



ANNUAL FINANCIAL REPORT

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

For the Year Ended June 30, 2020



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

Board of Commissioners

David Kronsteiner, President

Eric Farm, Vice President

Brianna Hanson, Treasurer

Robert Garcia, Secretary

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

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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, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2020, 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 41, the Port's pension contributions on page 41, the Port's proportionate share of the net OPEB asset on page 42, the Port's OPEB contributions on page 42, and the changes in the Port's total OPEB liability and related ratios on page 42 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 and the schedule of property tax transactions on pages 43 to 55 and the schedule of expenditures of federal award on page 69 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, 2020 on pages 56 to 68 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.

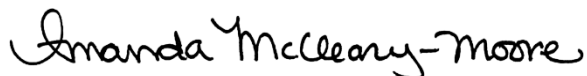
Reports on Other Legal and Regulatory Requirements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021 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 January 27, 2021 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
January 27, 2021

Management's Discussion and Analysis

Oregon International Port of Coos Bay Management's Discussion and Analysis For the Year Ended June 30, 2020

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, 2020. Please read it in conjunction with the Port financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- For the fiscal year ending 2020, unrestricted fund balance of the Port decreased by \$6,057,265 from the prior year. Unrestricted fund balance (deficit) is \$(3,389,545) at June 30, 2020.
- The General Fund has exceeded budget in the Rail department by \$118,813. 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 fell short of the actual expenditures. The General Fund was impacted by COVID-19 and the fire that destroyed the Ice Plant facility in December 2019. These two factors impacted the revenues to Charleston Operations and Rail Operations. In addition, the Port Operations was impacted by Channel Deepening Project slow down and saw reduced project management fees.
- The Special Projects Fund accounted for the grant proceeds used for capital improvements on the rail line, acquiring rolling stock, and the Channel Deepening project. Contract revenue in the fund decreased by \$1.8 Million from the previous fiscal year due to lack of funding. Funding for the project via State Lottery Bonds was impacted due to COVID-19. The state had to push back bond sales for two years per the State's constitutional requirement. Capital grant spending decreased this year by \$2,000,000. The remaining rolling stock for the rail line was purchased, Tunnel Phase I repairs were completed, and Tunnel Phase II and Phase III repairs began. At June 30, 2020, the fund had net position (deficit) of (\$5,017,463).
- Coos Bay Rail Line, Inc. completed their first complete year of operations with 4,569 car movements. This is a decline of 1,144 car movements from the previous fiscal year. The decline can be attributed to the closing of the Georgia Pacific facility in Coos Bay and COVID-19 impacting customers along the line. At June 30, 2020, the fund had a net position (deficit) of (\$372,199).
- Beginning July 1, 2019, the Port removed dredge operations from the General Fund and established the Dredge Fund. The purpose of creating a separate fund is to segregate the funds received from the state of Oregon and Dredge Customers for the operation of the dredge equipment. Dredge activity is intended to be self-sustaining, and any deficit is currently covered by the Business Oregon.

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 balance sheets that include the Port's assets, liabilities, and net position at year end; statements of revenues, expenses, and changes in net position, which include all revenues, expenses, and grants received for construction for the year; and statements of cash flows, which present the sources and uses of cash for the year.

Oregon International Port of Coos Bay

Management's Discussion and Analysis

For the Year Ended June 30, 2020

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.

Dredge Fund. This fund was created by Port resolution for the sole purpose of segregating the funds received from the State of Oregon Fuel Tax allocation from the Port's General Fund. The Port leases the Dredge equipment from the State of Oregon to perform dredge operations for ports in Oregon. All revenue and expenditures related to dredging activity, repairs and maintenance and reserves for future capital needs of the dredge are encompassed in the Dredge Fund. The fund is intended to be self-sustaining with no impact to the Port's 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, 2020**

FINANCIAL SUMMARY

Total Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net position			
	2020	2019	Variation
Current Assets and Other Assets	\$ 8,463,301	\$ 9,798,691	\$ (1,335,390)
Capital Assets	71,575,020	59,084,783	12,490,237
 Total Assets	 80,038,321	 68,883,474	 11,154,847
 Deferred Outflow-Pension	 1,771,313	 1,311,360	 459,953
Total Assets & Deferred Outflow of Resources	\$ 81,809,634	\$ 70,194,834	\$ 11,614,800
 Current Liabilities	 \$ 5,318,290	 \$ 5,628,253	 \$ (309,963)
Non-Current Liabilities	18,546,976	10,848,256	7,698,720
 Total Liabilities	 23,865,266	 16,476,509	 7,388,757
 Deferred Inflow-Pension	 255,950	 221,948	 34,002
 Net Position:			
Net Investment in Capital Assets	61,077,963	50,828,657	10,249,306
Unrestricted	(3,389,545)	2,667,720	(6,057,265)
 Total Net Position	 57,688,418	 53,496,377	 4,192,041
 Total Liabilities & Deferred Inflow of Resources	 \$ 81,809,634	 \$ 70,194,834	 \$ 11,614,800

**Oregon International Port of Coos Bay
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

	Changes in Net Position		
	2020	2019	Change
Operating Revenues:			
Charges for Services	\$ 5,908,098	\$ 8,959,417	\$ (3,051,319)
Leases	314,519	318,006	(3,487)
Contract Revenue	1,262,648	3,069,881	(1,807,233)
Total Operating Revenues	<u>7,485,265</u>	<u>12,347,304</u>	<u>(4,862,039)</u>
Operating Expenses:			
Personal Services	4,966,841	4,115,110	851,731
Consulting Services	1,728,615	3,078,439	(1,349,824)
Materials & Services	4,843,601	8,202,147	(3,358,546)
Depreciation	4,086,609	3,310,424	776,185
Total Operating Expense	<u>15,625,666</u>	<u>18,706,120</u>	<u>(3,080,454)</u>
Total Operating (Loss)	<u>(8,140,401)</u>	<u>(6,358,816)</u>	<u>(1,781,585)</u>
Non-Operating Revenues (Expenses)			
Property Taxes	1,821,667	1,758,549	63,118
Interest Income	77,636	125,942	(48,306)
Interest Expense	(422,603)	(459,520)	36,917
Grants	8,685,445	13,375,711	(4,690,266)
Loss on Capital Assets	(537,205)	-	(537,205)
Miscellaneous	2,707,502	544,961	2,162,541
Total Non-Operating Income	<u>12,332,442</u>	<u>15,345,643</u>	<u>(3,013,201)</u>
Change in Net Position	<u>\$ 4,192,041</u>	<u>\$ 8,986,827</u>	<u>\$ (4,192,041)</u>

CAPITAL ASSETS

At June 30, 2020, the Port has over \$71 million invested in a broad range of capital assets. This amount represents a net increase of approximately \$12.5 million as outlined below.

Notable additions this fiscal year included the addition of rolling stock which included three locomotives, three Hy-Rail vehicles, and six fleet vehicles. Major rehabilitation along the rail line included major structural repair to nine tunnels and major drainage repairs to six tunnels. In the Marina, a fire destroyed the Ice Plant facility. The replacement of the Ice Dock and Ice Plant facility were started and will conclude in FY20/21.

**Oregon International Port of Coos Bay
Management's Discussion and Analysis
For the Year Ended June 30, 2020**

	Capital Assets				June 30, 2020
	July 1, 2019	Additions	Deletions	Transfers	
Capital Assets Not Being Depreciated:					
Land	\$1,065,679	\$ -	\$ -	\$ -	\$ 1,065,679
Construction in Progress	1,317,431	6,141,779		(931,710)	6,527,500
Total Capital Assets Not Being Depreciated	<u>2,383,110</u>	<u>6,141,779</u>	<u>-</u>	<u>(931,710)</u>	<u>7,593,179</u>
Capital Assets Being Depreciated:					
Buildings and Docks	11,247,931	59,378	(1,462,543)	303,307	10,148,073
Machinery and Equipment	3,545,761	1,120,576	(30,668)	628,403	5,264,072
Improvements other than Buildings	72,642,379	9,792,319		-	82,434,698
Total Capital Assets being Depreciated	<u>87,436,071</u>	<u>10,972,273</u>	<u>(1,493,211)</u>	<u>931,710</u>	<u>97,846,843</u>
Less Accumulated Depreciation:					
Buildings and Docks	(8,436,184)	(184,025)	925,338	-	(7,694,871)
Machinery and Equipment	(1,006,477)	(446,264)	30,667	-	(1,422,074)
Improvements other than Buildings	(21,291,737)	(3,456,320)		-	(24,748,057)
Total Accumulated Depreciation	<u>(30,734,398)</u>	<u>(4,086,609)</u>	<u>956,005</u>	<u>-</u>	<u>(33,865,002)</u>
Port Capital Assets, Net	<u>\$ 59,084,783</u>	<u>\$ 13,027,443</u>	<u>\$ (537,206)</u>	<u>\$ -</u>	<u>\$ 71,575,020</u>

BUDGETARY HIGHLIGHTS

The Port's budget for the year ended June 30, 2020 was adopted by the Port Commission in June of 2019. A supplementary budget was passed in June 2020 to account for additional repairs and maintenance in the Administration, Port Operations, Port Development and Rail Operations. 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, 2020

LONG-TERM DEBT

At June 30, 2020, the Port had over \$10.7 million in notes payable. See below for details. Refer to Note 6 for additional details.

