

Port of The Dalles
Report on Audit of Financial Statements
and Supplementary Information
For the Year Ended June 30, 2009

Port of The Dalles
Report on Audit of Financial Statements
and Supplementary Information
For the Year Ended June 30, 2009
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and Supplementary Information
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Port of The Dalles
The Dalles, Oregon
General Purpose Financial Statements
For the Year Ended June 30, 2009

Board of Commissioners

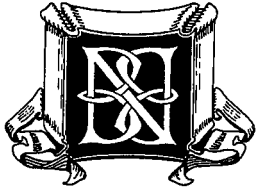
<u>NAME</u>	<u>POSITION</u>	<u>TERM EXPIRES</u>
D.M. Courtney	President	6-30-2009
Ken Farner	Vice President	6-30-2011
Kristi McCavic	Treasurer	6-30-2009
Rod Runyon	Secretary	6-30-2011
Bob McFadden	Assistant Secretary / Treasurer	6-30-2011

Administrative Officers

Andrea L. Klaas	Hood River, OR 97031	Executive Director
Kathleen M. Norton	Klickitat, WA 98628	Marina
William Dick II		Attorney and Registered Agent
Courtney Insurance Agency, Inc.		Insurance Agent of Record

All Addresses are in The Dalles, Oregon 97058
(Except as Noted)

FINANCIAL SECTION



BYERS, NEUMAYER & BRADFORD, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Ben G. Neumayer

Gary F. Bradford

John W. Byers Retired

Carol D. Friend

Nathan R. Reagan

Carolyn J. Rohde

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Port of The Dalles
The Dalles, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port of The Dalles, as of and for the year ended June 30, 2009, which collectively comprise the Port's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Port of The Dalles management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Port of The Dalles at June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for all governmental funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Port of the Dalles
Page 2

The accompanying required supplementary information, such as management's discussion and analysis on pages 8 through 12 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port of The Dalles basic financial statements. The accompanying supplementary information, such as the introductory section, and other financial schedules and required reports are presented for purposes of additional analysis and are not a required part of the basic financial statements. The relevant supplementary information, such as the combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Byers, Neumann & Bradford, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 14, 2009

Management Discussion and Analysis

Port of The Dalles

The management of Port of The Dalles (the Port) offers readers of the Port's financial statements this overview and analysis of the financial activities of the Port for the fiscal year ended June 30, 2009.

Below is a brief discussion of the basic financial statements and the relationship between statements to each other. The Port's basic financial statements are made up of the following:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements – Major Government Funds
- 3) Notes to the Financial Statements

1) Government-wide Financial Statement

The Statement of Net Assets and the Statement of Activities (pgs 12 & 13) provide an overview of the Port's activities for the year ending June 30, 2009. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These government-wide financial statements are designed to provide readers with an overview of the Port's finances, in a manner similar to a private-sector business, and include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the Port's assets and liabilities, with the difference between the two reported as Net Assets. Over time, increases or decreases in Net Assets may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The Statement of Activities presents information showing how the Port's Net Assets changed during the most recent fiscal year. Revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes).

For the current year, the Port's Net Assets equal \$7,856,479, an increase of \$22,883 from the previous year.

2) Fund Financial Statement – Major Government Funds

The fund financial statements provide more detailed information about the Port's funds.

The Port uses fund accounting to maintain control over resources that have been allocated for specific activities, where a *fund* is a group of related accounts. The Port, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Annually, the Port adopts an appropriated budget for all funds.

The Port has three major funds:

- 1) General Fund
- 2) Capital Projects Fund
- 3) Port Development Fund

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances (pgs 14-15 & 17-18) are reconciled to the Government-wide Statement of Net Assets and Statement of Activities.

The unreserved fund balance for all funds as of June 30, 2009 was \$4,563,744. These funds are currently invested in the Local Government Investment Pool (LGIP) and Columbia River Bank and give the Port the ability to move ahead with its mission and reinvest in the Port District prudently. Historically, Port revenue has been diversified between local property taxes, marina fees, and land sales, with land sales

contributing a large percentage of the revenue. This picture has changed over the last few years with land sales contributing very little to revenue as the Port has about 3 acres of waterfront land available for sale.

3) Notes to the Basic Financial Statements:

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 30-46 of this report.

Government-wide Financial Analysis:

As stated earlier, net assets provide a useful indicator of the Port's financial health. As of June 30, 2009, the Port's net assets exceeded liabilities by \$7,856,479, an increase of \$22,883 over last year.

As was the case last year Cash and Investments make up the majority of the Port's assets (55%) and the Marina (17%). Contracts Receivable as a percentage is still about 10% of assets.

The Port uses capital assets to undertake its mission of diversification and expansion of the economy. As assets are developed and sold, the Commission works to reinvest these resources to continue its efforts to achieve the mission of the Port. With the retirement of the General Obligation Bond, the Port's largest liability is infrastructure related debt for the industrial center and marina. Also, in past years, deferred revenues were accounted for as a Liability in the Statement of Net Assets, but that has been changed as deferred revenue amounts are not available to fund current expenditures. See pg 16, *Reconciliation of Balance Sheet to Statement of Net Assets*.

Net Assets Comparison 2007- 2009	Governmental Activities 2009	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>			
Current and Other Assets	5,543,277	\$5,838,573	\$5,747,607
Capital assets, less accumulated depreciation	2,684,249	\$2,404,524	\$2,311,509
Total assets	8,227,526	\$8,243,097	\$8,059,116
<u>Liabilities</u>			
Current liabilities	206,597	\$141,485	\$98,849
Long-term debt	\$164,449	\$268,019	\$346,105
Total liabilities	371,046	\$409,501	\$444,955
<u>Net assets</u>			
Invested in capital assets, net of related debt	\$2,494,925	\$2,136,507	\$1,965,404
Restricted for Debt Service and Bond Defeasance	\$0	\$0	\$0
Unrestricted, including deferred revenue	\$5,361,554	\$5,697,089	\$5,648,758
Total net assets	7,856,479	\$7,833,596	\$7,614,162

Governmental Activities:

This year there was an increase in property taxes, but more notably a decrease in Interest and Investment caused by a substantial decrease in the interest rates. Total Net Assets for the year ending June 30, 2009 were \$7,856,479, an increase of \$22,883 over last year.

Changes in Net Assets for the year ended	Governmental Activities 2009	Governmental Activities 2008	Governmental Activities 2007
Revenue:			
Program Revenue:			
Charges for Services	\$109,892	\$101,995	\$96,371
Capital Grants and Contributions	\$9,897	\$6,650	\$37,374
<i>Total Program Revenue</i>	<i>119,789</i>	<i>\$108,645</i>	<i>\$133,745</i>
General Revenue:			
Property Taxes	\$238,161	\$225,184	\$211,963
Interest and Investment Earnings	\$142,867	\$255,359	\$295,182
Other Revenues	\$1,304	\$42,494	\$732
Gain/(loss) on Sale of Land	\$0	\$32,720	-
<i>Total General Revenue and Transfers</i>	<i>382,332</i>	<i>\$555,758</i>	<i>\$507,877</i>
Total Revenue	502,121	\$664,403	\$641,622
Expenses:			
Administration	\$252,499	\$230,940	\$221,313
Community Development	\$214,925	\$196,574	\$204,896
Interest Expense	\$11,814	\$17,454	\$21,878
Total Expenses	479,238	\$444,968	\$448,087
Change in Net Assets	\$22,883	\$219,435	\$193,535
Net Assets, beginning	7,833,596	\$7,614,162	\$7,420,627
Net Assets, ending	\$7,856,479	\$7,833,596	\$7,614,162

Financial Analysis of the Government's Funds

As noted earlier, the Port uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Port's governmental funds is to provide information on short-term inflows, outflows, and balances of available resources. Such information is useful in assessing the Port's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the Port's governmental funds reported combined ending fund balance of \$4,563,744.

