 30, 2019, the Port recognized OPEB income of \$2,084 and deferred outflows of resources and inflows of resources related to OPEB from the following sources.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,172
Changes of assumptions	-	66
Net difference between projected and actual earnings on investments	-	4,458
Changes in proportionate share	<u>179</u>	<u>573</u>
Total (prior to post-measurement date contributions)	179	6,269
Port contributions subsequent to measurement date	<u>8,299</u>	<u>-</u>
Net deferred outflow/inflow of resources	<u><u>\$ 8,478</u></u>	<u><u>\$ 6,269</u></u>

\$8,299 reported as deferred outflows of resources related to OPEB resulting from the Port contributions subsequent to the measurement date will be recognized as an increase to the net OPEB asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income as follows for the years ended June 30:

	<u>Total</u>
Year End June 30, 2020	\$ (2,019)
2021	(2,052)
2022	(1,575)
2023	<u>(444)</u>
Total	<u><u>\$ (6,090)</u></u>

**Actuarial methods and assumptions**

The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, were used:

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Financial Statements  
June 30, 2019**

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**Note 11 – Oregon Public Employees Retirement System Retiree Health Insurance Account  
(continued)**

Actuarial assumptions:

Inflation rate	2.50%
Long-term expected rate of return	7.20%
Discount rate	7.20%
Salary changes	3.50%
Healthcare cost trend rates	Not applicable

Mortality rates are based on the RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs. For active members mortality rates are a percentage of healthy retiree rates that vary by group. For disabled members, mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

**Discount rate**

The discount rate used to measure the total OPEB asset at June 30, 2018 was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB asset.

**Long term expected rate of return**

The long-term expected rate of return was determined by a review of the long-term assumptions developed by Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors.

*Sensitivity of proportionate share of the net OPEB liability to changes in the discount rate* – The following presents the Port's proportionate share of the net OPEB asset, as well as what the Port's proportionate share of the net OPEB asset would be if calculated using a discount rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current discount rate:

	Decrease (6.20%)	Rate (7.20%)	Increase (8.20%)
Port's proportionate share of the Net OPEB (asset) liability	\$ (12,040)	\$ (20,679)	\$ (28,032)

*OPEB plan fiduciary net position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued OPERS financial report.



**Note 12 – Other Postemployment Benefits for Health Insurance**

**Plan description**

The Port administers a single-employer defined benefit plan, the Special Districts Insurance Services – Oregon International Port of Coos Bay (the Program), which provides post-employment health insurance to eligible Port retirees. The Program is administered by the Port and they grant the authority to establish and amend the benefit terms to the Program.

**Benefits provided**

The Program provides healthcare benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and the premiums for retirees are tiered and based upon the premium rates available to active employees.

*Employees covered by benefit terms* – At July 1, 2017, 29 active employees were covered by the benefit terms.

**Net OPEB liability**

The Port's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

*Actuarial assumptions* – The total OPEB liability based on the July 1, 2017 actuarial valuation was determined using update procedures to roll forward the total OPEB liability to the June 30, 2019 measurement date. The following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified, were used:

Actuarial assumptions:

Inflation rate	2.50%
Discount rate	3.87%
Salary changes	3.50%
Healthcare cost trend rates	Medical and vision ranges from 5.00% to 6.25% from 2018 - 2073 and dental is 4% per year.

Mortality rates were based on the RP-2014 Employee and Health Annuitant tables, white collar, sex distinct for members and dependents. For male members and dependents only, a one-year setback is applied.

*Discount rate* – The discount rate used to measure the total OPEB liability was 3.87%. The discount rate reflects the Bond Buyer 20-year General Obligation Bond Index.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 12 – Other Postemployment Benefits for Health Insurance (continued)**

**Change in Net OPEB Liability**

Balance as of June 30, 2018	\$ 17,976
Changes for the year:	
Service cost	3,309
Interest	752
Effects of assumptions changes or inputs	(657)
Benefit payments	<u>(554)</u>
Balance as of June 30, 2019	<u>\$ 20,826</u>

**Sensitivity of proportionate share of the net OPEB liability to changes in the discount rates**

The following presents the Port's total OPEB liability, as well as what the Port's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	<u>Decrease (2.87%)</u>	<u>Rate (3.87%)</u>	<u>Increase (4.87%)</u>
Total OPEB liability	\$ 23,172	\$ 20,826	\$ 18,735

The following presents the net OPEB liability of the Port, as well as what the Port's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 17,845	\$ 20,826	\$ 24,531

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB**

For the year ended June 30, 2019, the Port recognized OPEB expense of \$3,771 and reported deferred outflows of resources and inflows of resources related to OPEB from the following sources:

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Notes to Financial Statements**  
**June 30, 2019**

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**Note 12 – Other Postemployment Benefits for Health Insurance (continued)**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Changes in assumptions or inputs	\$ -	\$ (1,624)
Benefit payments	<u>872</u>	<u>-</u>
Total	<u><u>\$ 872</u></u>	<u><u>\$ (1,624)</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ended June 30:

2020	\$ (290)
2021	(290)
2022	(290)
2023	(290)
2024	(290)
Thereafter	<u>(174)</u>
Total	<u><u>\$ (1,624)</u></u>

**Note 13 – Tax Abatement**

The Port has entered into no tax abatement programs. There are no tax abatement programs entered into by another government reducing the Port's property tax revenues for the year ended June 30, 2019.