	Outstanding Long-Term Debt		Total Change
	2020	2019	2019/20
Notes Payable	365,189	-	365,189
OECD Loans	10,368,668	8,256,126	2,112,542
	<u>\$ 10,733,857</u>	<u>\$ 8,256,126</u>	<u>\$ 2,477,731</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

Oregon International Port of Coos Bay
Coos Bay, Oregon
Balance Sheet
June 30, 2020

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,684,558
Prepaid expenses	228,126
Receivables, net	<u>5,536,883</u>

Total current assets 7,449,567

NON-CURRENT ASSETS

Property taxes receivable	158,499
Note receivable	822,878
Net OPEB asset	32,357
Capital assets	
Depreciable assets, net	63,981,841
Nondepreciable assets	<u>7,593,179</u>

Total non-current assets 72,588,754

Total assets 80,038,321

DEFERRED OUTFLOW OF RESOURCES

Pension and OPEB related items	<u>1,771,313</u>
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Total assets and deferred outflow of resources \$ 81,809,634

Oregon International Port of Coos Bay
Coos Bay, Oregon
Balance Sheet
June 30, 2020

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 4,067,439
Accrued payroll costs	94,317
Accrued interest	200,906
Unearned revenue	230,480
Current portion of long-term debt	<u>725,148</u>

Total current liabilities	<u>5,318,290</u>
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NON-CURRENT LIABILITIES

Accrued compensated absences	233,805
Deposits	65,903
Net pension liability	3,854,648
Total OPEB liability	21,777
Line of credit	4,362,134
Long-term debt, net of current portion	<u>10,008,709</u>

Total non-current liabilities	<u>18,546,976</u>
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Total liabilities	<u>23,865,266</u>
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DEFERRED INFLOW OF RESOURCES

Pension and OPEB related items	<u>255,950</u>
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NET POSITION

Net investment in capital assets	61,077,963
Unrestricted	<u>(3,389,545)</u>

Total net position	<u>57,688,418</u>
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Total liabilities, deferred inflow of resources, and net position	<u><u>\$ 81,809,634</u></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, 2020

OPERATING REVENUES	
Charges for services	\$ 5,908,098
Leases	314,519
Contract revenue	<u>1,262,648</u>
Total operating revenues	<u>7,485,265</u>
OPERATING EXPENSES	
Personnel services	4,966,841
Consulting services	1,728,615
Materials and services	3,618,475
Repairs and maintenance	1,225,126
Depreciation	<u>4,086,609</u>
Total operating expenses	<u>15,625,666</u>
Total operating loss	<u>(8,140,401)</u>
NON-OPERATING REVENUES (EXPENSES)	
Property taxes	1,821,667
Interest expense	(422,603)
Interest income	77,636
Grants	8,685,445
Loss on capital assets	(537,205)
Miscellaneous	<u>2,707,502</u>
Total non-operating revenues	<u>12,332,442</u>
CHANGE IN NET POSITION	4,192,041
TOTAL NET POSITION, beginning of year, July 1	<u>53,496,377</u>
TOTAL NET POSITION, end of year, June 30	<u><u>\$ 57,688,418</u></u>

Oregon International Port of Coos Bay
Coos Bay, Oregon
Statement of Cash Flows
For the Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 4,013,906
Cash payments to suppliers for goods and services	(4,038,683)
Cash payments for employee services	<u>(2,915,702)</u>
Net cash (used by) operating activities	<u>(2,940,479)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes received	<u>1,818,940</u>
Net cash provided by noncapital financing activities	<u>1,818,940</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(17,114,051)
Payments on note receivable	62,774
Change in line of credit	2,250,048
Proceeds from long-term debt	2,885,972
Principal paid on long-term debt	(408,241)
Grants	8,685,445
Miscellaneous	2,707,504
Interest paid on long-term debt	<u>(422,657)</u>
Net cash (used by) capital and related financing activities	<u>(1,353,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>77,636</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,397,109)
CASH AND CASH EQUIVALENTS, beginning of year, July 1	<u>4,081,667</u>
CASH AND CASH EQUIVALENTS, end of year, June 30	<u>\$ 1,684,558</u>

Oregon International Port of Coos Bay
Coos Bay, Oregon
Statement of Cash Flows
For the Year Ended June 30, 2020

RECONCILIATION OF OPERATING LOSS TO NET CASH USED
BY OPERATING ACTIVITIES

Operating loss	<u>\$ (8,140,401)</u>
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	4,086,609
Changes in balance sheet	
(Increase) decrease in accounts receivable	(1,103,742)
(Increase) decrease in prepaids	(6,348)
(Increase) decrease in net OPEB asset	(11,678)
Increase (decrease) in deferred outflows of pension and OPEB related items	(425,951)
Increase (decrease) in accrued compensated absences	(14,611)
Increase (decrease) in accounts payable and other accrued expenses	1,508,199
Increase (decrease) in unearned revenue	(7,028)
Increase (decrease) in deposits	(15,506)
Increase (decrease) in net pension liability	1,189,027
Increase (decrease) in total OPEB liability	<u>951</u>
Total adjustments	<u>5,199,922</u>
Net cash (used by) operating activities	<u>\$ (2,940,479)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Book value of assets disposed of (loss)	<u>\$ (537,205)</u>

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

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 four-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.

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Note 1 – Summary of Significant Accounting Policies (continued)

- **Dredge Fund** – Beginning July 1, 2019, the Port removed dredge fund operations from the general fund and established the Dredge fund. The purpose of creating a separate fund is to segregate the funds received from the State of Oregon and dredge customers for the operation of the dredge equipment. Dredge activity is intended to be self-sustaining, and any deficit is currently covered by Business Oregon.
- **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 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 when it is taken.

Net position – Net position is reported as restricted when there are limitations imposed on its 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.

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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 – 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)

New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 95, Postponement of Effective Dates. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The Statement postpones the effective dates of certain GASB pronouncements by one year to 18 months to provide governments with sufficient time to apply authoritative guidance in the GASB pronouncement and to safeguard the reliability of their financial statements. This Statement was effective in May 2020 and adopted by the Port for the year ended June 30, 2020.

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.

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Notes to Financial Statements
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Note 2 – Stewardship, Compliance, and Accountability (continued)

Interfund transfers

Interfund transfers in the budgetary funds for the year ended June 30, 2020, consisted of the following:

	<u>Transfers out</u>	<u>Transfers In</u>
General Fund	\$ 1,398,000	\$ 13,964,547
Special Projects Fund	13,964,547	-
Reserve Fund	22,482	1,398,000
Dredge Fund	<u>-</u>	<u>22,482</u>
Total	<u>\$ 15,385,029</u>	<u>\$ 15,385,029</u>

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

Negative fund balances

The Port has the following deficit fund balances:

Special Projects Fund	(\$5,017,463)
Coos Bay Rail Line Fund	(\$372,199)
Dredge Fund	(\$8,541)

Management plans to correct these with future transfers.

