



BUDGET MESSAGE FOR FISCAL YEAR 2022 / 2023

The introduction of this year's budget message is very much an echo of last year's message: a sincere thankfulness for your willingness to participate in the Port of Alsea budget process, as well as a caution about the uncertainty of any budget predictions again this year. However, the reasons for the uncertainties have changed somewhat. We have a year of experience behind us with respect to the operation of the new marina facilities and the Dock of the Bay and this year's budget proposal incorporates many of those lessons learned. However, the transition out of the COVID pandemic, current inflationary trends, and a potential recession create new difficulties in the prediction of the Port's future revenues and expenses. As always, the budget proposal represents the best guesses of what we can expect for next year's economic prospects.

The Oregon statutes require that the budget official / port manager prepare a budget message for submission to the Budget Committee. At a minimum, the budget message must contain the following discussions:

I. An Explanation of the Budget Document

The sources and contributions of the Port's revenue production have changed significantly. Putting grants aside, in the past, revenues had been split fairly evenly between property taxes, the marina (launch and moorage fees and commercial licenses), and leases (Salty Dawg, Dock of the Bay, Shrimp Daddy, and Alsea Bay Crab Co.). With the purchase of the Dock of the Bay, that changed dramatically. After the expenses of purchasing the Dock of the Bay, will add an additional \$50,000 to the Port's revenues since May 5, 2021. Not all of those assets are held as cash. The commissioners decided in October to invest in two molds and 30,000 crab measure blanks to produce bulk crab measures to sell to businesses along the Oregon, Washington, and northern California coast. In the proposed budget, I estimate that the amount of DOB revenue will remain the same, although we clearly hope it will be higher.

It is difficult to determine what impacts the current inflation / possible recession will have on the proposed assumptions for the DOB receipts. For example, receipts from rental boats currently constitute about 50% of the DOB revenues. Almost half of the rental boats are reserved by people from out of state; we know that because they buy out-of-state shellfish licenses. The money months in the next budget are July through November, when inflation is expected to still be on the rise. There is no real way to predict how many people from California will be deterred from making a trip to Oregon this year because of the price of gas. We have raised our prices at the Dock of the Bay. We have also raised the daily launch fee at the Port from \$7 to \$10, effective March 1, 2022. Property taxes will go up at least 3% (more if there are new properties being developed and added to the tax rolls.) Our leases also go up 3% a year. However, while that will not keep up with anticipated inflation, the Port expends very little to receive those revenues.

There are significant differences between anticipated DOB revenues on various line items. The current budget was determined based upon Bill TERNYLA's, the previous owner's ledger books describing previous revenues and expenditures. Those numbers were scarce and often difficult to decipher and understand. For example, there were very few receipts available, so it was difficult to separate food items sold from alcohol sold. The Port decided not to sell alcohol, and based on what information I had, I estimated revenues from food and beverages at \$20,000. The actual revenues through nine months is less than \$2,000. Conversely, I estimated revenues from crab pot rentals and bait sales at \$10,000 this current year, but the revenues have been almost \$27,000 in the first nine months. Taking out the shellfish licenses (the sales are much higher than I anticipated, but we make very little money on them), the current budget anticipated DOB revenues of \$193,000. Ten months into the year, we have total revenues of approximately \$160,000, with May and June being money months for the DOB, so we will probably be reasonably close to the estimated revenues. On budgeted expenditures for the DOB, estimated costs were \$100,000; ten months in the current fiscal year, we have expended \$104,000 (after deducting the crab measure expenditures). The proposed budget reflects both revenue and expenditure estimates that are founded upon the actual numbers of the current year.