## **Required Supplementary Information**

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**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
For the Year Ended June 30, 2019**

**SCHEDULE OF THE PORT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**

(1) Year Ended June 30,	Employer's Proportion of the Net Pension Liability (NPL) (a)	Employer's Proportionate Share of the Net Pension Liability (Asset) (NPL) (b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	0.017596%	\$ 2,665,621	\$ 2,147,743	124%	82%
2018	0.014614%	1,970,012	1,957,972	101%	83%
2017	0.014738%	2,212,496	1,642,887	135%	81%
2016	0.017023%	977,367	1,372,963	71%	92%
2015	0.017245%	(390,894)	1,137,729	-34%	104%

**SCHEDULE OF PENSION CONTRIBUTIONS**

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Covered Payroll
2019	\$ 273,230	\$ 273,230	-	\$ 1,958,550	13.951%
2018	291,596	291,596	-	2,147,743	13.577%
2017	190,409	190,409	-	1,957,972	9.725%
2016	166,207	166,207	-	1,642,887	10.117%
2015	186,773	183,773	-	1,372,963	13.385%

(1) Measurement date is the prior fiscal year.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**For the Year Ended June 30, 2019**

**SCHEDULE OF THE PORT'S PROPORTIONATE SHARE OF THE NET OPEB ASSET**

(1) Year Ended June 30,	Employer's Proportion of the Net OPEB Liability (NPL) (a)	Employer's Proportionate Share of the Net OPEB Liability (Asset) (NPL) (b)	Covered Payroll (c)	NPL as a Percentage of Covered Payroll (b/c)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	0.018525%	\$ (20,679)	\$ 2,147,743	-1%	124%
2018	0.014614%	(6,200)	1,957,972	0%	109%

**SCHEDULE OF OPEB CONTRIBUTIONS**

Year Ended June 30,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Covered Payroll
2019	\$ 8,299	\$ 8,299	-	\$ 1,958,550	0.424%
2018	9,809	9,809	-	2,147,743	0.457%

**SCHEDULE OF CHANGES IN THE PORT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

	2019	2018
Total OPEB liability		
Service cost	\$ 3,309	\$ 3,510
Interest on total OPEB liability	752	546
Changes of assumptions and other inputs	(657)	(1,457)
Benefit payments	(554)	(531)
Net change in total OPEB liability	2,850	2,068
Total OPEB liability - beginning	17,976	15,908
Total OPEB liability - ending	<u>\$ 20,826</u>	<u>\$ 17,976</u>
Covered payroll	\$ 1,958,550	\$ 2,147,743
Total OPEB liability as a percentage of covered payroll	1.063%	0.837%

(1) Measurement date is the prior fiscal year.

## **Supplementary Information**

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**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Combining Balance Sheet  
Enterprise Funds  
June 30, 2019**

	General Fund	Special Projects Fund	Reserve Fund	CBRL	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 2,438,805	\$ (87,312)	\$ 1,718,336	\$ 11,838	\$ 4,081,667
Prepaid expenses	178,307	-	-	43,473	221,780
Receivables, net	1,564,935	2,251,749	-	616,457	4,433,141
Total current assets	<u>4,182,047</u>	<u>2,164,437</u>	<u>1,718,336</u>	<u>671,768</u>	<u>8,736,588</u>
<b>NON-CURRENT ASSETS</b>					
Property taxes receivable	155,772	-	-	-	155,772
Note receivable	885,652	-	-	-	885,652
Net OPEB asset	20,679	-	-	-	20,679
Depreciable assets, net	56,701,673	-	-	-	56,701,673
Nondepreciable assets	2,383,110	-	-	-	2,383,110
Total non-current assets	<u>60,146,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,146,886</u>
Total assets	<u>64,328,933</u>	<u>2,164,437</u>	<u>1,718,336</u>	<u>671,768</u>	<u>68,883,474</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>					
Pension and OPEB related items	1,311,360	-	-	-	1,311,360
Total assets and deferred outflow of resources	<u>\$ 65,640,293</u>	<u>\$ 2,164,437</u>	<u>\$ 1,718,336</u>	<u>\$ 671,768</u>	<u>\$ 70,194,834</u>



**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Combining Balance Sheet**  
**Enterprise Funds**  
**June 30, 2019**