Excess of Expenditures over Appropriations

For the year ended June 30, 2020, expenditures (on a budgetary basis) exceeded appropriations authorized by the Port commissioners as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Over Expenditure</u>
General Fund			
Railroad operations	\$ 1,055,842	\$ 1,174,655	\$ (118,813)

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Notes to Financial Statements
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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, 2020:

Cash on hand	\$ 2,032
Deposits with financial institutions	
Demand deposits	297,974
State of Oregon Local Government Investment Pool	<u>1,384,552</u>
 Total cash and cash equivalents	 <u>\$ 1,684,558</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, 2020, the Port had total bank balances of \$1,588,201.

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, 2020. 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.

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

Note 3 – Deposits and Investments (continued)

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, 2020, the total bank balances were \$1,588,201. 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, 2020.

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, 2020, 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.

Concentration of credit risk

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

As of June 30, 2020, the Port had the following investments and maturities:

Investment Type	<u>Less than 3 months</u>
State Treasurer's Investment Pool	<u>\$ 1,384,552</u>

Oregon International Port of Coos Bay
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Notes to Financial Statements
June 30, 2020

Note 4 – Receivables

Accounts receivable

The accounts receivable at June 30, 2020 consisted of the following:

Receivables, trade - current	\$ 5,960,883
Less - allowance for doubtful accounts	<u>(424,000)</u>
Total	<u>\$ 5,536,883</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, 2020, the Port levied a net tax of \$1,877,733. The total taxes receivable at June 30, 2020 amounted to \$158,499, of which \$69,210 was for the year ended June 30, 2020.

Property tax revenues are recognized when levied. The Port levied taxes for the year ended June 30, 2020 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 \$822,878 on June 30, 2020.

Oregon International Port of Coos Bay
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Notes to Financial Statements
June 30, 2020

Note 5 – Capital Assets

The following is a summary of enterprise fund type capital assets for the Port at June 30, 2020:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated					
Land	\$ 1,065,679	\$ -	\$ -	\$ -	\$ 1,065,679
Construction in progress	1,317,431	6,141,779	-	(931,710)	6,527,500
Total capital assets not being depreciated	<u>2,383,110</u>	<u>6,141,779</u>	<u>-</u>	<u>(931,710)</u>	<u>7,593,179</u>
Capital assets being depreciated					
Buildings and docks	11,247,931	59,378	(1,462,543)	303,307	10,148,073
Machinery and equipment	3,545,761	1,120,576	(30,668)	628,403	5,264,072
Improvements other than buildings	72,642,379	9,792,319	-	-	82,434,698
Total capital assets being depreciated	<u>87,436,071</u>	<u>10,972,273</u>	<u>(1,493,211)</u>	<u>931,710</u>	<u>97,846,843</u>
Less accumulated depreciation					
Buildings and docks	(8,436,184)	(184,025)	925,338	-	(7,694,871)
Machinery and equipment	(1,006,477)	(446,264)	30,667	-	(1,422,074)
Improvements other than buildings	(21,291,737)	(3,456,320)	-	-	(24,748,057)
Total accumulated depreciation	<u>(30,734,398)</u>	<u>(4,086,609)</u>	<u>956,005</u>	<u>-</u>	<u>(33,865,002)</u>
Capital assets being depreciated, net	<u>56,701,673</u>	<u>6,885,664</u>	<u>(537,206)</u>	<u>931,710</u>	<u>63,981,841</u>
Capital assets, net	<u>\$59,084,783</u>	<u>\$ 13,027,443</u>	<u>\$ (537,206)</u>	<u>\$ -</u>	<u>\$71,575,020</u>

On December 20, 2019, a fire destroyed the Port's ice house along with the equipment, furniture, and building improvements within the structure. The insurance carrier declared the property a total loss. As a result, the organization removed the carrying value and associated accumulated depreciation of \$1,462,543 and \$925,338 respectively. Insurance proceeds paid to the organization for the structure loss and loss of services were \$1,963,537. Insurance proceeds have financed construction of a replacement building in addition to a new loan (see note 6). The construction in progress account includes \$6,015,616 related to repairs for that building, equipment and the dock as of June 30, 2020. Outstanding commitments to repair the building amounted to \$1,551,456 at June 30, 2020.

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Notes to Financial Statements
June 30, 2020

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 and Toyota Financial.

Purpose	Payment Terms	Interest Rate	Maturity Dates	Amount
Oregon Business Development Department:				
Rail Road Line	Yearly payment of \$523,682	5.00%	December 2034	\$ 5,435,645
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	271,022
Greenhill Road Railroad Project	Yearly payment of \$43,424	3.56%	December 2021	82,090
B Dock Rehabilitation	Yearly payment of \$15,245	3.42%	December 2033	167,378
Port Shipyard Facilities	Yearly payment of \$23,976	6.00%	December 2021	43,957
Shipyard Stormwater System	Yearly payment of \$65,518	3.76%	December 2042	990,674
Charleston Infrastructure	Yearly payment of \$17,703	1.78%	December 2020	115,836
Coos Bay Rail Tunnel Rehabilitation	Yearly payment of \$37,291	3.96%	December 2039	500,000
Ice House	Yearly payment undetermined	2.44%	December 2045	2,286,061
Toyota Financial:				
Toyota E-2777250	Yearly Payment of \$4,233	3.49%	January 2025	17,580
Toyota E-2777246	Yearly Payment of \$7,492	4.75%	January 2025	30,247
Toyota E-2777249	Yearly Payment of \$5,333	0.90%	January 2025	23,501
Toyota E-2777248	Yearly Payment of \$5,415	0.90%	January 2025	23,863
Toyota E-2777247	Yearly Payment of \$7,377	0.00%	January 2025	33,198
Umpqua Bank:				
Payment Protection Program	Forgiven subsequent to year end	1.00%	May 2022	236,800
				<u>\$ 10,733,857</u>

Paycheck Protection Program Loan

CRBL was granted a loan under the Paycheck Protection Program (PPP) offered by the Small Business Association (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), section 7(a)(36) of the Small Business Act for \$236,800. The loan bears interest at 1% with no payments for the first 7 months. The loan is subject to partial or full forgiveness if the Port: (1) uses all proceeds for eligible purposes; (2) maintains certain employment levels; (3) and maintains certain compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. Subsequent to year end the PPP loan was forgiven by Umpqua Bank.

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Notes to Financial Statements
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Note 6 – Long-Term Debt (continued)

Long term debt activity for the year was as follows:

	Beginning Balance July 1, 2019	Additions	Reductions	Ending Balance June 30, 2020	Amount Due Within One Year
Rail Road Line	\$ 5,675,550	\$ -	\$ 239,905	\$ 5,435,645	\$ 251,900
Travel Lift Replacement	476,005	-	-	476,005	12,867
Industrial Rail Spur	330,076	-	59,054	271,022	62,355
Greenhill Road Railroad Project	121,199	-	39,109	82,090	40,501
B Dock Rehabilitation	176,584	-	9,206	167,378	9,520
Port Shipyard Facilities	64,088	-	20,131	43,957	21,338
Shipyard Stormwater System	1,017,919	-	27,245	990,674	28,269
Charleston Infrastructure	33,286	82,550	-	115,836	15,934
Coos Bay Rail Tunnel Rehabilitation	361,419	138,581	-	500,000	8,555
Ice House	-	2,286,061	-	2,286,061	177,000
Toyota E-2777250	-	19,366	1,786	17,580	3,736
Toyota E-2777246	-	33,220	2,973	30,247	6,322
Toyota E-2777249	-	26,053	2,552	23,501	5,164
Toyota E-2777248	-	26,454	2,591	23,863	5,243
Toyota E-2777247	-	36,887	3,689	33,198	7,377
Paycheck Projection Program	-	236,800	-	236,800	69,067
Total	\$ 8,256,126	\$ 2,885,972	\$ 408,241	\$ 10,733,857	\$ 725,148

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

	Principal	Interest
Year Ending June 30 2021	\$ 656,081	\$ 400,431
2022	445,039	371,463
2023	466,059	350,089
2024	421,424	327,679
2025	441,861	307,140
2026-2030	2,121,861	1,236,125
2031-2035	2,675,712	682,276
2036-2040	1,037,361	149,670
2041-2044	2,231,659	30,830
PPP Loan forgiveness	236,800	-
Total	\$ 10,733,857	\$ 3,855,703

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

Note 6 – Long-Term Debt (continued)

Open credit

The Port is approved for an additional loan with the Oregon Business Development Department in the amount of \$6,000,000 to rebuild the ice house that burned in December 2019. The current draw downs and outstanding balance as of June 30, 2020 was \$2,286,061.