PORT OF THE DALLES
STATEMENT OF NET ASSETS

JUNE 30, 2009
(all amounts are in dollars)

	<u>Primary Government Governmental Activities</u>
ASSETS:	
Cash and Investments	4,517,740
Receivables (Net of Allowances):	
Taxes	18,413
Accounts Receivable	225,369
Contracts	781,755
Capital Assets	
Furnishings and Equipment	192,602
Marina	1,363,740
Building and Improvements	1,377,953
Less: Accumulated Depreciation	(982,570)
Land	<u>732,524</u>
 <u>TOTAL ASSETS</u>	 <u>8,227,526</u>
 LIABILITIES:	
Accounts Payable	5,244
Compensated Absences	3,643
Marina/Other Deposits & Option Money Payable	172,835
Noncurrent Liabilities:	
Due within one year:	24,875
Due in more than one year:	<u>164,449</u>
 <u>TOTAL LIABILITIES</u>	 <u>371,046</u>
 NET ASSETS	
Invested in Capital Assets, net of related debt	2,494,925
Restricted Net Assets	-
Unrestricted Net Assets	<u>5,361,554</u>
 <u>TOTAL NET ASSETS</u>	 <u>7,856,479</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
	EXPENSES	FEES, FINES AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Administration	252,499	-	-	(252,499)
Community Development	214,925	109,892	9,897	(95,135)
Interest	11,814	-	-	(11,814)
TOTAL GOVERNMENTAL ACTIVITIES:	479,238	109,892	9,897	(359,448)

General Revenues:	
Property Taxes, levied for general purposes	238,161
Interest and investment earnings	142,867
Other Revenues	1,304
Gain/(Loss) Land Transactions	-
Transfers	-
Total General Revenues and Transfers	<u>382,332</u>
Change in net assets	22,883
Net assets, beginning	<u>7,833,596</u>
Net assets, ending	<u>7,856,479</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORT OF THE DALLES
GOVERNMENTAL FUNDS**

BALANCE SHEET

**JUNE 30, 2009
(all amounts are in dollars)**

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL
<u>ASSETS AND OTHER DEBITS:</u>			
<u>ASSETS:</u>			
Cash on Hand	150	-	150
Cash in Bank	9,740	3,629	13,369
Local Government Investment Pool	818,977	3,685,245	4,504,222
Accounts Receivable	225,369	-	225,369
Taxes Receivable	18,413	-	18,413
Contracts Receivable			
Crates Point Development, L.L.C.	166,325	-	166,325
Munsen Paving, L.L.C.	124,564	-	124,564
Tum A Lum	154,399	-	154,399
Wasco Investment Co.	137,836	-	137,836
Job Creation Credits			
Flagstone	120,420	-	120,420
Crates Point Development, L.L.C.	71,500	-	71,500
Services - Munsen Paving, L.L.C.	6,710	-	6,710
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS AND OTHER DEBITS	1,854,403	3,688,873	5,543,277

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2009
(all amounts are in dollars)

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL</u>
<u>LIABILITIES:</u>			
Accounts Payable	5,244	-	5,244
Compensated Absences Payable	3,644	-	3,644
Option Money Payable	125,395	-	125,395
Marina Deposits/Prepayments	37,353	-	37,353
Other Deposits/Prepayments	10,086	-	10,086
Deferred Revenue - Taxes	16,055	-	16,055
Deferred Revenue - Contracts			
Crates Point Development, L.L.C.	166,325	-	166,325
Munsen Paving, L.L.C.	124,564	-	124,564
Tum A Lum	154,399	-	154,399
Wasco Investment Company	137,836	-	137,836
Deferred Revenue - Job Creation Credits			
Flagstone	120,420	-	120,420
Crates Point Development, L.L.C.	71,500	-	71,500
Deferred Revenue - Services - Munsen Paving, L.L.C.	6,710	-	6,710
<u>TOTAL LIABILITIES</u>	<u>979,533</u>	<u>-</u>	<u>979,533</u>
<u>FUND BALANCE AND OTHER CREDITS:</u>			
<u>FUND BALANCE:</u>			
Fund Balance - Unreserved	874,871	3,688,873	4,563,744
Reserved for Debt Service	-	-	-
<u>TOTAL FUND BALANCE AND OTHER CREDITS</u>	<u>874,871</u>	<u>3,688,873</u>	<u>4,563,744</u>
<u>TOTAL LIABILITIES, FUND BALANCE AND OTHER CREDITS</u>	<u>1,854,403</u>	<u>3,688,873</u>	<u>5,543,277</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

Reconciliation of Balance Sheet to Statement of Net Assets

JUNE 30, 2009
(all amounts are in dollars)

Fund Balances - Governmental Funds		4,563,745
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets:		
Land	732,524	
Depreciable Assets	2,934,295	
Less accumulated depreciation	<u>(982,570)</u>	<u>2,684,249</u>
Long-term liabilities, including notes payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes Payable	<u>(189,324)</u>	<u>(189,324)</u>
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Deferred Tax Revenue		16,055
Land Sale Contracts		<u>781,754</u>
Net Assets of Governmental Activities		<u>7,856,479</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORT OF THE DALLES
GOVERNMENTAL FUNDS**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

**FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)**

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL
REVENUES:			
Local	456,619	87,769	544,389
State	9,897	-	9,897
<u>TOTAL REVENUES</u>	<u>466,517</u>	<u>87,769</u>	<u>554,285</u>
EXPENDITURES:			
Administration	252,499	-	252,499
Community Development	140,612	7,654	148,266
Capital Outlay	13,087	333,296	346,383
Debt Service	90,410	-	90,410
<u>TOTAL EXPENDITURES</u>	<u>496,609</u>	<u>340,950</u>	<u>837,559</u>
Excess of Revenues Over (Under) Expenditures	<u>(30,093)</u>	<u>(253,180)</u>	<u>(283,273)</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

	GENERAL	CAPITAL PROJECTS	TOTAL GOVERNMENTAL
Excess of Revenues Over (Under) Expenditures	<u>(30,093)</u>	<u>(253,180)</u>	<u>(283,273)</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Transfer from Other Funds	-	2,637	2,637
Transfer to Other Funds	<u>(2,637)</u>	<u>-</u>	<u>(2,637)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(2,637)</u>	<u>2,637</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(32,730)	(250,543)	(283,273)
<u>FUND BALANCE-BEGINNING OF YEAR</u>	<u>907,600</u>	<u>3,939,416</u>	<u>4,847,017</u>
<u>FUND BALANCE - END OF YEAR</u>	<u><u>874,871</u></u>	<u><u>3,688,873</u></u>	<u><u>4,563,744</u></u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities**

**FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)**

Net Change in Fund Balances - Governmental Funds (283,273)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlay as expenditures. However,
in the Statement of Activities, the cost of those assets is depreciated over
their estimated useful lives.

Expenditures for Capital Assets	342,520	
Less Current Year Depreciation	<u>(62,795)</u>	<u>279,725</u>

Repayment of Debt "Principal" is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of
net assets. Interest on debt is a period cost and is accrued,

Principal Payments	78,693	
2008/2009 Accrued Interest Expense	<u>(97)</u>	<u>78,596</u>

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenue in the governmental funds.

Removal of 2008/2009 Land Sale Contract Income recorded on Books	(52,745)
Decrease in Deferred Tax Revenues	<u>580</u>

Change in Net Assets of Governmental Activities	<u>22,883</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

Major Governmental Funds are defined as those funds whose revenues, expenditures, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same items. The general fund is always classified as a major fund. For the fiscal year ended June 30, 2009, the Port of The Dalles has chosen to report all governmental funds as major funds.

GENERAL FUND: The General Fund is used to finance the general operations of the Port and subject to the local budget law, may transfer its assets to other funds for authorized purposes. Principal revenue sources are facility rentals, mortgage fees and the property tax levy. Expenditures are for general port operation, promotion, maintenance of facilities, capital outlay, and transfer to other funds.