	General Fund	Special Projects Fund	Reserve Fund	CBRL	Total
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 533,750	\$ 1,142,908	\$ -	\$ 801,386	\$ 2,478,044
Accrued payroll costs	62,122	-	-	111,256	173,378
Accrued interest	200,960	-	-	-	200,960
Unearned revenue	237,508	-	-	-	237,508
Current portion of long-term debt	426,277	-	-	-	426,277
<b>Total current liabilities</b>	<b>1,460,617</b>	<b>1,142,908</b>	<b>-</b>	<b>912,642</b>	<b>3,516,167</b>
<b>NON-CURRENT LIABILITIES</b>					
Accrued compensated absence	250,551	-	-	-	250,551
Deposits	81,409	-	-	-	81,409
Net pension liability	2,665,621	-	-	-	2,665,621
Total OPEB liability	20,826	-	-	-	20,826
Line of Credit	-	2,112,086	-	-	2,112,086
Long-term debt, net	7,829,849	-	-	-	7,829,849
<b>Total non-current liabilities</b>	<b>10,848,256</b>	<b>2,112,086</b>	<b>-</b>	<b>-</b>	<b>12,960,342</b>
<b>Total liabilities</b>	<b>12,308,873</b>	<b>3,254,994</b>	<b>-</b>	<b>912,642</b>	<b>16,476,509</b>
<b>DEFERRED INFLOW OF RESOURCES</b>					
Pension and OPEB related items	221,948	-	-	-	221,948
<b>NET POSITION</b>					
Net investment in capital assets	50,828,657	-	-	-	50,828,657
Unrestricted	2,280,815	(1,090,557)	1,718,336	(240,874)	2,667,720
<b>Total net position</b>	<b>53,109,472</b>	<b>(1,090,557)</b>	<b>1,718,336</b>	<b>(240,874)</b>	<b>53,496,377</b>
<b>Total liabilities, deferred inflow of resources, and net position</b>	<b>\$ 65,640,293</b>	<b>\$ 2,164,437</b>	<b>\$ 1,718,336</b>	<b>\$ 671,768</b>	<b>\$ 70,194,834</b>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Enterprise Funds**  
**For the Year Ended June 30, 2019**

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Total
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,725,817	\$ -	\$ -	\$ 2,233,600	\$ 8,959,417
Leases	318,006	-	-	-	318,006
Contract revenue	-	3,069,881	-	-	3,069,881
Total operating revenues	<u>7,043,823</u>	<u>3,069,881</u>	<u>-</u>	<u>2,233,600</u>	<u>12,347,304</u>
<b>OPERATING EXPENSES</b>					
Personnel services	3,257,028	-	-	858,082	4,115,110
Consulting services	-	3,078,439	-	-	3,078,439
Rail operations service fee	3,065,090	-	-	-	3,065,090
Materials and services	2,050,056	401,942	-	1,634,708	4,086,706
Repairs and maintenance	268,491	650	-	781,210	1,050,351
Depreciation	3,310,424	-	-	-	3,310,424
Total operating expenses	<u>11,951,089</u>	<u>3,481,031</u>	<u>-</u>	<u>3,274,000</u>	<u>18,706,120</u>
Total operating income (loss)	<u>(4,907,266)</u>	<u>(411,150)</u>	<u>-</u>	<u>(1,040,400)</u>	<u>(6,358,816)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Property taxes	1,758,549	-	-	-	1,758,549
Interest expense	(459,520)	-	-	-	(459,520)
Interest income	125,942	-	-	-	125,942
Miscellaneous	(654,565)	400,000	-	799,526	544,961
Total non-operating revenues	<u>770,406</u>	<u>400,000</u>	<u>-</u>	<u>799,526</u>	<u>1,969,932</u>
Income (loss) before operating transfers and contributions	(4,136,860)	(11,150)	-	(240,874)	(4,388,884)
OPERATING TRANSFERS IN	14,630,238	-	-	-	14,630,238
OPERATING TRANSFERS (OUT)	-	(13,986,143)	(644,095)	-	(14,630,238)
CAPITAL GRANTS	454,671	12,921,040	-	-	13,375,711
CHANGE IN NET POSITION	10,948,049	(1,076,253)	(644,095)	(240,874)	8,986,827
TOTAL NET POSITION (DEFICIT), beginning of year, July 1	<u>42,161,423</u>	<u>(14,304)</u>	<u>2,362,431</u>	<u>-</u>	<u>44,509,550</u>
TOTAL NET POSITION (DEFICIT), end of year, June 30	<u>\$ 53,109,472</u>	<u>\$ (1,090,557)</u>	<u>\$ 1,718,336</u>	<u>\$ (240,874)</u>	<u>\$ 53,496,377</u>

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Combining Statement of Cash Flows  
Enterprise Funds  
For the Year Ended June 30, 2019**