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% (1.65% as of June 30, 2020). Interest only payments are required monthly, principal must be paid in full by the maturity date. The outstanding balance as of June 30, 2020 on the line of credit was \$4,362,134.

Note 7 – Unearned Revenue

Unearned revenues at June 30, 2020, consist of unearned moorage of \$230,480 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.

The following is a summary of leased property, plant and equipment for the year ended June 30, 2020:

Land and improvements	\$ 321,728
Buildings, docks and equipment	<u>8,461,164</u>
	8,782,892
Accumulated depreciation	<u>(7,221,675)</u>
Total	<u><u>\$ 1,561,217</u></u>

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Notes to Financial Statements
June 30, 2020

Note 8 – Leases (continued)

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

	<u>Total</u>
Year Ending June 30, 2021	\$ 407,006
2022	417,826
2023	426,288
2024	434,963
2025	443,855
Thereafter	<u>847,614</u>
Total	<u>\$ 2,977,552</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 other than related to the ice house fire.

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.

COVID-19

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the COVID-19 outbreak). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant impact on the global economy. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report and the resulting impact to the Port is unknown.

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.

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, 2020

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, 2017 actuarial valuation, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2020 were \$260,043, excluding amounts to fund employer specific liabilities.

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

Note 10 – Defined Benefit Pension Plans (continued)

At June 30, 2020, the Port reported a net pension liability of \$3,854,648 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. 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, 2020, the Port's proportion was .0222 percent. The proportionate share of pension expense was \$1,177,998 for the year ended June 30, 2020.

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 212,572	\$ -
Changes in assumptions	522,927	-
Net difference between projected and actual earnings on investments	-	109,275
Changes in proportionate share	633,961	42,019
Differences between employer contributions and employer's proportionate share of system contributions	<u>51,545</u>	<u>91,753</u>
Total (prior to post-measurement date contributions)	1,421,005	243,047
Port contributions subsequent to measurement date	<u>345,757</u>	<u>-</u>
Net deferred outflow/inflow of resources	<u>\$ 1,766,762</u>	<u>\$ 243,047</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, 2021. 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, 2021	\$ 500,138
2022	191,575
2023	269,967
2024	192,256
2025	<u>24,022</u>
Total	<u>\$ 1,177,958</u>

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

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, 2019 through June 30, 2021, 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 of 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, 2017
Measurement Date	June 30, 2019
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>Healthy retirees and beneficiaries RP-2000 sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees 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, 2020

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	\$ 6,172,878	\$ 3,854,648	\$ 1,914,610

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, 2020

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, 2019 measurement date was \$8,299.

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

At June 30, 2020, the Port reported an asset of \$32,357 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2019, and the total net OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation date as of December 31, 2017. The Port's proportionate share as of the June 30, 2019 measurement date was .01674%.

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

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

For the year ended June 30, 2020, the Port recognized OPEB income of \$3,886 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	\$ -	\$ 4,267
Changes of assumptions	-	34
Net difference between projected and actual earnings on investments	-	1,997
Changes in proportionate share	<u>1,048</u>	<u>324</u>
Total (prior to post-measurement date contributions)	1,048	6,622
Port contributions subsequent to measurement date	<u>405</u>	<u>-</u>
Net deferred outflow/inflow of resources	<u>\$ 1,453</u>	<u>\$ 6,622</u>

\$405 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, 2021. 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, 2021	\$ (2,948)
2022	(2,507)
2023	(325)
2024	<u>206</u>
Total	<u>\$ (5,574)</u>

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

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

Actuarial methods and assumptions

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%
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, 2019 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	\$ (25,085)	\$ (32,357)	\$ (38,553)

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, 2019, 23 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, 2019.

Actuarial assumptions – The total OPEB liability based on the July 1, 2019 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	3.50%
Salary changes	3.50%
Healthcare cost trend rates	Medical and vision ranges from 4.00% to 15.75% from 2019 - 2072 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 3.50%. 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, 2020

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

Change in Net OPEB Liability

Balance as of June 30, 2019	\$ 20,826
Changes for the year:	
Service cost	3,336
Interest	918
Effects of assumptions changes or inputs	(2,431)
Benefit payments	<u>(872)</u>
Balance as of June 30, 2020	<u><u>\$ 21,777</u></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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<u>Decrease (2.50%)</u>	<u>Rate (3.50%)</u>	<u>Increase (4.50%)</u>
Total OPEB liability	\$ 24,081	\$ 21,777	\$ 19,712

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	\$ 18,725	\$ 21,777	\$ 25,568

Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Financial Statements
June 30, 2020

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

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

For the year ended June 30, 2020, the Port recognized OPEB expense of \$3,644 and reported 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>
Difference between expected and actual experience	\$ -	\$ 4,946
Changes in assumptions or inputs	2,835	1,335
Benefit payments	<u>263</u>	<u>-</u>
Total	<u>\$ 3,098</u>	<u>\$ 6,281</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:

<u>Year End June 30,</u>	<u>Total</u>
2020	\$ (610)
2021	(610)
2022	(610)
2023	(610)
2024	(467)
Thereafter	<u>(538)</u>
Total	<u>\$ (3,445)</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, 2020.

Required Supplementary Information

**Oregon International Port of Coos Bay
Coos Bay, Oregon
For the Year Ended June 30, 2020**

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
2020	0.022284%	\$ 3,854,648	\$ 1,958,550	197%	80%
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
2020	\$ 345,757	\$ 345,757	\$ -	\$ 1,550,671	22.297%
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, 2020

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 (Asset) (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
2020	0.016745%	\$ (32,357)	\$ 1,958,550	-2%	144%
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
2020	\$ 405	\$ 405	\$ -	\$ 1,550,671	0.026%
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

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 3,336	\$ 3,309	\$ 3,510
Interest on total OPEB liability	918	752	546
Changes of assumptions and other inputs	(2,431)	(657)	(1,457)
Benefit payments	(872)	(554)	(531)
Net change in total OPEB liability	951	2,850	2,068
Total OPEB liability - beginning	20,826	17,976	15,908
Total OPEB liability - ending	<u>\$ 21,777</u>	<u>\$ 20,826</u>	<u>\$ 17,976</u>
Covered payroll	\$ 1,550,671	\$ 1,958,550	\$ 2,147,743
Total OPEB liability as a percentage of covered payroll	1.404%	1.063%	0.837%

(1) Measurement date is the prior fiscal year.

Supplementary Information

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Combining Balance Sheet
Enterprise Funds
June 30, 2020**

	General Fund	Special Projects Fund	Reserve Fund	CBRL	Dredge Fund	Total
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 513,700	\$ (2,168,499)	\$ 3,093,854	\$ 392,471	\$ (146,968)	\$ 1,684,558
Prepaid expenses	149,969	-	-	50,914	27,243	228,126
Receivables, net	717,910	4,323,256	-	382,398	113,319	5,536,883
Total current assets	<u>1,381,579</u>	<u>2,154,757</u>	<u>3,093,854</u>	<u>825,783</u>	<u>(6,406)</u>	<u>7,449,567</u>
NON-CURRENT ASSETS						
Property taxes receivable	158,499	-	-	-	-	158,499
Note receivable	822,878	-	-	-	-	822,878
Net OPEB asset	32,357	-	-	-	-	32,357
Depreciable assets, net	63,981,841	-	-	-	-	63,981,841
Nondepreciable assets	7,593,179	-	-	-	-	7,593,179
Total non-current assets	<u>72,588,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,588,754</u>
Total assets	<u>73,970,333</u>	<u>2,154,757</u>	<u>3,093,854</u>	<u>825,783</u>	<u>(6,406)</u>	<u>80,038,321</u>
DEFERRED OUTFLOW OF RESOURCES						
Pension and OPEB related items	1,771,313	-	-	-	-	1,771,313
Total assets and deferred outflow of resources	<u>\$ 75,741,646</u>	<u>\$ 2,154,757</u>	<u>\$ 3,093,854</u>	<u>\$ 825,783</u>	<u>\$ (6,406)</u>	<u>\$ 81,809,634</u>

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Combining Balance Sheet
Enterprise Funds
June 30, 2020**