PORT DEVELOPMENT FUND: The Port Development Fund is used to finance capital improvements of Port-owned industrial property and is subject to the local budget law. The Fund may transfer its assets to other funds for authorized purposes. Principal revenue sources are interest earnings and Oregon Economic Development Department grants. Expenditures are for port development, operations, promotion, maintenance, capital outlay, and transfer to other funds.

CAPITAL PROJECT FUND: The Capital Project Fund is used to finance capital improvements on Port-owned property; specifically the Chenowith Creek Industrial Subdivision. Principal revenue sources are Oregon Economic Development Department loan/grants, U.S. Department of Commerce Economic Development Administration, state marine board grants, other marina grants, and transfers from other funds. Expenditures are for capital improvements. Currently the fund has no activity other than budget and is planned for continued use in the future.

PORT OF THE DALLES

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

REVENUES:	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
TAXES AND INTEREST:				
Property Taxes - Current Year	221,568	221,568	226,560	4,992
Property Taxes - Prior Years	20,000	20,000	11,021	(8,979)
Interest	51,634	51,634	55,098	3,464
TOTAL TAXES AND INTEREST	293,202	293,202	292,678	(524)
RENTALS AND FEES:				
Launch Ramp	2,800	2,800	1,080	(1,720)
Marina Revenue	67,030	67,030	90,129	23,099
Marina Reserves	16,280	16,280	422	(15,858)
Lease Land/Facility	12,586	12,586	16,342	3,756
RV Dump Station	1,430	1,430	1,919	489
TOTAL RENTALS AND FEES	100,126	100,126	109,892	9,766
GRANTS AND OTHER REVENUE:				
Miscellaneous Revenue	1	1	1,304	1,303
Sale of Equipment	1	1	-	(1)
SDAO Safety Grant	3,000	3,000	3,247	247
Sale of Land & Facilities	529,749	529,749	52,745	(477,004)
State Marine Board Grant - Map Grants	6,650	6,650	6,650	-
TOTAL GRANTS AND OTHER REVENUE	539,401	539,401	63,946	(475,455)
TOTAL REVENUES	932,729	932,729	466,517	(466,212)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

<u>EXPENDITURES:</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
CURRENT	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>PERSONAL SERVICES:</u>				
Executive Director	85,000	85,000	82,108	2,892
Administrative Assistant	34,428	34,428	31,642	2,786
Executive Secretary/Bookkeeper	34,428	34,428	-	34,428
Maintenance - Supervisor	28,000	28,000	29,389	(1,389)
Maintenance - Personnel	11,093	11,093	-	11,093
Development Specialist	40,000	40,000	-	40,000
Contracted Services	24,000	24,000	59,388	(35,388)
FICA (Social Security - Employer)	17,821	17,821	10,834	6,987
PERS (Retirement - Employer)	8,536	8,536	1,160	7,376
Health Insurance	34,629	34,629	31,291	3,338
Workman's Compensation	2,600	2,600	1,697	903
Unemployment Payments	1	1	6,301	(6,300)
TOTAL PERSONAL SERVICES	<u>320,536</u>	<u>320,536</u>	<u>253,810</u>	<u>66,726</u>
<u>MATERIALS AND SERVICES:</u>				
Accounting and Audit	12,000	12,000	13,135	(1,135)
Bad Debt Expense	1,000	1,000	5	996
Port Dev. and Public Communications	6,200	6,200	8,349	(2,149)
Dues, Fees and Subscriptions	17,550	17,550	4,486	13,064
Engineering	1,800	1,800	312	1,488
Insurance - Liability/Property	10,500	10,500	10,191	309
Legal	15,000	15,000	17,891	(2,891)
Maintenance and Repair - General/Vehicles	22,000	22,000	16,503	5,497
Marina (Maintenance, Repairs and Utilities)	23,756	23,756	28,348	(4,592)
Launch Ramp Expense	10,034	10,034	7,525	2,509
Miscellaneous Administration	1,200	1,200	364	836
Office Supplies	2,400	2,400	4,809	(2,409)

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009

(all amounts are in dollars)

<u>MATERIALS AND SERVICES - CONTINUED:</u>	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Office Equipment	10,000	10,000	4,194	5,806
Wonder Works Building Expense	-	-	3,079	(3,079)
Cleaning Services Office	-	-	1,680	(1,680)
Cleaning Services Parking Lot	-	-	603	(603)
Cleaning Services LR Restrooms	-	-	2,110	(2,110)
Staff Development	2,400	2,400	3,350	(950)
Travel	6,000	6,000	4,572	1,428
Utilities - Office/Telephone	9,005	9,005	8,661	344
Utilities - Industrial	1,415	1,415	443	972
<u>TOTAL MATERIALS AND SERVICES</u>	<u>152,260</u>	<u>152,260</u>	<u>140,612</u>	<u>11,648</u>
<u>CAPITAL OUTLAY:</u>				
Building Improvements	8,000	8,000	6,599	1,401
Land Acquisition	-	-	-	-
Land Improvements	-	-	-	-
Equipment	-	-	6,488	(6,488)
Marina	-	-	-	-
Launch Ramp	-	-	-	-
<u>TOTAL CAPITAL OUTLAY</u>	<u>8,000</u>	<u>8,000</u>	<u>13,087</u>	<u>(5,087)</u>
<u>DEBT SERVICE</u>				
SPWF / OIB Loan	90,461	90,461	90,410	51
<u>OPERATING CONTINGENCIES</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
<u>TOTAL EXPENDITURES</u>	<u>596,257</u>	<u>596,257</u>	<u>497,920</u>	<u>98,337</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<u>TOTAL REVENUES</u>	932,729	932,729	466,517	(466,212)
<u>TOTAL EXPENDITURES</u>	<u>(596,257)</u>	<u>(596,257)</u>	<u>(497,920)</u>	<u>98,337</u>
Excess of Revenues Over (Under) Expenditures	<u>336,472</u>	<u>336,472</u>	<u>(31,403)</u>	<u>(367,875)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers from Other Funds	1	1	-	(1)
Transfers to Other Funds	<u>(1,011,732)</u>	<u>(1,011,732)</u>	<u>(2,637)</u>	<u>(1,014,369)</u>
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>(1,011,731)</u>	<u>(1,011,731)</u>	<u>(2,637)</u>	<u>1,014,368</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(675,259)	(675,259)	(34,040)	641,219
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>935,086</u>	<u>935,086</u>	<u>912,555</u>	<u>(22,531)</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>259,827</u>	<u>259,827</u>	<u>878,515</u>	<u>618,688</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORT OF THE DALLES
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET**

**JUNE 30,2009
(all amounts are in dollars)**

	PORT DEVELOPMENT FUND	CAPITAL PROJECT FUND	TOTAL
<u>ASSETS:</u>			
Cash in Bank	3,629	-	3,629
Local Government Investment Pool	3,685,245	-	3,685,245
Accounts Receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL ASSETS</u>	<u>3,688,873</u>	<u> </u>	<u>3,688,873</u>
<u>LIABILITIES:</u>			
Due To General Fund	-	-	-
	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL LIABILITIES</u>	<u> </u>	<u> </u>	<u> </u>
<u>FUND EQUITY:</u>			
Fund Balance - Unreserved	3,688,873	-	3,688,873
<u>TOTAL FUND EQUITY</u>	<u>3,688,873</u>	<u> </u>	<u>3,688,873</u>
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>3,688,873</u>	<u> </u>	<u>3,688,873</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

**PORT OF THE DALLES
CAPITAL PROJECT FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

**FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)**

	PORT DEVELOPMENT FUND	CAPITAL PROJECT FUND	TOTAL
REVENUES:			
Interest	87,769	-	87,769
Matching Grants	-	-	-
TOTAL REVENUES	87,769	-	87,769
EXPENDITURES:			
Current			
Personal Services	-	-	-
Materials and Services	7,654	-	7,654
Capital Outlay	333,296	-	333,296
Debt Service	-	-	-
TOTAL EXPENDITURES	340,950	-	340,950
Excess of Revenues Over (Under) Expenditures	(253,180)	-	(253,180)
OTHER FINANCING SOURCES (USES):			
Transfers from Other Funds	2,637	-	2,637
Miscellaneous Income	-	-	-
Marina Loan	-	-	-
Transfers to Other Funds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,637	-	2,637
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(250,543)	-	(250,543)
FUND BALANCE - BEGINNING OF YEAR	3,939,416	-	3,939,416
FUND BALANCE - END OF YEAR	3,688,873	-	3,688,873