In October, 2021, the commissioners made the decision to produce crab measures for businesses from northern California to northern Washington, although we anticipate that most of the accounts will be located on the Oregon coast. When the Port purchased the Dock of the Bay, included in the inventory was a machine that makes bulk crab measures and imprints business names on them. The question before the commissioners was whether to get into the crab measure business or sell the machine, probably at a loss (the Port paid \$7,500 for the machine when it purchased the Dock of the Bay). After investing about two months in researching the question, the Board of Commissioners decided to take the plunge. The Port has paid to have two molds made to produce the crab measure blanks and it has purchased 30,000 blanks. The remaining 25,000 blanks should last through the next fiscal year; the budget assumes we will sell 16,000 crab measures in FY 2022 / 2023. If we need to have more blanks made, the cost will come out of the \$88,044 operating contingency found on the second LB-30 form. Commissioners and staff have become sales reps, making trips up and down the Oregon coast, mailing out fliers, and establishing new accounts; the Port now has nine accounts and has 5,000 crab measures have been sold to date. The Port expects to pick up more accounts as we approach crabbing season.

Last year, the Port increased moorage and annual launch passes. This year, the Port received the go-ahead from the Oregon State Marine Board to raise the daily launch fee from \$7.00 to \$10.00. This increase mostly impacts boaters from out of the area. Locals and those who own property in the Port District can purchase annual passes for \$60.00, which is the option most exercised.

II. A Brief Description of the Proposed Budget Policies for the Coming Fiscal Year

The marina construction is completed, so the only bond funds in the proposed budget is for property taxes raised and expenditures paid to the bond holders (debt service). Those resources and requirements (revenues and expenditures) are found on LB-35. LB-10 was used for the resources and requirements of the marina construction, so the only entries on the LB-10 are for

the historical data, since the construction projects are completed and those bond funds have been expended.

The policies with respect to the General Fund, which includes the Dock of the Bay, is to invest as wisely as possible in revenue generating expenditures. For example, the Port purchased \$1,399.00 in software for moorage reservations. The software will take credit cards and at a lower interest rate than Square, which has been used for moorage reservations in the past. About the only thing that the Port will use Square for now is for annual launch passes. The Port currently has four merchant services – World Pay for the launch pay station, Square in the office for the payment of annual launches, Molo for the moorage reservation software, and TimePayment Corp for purchases at the Dock of the Bay. Consolidation isn't really practical because each is tied to a specific use except for Square, which comparatively speaking, is not used a lot.

III. Important Features of the Budget Document in Connection with the Fiscal Policies of the Local Government

The Port now has a new auditor, Grimstad and Associates, because Tony Wilder, our former auditor retired. The new auditors have made suggestions of various kinds pertaining to the operations of the Port, including the Dock of the Bay. The Port is incorporating those recommendations to the extent reasonably possible into its operations. For example, it was recommended that a bank deposit be made on the last day of each month. Every reasonable effort is made to do that. On the other hand, it was recommended that a commissioner make a bank deposit every day during the busy season; that will not be done because it would be unreasonable and inappropriate for a commissioner to do that. The Port will work more closely with the auditors this fall to work out procedures that best protect the financial integrity of the Port while being mindful of the roles of the commissioners versus the staff, as well as the costs / benefits of proposed changes in procedures and the time needed to implement and perform the recommendations.

The auditors were concerned about the budget documents prepared by the budget officer last year and the budget officer was referred to a person at the Oregon Department of Revenue (ODR) to review the appropriate construction of the annual budget. After working with Jean Jitan at ODR, the documents for the proposed budget are very much the same as what you have seen in the past, although the contingency funds are now found on LB-30 instead of LB-31. The biggest change was to discontinue the use of the LB-10 form, but the budget officer was told to continue to use it to enter the historical data. Since the LB-10 form was used to identify the resources and requirements of the marina construction project and that project is now complete, the use of the LB-10 form would have been discontinued in any case except to provide the historical data. The language of the Budget Resolution, which the Budget Committee does not review, will also be changed.