	General Fund	Special Projects Fund	Reserve Fund	CBRL	Dredge Fund	Total
LIABILITIES						
CURRENT LIABILITIES						
Accounts payable	\$ 327,721	\$ 2,810,086	\$ -	\$ 928,740	\$ 892	\$ 4,067,439
Accrued payroll costs	60,632	-	-	32,442	1,243	94,317
Accrued interest	200,906	-	-	-	-	200,906
Unearned revenue	230,480	-	-	-	-	230,480
Current portion of long-term debt	725,148	-	-	-	-	725,148
Total current liabilities	1,544,887	2,810,086	-	961,182	2,135	5,318,290
NON-CURRENT LIABILITIES						
Accrued compensated absences	233,805	-	-	-	-	233,805
Deposits	65,903	-	-	-	-	65,903
Net pension liability	3,854,648	-	-	-	-	3,854,648
Total OPEB liability	21,777	-	-	-	-	21,777
Line of Credit	-	4,362,134	-	-	-	4,362,134
Long-term debt, net	9,771,909	-	-	236,800	-	10,008,709
Total non-current liabilities	13,948,042	4,362,134	-	236,800	-	18,546,976
Total liabilities	15,492,929	7,172,220	-	1,197,982	2,135	23,865,266
DEFERRED INFLOW OF RESOURCES						
Pension and OPEB related items	255,950	-	-	-	-	255,950
NET POSITION						
Net investment in capital assets	61,077,963	-	-	-	-	61,077,963
Unrestricted	(1,085,196)	(5,017,463)	3,093,854	(372,199)	(8,541)	(3,389,545)
Total net position	59,992,767	(5,017,463)	3,093,854	(372,199)	(8,541)	57,688,418
Total liabilities, deferred inflow of resources, and net position	\$ 75,741,646	\$ 2,154,757	\$ 3,093,854	\$ 825,783	\$ (6,406)	\$ 81,809,634

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, 2020

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Dredge Fund	Total
OPERATING REVENUES						
Charges for services	\$ 2,697,617	\$ 145,860	\$ -	\$ 2,789,529	\$ 275,092	\$ 5,908,098
Leases	314,519	-	-	-	-	314,519
Contract revenue	-	1,262,648	-	-	-	1,262,648
Total operating revenues	3,012,136	1,408,508	-	2,789,529	275,092	7,485,265
OPERATING EXPENSES						
Personnel services	3,522,274	-	-	1,315,538	129,029	4,966,841
Consulting services	-	1,728,615	-	-	-	1,728,615
Materials and services	1,909,831	381,422	-	1,149,550	177,672	3,618,475
Repairs and maintenance	781,301	-	-	443,825	-	1,225,126
Depreciation	4,086,609	-	-	-	-	4,086,609
Total operating expenses	10,300,015	2,110,037	-	2,908,913	306,701	15,625,666
Total operating (loss)	(7,287,879)	(701,529)	-	(119,384)	(31,609)	(8,140,401)
NON-OPERATING REVENUES (EXPENSES)						
Property taxes	1,821,667	-	-	-	-	1,821,667
Interest expense	(422,603)	-	-	-	-	(422,603)
Interest income	77,636	-	-	-	-	77,636
Loss on capital assets	(537,205)	-	-	-	-	(537,205)
Miscellaneous	625,320	2,093,537	-	(11,941)	586	2,707,502
Total non-operating revenues	1,564,815	2,093,537	-	(11,941)	586	3,646,997
Income (loss) before operating transfers and contributions	(5,723,064)	1,392,008	-	(131,325)	(31,023)	(4,493,404)
OPERATING TRANSFERS IN	13,964,547	-	1,398,000	-	22,482	15,385,029
OPERATING TRANSFERS (OUT)	(1,398,000)	(13,964,547)	(22,482)	-	-	(15,385,029)
CAPITAL GRANTS	39,812	8,645,633	-	-	-	8,685,445
CHANGE IN NET POSITION (DEFICIT)	6,883,295	(3,926,906)	1,375,518	(131,325)	(8,541)	4,192,041
TOTAL NET POSITION (DEFICIT), beginning of year, July 1	53,109,472	(1,090,557)	1,718,336	(240,874)	-	53,496,377
TOTAL NET POSITION (DEFICIT), end of year, June 30	\$ 59,992,767	\$ (5,017,463)	\$ 3,093,854	\$ (372,199)	\$ (8,541)	\$ 57,688,418

Oregon International Port of Coos Bay
Coos Bay, Oregon
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2020

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Dredge Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 3,852,133	\$ -	\$ -	\$ -	\$ 161,773	\$ 4,013,906
Cash payments to suppliers for goods and services	(2,885,819)	(1,105,858)	-	155,774	(202,780)	(4,038,683)
Cash payments for employee services	(2,786,671)	-	-	-	(129,031)	(2,915,702)
Net cash from (used by) operating activities	(1,820,357)	(1,105,858)	-	155,774	(170,038)	(2,940,479)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property taxes received	1,818,940	-	-	-	-	1,818,940
Transfers - in	13,964,547	-	1,375,518	-	22,482	15,362,547
Transfers - (out)	(1,398,000)	(13,964,547)	-	-	-	(15,362,547)
Net cash provided by non-capital financing activities	14,385,487	(13,964,547)	1,375,518	-	22,482	1,818,940
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of fixed assets	(17,114,051)	-	-	-	-	(17,114,051)
Note receivable	62,774	-	-	-	-	62,774
Change in line of credit	-	2,250,048	-	-	-	2,250,048
Proceeds from long-term debt	2,649,172	-	-	236,800	-	2,885,972
Principal paid on long-term debt	(408,241)	-	-	-	-	(408,241)
Grant proceeds	39,812	8,645,633	-	-	-	8,685,445
Miscellaneous	625,320	2,093,537	-	(11,941)	588	2,707,504
Interest paid on long-term debt	(422,657)	-	-	-	-	(422,657)
Net cash from capital and related financing activities	(14,567,871)	12,989,218	-	224,859	588	(1,353,206)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	77,636	-	-	-	-	77,636
Net change in cash and cash equivalents	(1,925,105)	(2,081,187)	1,375,518	380,633	(146,968)	(2,397,109)
Cash and cash equivalents, beginning of year, July 1	2,438,805	(87,312)	1,718,336	11,838	-	4,081,667
Cash and cash equivalents, end of year, June 30	\$ 513,700	\$ (2,168,499)	\$ 3,093,854	\$ 392,471	\$ (146,968)	\$ 1,684,558

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Combining Statement of Cash Flows (continued)
Enterprise Funds
For the Year Ended June 30, 2020**

	General Fund	Special Projects Fund	Reserve Fund	CBRL Fund	Dredge Fund	Total
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating loss	\$ (7,287,879)	\$ (701,529)	\$ -	\$ (119,384)	\$ (31,609)	\$ (8,140,401)
Adjustments to reconcile operating loss to net cash provided by operating activities						
Depreciation	4,086,609	-	-	-	-	4,086,609
Changes in balance sheet (Increase) decrease in:						
Accounts receivable	847,025	(2,071,507)	-	234,059	(113,319)	(1,103,742)
Prepays	28,338	-	-	(7,441)	(27,245)	(6,348)
Net OPEB asset	(11,678)	-	-	-	-	(11,678)
Deferred outflows of pension and OPEB related items	(425,951)	-	-	-	-	(425,951)
Accrued compensated absences	(16,746)	-	-	-	2,135	(14,611)
Accounts payable	(207,519)	1,667,178	-	48,540	-	1,508,199
Unearned revenue	(7,028)	-	-	-	-	(7,028)
Deposits	(15,506)	-	-	-	-	(15,506)
Net pension liability	1,189,027	-	-	-	-	1,189,027
Net OPEB liability	951	-	-	-	-	951
Total adjustments	5,467,522	(404,329)	-	275,158	(138,429)	5,199,922
Net cash (used by) operating activities	<u>\$ (1,820,357)</u>	<u>\$ (1,105,858)</u>	<u>\$ -</u>	<u>\$ 155,774</u>	<u>\$ (170,038)</u>	<u>\$ (2,940,479)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:						
Book value of assets disposed of (loss)	<u>\$ (537,205)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (537,205)</u>