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES
PORT DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES:				
Interest	143,662	143,662	87,769	(55,893)
Miscellaneous Income	1	1	-	(1)
Flex/Tenant Bdg Const-Ln	1	1	-	(1)
Lease Revenue Building	15,000	15,000	-	(15,000)
Matching Grants	310,000	310,000	-	(310,000)
TOTAL REVENUES	468,664	468,664	87,769	(380,895)
EXPENDITURES:				
Current:				
PERSONAL SERVICES:				
Professional Consultant	70,000	70,000	-	70,000
Land Sale Commissions	1	1	-	1
Land Sale Closing Costs	9,540	9,540	-	9,540
TOTAL PERSONAL SERVICES	79,541	79,541	-	79,541
MATERIALS AND SERVICES:				
Marketing Media/ Promotional	9,600	9,600	1,654	7,946
Marketing Travel	4,500	4,500	5,757	(1,257)
Marketing Other	4,500	4,500	243	4,257
TOTAL MATERIALS AND SERVICES	18,600	18,600	7,654	10,946
CAPITAL OUTLAY:				
Chenoweth Creek Bridge	400,000	400,000	78,972	321,028
Land/Building Improvements	4,500,000	4,500,000	254,324	4,245,676
Engineering/Consulting	50,000	50,000	-	50,000
TOTAL CAPITAL OUTLAY	4,950,000	4,950,000	333,296	4,616,704
DEBT SERVICE				
Building Construction Loan	12,500	12,500	-	12,500
OPERATING CONTINGENCIES	20,000	20,000	-	20,000
TOTAL EXPENDITURES	5,080,641	5,080,641	340,950	4,739,691

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES
PORT DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Excess of Revenues Over (Under) Expenditures	(4,611,977)	(4,611,977)	(253,180)	4,358,797
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers from Other Funds	1,003,262	1,003,262	2,637	(1,000,625)
Transfers to Other Funds	(1)	(1)	-	(1)
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>1,003,261</u>	<u>1,003,261</u>	<u>2,637</u>	<u>(1,000,624)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(3,608,716)	(3,608,716)	(250,543)	3,358,173
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>3,925,376</u>	<u>3,925,376</u>	<u>3,939,416</u>	<u>14,040</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>316,660</u>	<u>316,660</u>	<u>3,688,873</u>	<u>3,372,213</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

PORT OF THE DALLES

MARINA / LAUNCH CAPITAL PROJECT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2009
(all amounts are in dollars)

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
<u>REVENUES:</u>				
Land Acquisition & Development	-	-	-	-
Lease Income - Flex Space	-	-	-	-
<u>TOTAL REVENUES</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>EXPENDITURES:</u>				
<u>CAPITAL OUTLAY:</u>				
Marina/Launch Project Construction	-	1	-	1
Miscellaneous Expense	-	1	-	1
<u>TOTAL CAPITAL OUTLAY</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
Excess of Revenues Over (Under) Expenditures	-	2	-	(2)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfer from Other Funds	-	8,470	-	(8,470)
Transfer to Other Funds	-	(1)	-	1
Flex Tenant Building - Loan	-	(1)	-	1
<u>TOTAL OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>8,468</u>	<u>-</u>	<u>(8,468)</u>
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	-	8,466	-	(8,466)
<u>FUND BALANCE - BEGINNING OF YEAR</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE - END OF YEAR</u>	<u>-</u>	<u>8,466</u>	<u>-</u>	<u>(8,466)</u>

SEE NOTES TO THE BASIC FINANCIAL STATEMENTS

Port of The Dalles
Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1 – Summary of Significant Accounting Policy:

Port of The Dalles was created under Section 65-701, Oregon Code 1903 at a special election held July 21, 1933, and by proclamation filed in the records of Wasco County July 28, 1933. The municipal corporation is authorized by Chapter 777 of the Oregon Revised Statutes, as amended to engage in a variety of commercial related activities. Some activities include acquire land, construct buildings and to acquire personal property suitable for use by industry for manufacturing, processing or assembling or related activities by commercial enterprises. A five-member commission establishes Port policy for a small staff working under an executive director.

The financial statements of the Port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Port's accounting policies are described below:

A. REPORTING ENTITY:

In evaluating how to define the Port, for financial reporting purposes, management has considered all potential component units. The criteria for, including potential component units within the Port's reporting entity, as set forth in GASB No. 14, "The Financial Reporting Entity," is financial accountability. Financial accountability is defined as appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Based upon the application of the above criteria the Port has no potential component units. As a result, all significant activities and organizations have been included in the combined financial statements.

B. BASIC FINANCIAL STATEMENTS:

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities

as either governmental or business-type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

Government-wide financial statements display information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. These statements focus on the sustainability of the Port as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements display information at the individual fund level. Each fund is considered a separate accounting entity. Funds are classified and summarized as governmental, proprietary, or fiduciary. Currently, the Port has only governmental type funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

C. BASIS OF PRESENTATION:

The financial transactions of the Port are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

There are stated minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major

funds. The Port of the Dalles has elected to report all funds as major funds for the fiscal year ended June 30, 2009.

The Port reports the following major governmental funds:

GENERAL FUND: The General Fund is the general operating fund of the Port. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

CAPITAL PROJECT FUND: The Capital Project Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities.

PORT DEVELOPMENT FUND: The Port Development Fund is used to finance capital improvements of Port-owned industrial property and, subject to the local budget law, may transfer its assets to other funds for authorized purposes. Principal revenue sources are interest earnings and Oregon Economic Development Department grants. Expenditures are for port development, operations, promotion, maintenance, capital outlay, and transfer to other funds.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING:

Measurement focus is a term used to describe which transactions are recorded within the various financial statements. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported on the financial statements.

Government-wide Financial Statements are presented on the full accrual basis of accounting with an economic resource measurement focus. An economic resource focus concentrates on an entity or fund's net assets. All transactions and events that affect the total economic resources (net assets) during the period are reported. An economic resources measurement focus is inextricably connected with full accrual accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash inflows and outflows.

Governmental Fund Financial Statements are presented on a modified accrual basis of accounting. Their revenues are recognized when they become measurable and available to pay liabilities of the current period. For this purpose, the Port considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenses are generally recognized when the related fund liability is incurred. Exceptions to this general rule include: (1) certain compensated absences are recognized when the obligation is expected to be liquidated with expendable available financial resources; and (2) principal and interest on general long-term debt is recognized when due.

Since the Governmental Fund Statements are presented on a different measurement focus and basis of accounting than the Government-wide Statements, reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the government-wide presentation. This reconciliation is a part of the financial statements.

E. ASSETS, LIABILITIES, AND EQUITY

1. Cash and Investments: Cash and cash equivalents include cash on hand, demand deposits, short-term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the Local Government Investment Pool. Investments, including equity in pooled cash and investments are stated at fair value.

2. Inventories: Inventory-type items are considered to be an expenditure when purchased. The amount of inventory at year-end was not considered significant and is not reported on the balance sheet.

3. Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the Government-wide Financial Statements. Capital assets are charged to expenditure as purchased in the Governmental Fund Statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair market value as of the date of donation.

Capital assets are defined by the Port as assets with an initial, individual cost of \$3,000 or more, and an estimated useful of life of greater than three years. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repair and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	25-80
Improvements other than buildings	10-20
Machinery and Equipment	5-10
Vehicles	5-10
Infrastructure	25-40

One-half year of depreciation is taken in the year the assets are acquired or retired. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

4. Net Assets: Net assets comprise the various net earnings from operating income, nonoperating revenues and expense, capital contributions, and special items. Net assets are classified in the following three components:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

Restricted – This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

The District's policy is to apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

5. Accrued Compensated Absences: The Port's employees accumulate vacation pay in varying amounts depending on years of continued service. It is the Port's policy to permit employees to accumulate earned but unused vacation pay. Upon termination of employment, up to 40 hours of accumulated vacation time will be paid by the Port; any additional vacation time is forfeited. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds and is calculated based on historical trends.