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 6,358,355	\$ -	\$ -	\$ -	\$ 6,358,355
Cash payments to suppliers for goods and services	(4,998,556)	(1,361,939)	-	(787,688)	(7,148,183)
Cash payments for employee services	(2,955,628)	-	-	-	(2,955,628)
Net cash from (used by) operating activities	(1,595,829)	(1,361,939)	-	(787,688)	(3,745,456)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Property taxes received	1,766,185	-	-	-	1,766,185
Transfers - in	14,630,238	-	-	-	14,630,238
Transfers - (out)	-	(13,986,143)	(644,095)	-	(14,630,238)
Net cash provided by non-capital financing activities	16,396,423	(13,986,143)	(644,095)	-	1,766,185
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of fixed assets	(14,821,558)	-	-	-	(14,821,558)
Note receivable	60,925	-	-	-	60,925
Change in line of credit	-	2,112,086	-	-	2,112,086
Proceeds from long-term debt	394,705	-	-	-	394,705
Principal paid on long-term debt	(399,074)	-	-	-	(399,074)
Grant proceeds	454,671	12,921,040	-	-	13,375,711
Miscellaneous	(654,565)	400,000	-	799,526	544,961
Interest paid on long-term debt	(437,166)	-	-	-	(437,166)
Net cash from capital and related financing activities	(15,402,062)	15,433,126	-	799,526	830,590
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	125,942	-	-	-	125,942
Net change in cash and cash equivalents	(475,526)	85,044	(644,095)	11,838	(1,022,739)
Cash and cash equivalents, beginning of year, July 1	2,914,331	(172,356)	2,362,431	-	5,104,406
Cash and cash equivalents, end of year, June 30	\$ 2,438,805	\$ (87,312)	\$ 1,718,336	\$ 11,838	\$ 4,081,667

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Combining Statement of Cash Flows (continued)  
Enterprise Funds  
For the Year Ended June 30, 2019**

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Total
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating loss	\$ (4,907,266)	\$ (411,150)	\$ -	\$ (1,040,400)	\$ (6,358,816)
Adjustments to reconcile operating loss to net cash provided by operating activities					
Depreciation	3,310,424	-	-	-	3,310,424
Allowance	541,000	-	-	-	541,000
Pension and OPEB related items	71,424	-	-	-	71,424
Changes in balance sheet (Increase) decrease in:					
Accounts receivable	(1,222,964)	(986,632)	-	(616,457)	(2,826,053)
Prepays	(55,543)	-	-	(43,473)	(99,016)
Net OPEB asset	(14,479)	-	-	-	(14,479)
Deferred outflows of pension and OPEB related items	(488,710)	-	-	-	(488,710)
Accrued compensated absences	34,706	-	-	-	34,706
Accounts payable	419,243	35,843	-	912,642	1,367,728
Unearned revenue	(3,504)	-	-	-	(3,504)
Deposits	21,381	-	-	-	21,381
Net pension liability	695,609	-	-	-	695,609
Net OPEB liability	2,850	-	-	-	2,850
Total adjustments	3,311,437	(950,789)	-	252,712	2,613,360
Net cash (used by) operating activities	\$ (1,595,829)	\$ (1,361,939)	\$ -	\$ (787,688)	\$ (3,745,456)

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual – General Fund (#1)**  
**For the Year Ended June 30, 2019**

	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenue	\$ 10,072,345	\$ 10,072,345	\$ 9,938,887	\$ (133,458)
<b>EXPENDITURES</b>				
Total expenditures	10,699,616	10,834,671	10,761,625	73,046
Excess of revenues over (under) expenditures	(627,271)	(762,326)	(822,738)	(60,412)
Other financing sources (uses)				
Transfers in	869,387	869,387	644,095	(225,292)
Total other financing sources (uses)	869,387	869,387	644,095	(225,292)
Net change in fund balance	242,116	107,061	(178,643)	(285,704)
Beginning fund balance, July 1	2,000,000	2,000,000	3,683,409	1,683,409
Ending fund balance, June 30	\$ 2,242,116	\$ 2,107,061	3,504,766	\$ 1,397,705
<b>RECONCILIATION TO NET POSITION</b>				
Capital assets (net of accumulated depreciation)			59,084,783	
Pension and OPEB related items			(1,576,356)	
Taxes receivable			155,772	
Note receivable			885,652	
Long-term debt			(8,256,126)	
Accrued interest payable			(200,960)	
Unearned revenue			(237,508)	
Accrued compensated absences			(250,551)	
Net position, June 30, 2019 (GAAP basis)			\$ 53,109,472	

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Classified Schedule of Budgeted (Non GAAP Budgetary Basis)  
and Actual Revenues – General Fund (#1)  
For the Year Ended June 30, 2019**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Administration				
Property taxes				
Current year's taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,683,836	\$ (16,164)
Prior years' taxes	50,000	50,000	82,349	32,349
Interest	58,000	58,000	98,378	40,378
Urban Renewal Agency	12,000	12,000	12,000	-
Building leases	42,450	42,450	4,259	(38,191)
Miscellaneous	68,963	68,963	101,721	32,758
External affairs				
Grants	50,000	50,000	51,074	1,074
Port operations				
Leases	105,800	105,800	108,945	3,145
Project management fees	542,530	542,530	542,430	(100)
Miscellaneous	92,000	92,000	96,717	4,717
Charleston operations				
Leases	205,000	205,000	204,802	(198)
Charges for services	120,000	120,000	454,957	334,957
Miscellaneous	13,500	13,500	72,258	58,758
Ice dock sales	290,000	290,000	326,506	36,506
Grants	75,600	75,600	295,343	219,743
Moorage and ramp	822,000	822,000	764,167	(57,833)
Storage	352,000	352,000	339,716	(12,284)
Work dock	65,000	65,000	72,767	7,767
RV space rent	275,000	275,000	299,180	24,180
Port development				
Grants	-	-	109,328	109,328
Railroad operations				
Operations	4,245,600	4,245,600	3,427,659	(817,941)
Property agreements	161,160	161,160	245,175	84,015
Miscellaneous	43,500	43,500	(63,576)	(107,076)
Rail surcharge	558,000	558,000	404,584	(153,416)
Dredge operations				
Dredging services	124,242	124,242	178,144	53,902
Miscellaneous	-	-	26,168	26,168
<b>Total general fund revenues</b>	<b><u>\$ 10,072,345</u></b>	<b><u>\$ 10,072,345</u></b>	<b><u>\$ 9,938,887</u></b>	<b><u>\$ (133,458)</u></b>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Classified Schedule of Budgeted (Non GAAP Budgetary Basis)**  
**and Actual Expenditures – General Fund (#1)**  
**For the Year Ended June 30, 2019**