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, 2020

	Budget		Actual	Variance to Final Budget
	Original	Final		
REVENUES				
Total revenue	\$ 6,467,585	\$ 6,467,585	\$ 5,749,886	\$ (717,699)
EXPENDITURES				
Total expenditures	6,965,113	7,107,094	7,153,859	(46,765)
Excess of revenues (under) expenditures	(497,528)	(639,509)	(1,403,973)	(764,464)
Other financing sources (uses)				
Loan proceeds	-	-	224,530	224,530
Transfers out	(1,398,000)	(1,398,000)	(1,398,000)	-
Total other financing sources (uses)	(1,398,000)	(1,398,000)	(1,173,470)	224,530
Net change in fund balance	(1,895,528)	(2,037,509)	(2,577,443)	(539,934)
Beginning fund balance, July 1	2,000,000	2,000,000	3,504,766	1,504,766
Ending fund balance, June 30	<u>\$ 104,472</u>	<u>\$ (37,509)</u>	927,323	<u>\$ 964,832</u>
RECONCILIATION TO NET POSITION				
Capital assets (net of accumulated depreciation)			71,575,020	
Pension and OPEB related items			(2,328,705)	
Taxes receivable			158,499	
Note receivable			822,878	
Long-term debt			(10,497,057)	
Accrued interest payable			(200,906)	
Unearned revenue			(230,480)	
Accrued compensated absences			(233,805)	
Net position, June 30, 2020 (GAAP basis)			<u>\$ 59,992,767</u>	

**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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Administration				
Property taxes				
Current year's taxes	\$ 1,724,000	\$ 1,724,000	\$ 1,751,239	\$ 27,239
Prior years' taxes	50,000	50,000	67,701	17,701
Interest	115,711	115,711	77,636	(38,075)
Urban Renewal Agency	12,000	12,000	12,000	-
Building leases	4,318	4,318	4,318	-
Note repayment	62,776	62,776	62,776	-
Grants	-	-	3,492	3,492
Miscellaneous	8,000	8,000	14,995	6,995
External affairs				
Miscellaneous	-	-	515	515
Port operations				
Leases	112,745	112,745	113,194	449
Project management fees	569,551	569,551	326,450	(243,101)
Miscellaneous	81,000	81,000	127,564	46,564
Charleston operations				
Leases	220,170	220,170	197,007	(23,163)
Charges for services	85,000	85,000	90,108	5,108
Miscellaneous	32,400	32,400	153,927	121,527
Ice dock sales	300,000	300,000	145,435	(154,565)
Grants	286,580	286,580	35,355	(251,225)
Moorage and ramp	827,620	827,620	811,552	(16,068)
Storage	336,000	336,000	346,510	10,510
Work dock	65,000	65,000	67,219	2,219
RV space rent	315,000	315,000	308,226	(6,774)
Port development				
Grants	142,400	142,400	965	(141,435)
Miscellaneous	-	-	1,403	1,403
Railroad operations				
Operations	406,363	406,363	254,644	(151,719)
Property agreements	161,800	161,800	226,572	64,772
Miscellaneous	43,424	43,424	252,931	209,507
Rail surcharge	505,727	505,727	296,152	(209,575)
Total general fund revenues	<u>\$ 6,467,585</u>	<u>\$ 6,467,585</u>	<u>\$ 5,749,886</u>	<u>\$ (717,699)</u>

**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, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Administration	\$ 1,544,293	\$ 2,018,010	\$ 1,993,019	\$ 24,991
External affairs	509,231	361,729	361,490	239
Port operations	345,230	222,116	216,283	5,833
Charleston operations	2,760,924	2,247,381	2,215,408	31,973
Port development	362,635	366,202	362,109	4,093
Railroad operations	469,305	1,055,842	1,174,655	(118,813)
Nondepartmental				
Debt service	923,495	835,814	830,895	4,919
Contingency	50,000	-	-	-
Total nondepartmental	<u>973,495</u>	<u>835,814</u>	<u>830,895</u>	<u>4,919</u>
Total	<u>\$ 6,965,113</u>	<u>\$ 7,107,094</u>	<u>\$ 7,153,859</u>	<u>\$ (46,765)</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, 2020**

	Budget		Actual	Variance to Final Budget
	Original	Final		
REVENUES				
Other	\$ -	\$ -	\$ 2,093,537	\$ 2,093,537
Charges for services	-	-	145,860	145,860
Contract revenue	2,849,064	2,849,064	1,262,648	(1,586,416)
Total revenues	<u>2,849,064</u>	<u>2,849,064</u>	<u>3,502,045</u>	<u>652,981</u>
EXPENDITURES				
Materials and services	2,849,064	2,849,064	2,110,037	739,027
Capital outlay	41,862,612	41,862,612	16,389,188	25,473,424
Total expenditures	<u>44,711,676</u>	<u>44,711,676</u>	<u>18,499,225</u>	<u>26,212,451</u>
Excess of revenues over (under) expenditures	<u>(41,862,612)</u>	<u>(41,862,612)</u>	<u>(14,997,180)</u>	<u>26,865,432</u>
Other financing sources (uses)				
Capital contribution	41,627,612	41,627,612	8,645,633	(32,981,979)
Loan proceeds	-	-	2,424,641	2,424,641
Transfer in	235,000	235,000	-	(235,000)
Total other financing sources (uses)	<u>41,862,612</u>	<u>41,862,612</u>	<u>11,070,274</u>	<u>(30,792,338)</u>
Net change in fund balance	-	-	(3,926,906)	(3,926,906)
Beginning fund balance, July 1	<u>-</u>	<u>-</u>	<u>(1,090,557)</u>	<u>(1,090,557)</u>
Ending fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,017,463)</u>	<u>\$ (5,017,463)</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, 2020

	Budget		Actual	Variance to Final Budget
	Original	Final		
Other financing sources (uses)				
Transfer in	\$ 1,398,000	\$ 1,398,000	\$ 1,398,000	\$ -
Transfer out	<u>(262,896)</u>	<u>(262,896)</u>	<u>(22,482)</u>	<u>240,414</u>
Total other financing sources	<u>1,135,104</u>	<u>1,135,104</u>	<u>1,375,518</u>	<u>240,414</u>
Net change in fund balance	1,135,104	1,135,104	1,375,518	240,414
Beginning fund balance, July 1	<u>1,455,494</u>	<u>1,455,494</u>	<u>1,718,336</u>	<u>262,842</u>
Ending fund balance, June 30	<u><u>\$ 2,590,598</u></u>	<u><u>\$ 2,590,598</u></u>	<u><u>\$ 3,093,854</u></u>	<u><u>\$ 503,256</u></u>

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Dredge Fund (#7)
For the Year Ended June 30, 2020**

	Budget		Actual	Variance to Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 535,000	\$ 535,000	\$ 275,092	\$ (259,908)
Other/Miscellaneous	-	-	586	586
Total revenues	<u>535,000</u>	<u>535,000</u>	<u>275,678</u>	<u>(259,322)</u>
EXPENDITURES				
Personal services	97,365	147,365	129,029	(18,336)
Materials and services	307,546	257,546	177,672	(79,874)
Total expenditures	<u>404,911</u>	<u>404,911</u>	<u>306,701</u>	<u>(98,210)</u>
Excess of revenues (under) expenditures	130,089	130,089	(31,023)	(161,112)
Other financing sources (uses)				
Transfers in	27,896	-	22,482	22,482
Beginning fund balance, July 1	-	-	-	-
Ending fund balance, June 30	<u>\$ 157,985</u>	<u>\$ 130,089</u>	<u>\$ (8,541)</u>	<u>\$ (138,630)</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, 2020**

	Budget		Actual	Variance to Final Budget
	Original	Final		
REVENUES				
Union Pacific	\$ -	\$ -	\$ 2,111,160	\$ 2,111,160
Carloads CBRL	4,063,964	4,063,964	393,322	(3,670,642)
Demurrage	50,000	50,000	52,850	2,850
Other/Miscellaneous	156,000	156,000	220,256	64,256
Total revenues	<u>4,269,964</u>	<u>4,269,964</u>	<u>2,777,588</u>	<u>(1,492,376)</u>
EXPENDITURES				
Personal services	1,621,838	1,621,838	1,315,538	(306,300)
Materials and services	<u>2,268,230</u>	<u>2,268,230</u>	<u>1,593,375</u>	<u>(674,855)</u>
Total expenditures	<u>3,890,068</u>	<u>3,890,068</u>	<u>2,908,913</u>	<u>(981,155)</u>
Excess of revenues over (under) expenditures	379,896	379,896	(131,325)	(511,221)
OTHER FINANCING SOURCES				
Loan proceeds	-	-	<u>236,800</u>	<u>236,800</u>
Net change in fund balance	379,896	379,896	105,475	(274,421)
Beginning fund balance, July 1	-	-	<u>(240,874)</u>	<u>(240,874)</u>
Ending fund balance, June 30	<u>\$ 379,896</u>	<u>\$ 379,896</u>	\$ (135,399)	<u>\$ (515,295)</u>
RECONCILIATION TO NET POSITION				
Loan proceeds			<u>(236,800)</u>	
Net position, June 30, 2020 (GAAP basis)			<u>\$ (372,199)</u>	