Sick leave accumulates 0.5 days per month for full-time employees. There is no limit on accumulation and it is not compensable upon termination of employment. No liability is reported for unpaid accumulated sick leave. Sick pay is recognized in all funds when leave is taken.

6. Interfund Receivables and Payables: Interfund receivable and payable transactions have no formal elimination policy. Interfund receivables and payables are reflected in the balance sheets of the various funds.

7. Expenditures: Expenditures for insurance and similar services extending over more than one accounting period are considered to be an expenditure in the period of acquisition.

8. Budget/ G.A.A.P Reconciliation: The following schedule reconciles the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:

	General <u>Fund</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses on a GAAP basis	\$ 32,730
Add expenditures required by GAAP not recorded under budgetary basis:	
Changes in current portion of compensated absences	<u>1,310</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses on a budgetary basis	\$ <u>34,040</u>

9. Fund Balance: Tentative plans for utilization of fund balances in future periods are recorded as designations of fund balance in the fund-level financial statements. Planned expenditures include future capital projects, debt service, equipment reserves, and other commitments for which fund balances have not been appropriated or specifically segregated.

10. Total Column on Combined Statement: Total columns on combined statements are captioned memorandum only to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position or results of operations in conformity with Generally Accepted Accounting Principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

A. BUDGETS AND BUDGETARY ACCOUNTING:

Annual budgets for all funds are adopted on a basis consistent with Oregon Revised Statutes (ORS 294- Local Budget Law). The process under which the budget is adopted is described in the following paragraphs.

The budget process includes a series of notices and publications culminating with the budget hearing. After the public hearing has been held,

the Board enacts the resolutions to adopt the budget, make appropriations, and declare the ad valorem tax levy for all funds.

The Appropriations Resolution contains amounts for personal services, materials and services, capital outlay, debt service, interfund transfers and operating contingency for each fund where appropriate. This is the level of control for authorized expenditures.

The level of expenditures is monitored throughout the year. Transfers are made from operating contingency or between the major object classifications of the appropriation for each fund as required to prevent an over-expenditure.

Appropriations for all funds lapse at the end of each fiscal year.

NOTE 3 – DETAILED NOTES ON ALL FUNDS:

A. DEPOSITS, SECURITIES, AND INVESTMENTS:

Deposits were with Columbia River Bank in demand accounts. Oregon Revised Statutes require the depository institution to maintain on deposit with a collateral pool manager, securities having a value not less than 25 percent of the outstanding certificates of participation issued by the pool manager.

In the other financial schedules section of the report, a schedule of cash in bank and collateral security sets forth the carrying amounts, bank balances, and collateral security for the Port's deposits at each financial institution as of June 30, 2009.

The Local Government Investment Pool (LGIP) is included in the Oregon Short Term Fund, which was established by the State Treasurer. The Oregon Short Term Fund Board and the Oregon Investment Council regulate Oregon Short Term Fund investments. Investments of the Port are valued at cost, which approximates market. The Port invests in the State of Oregon Local Government Investment Pool. Generally Accepted Accounting Principles require investments in external investment pools to be stated at fair value. However, the difference between cost and fair value for the Port's investments as of June 30, 2009 was determined to be immaterial.

Cash was also held with the Wasco County Treasurer, which was invested by the County in the State of Oregon Local Government Investment Pool and general obligations of the U.S. Government. Deposits with the County Treasurer are collateralized by the County and the securities are held in the County's name.

State statutes authorize the Port to invest in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon

municipalities, bank repurchase agreements, bankers' acceptances, and the State Treasurer's Investment Pool.

The Port's deposits and investments are categorized to give an indication of the level of risk assumed by the Port at year end. Category 1 includes deposits and investments that are insured or registered or for which the securities are held by the Port or its agent in the Port's name. Category 2 includes uninsured and unregistered deposits and investments for which the securities are held by the counterparty's trust department or agent in the Port's name. Category 3 includes uninsured and unregistered deposits and investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Port's name.

	<u>CATEGORY</u>			<u>CARRYING</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>AMOUNT</u>
Checking Accounts	\$ <u>13,369</u>	\$ <u>-</u>	\$ <u>-</u>	\$ 13,369
Local Government Investment Pool				4,504,222
Cash on Hand				<u>150</u>
<u>TOTAL DEPOSITS AND INVESTMENTS</u>				<u>\$ 4,517,740</u>

B. PROPERTY TAX REVENUES AND RECEIVABLES:

Property taxes are levied on July 1 pursuant to Oregon Revised Statute 310.030. Taxes are payable in installments the last of which is due on May 15 of the year following the year in which imposed. Taxes become delinquent on personal property when any installment is not paid by its due date. Taxes become delinquent on real property if not paid by May 15. On January 1 and July 1 tax liens attach to personal and real property respectively to secure payment of all taxes, penalties, and interest ultimately imposed. Personal property is subject to summary seizure and the responsible taxpayer is subject to warrant service 30 days after delinquency date. Foreclosure proceedings begin on real property after three years from the date taxes become delinquent.

Property taxes are collected by the Wasco County Tax Collector and credited monthly to the Port's local government investment pool account. The financial statements reflect property taxes as revenue when collected by the Wasco County Tax Collector and are available to the Port to pay current period expenditures.

Property taxes receivable at year-end have been reported on the balance sheet. No allowance has been made for uncollectible taxes since history has shown losses to be minimal. Property taxes collected within approximately 60 days of fiscal year-end are recognized as revenues. The remaining balance of taxes receivable is recorded as deferred revenue in

the fund financial statements because it is not deemed available to finance operations of the current period.

C. CONTRACTS RECEIVABLE:

CONTRACT RECEIVABLE – CRATES POINT DEVELOPMENT, L.L.C.

On February 28, 2004, the Port agreed to sell Lot 5 to Crates Point Development, L.L.C. a limited liability company. As part of the sales agreement, the Port agreed to finance \$91,800 of the sales price. The contract calls for monthly payments of not less than \$657.68 payable at the beginning of each month. Payments will continue until the 5th anniversary of this contract and at which time the entire unpaid principal balance and interest will be due and payable. However, this contract also provides that no interest or principal payments will be due until the occupancy of the building, which will be constructed on the property described above, reaches 60%, or three years from the closing date, whichever occurs first. Except as provided above, interest on the unpaid balance will be at the rate of 6% per annum with interest included in the monthly payment above stated. As of June 30, 2009, the balance due to the Port was \$81,784.

On July 9, 2007, the Port agreed to sell a parcel of land to Crates Point Development, LLC. As part of the sales agreement, the Port received \$30,047.50 in cash, issued a \$71,500 Job creation credit, and agreed to finance the remaining \$98,600 sales price. The contract calls for monthly payments of not less than \$1,094.66 payable on the first day of each month beginning July of 2007. The contract duration is ten years with six percent interest per annum. As of June 30, 2009, the balance due to the Port was \$84,541.

CONTRACT RECEIVABLE - MUNSEN PAVING, L.L.C.:

On December 21, 1999, the Port agreed to sell a parcel of land to Munsen Paving L.L.C. As part of the sales agreement, the Port received \$23,650 in cash, issued a \$23,650 job retainage / lease credit, and agreed to finance the remaining \$189,200 sales price. The contract calls for monthly payments of not less than \$1,854.00 payable on the 10th day of each month beginning April of 2000. The interest on the contract is six and a half percent per annum. As of June 30, 2009, the balance due to the Port on this contract is \$64,834. This contract is expected to pay off by August 10, 2012.