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	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Administration	\$ 1,475,772	\$ 1,239,328	\$ 1,260,656	\$ (21,328)
External affairs	659,293	613,293	598,472	14,821
Port operations	357,968	301,968	284,847	17,121
Charleston operations	2,384,826	2,328,826	2,130,422	198,404
Port development	255,416	255,416	271,624	(16,208)
Railroad operations	4,147,261	3,736,261	3,674,242	62,019
Dredge operations	124,242	284,241	283,913	328
Nondepartmental				
Debt service	974,838	902,838	836,241	66,597
Special Payments	-	902,500	980,500	(78,000)
Contingency	50,000	-	-	-
Capital outlay	270,000	270,000	440,708	(170,708)
Total nondepartmental	<u>1,294,838</u>	<u>2,075,338</u>	<u>2,257,449</u>	<u>(182,111)</u>
Total	<u>\$ 10,699,616</u>	<u>\$ 10,834,671</u>	<u>\$ 10,761,625</u>	<u>\$ 73,046</u>

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual - Special Projects Fund (#5)  
For the Year Ended June 30, 2019**

	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>REVENUES</b>				
Other	\$ -	\$ 400,000	\$ 400,000	\$ -
Contract revenue	2,410,640	3,317,640	3,069,881	(247,759)
Total revenues	<u>2,410,640</u>	<u>3,717,640</u>	<u>3,469,881</u>	<u>(247,759)</u>
<b>EXPENDITURES</b>				
Materials and services	2,410,640	3,860,840	3,481,031	379,809
Capital outlay	25,632,683	25,632,683	14,380,848	11,251,835
Total expenditures	<u>28,043,323</u>	<u>29,493,523</u>	<u>17,861,879</u>	<u>11,631,644</u>
Excess of revenues over (under) expenditures	(25,632,683)	(25,775,883)	(14,391,998)	11,383,885
<b>Other financing sources (uses)</b>				
Capital contribution	23,626,867	23,626,867	12,921,040	(10,705,827)
Loan proceeds	2,117,655	2,117,655	394,705	(1,722,950)
Transfer in	31,361	31,361	-	(31,361)
Transfer out	(143,200)	-	-	-
Total other financing sources (uses)	<u>25,632,683</u>	<u>25,775,883</u>	<u>13,315,745</u>	<u>(12,460,138)</u>
Net change in fund balance	-	-	(1,076,253)	(1,076,253)
Beginning fund balance, July 1	-	-	(14,304)	(14,304)
Ending fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,090,557)</u>	<u>\$ (1,090,557)</u>



**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Reserve Fund (#10)**  
**For the Year Ended June 30, 2019**

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	Budget		Actual	Variance to Final Budget
	Original	Final		
Other financing sources (uses)				
Transfer in	\$ -	\$ -	\$ -	\$ -
Transfer out	<u>(757,548)</u>	<u>(757,548)</u>	<u>(644,095)</u>	<u>113,453</u>
Total other financing sources (uses)	<u>(757,548)</u>	<u>(757,548)</u>	<u>(644,095)</u>	<u>113,453</u>
Net change in fund balance	(757,548)	(757,548)	(644,095)	113,453
Beginning fund balance, July 1	<u>2,011,280</u>	<u>2,011,280</u>	<u>2,362,431</u>	<u>351,151</u>
Ending fund balance, June 30	<u><u>\$ 1,253,732</u></u>	<u><u>\$ 1,253,732</u></u>	<u><u>\$ 1,718,336</u></u>	<u><u>\$ 464,604</u></u>

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget and Actual – Coos Bay Rail Line (#10)  
For the Year Ended June 30, 2019**

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	Budget		Actual	Variance to Final Budget
	Original	Final		
<b>REVENUES</b>				
Union Pacific	\$ -	\$ -	\$ 2,011,996	\$ 2,011,996
Carloads CBRL	-	-	149,946	149,946
Demurrage	-	-	36,650	36,650
Other/Miscellaneous	-	-	834,534	834,534
Total revenues	-	-	3,033,126	3,033,126
<b>EXPENDITURES</b>				
Personal services	-	-	858,082	858,082
Materials and services	-	-	2,415,918	2,415,918
Total expenditures	-	-	3,274,000	3,274,000
Net change in fund balance	-	-	(240,874)	(240,874)
Beginning fund balance, July 1	-	-	-	-
Ending fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (240,874)</u>	<u>\$ (240,874)</u>

ORS 294.338 (10) exempts newly formed districts from Oregon budget law requirements during the fiscal year in which the district was formed.