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Property Tax Transactions
For the Year Ended June 30, 2020**

<u>Year of Levy</u>	<u>Levy 2019-20</u>	<u>Taxes Receivable June 30, 2019</u>	<u>Collections</u>	<u>Offsets, Rebates, and Adjustments</u>	<u>Taxes Receivable June 30, 2020</u>
2019-20	\$ 1,877,733	\$ -	\$ 1,750,372	\$ 58,151	\$ 69,210
2018-19	-	69,118	32,938	(1,487)	37,667
2017-18	-	38,858	16,136	(1,708)	24,430
2016-17	-	24,962	15,038	(2,450)	12,374
2015-16	-	15,432	7,142	(1,319)	9,609
Prior	-	7,401	2,939	(747)	5,209
Total	<u><u>\$ 1,877,733</u></u>	<u><u>\$ 155,771</u></u>	<u><u>\$ 1,824,565</u></u>	<u><u>\$ 50,440</u></u>	<u><u>\$ 158,499</u></u>

Other Information

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Long-Term Debt Transactions
For the Fiscal Year Ended June 30, 2020**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
BALANCE PAYABLE, JULY 1, 2019	\$ 8,256,126	\$ 3,959,421	\$ 12,215,547
ADDITIONS			
New loans	2,885,972	-	2,885,972
DEDUCTIONS			
Current maturities paid	<u>408,241</u>	<u>371,695</u>	<u>779,936</u>
BALANCE PAYABLE, JUNE 30, 2020	<u>\$ 10,733,857</u>	<u>\$ 3,587,726</u>	<u>\$ 14,321,583</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, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2020	 <u>\$ 5,435,645</u>	 <u>\$ 2,419,585</u>	 <u>\$ 7,855,230</u>
 Accrued interest	 <u>\$ 274,100</u>		
 ORIGINAL ISSUE	 <u>\$ 5,415,214</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	 <u>\$ 239,905</u>	 <u>\$ 283,777</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, 2020, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 12,867	\$ 16,994	\$ 29,861
2021-22	13,326	16,535	29,861
2022-23	13,802	16,059	29,861
2023-24	14,295	15,566	29,861
2024-25	14,805	15,056	29,861
2025-26	15,334	14,527	29,861
2026-27	15,881	13,980	29,861
2027-28	16,448	13,413	29,861
2028-29	17,035	12,826	29,861
2029-30	17,644	12,217	29,861
2030-31	18,273	11,588	29,861
2031-32	18,926	10,935	29,861
2032-33	19,602	10,259	29,861
2033-34	20,301	9,560	29,861
2034-35	21,026	8,835	29,861
2035-36	21,777	8,084	29,861
2036-37	22,554	7,307	29,861
2037-38	23,359	6,502	29,861
2038-39	24,193	5,668	29,861
2039-40	25,057	4,804	29,861
2040-41	25,951	3,910	29,861
2041-42	26,878	2,983	29,861
2042-43	27,837	2,024	29,861
2043-44	28,834	1,029	29,861
	<u> </u>	<u> </u>	<u> </u>
TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 476,005</u>	<u>\$ 240,661</u>	<u>\$ 716,664</u>
ORIGINAL ISSUE	<u>\$ 600,000</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<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, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2020	 <u>\$ 271,022</u>	 <u>\$ 38,897</u>	 <u>\$ 309,919</u>
 ORIGINAL ISSUE	 <u>\$ 1,050,620</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	 <u>\$ 59,054</u>	 <u>\$ 18,451</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, 2020, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2020	<u>\$ 82,090</u>	<u>\$ 4,404</u>	<u>\$ 86,494</u>
ORIGINAL ISSUE	<u>\$ 264,922</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ 39,109</u>	<u>\$ 4,315</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, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	<u>14,742</u>	<u>504</u>	<u>15,246</u>
 TOTAL OUTSTANDING AT JUNE 30, 2020	 <u>\$ 167,378</u>	 <u>\$ 46,053</u>	 <u>\$ 213,431</u>
 ORIGINAL ISSUE	 <u>\$ 600,000</u>		
 PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	 <u>\$ 9,206</u>	 <u>\$ 6,039</u>	 <u>\$ 15,245</u>
 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, 2020, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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, 2020	<u>\$ 43,957</u>	<u>\$ 3,995</u>	<u>\$ 47,952</u>
ORIGINAL ISSUE	<u>\$ 275,000</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ 20,131</u>	<u>\$ 3,845</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, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	49,022	1,843	50,865
TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 990,674</u>	<u>\$ 501,587</u>	<u>\$ 1,492,261</u>
ORIGINAL ISSUE	<u>\$ 1,050,000</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ 27,245</u>	<u>\$ 38,273</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, 2020, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 15,934	\$ 1,769	\$ 17,703
2021-22	15,925	1,778	17,703
2022-23	16,208	1,495	17,703
2023-24	16,496	1,207	17,703
2024-25	16,790	913	17,703
2025-26	17,089	614	17,703
2026-27	17,394	309	17,703
	<u>\$ 115,836</u>	<u>\$ 8,085</u>	<u>\$ 123,921</u>
Accrued interest	<u>\$ -</u>		
ORIGINAL ISSUE	<u>\$ 115,836</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<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, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 8,555	\$ 28,736	\$ 37,291
2021-22	17,830	19,461	37,291
2022-23	18,536	18,755	37,291
2023-24	19,270	18,021	37,291
2024-25	20,033	17,258	37,291
2025-26	20,826	16,465	37,291
2026-27	21,651	15,640	37,291
2027-28	22,508	14,783	37,291
2028-29	23,400	13,891	37,291
2029-30	24,326	12,965	37,291
2030-31	25,290	12,001	37,291
2031-32	26,291	11,000	37,291
2032-33	27,332	9,959	37,291
2033-34	28,415	8,876	37,291
2034-35	29,540	7,751	37,291
2035-36	30,710	6,581	37,291
2036-37	31,926	5,365	37,291
2037-38	33,190	4,101	37,291
2038-39	34,504	2,787	37,291
2039-40	35,867	1,423	37,290
TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 500,000</u>	<u>\$ 245,819</u>	<u>\$ 745,819</u>
Accrued interest	<u>\$ -</u>		
ORIGINAL ISSUE	<u>\$ 500,000</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
PAYMENT DATES Principal and interest	December 1		
INTEREST RATE	3.96%		

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Oregon Business Development Department Loan
For Ice House Loan
At June 30, 2020, and Subsequent Maturities of Principal and Interest**

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 177,000	\$ 145,000	\$ 322,000
2021-22	180,749	140,084	320,833
2022-23	185,209	135,624	320,833
2023-24	189,779	131,054	320,833
2024-25	194,462	126,371	320,833
2025-26	199,260	121,573	320,833
2026-27	204,177	116,656	320,833
2027-28	209,215	111,618	320,833
2028-29	214,377	106,456	320,833
2029-30	219,667	101,166	320,833
2030-31	225,087	95,746	320,833
2031-32	230,641	90,192	320,833
2032-33	236,332	84,501	320,833
2033-34	242,164	78,669	320,833
2034-35	248,139	72,694	320,833
2035-36	254,262	66,571	320,833
2036-37	260,536	60,297	320,833
2037-38	266,964	53,869	320,833
2038-39	273,552	47,280	320,832
2039-40	280,301	40,531	320,832
2040-41	287,218	33,614	320,832
2041-42	294,305	26,527	320,832
2042-43	301,567	19,265	320,832
2043-44	309,008	11,824	320,832
2044-45	316,029	4,201	320,230
TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 6,000,000</u>	<u>\$ 2,021,383</u>	<u>\$ 8,021,383</u>
ORIGINAL ISSUE	<u>\$ 6,000,000</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ 27,245</u>	<u>\$ 38,273</u>	<u>\$ 65,518</u>
PAYMENT DATES Principal and interest	December 1		
INTEREST RATE	2.44%		

Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Oregon Business Development Department Loan
For various Toyota loans
At June 30, 2020, and Subsequent Maturities of Principal and Interest

<u>Maturities by Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020-21	\$ 27,842	\$ 1,983	\$ 29,825
2021-22	28,375	1,450	29,825
2022-23	28,929	896	29,825
2023-24	29,505	320	29,825
2024-25	13,738	1,174	14,912
TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 128,389</u>	<u>\$ 5,823</u>	<u>\$ 134,212</u>
ORIGINAL ISSUE	<u>\$ 141,980</u>		
PRINCIPAL RETIRED AND INTEREST PAID DURING YEAR ENDED JUNE 30, 2020	<u>\$ 13,646</u>	<u>\$ 1,279</u>	<u>\$ 14,925</u>
PAYMENT DATES Principal and interest	December 1		
INTEREST RATE	0.00-4.75%		

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Paycheck Protection Plan Loan
At June 30, 2020, and Subsequent Maturities of Principal and Interest**

N/A - loan was forgiven subsequent to year end.

TOTAL OUTSTANDING AT JUNE 30, 2020	<u>\$ 236,800</u>
ORIGINAL ISSUE	<u>\$ 236,800</u>
INTEREST RATE	1.00%

Single Audit Reports and Schedules

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

Federal Grantor / Pass-Through Grantor / Program Title	Federal Assistance Listing Number	Agency or Pass Thru Contract	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Program			
Maritime Administration			
Fastlane	20.934	Direct	\$ 5,535,983
U.S. FISH AND WILDLIFE SERVICE			
Passed Through the Oregon State Marine Board			
Clean Vessel Act			
Maintenance Assistance Program (MAP)	15.616	n/a	<u>\$ 2,400</u>
			<u><u>\$ 5,538,383</u></u>

**Oregon International Port of Coos Bay
Coos Bay, Oregon
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020**

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, 2020. 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, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated January 27, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Mass Adams LLP

Medford, Oregon
January 27, 2021

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's) 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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on the major federal program is not modified with respect to these matters.

The Port's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Port's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a significant deficiency.

The Port's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Port's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
January 27, 2021

**Oregon International Port of Coos Bay
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

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 the major federal program:

- 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.

**Oregon International Port of Coos Bay
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2020**

Section III – Federal Award Findings and Questioned Costs

Finding 2020-001 – Reporting (Material Weakness in Internal Controls over Compliance and Instance of Non-Compliance)

CFDA Number	Program Name	Award Number	Award Year	Questioned Costs
20.934	U.S. Department of Transportation-Maritime Administration-FastLane Grant	DTMA9117G00005	2016	No

Criteria – Federal regulations in 2 CFR 200.327 and 200.328 and grant contract conditions require that financial reports filed be supported by accurate supporting documentation, such as general ledger reports, and that the Port submit Federal Financial Reports (SF-425) on a quarterly basis.

Condition/Context – We tested two quarterly reports and noted that neither of the SF-425 reports tied to supporting detail schedules of expenditures. Additionally, out of the total population of four quarterly reports tested, only one of the SF-425 reports tied to the quarterly expense report. It was noted that during this quarter the Port corrected and reconciled the previous quarter’s errors.

Cause – The individuals preparing the reports did not have the proper knowledge and understanding to perform those duties. There was also turnover in that position that contributed to the lack of proper completion.

Effect – The Port was not able to file correct quarterly reports in compliance with federal regulations and contained material errors. Without a centralized system of internal controls that includes documentation and preparation by an individual with the required skills and knowledge, review and timely reconciliation of reported expenditures and amounts reported to federal agencies may be inaccurate.

Repeated Finding – This is not a repeated finding for CFDA #20.934.

Recommendation – We recommend the Port assigns a knowledgeable individual with proper training and skill to complete the reports, ensuring that the reviewer also ties the reports to the support before sending to federal agencies.

Management’s Response – The Port is working to address the underlying causes related to this finding, evaluating the staff responsible for completing required reporting. The responsible individual has been adequately trained to complete the reports accurately. In addition, the procedure has been updated to include multiple reviews to ensure that before reports are submitted, they are correct and reconcile to the reporting quarter.

**Oregon International Port of Coos Bay
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

Finding 2020-002 – Suspension and Debarment (Significant Deficiency in Internal Controls over Compliance and Instance of Non-Compliance)

CFDA Number	Program Name	Award Number	Award Year	Questioned Costs
20.934	U.S. Department of Transportation-Maritime Administration-FastLane Grant	DTMA9117G00005	2016	No

Criteria – As required by federal regulations in 2 CFR 200.213, and ORS 279B.115/120/125/130 “EPLS (excluded parties list system) review of vendors proposing on a federal project is requested at the time of receipt of proposal through the Federal Awarding Agency Contracting Department.”

Condition/Context – For the one new vendor contract entered into during the fiscal year, there was no evidence that the Port verified the vendor was not suspended or debarred per the federal EPLS prior to entering the contract. The Port did verify no debarment or suspension through the Oregon site before procurement. The Port also verified at the federal level after entering into the contract. We verified that the vendor was not suspended or debarred during the fiscal year 2020.

Cause – The individuals overseeing contract procurement applied the normal state level requirements and did not know to apply the additional federal level requirements applicable due to the grant funds coming from a federal source.

Effect – Without following the proper federal policies, the Port may be entering into transactions with vendors that have been suspended or debarred.

Repeated Finding – This is not a repeated finding for CFDA #20.934.

Recommendation – We recommend the Port assigns a knowledgeable individual with proper training and skill to complete the procurement process and update policies and procedures for federal awards to ensure that the vendors are checked at the federal level before entering into a contract.

Management’s Response – The Port has updated the contractor pre-qualification procedure to include verification on the SAM website that a contractor has no exclusions prior to allowing the contractor to bid and enter into a contract with the Port.



Corrective Action Plan

Finding 2020-001 – Reporting

Name of Official Responsible for Corrective Action:

- John Burns, Chief Executive Officer
- Mike Dunning, Director of Maritime operations (Grant Manager)
- Megan Richardson, Director of Finance and Accounting

Corrective Action Planned:

- Evaluate skillset of individuals responsible for reporting and reassign to competent staff as necessary to ensure that reports are completed correctly.
- Evaluate financial software reports to ensure that correct reports are used to accurately reflect the reporting period.
- Update reporting procedure to include a minimum second check to verify that reports are completed accurately, and that all information reconciles to reporting quarter.

Anticipated Completion Date:

Corrective action was completed July 20, 2020.

Finding 2020-002 – Suspension and Debarment

Name of Official Responsible for Corrective Action:

- John Burns, Chief Executive Officer
- Mike Dunning, Director of Maritime operations (Grant Manager)
- Megan Richardson, Director of Finance and Accounting

Corrective Action Planned:

- Update contracting pre-qualification procedure to include checking the SAM website as well as the local state website to ensure that contractors are in compliance.

Anticipated Completion Date:

Corrective action was completed January 25, 2021.

125 West Central Avenue, Suite 300 | P.O. Box 1215 | Coos Bay, Oregon 97420-0311
Phone: 541-267-7678 | Fax: 541-269-1475 | Email: portcoos@portofcoosbay.com | Web: www.portofcoosbay.com

State of Oregon: Tokyo, Japan – Oregon Japan Representative | Phone: 81-3-5430-0771 | Fax: 81-3-5430-0775
Representatives Offices: Seoul, Korea – Korea Representative Office | Phone: 82-2-753-1349 | Fax: 82-2-753-5154

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

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, 2020 and have issued our report thereon January 27, 2021. We conducted our audit 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 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 2020 and 2021.
- 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 a budgetary over-expenditures in the general fund which is disclosed in Note 2 of the Port's financial statements.

Internal Control Over Financial Reporting

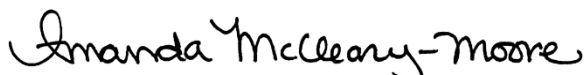
In planning and performing our audit, we considered the Port's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
January 27, 2021