The job retainage / lease credit in this contract is computed and based on the following: The credit is provided to Munsen in consideration of Munsen retaining eight existing jobs at the Port site, at \$1,400 each for a subtotal of \$11,200. The additional portion of this credit is for lease payments made on other property leased to Munsen in the amount of \$12,450. The total of these two credits \$23,650, is allowed as a credit to the sales agreement as discussed.

On September 18, 2003, the Port agreed to sell Lots 18 & 19 of the Chenoweth Creek Industrial Subdivision, to Munsen Paving L.L.C. As part of the sales agreement the Port received \$60,000 in cash, issued a \$10,100 credit in the form of rent and services from Munsen Paving L.L.C. The remaining unpaid balance of \$116,800 will be paid by purchaser in monthly payments of not less than \$1,238.85 per month until the balance is paid in full. Interest on the unpaid balance will be at the rate of five percent per annum with the interest included in the monthly payment amount stated above. As of June 30, 2009, the balance due to the Port on this contract was \$59,731.

CONTRACT RECEIVABLE – TUM A LUM LUMBER COMPANY:

On June 17, 2005, the Port agreed to sell a parcel of land to Tum A Lum Lumber Company. As part of the sales agreement, the Port agreed to finance \$172,260 of the sales price. The contract is being amortized over a period of 10 years. The contract calls for monthly payments of not less than \$1,335.53 payable each month. The interest rate on the contract is seven percent per annum. As of June 30, 2009, the balance due to the Port was \$154,399

CONTRACT RECEIVABLE – WASCO INVESTMENT COMPANY:

On November 1, 1995, the Port of The Dalles entered into a construction loan agreement with Wasco Investment Company, Inc. (hereinafter called the "Company"), an Oregon Corporation. The Port agreed to loan the Company \$130,000. The purpose of the loan was to facilitate the Company's construction of an industrial building.

In conjunction with the building loan, the Port agreed to sell a lot in The Dalles Industrial Center to the Company. The land sale was finalized on October 31, 1995. The Port agreed to finance the sales price of \$80,000. During the fiscal year-ended June 30, 1997, the Company completed the construction of the industrial building. The building was sold, with the Port's permission, to Ronald M. Krol (Triple AAA Metal Fabrication). On January 23, 1997, because of the building sale, the existing contracts between the Port and the Company were consolidated into a new note. The principal amount of the consolidated note is \$210,000. The note is secured by a second mortgage on the property.

The note is being amortized over a period of 25 years, with a balloon payment due for the remaining principal balance at the end of 10 years. Commencing on January 1, 1997, the Company is obligated to make monthly loan payments of principal and interest in the amount of \$1,227.66 with interest at the rate of five percent per annum thereon. The first payment was due on February 1, 1997, and successive payments are due on the first of each month thereafter. The Company is obligated to pay all unpaid remaining principal and interest in full on or before December 31, 2007, however the Port is taking action in fiscal year 2009/2010 to extend the contract.

During the fiscal year-ended June 30, 2009, the Port recorded revenues from the collection of principal and interest on the note in the amount of \$14,732. As of June 30, 2009, the balance on the note was \$137,835, of which \$85,419 represents the balance owed on the \$130,000 construction loan and \$52,416 represents the balance owed on the \$80,000 land sales contract. The transactions are recorded in the Port's General Fund.

D. DEFERRED REVENUE - TAXES:

This account represents the amount of taxes, which, under the modified accrual basis of accounting, are measurable but are not yet available for expenditure.

E. DEFERRED REVENUE - CONTRACTS RECEIVABLE:

These accounts represent the amount of contract principal owed to the Port by the various entities described above which, under the modified accrual basis of accounting, are measurable, but are not yet available for expenditure.

F. CHANGES IN CAPITAL ASSETS:

Capital asset activity for governmental activities for the year-ended June 30, 2009, was as follows:

<u>DESCRIPTION</u>	<u>BALANCE 7/1/2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 6/30/2009</u>
Buildings	1,048,680	250,301	-	1,298,981
Equipment	179,358	13,247	-	192,605
Land & Site Improvements	732,525	78,972	-	811,497
Marina	1,363,740	-	-	1,363,740
TOTAL	3,324,303	342,520	-	3,666,823
	<u>BALANCE 7/1/2008</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 6/30/2009</u>
Accumulated Depreciation				
Buildings	(254,300)	(24,527)	-	(278,827)
Equipment	(165,289)	(3,303)	-	(168,592)
Marina	(500,185)	(34,965)	-	(535,150)
	<u>(919,774)</u>	<u>(62,795)</u>	<u>-</u>	<u>(982,569)</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	2,404,529	279,725	-	2,684,254

Depreciation expense for governmental activities is charged to functions as follows:

General government	28,093
Culture and Recreation	34,702
Total depreciation for governmental activities	62,795

G. GENERAL LONG-TERM DEBT:

On June 16, 1999, the Oregon Economic Development Department executed a Special Public Works Fund Award Contract consisting of a loan of \$450,000 in conjunction with grant funds for the construction of the Chenoweth Creek Industrial Subdivision. During the fiscal year-ended June 30, 1999, the Port received \$357,941 of this loan. The remaining \$92,059 of this loan was received during the fiscal period ending June 30, 2000. The contract calls for 10 annual payments, plus interest at the rate of five point one six percent, commencing on December 1, 1999. All payments shall be paid no later than the first day of December each year. This loan was paid in full during the current fiscal year ended June 30, 2009.

On July 11, 2003, the Mid-Columbia Economic Development Department executed a revolving loan fund with the Port of The Dalles. As of June 30, 2004, the Port has borrowed \$186,394. Payments on this loan are \$10,000 plus interest, due December and June for the next 10 years. The Port's first payment was made during June of 2004 with interest calculated at the rate of four percent per annum. See the other financial schedules section of this report for a schedule of debt service requirements.

On April 20, 2005, the Oregon Economic Development Department executed a Special Public Works Fund Award Contract consisting of a loan of \$131,840 with the Port of The Dalles. Payments on this loan are \$10,250 plus interest, due December each year with interest calculated at the rate of four point seven six percent per annum. See the other financial schedules section of this report for a schedule of debt service requirements.

H. CHANGES IN GENERAL LONG-TERM DEBT:

The following is a summary of contracts payable to the Oregon Investment Board, Special Public Works Fund and General Obligation Bond for the year ended June 30, 2009:

	Balance <u>7/1/2008</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>6/30/2009</u>
SPWF - Chen. Creek Subdiv.	\$ 54,040	\$ -	\$ 54,040	\$ -
SPWF - Marina	117,580	-	4,653	112,927
OIB - Lot 28	96,394	-	20,000	76,394
TOTALS	\$ 268,014	\$ -	\$ 78,693	\$ 189,321

I. OPERATING LEASES - LESSOR:

The Port of The Dalles receives revenues from various operating leases. The following is a description of the more significant leases:

NEW GRAIN ELEVATOR LEASE:

The Port has entered into a lease agreement with Mid Columbia Producers, Inc., an Oregon Cooperative, for the use and construction of new grain elevator facilities to be located on the Port's industrial center property. The initial projected cost of the facility was \$2,900,000. The actual cost of the facility, upon completion, was \$3,098,179.

The lease agreement stipulates that the Port is to contribute the proceeds from the sale of the downtown grain elevator facility as partial funding for the project. This money, in conjunction with funds provided by Mid Columbia Producers, Inc., was used to construct the new grain elevator. The total sales price of the downtown grain elevator was \$955,936. The lease agreement calls for the Port to remit the contract payments, when received, to Mid Columbia Producers, Inc. for construction of the new facility. As of June 30, 1998, the Port had collected and remitted \$326,000 in earnest money and contract payments to Mid Columbia Producers, Inc. As of June 30, 1999, the Port had collected and remitted the remaining \$629,936 in contract payments to Mid Columbia Producers, Inc. The \$955,936 contributed by the Port to the grain elevator project has been included in the General Fixed Assets as Grain Elevator Facility under the building category contingent upon the date that the purchase option is exercised. The purchase price increases annually and ranges from \$897,376 in year 1999 to \$2,073,259 in year 2026. The purchase option terminates at the end of the initial lease term.