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Property Tax Transactions**  
**For the Year Ended June 30, 2019**

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<u>Year of Levy</u>	<u>Levy 2018-19</u>	<u>Taxes Receivable June 30, 2018</u>	<u>Collections</u>	<u>Offsets, Rebates, and Adjustments</u>	<u>Taxes Receivable June 30, 2019</u>
2018-19	\$1,791,633	\$ -	\$1,672,813	\$ 49,702	\$ 69,118
2017-18	-	72,715	35,308	(1,451)	38,858
2016-17	-	40,884	17,621	(1,699)	24,962
2015-16	-	30,820	18,289	(2,901)	15,432
2014-15	-	9,881	9,261	(1,603)	2,223
Prior	-	9,108	5,455	(1,526)	5,179
Total	<u>\$1,791,633</u>	<u>\$ 163,408</u>	<u>\$1,758,747</u>	<u>\$ 40,522</u>	<u>\$ 155,772</u>

## **Other Information**

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**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Long-Term Debt Transactions  
For the Fiscal Year Ended June 30, 2019**

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	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
BALANCE PAYABLE, JULY 1, 2018	\$ 8,260,495	\$ 3,977,540	\$12,238,035
ADDITIONS			
New loans	394,705	193,684	588,389
DEDUCTIONS			
Current maturities paid	<u>399,074</u>	<u>367,660</u>	<u>766,734</u>
BALANCE PAYABLE, JULY 1, 2019	<u>\$ 8,256,126</u>	<u>\$ 3,803,564</u>	<u>\$12,059,690</u>

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Oregon Development Department Loan**  
**For the Purchase of Rail Road Line**  
**At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 239,905	\$ 283,777	\$ 523,682
2020-21	251,900	271,782	523,682
2021-22	264,495	259,187	523,682
2022-23	277,720	245,962	523,682
2023-24	291,606	232,076	523,682
2024-25	306,186	217,496	523,682
2025-26	321,496	202,186	523,682
2026-27	337,570	186,112	523,682
2027-28	354,449	169,233	523,682
2028-29	372,171	151,511	523,682
2029-30	390,780	132,902	523,682
2030-31	410,319	113,363	523,682
2031-32	430,835	92,847	523,682
2032-33	452,377	71,305	523,682
2033-34	474,995	48,687	523,682
2034-35	<u>498,746</u>	<u>24,936</u>	<u>523,682</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 5,675,550</u>	 <u>\$ 2,703,362</u>	 <u>\$ 8,378,912</u>
 Accrued interest	 <u>\$ 274,100</u>		
 ORIGINAL ISSUE	 <u>\$ 5,415,214</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ 228,481</u>	 <u>\$ 295,201</u>	 <u>\$ 523,682</u>
 PAYMENT DATES Principal and interest	 December 1		
 INTEREST RATE	 5.0%		

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Oregon Business Development Department Loan  
For the Travel Lift Replacement  
At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 12,867	\$ 16,994	\$ 29,861
2020-21	13,327	16,534	29,861
2021-22	13,803	16,058	29,861
2022-23	14,295	15,566	29,861
2023-24	14,805	15,056	29,861
2024-25	15,334	14,527	29,861
2025-26	15,881	13,980	29,861
2026-27	16,448	13,413	29,861
2027-28	17,035	12,826	29,861
2028-29	17,644	12,217	29,861
2029-30	18,273	11,588	29,861
2030-31	18,926	10,935	29,861
2031-32	19,602	10,259	29,861
2032-33	20,301	9,560	29,861
2033-34	21,026	8,835	29,861
2034-35	21,777	8,084	29,861
2035-36	22,554	7,307	29,861
2036-37	23,359	6,502	29,861
2037-38	24,193	5,668	29,861
2038-39	25,057	4,804	29,861
2039-40	25,951	3,910	29,861
2040-41	26,878	2,983	29,861
2041-42	27,837	2,024	29,861
2042-43	<u>28,832</u>	<u>1,029</u>	<u>29,861</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 476,005</u>	 <u>\$ 240,659</u>	 <u>\$ 716,664</u>
 ORIGINAL ISSUE	 <u>\$ 600,000</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ -</u>	 <u>\$ 17,050</u>	 <u>\$ 17,050</u>
 PAYMENT DATES (AFTER DRAW DOWN PHASE) Principal and interest	 December 1		
 INTEREST RATE	 3.57%		