Mid Columbia Producers, Inc. can renew the lease for an additional 30 years at the end of the initial lease term. If the lease is renewed, all terms of the lease remain the same as the original lease except for the rental payments and the purchase option. Rental payments during the initial 30 year lease term shall be \$1 (one dollar) per year. If the lease is renewed for an additional 30 years, the base rent will be determined by the fair market ground lease rental rate for a 30 year term based on the value of the premises.

BILLBOARDS - MEADOW OUTDOOR ADVERTISING:

The Port entered into a lease agreement with Meadow Outdoor Advertising. The lease is for tracts of land measuring 0.02 acres. The property is to be used for the purpose of erecting and maintaining advertising signs thereon. The lease calls for a yearly rental fee of \$1,000, or 10 percent of the gross income generated by the advertising signs placed on the property, whichever is greater. The lease is for a five-year term, which commenced on January 1, 2004 and terminates on December 31, 2009.

WONDERWORKS CHILDREN'S MUSEUM:

The Port entered into a lease agreement with an option to purchase, with Wonderworks Children's Museum, a nonprofit corporation, for the use of Port owned real property. The Lessee intends to renovate, remodel, and improve the building on the premises for its charitable purpose. The lease term is for one year commencing on March 25, 2009. As long as the Lessee is not in default under the lease terms, the Lessee shall have an option to extend the initial lease term for four one year renewal terms, each an extension term. The lease calls for monthly payments in the amount of \$1,446 to be paid 6 months in advance.

J. DEFINED BENEFIT PENSION PLAN:

PLAN DESCRIPTION:

The Port contributes to the Oregon Public Employees Retirement Fund (OPERF), an agent multiple-employer defined benefit pension plan administered by the Oregon Public Employees Retirement System (PERS). PERS provides retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238. ORS Chapter 238.620 establishes the Public Employees Retirement Board as the governing body of PERS. The authority to establish and amend the benefit provisions of the plan rests with the Oregon Legislature. PERS issues a publicly available financial report that includes financial and required supplementary information. That report may be obtained by writing to PERS, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-503-598-7377.

FUNDING POLICY:

The 72nd Oregon Legislature created the Oregon Public Service Retirement Plan (OPSRP). Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. OPSRP is a hybrid (defined contribution / defined benefit) pension plan with two components: the Pension Program (defined benefit) and the Individual Account Program (defined contribution).

Beginning January 1, 2004, PERS member contributions will go into the Individual Account Program portion of OPSRP. OPSRP members also contribute six percent of salary to the Plan. Current law permits employers to pay employee contributions. Members of PERS are required to contribute six percent of their salary covered under the plan. The Port is required by ORS 238.225 to contribute an actuarially determined rate. The current rate is point three seven percent of salary covered under the plan for the fiscal year-ended June 30, 2009. The contribution requirements for plan members and the Port are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

SCHEDULE OF CONTRIBUTIONS:

The District's total payroll and payroll for employees covered by the plan for the year-ended June 30, 2009 was \$132,693. The District's contribution for the year ended June 30, 2009 was \$1,160.

Fiscal Year <u>Ending</u>	Required <u>Contributions</u>	Percentage of Contributions <u>Contributed</u>
6/30/2007	7,547	100%
6/30/2008	1,301	100%
6/30/2009	1,160	100%

K. INTERFUND TRANSACTIONS:

Funds are transferred from one fund to finance expenditures of other funds in accordance with the authority established for the individual fund. Transfers between fund types during the fiscal year ended June 30, 2009, were:

	Transfers <u>Out</u>	Transfers <u>In</u>
General Fund	\$ 2,637	\$ -
Capital Projects Fund:		
Capital Projects Fund	-	
Port Development Fund	-	2,637
<u>TOTALS</u>	<u>\$ 2,637</u>	<u>\$ 2,637</u>

L. COMMITMENTS:

The Port has elected to reimburse the Department of Employment for unemployment benefits paid to former employees. There were payments in the amount of \$6,178 to the state during the fiscal year for unemployment. It is not possible to estimate the Port's liability for future benefits.

M. PROMISSORY NOTE CITY OF THE DALLES:

On May 9, 2007, the Port signed a promissory note with the City of The Dalles in the amount of \$250,000 to assist with the airport well. The note calls for the City to make annual payments of not less than \$15,150, with interest at the rate of four percent per annum. The entire balance of the note is due and payable in its entirety by the tenth anniversary of the note.

N. INTERGOVERNMENTAL AGREEMENT BETWEEN THE PORT OF THE DALLES & WASCO COUNTY RE: CHENOWITH BRIDGE CONSTRUCTION PROJECT:

On September 24, 2007, the Port agreed to commit \$300,000 to help complete a new Chenowith Creek Bridge at River Trail Way. By November 27, 2007, the Port and County realized that original cost estimates by engineers were less than necessary to complete the bridge project for the benefit of the two parties and the public they serve. Therefore a new intergovernmental agreement was signed with the Port agreeing to commit a total of \$400,000 to the project. By June 30, 2009, \$78,971 of these committed funds has been made by the Port.

NOTE 4 – OTHER INFORMATION:

**A. RELATED PARTY TRANSACTIONS:
SPECIAL DISTRICT ASSOCIATION OF OREGON:**

Effective September 1, 2002, the Port was notified by its insurance agent of record, Bill Booth of Booth & Kelly Insurance, that the insurance portion of his business was being sold to Courtney Insurance Agency, Inc. (hereinafter called the 'Company'). The Company brokers insurance policies for Special Districts Association of Oregon; which is the primary insurer of the Port.

One of the members of the Port's Board of Commissioners, Mike Courtney, is the principal owner of the Company. Mr. Courtney's Company is also the insurance agent of record. Mr. Courtney declared the likelihood of an actual or potential conflict of interest as defined by law because of his involvement in the Company.

B. SECTION 125 CAFETERIA PLAN:

On December 11, 2002, the Port Commission adopted a cafeteria plan for Port employees. This plan qualifies as a cafeteria plan under section 125 of the Internal Revenue Code of 1986. The purpose of the plan is to enable participants to elect to receive payments or reimbursements of their medical and dependent care expenses and expenses for health insurance, disability insurance and group term life insurance that is excludable from the participant's gross income. The effective start date for this plan was January 1, 2003. In order for employees to qualify for admittance to this plan they must be 21 years of age, worked for the Port for at least 6 months and work full time; 30 hours per week.

C. OTHER POSTEMPLOYMENT BENEFITS:

GASB 45 will require the Organization to determine the extent of its liabilities for post employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The Port will implement this pronouncement for the fiscal year ended June 30, 2010.

SUPPLEMENTARY INFORMATION

OTHER FINANCIAL SCHEDULES

**PORT OF THE DALLES
STATEMENT OF PROPERTY TAX TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 2009**

**TAX CONTROL RECORDS
(all amounts are in dollars)**

	TAXES RECEIVABLE <u>6/30/2008</u>	CURRENT YEAR <u>LEVY</u>	INTEREST DISCOUNTS <u>ADJUSTMENTS</u>	DEDUCT TAX <u>COLLECTIONS</u>	TAXES RECEIVABLE <u>6/30/2009</u>
2008-09	-	243,552	(6,691)	226,610	10,250
2007-08	8,977	-	54	4,146	4,886
2006-07	3,432	-	97	1,368	2,160
2005-06	1,934	-	184	1,444	674
2004-05	1,781	-	282	1,904	159
2003-04	106	-	8	83	31
2002-03	68	-	1	31	38
2001-02	20	-	-	-	20
2000-01	8	-	-	-	8
1999-00	8	-	-	-	8
1998-99	8	-	-	-	8
1997-98	8	-	-	-	8
1996-97	51	-	-	-	51
1995-96	39	-	-	-	39
1994-95	38	-	-	-	38
1985-86	35	-	-	-	35
TOTALS	<u>16,513</u>	<u>243,552</u>	<u>(6,065)</u>	<u>235,586</u>	<u>18,413</u>