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Oregon Business Development Department Loan**  
**For the Development of the Industrial Rail Spur**  
**At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 59,054	\$ 18,451	\$ 77,505
2020-21	62,355	15,150	77,505
2021-22	65,840	11,665	77,505
2022-23	69,521	7,984	77,505
2023-24	<u>73,306</u>	<u>4,098</u>	<u>77,404</u>
TOTAL OUTSTANDING AT JUNE 30, 2019	<u>\$ 330,076</u>	<u>\$ 57,348</u>	<u>\$ 387,424</u>
ORIGINAL ISSUE	<u>\$ 1,050,620</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	<u>\$ 55,928</u>	<u>\$ 21,577</u>	<u>\$ 77,505</u>
PAYMENT DATES			
Principal and interest	December 1		
INTEREST RATE	5.59%		



**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Oregon Business Development Department Loan  
For the East Greenhill Road Railroad Project  
At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 39,109	\$ 4,315	\$ 43,424
2020-21	40,501	2,923	43,424
2021-22	<u>41,589</u>	<u>1,481</u>	<u>43,070</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 121,199</u>	 <u>\$ 8,719</u>	 <u>\$ 129,918</u>
 ORIGINAL ISSUE	 <u>\$ 264,923</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ 37,765</u>	 <u>\$ 5,659</u>	 <u>\$ 43,424</u>
 PAYMENT DATES Principal and interest	 December 1		
 INTEREST RATE	 3.56%		

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Oregon Business Development Department Loan**  
**For the B Dock Rehabilitation**  
**At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 9,206	\$ 6,039	\$ 15,245
2020-21	9,520	5,725	15,245
2021-22	9,846	5,399	15,245
2022-23	10,183	5,062	15,245
2023-24	10,531	4,714	15,245
2024-25	10,891	4,354	15,245
2025-26	11,264	3,981	15,245
2026-27	11,649	3,596	15,245
2027-28	12,047	3,198	15,245
2028-29	12,459	2,786	15,245
2029-30	12,885	2,360	15,245
2030-31	13,326	1,919	15,245
2031-32	13,782	1,463	15,245
2032-33	14,253	992	15,245
2033-34	14,742	504	15,246
	<u>\$ 176,584</u>	<u>\$ 52,092</u>	<u>\$ 228,676</u>
TOTAL OUTSTANDING AT JUNE 30, 2019			
	<u>\$ 600,000</u>		
ORIGINAL ISSUE			
	<u>\$ 8,901</u>	<u>\$ 6,344</u>	<u>\$ 15,245</u>
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019			
PAYMENT DATES Principal and interest	December 1		
INTEREST RATE	3.42%		

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Oregon Business Development Department Loan  
For the Paving of the Port Shipyard Facility  
At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 20,131	\$ 3,845	\$ 23,976
2020-21	21,338	2,638	23,976
2021-22	<u>22,619</u>	<u>1,357</u>	<u>23,976</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 64,088</u>	 <u>\$ 7,840</u>	 <u>\$ 71,928</u>
 ORIGINAL ISSUE	 <u>\$ 275,000</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ 18,991</u>	 <u>\$ 4,985</u>	 <u>\$ 23,976</u>
 PAYMENT DATES Principal and interest	 December 1		
 INTEREST RATE	 6.0%		

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Oregon Business Development Department Loan**  
**For the Shipyard Stormwater System**  
**At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 27,245	\$ 38,273	\$ 65,518
2020-21	28,269	37,249	65,518
2021-22	29,332	36,186	65,518
2022-23	30,435	35,083	65,518
2023-24	31,579	33,939	65,518
2024-25	32,766	32,752	65,518
2025-26	33,999	31,519	65,518
2026-27	35,277	30,241	65,518
2027-28	36,603	28,915	65,518
2028-29	37,979	27,539	65,518
2029-30	39,408	26,110	65,518
2030-31	40,889	24,629	65,518
2031-32	42,427	23,091	65,518
2032-33	44,022	21,496	65,518
2033-34	45,677	19,841	65,518
2034-35	47,395	18,123	65,518
2035-36	49,177	16,341	65,518
2036-37	51,026	14,492	65,518
2037-38	52,944	12,574	65,518
2038-39	54,935	10,583	65,518
2039-40	57,001	8,517	65,518
2040-41	59,144	6,374	65,518
2041-42	61,368	4,150	65,518
2042-43	<u>49,022</u>	<u>1,843</u>	<u>50,865</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 1,017,919</u>	 <u>\$ 539,860</u>	 <u>\$ 1,557,779</u>
 ORIGINAL ISSUE	 <u>\$ 1,050,000</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ 32,081</u>	 <u>\$ 33,437</u>	 <u>\$ 65,518</u>
 PAYMENT DATES Principal and interest	 December 1		
 INTEREST RATE	 3.76%		

**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Oregon Business Development Department Loan  
For the Charleston Infrastructure  
At June 30, 2019, and Subsequent Maturities of Principal and Interest**

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<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ 18,760	\$ 440	\$ 19,200
2020-21	<u>14,526</u>	<u>110</u>	<u>14,636</u>
 TOTAL OUTSTANDING AT JUNE 30, 2019	 <u>\$ 33,286</u>	 <u>\$ 550</u>	 <u>\$ 33,836</u>
 Accrued interest	 <u>\$ 601</u>		
 ORIGINAL ISSUE	 <u>\$ 33,286</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 PAYMENT DATES Principal and interest	 December 1		
 INTEREST RATE	 1.78%		