RECONCILIATION TO COUNTY TREASURER

TREASURER'S BALANCE - JULY 1, 2008

-

RECEIPTS TAX COLLECTIONS:

Tax Collection - Current Year Levy
Tax Collections - Prior Years' Levies
Total Collections

226,610
8,976

235,586

OTHER COLLECTIONS:

Interest

816

TOTAL RECEIPTS AND BEGINNING BALANCE

236,402

DEDUCT: Cash Distributions to Port

236,402

TREASURER'S BALANCE - JUNE 30, 2009

-

PORT OF THE DALLES
SCHEDULE OF FUTURE REQUIREMENTS
GENERAL LONG-TERM DEBT
OREGON INVESTMENT BOARD
LOT 28

JUNE 30, 2009
(all amounts are in dollars)

<u>DUE</u> <u>DATE</u>	<u>PAYMENT</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
12/31/2009	11,540	4%	10,000	1,540	11,540
6/30/2010	11,317	4%	10,000	1,317	11,317
12/31/2010	11,221	4%	10,000	1,221	11,221
6/30/2011	11,011	4%	10,000	1,011	11,011
REMAINING YEARS			<u>36,394</u>	<u>calculated</u>	<u>36,394</u>
<u>TOTAL</u> <u>FUTURE REQUIREMENTS</u>			<u>76,394</u>	<u>5,089</u>	<u>81,483</u>

PORT OF THE DALLES
SCHEDULE OF FUTURE REQUIREMENTS
GENERAL LONG-TERM DEBT
SPECIAL PUBLIC WORKS FUND
MARINA
JUNE 30, 2009
 (all amounts are in dollars)

<u>DUE DATE</u>	<u>PAYMENT</u>	<u>RATE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
12/1/2009	10,250	4.76	4,875	5,375	10,250
12/1/2010	10,250	4.76	5,107	5,143	10,250
12/2/2011	10,250	4.76	5,350	4,900	10,250
12/2/2012	10,250	4.76	5,604	4,646	10,250
Remaining	122,826	4.76	<u>91,991</u>	<u>30,835</u>	<u>122,826</u>
TOTAL			<u>112,927</u>	<u>50,901</u>	<u>163,828</u>
FUTURE REQUIREMENTS					

PORT OF THE DALLES
SCHEDULE OF CASH IN BANK AND COLLATERAL SECURITY
JUNE 30, 2009
(all amounts are in dollars)

	<u>CARRYING AMOUNT</u>	<u>ADD OUTSTANDING CHECKS</u>	<u>DEDUCT DEPOSITS IN TRANSIT</u>	<u>BANK BALANCE</u>
<u>GENERAL FUND:</u>				
Columbia River Bank	10,417	24,780	-	35,197
<u>COLLATERAL SECURITY:</u>				
F.D.I.C. Insurance - Demand Deposits				100,000
Collateral Pool Certificate No. 42596 (As of 7/29/05)				3,000,000
<u>TOTAL COLUMBIA RIVER BANK COLLATERAL SECURITY</u>				3,100,000

PORT OF THE DALLES

SCHEDULE OF INSURANCE IN FORCE

JUNE 30, 2009

(all amounts are in dollars)

<u>POLICY NUMBER</u>	<u>COMPANY</u>	<u>TYPE OF INSURANCE</u>	<u>AMOUNT</u>	<u>COVERAGE</u>	<u>PREMIUM</u>	<u>TERM</u> <u>FROM</u> <u>TO</u>
24P16275-171	Special Districts Association of Oregon	Property	1,060,000	Buildings, Personal Property, Portable Equipment	XX	1/1/2009 1/1/2010
24P16275-171	Special Districts Association of Oregon	Liability	5,000,000	Comprehensive General Liability	XX	1/1/2009 1/1/2010
24P16275-171	Special Districts Association of Oregon	Auto Liability Coverage	1,000,000	Auto Liability Coverage	XX	1/1/2009 1/1/2010
3-003-648-5	Ohio Casualty	Employee Bond	50,000	All Employees	185	5/1/2009 5/1/2010

XX = Premium of \$ 10,143

Port of The Dalles

Auditor's Comments

For the Year Ended June 30, 2009

Oregon Administrative Rules of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerates the financial statements, schedules, comments, and disclosures required in annual financial reports. Required comments and disclosures related to our audit of such financial statements and schedules are set forth on the following pages.

**1. 162-010-0230 ACCOUNTING RECORDS AND INTERNAL CONTROL:
ACCOUNTING RECORDS:**

The District's accounting records were reasonably maintained and adequate to support our audit of the basic financial statements.

INTERNAL ACCOUNTING CONTROL:

In planning and performing our audit of the general purpose financial statements of Port of The Dalles, for the year-ended June 30, 2009, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the General Purpose Financial Statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

The management of Port of The Dalles is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments are required of management to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with Generally Accepted Accounting Principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of The Port of The Dalles in a separate letter dated December 14, 2009. In addition, we have reported to the Port in a separate letter regarding matters involving the internal control over financial reporting including communication of a significant deficiency regarding preparation of the Port's financial statements.

2. 162-010-0240 COLLATERAL SECURITY:

The District has complied with ORS chapter 295 in relation to deposit accounts and qualifying depositories.

3. 162-010-0260 BUDGET:

Except as discussed in the following paragraph, the Port has complied with legal requirements relating to the preparation, adoption, and execution of the annual budget for the fiscal year-ended June 30, 2009, and for the succeeding year.

- A. We noted that the District exceeded appropriations in the General Fund, specifically the Capital Outlay appropriation

4. 162-010-0250 INDEBTEDNESS:

During our examination nothing came to our attention that caused us to believe the District did not comply with legal debt requirements relating to short-term and long-term debt.

5. 162-010-0270 INSURANCE AND FIDELITY BONDS:

Insurance and fidelity bond coverage is set forth in the other financial schedules section of this report. We ascertained that such policies appeared to be in force and comply with legal requirements relating to insurance and fidelity bond coverage. We are not competent by training to state whether the insurance policies covering Port-owned property in force at June 30, 2009, are adequate. During our examination, nothing came to our attention that caused us to believe the District was not in compliance with statutory requirements.

6. 162-010-0280 PROGRAMS FUNDED FROM OUTSIDE SOURCES AND FINANCIAL REPORTING REQUIREMENTS:

The Port received the following grants during the 2008-2009 fiscal year:

<u>GRANTOR</u>		<u>GRANT</u>	<u>AMOUNT</u>
S.D.A.O.	-	Safety Grant	\$ 3,000
O.S.M.B.	-	Launch Ramp	6,200
	-	Pump Out	450
			<u>9,650</u>
			\$ 9,650

In connection with our examination of the financial statements, we reviewed and tested the Port's procedures and records relating to programs funded by other governmental agencies, including financial reporting requirements thereof. Based on our testing, we are, in general, satisfied as to the propriety of accounting for programs funded from outside sources and the reporting thereof.

7. 162-010-0300 INVESTMENTS:

We have reviewed the Port's compliance with ORS 295 regarding the investment of surplus public funds. Our review disclosed no conditions, which we considered matters of noncompliance.

8. 162-010-0310 PUBLIC CONTRACTS AND PURCHASING:

The District's procedures for awarding public contracts were reviewed and found to be in accordance with ORS 297.

9. ELECTED OFFICIALS:

Minimum standards require independently elected officials who receive or disburse funds to present a schedule of accountability. The Port of The Dalles has no elected officials who receive or disburse monies.

10. ENDING FUND BALANCE:

A comparison of the actual ending fund balances (budgetary basis) at June 30, 2009, to the budgeted beginning fund balances for 2009-2010 follows:

	ACTUAL FUND BALANCE <u>6/30/2009</u>	BUDGETED FUND BALANCE <u>7/1/2009</u>
General Fund	\$ 878,515	\$ 861,450
Port Development Fund	3,688,873	3,725,858
Capital Projects Fund	-	-
<u>TOTALS</u>	\$ <u>4,567,388</u>	\$ <u>4,587,308</u>