**Oregon International Port of Coos Bay**  
**Coos Bay, Oregon**  
**Schedule of Oregon Business Development Department Loan**  
**For the Coos Bay Rail Tunnel Rehabilitation**  
**At June 30, 2019, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-20	\$ -	\$ -	\$ -
2020-21	-	-	-
2021-22	-	36,277	36,277
2022-23	14,326	14,861	29,187
2023-24	14,904	14,283	29,187
2024-25	15,505	13,682	29,187
2025-26	16,130	13,057	29,187
2026-27	16,781	12,406	29,187
2027-28	17,458	11,729	29,187
2028-29	18,162	11,025	29,187
2029-30	18,894	10,293	29,187
2030-31	19,656	9,531	29,187
2031-32	20,449	8,738	29,187
2032-33	21,273	7,914	29,187
2033-34	22,131	7,056	29,187
2034-35	23,024	6,163	29,187
2035-36	23,952	5,235	29,187
2036-37	24,918	4,269	29,187
2037-38	25,923	3,264	29,187
2038-39	26,968	2,219	29,187
2039-40	20,965	1,132	22,097
TOTAL OUTSTANDING AT JUNE 30, 2019	<u>\$ 361,419</u>	<u>\$ 193,134</u>	<u>\$ 554,553</u>
Accrued interest	<u>\$ 14,511</u>		
ORIGINAL ISSUE	<u>\$ 361,419</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PAYMENT DATES			
Principal and interest	December 1		
INTEREST RATE	3.96%		

## **Single Audit Reports and Schedules**

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**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

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<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA</u>	<u>Agency or Pass Thru Contract</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program			
Maritime Administration			
FY 2016 FASTLANE Act - Nationally Significant Freight and Highway Projects	20.934		\$ 1,956,863
U.S. FISH AND WILDIFE SERVICE			
Pass-through			
Clean Vessel Act			
Maintenance Assistance Program (MAP) (from OSMB)	15.616	N/A	\$ 2,400
Fish and Wildlife Cluster:			
U.S. FISH AND WILDIFE SERVICE			
Pass-through			
Oregon Department of Fish and Wildlife (ODFW)			
Charleston Boat Basin Boat Ramp Dock Replacement	15.605	051-19	\$ 42,109
Total Fish and Wildlife Cluster			<u>\$ 42,109</u>
			<u>\$ 2,001,372</u>



**Oregon International Port of Coos Bay  
Coos Bay, Oregon  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

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**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal grant activity of the Port under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Uniform Guidance. Because the Schedule presents only a selected portion of the operation 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. The Port received federal awards both directly from federal agencies and indirectly from pass through entities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting when they become a demand on currently available financial resources. The Port's summary of significant accounting policies is presented in Note 1 in the basic financial statements. Pass-through entity identifying numbers are presented where available.

**3. INDIRECT COST RATE**

The Port has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report of Independent Auditors 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***

To the Board of Commissioners  
Oregon International Port of Coos Bay

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 Oregon International Port of Coos Bay (the Port), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon December 20, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Port'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 determination of financial statement 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. 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.

*Mass Adams LLP*

Medford, Oregon  
December 20, 2019

## **Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Commissioners  
Oregon International Port of Coos Bay

### **Report on Compliance for the Major Federal Program**

We have audited the Oregon International Port of Coos Bay's (the Port) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Port's major federal program for the year ended June 30, 2019. The Port's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Port's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Port's compliance.

#### ***Opinion on the Major Federal Program***

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

## **Report on Internal Control Over Compliance**

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port's 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 with a type of 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Mass Adams LLP*

Medford, Oregon  
December 20, 2019

**Oregon International Port of Coos Bay  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  Yes  No

Identification of the major federal program and type of auditor's report issued on compliance for major federal program:

<i>CFDA Number</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
20.934	FY 2016 Fastlane Act – Nationally Significant Freight and Highway Projects	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  Yes  No

**Section II - Financial Statement Findings**

None noted.

**Section III - Federal Award Findings and Questioned Costs**

None noted.

**Report of Independent Auditors  
Required by Oregon State Regulations**

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**Report of Independent Auditors On Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Oregon Minimum Audit Standards***

To the Board of Commissioners  
Oregon International Port of Coos Bay

We have audited the basic financial statements of Oregon International Port of Coos Bay (the Port) as of and for the year ended June 30, 2019 and have issued our report thereon December 20, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

**Compliance**

As part of obtaining reasonable assurance about whether the Port’s basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-10-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2019 and 2020.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.



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 instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The Port experienced budgetary over-expenditures in various funds which are disclosed in the Note 2 of the Port's financial statements.

### **Internal Control Over Financial Reporting**

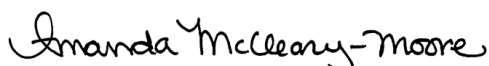
In planning and performing our audit, we considered the Port's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **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 Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Amanda McCleary-Moore, Partner for  
Moss Adams LLP  
Medford, Oregon  
December 20, 2019