The fiscal policies of the Port are to always maintain compliance with those requirements of the Secretary of State's Audit Division and we will continue to work with our auditors at Grimstad and Associates to make sure we are in fact compliant. We will also work with our auditors to

find common ground on those procedures that are preferred by the auditors but for which the implementation may create issues or difficulties with Port operations.

Thank you again for your participation in the Port's budget process. I will be sending out additional information as we get closer to the Budget Committee meeting. For example, you will receive the current information about the Port's general fund (which includes the Dock of the Bay) profits and losses. If you have any questions or suggestions, please feel free to contact me.

I look forward to seeing you here at the Port office on Thursday, April 28, at 5:30, for our Budget Committee meeting.

**RESOURCES
General Fund
(Fund)**

Port of Aisea

	Historical Data			Adopted Budget This Year 2021 / 2022	RESOURCE DESCRIPTION	Budget for Next Year 2022 / 2023			
	Actual	First Preceding Year 2020 / 2021	Second Preceding Year 2019 / 2020			Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
1	125,000	100,000	50,000		1. Available cash on hand* (cash basis) or	76,000			1
2					2. Net working capital (accrual basis)				2
3	0	0	3,000		3. Previously levied taxes estimated to be received	3,000			3
4	3,500	201	1,000		4. Interest	200			4
5		0	0		5. Transferred in from Other Funds	0			5
6					OTHER RESOURCES				6
7	13,360	9,514	10,251		6. Lease: Dock of the Bay	14,078			7
8	10,730	18,420	10,715		7. Lease: Salty Dawg	10,907			8
9	3,360	3,120	5,400		8. Lease: Shrimp Daddy	4,800			9
10	1,600	1,140	1,800		9. Lease: Aisea Bay Crab Co.	2,100			10
11	5,000	202,250	63,000		10 Grant Income	65,000			11
12	30,063	28,378	35,000		11 Launch Income	35,000			12
13	6,280	20,758	12,000		12 Moorage	20,000			13
14	3,053	3,000	2,000		13 Donations	3,000			14
15	797	3,564	3,500		14 Commercial Licenses	3,000			15
16	300	1,158.00	300		15 Misc. Revenue	300			16
17	0	5,406	100,000		16 Boat Rentals	100,000			17
18	0	427	8,000		17 Crab Cooking / Ice	7,000			18
19	0	2,047	10,000		18 Crab Ring Rentals / Bait	30,000			19
20	0	1,873	7,000		19 Shellfish Licenses	23,000			20
21	0	11	20,000		20 Food and Beverages	2,000			21
22	0	10,932	35,000		21 Merchandise Sales	25,000			22
23	0	0	10,000		22 Bulk Sales	20,000			23
24					23				24
25					24				25
26					25				26
27					26				27
28					27				28
29	218,915	322,400	412,256		28. Total resources, except taxes to be levied	431,385			29
30	49,925	47,850	49,500		29. Taxes estimated to be received	51,500			30
31	268,840	370,250	461,756		30. Taxes collected in year levied				31
32					31. TOTAL RESOURCES	492,885			32

*Includes ending balance from prior year

Requirements Summary
ALLOCATED to an organizational unit or program & activity.

General
(Fund)

Port of Alsea
(Name of Municipal Corporation)

Historical data	Historical data			Requirements for Administration (Name of program or organizational unit)	Budget for next year 2022-23		
	Actual Second preceding year 2019-20	First preceding year 2020-221	Adopted budget this year year 2021-22		Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body
1				1 Personnel services			1
2			145,000	2 Gross Payroll	145,000		2
3			30,000	3 Port Paid Payroll Taxes	30,000		3
4				4			4
5				5			5
6				6			6
7				7			7
8	64,511	80,404	175,000	8 Total personnel services	175,000		8
9			3	9 Total full-time equivalent (FTE)	3.5		9
10				10 Materials and services			10
11	112,774	61,702	141,520	11 See LB-31	229,841		11
12				12			12
13				13			13
14				14			14
15				15			15
16				16			16
17				17			17
18				18			18
19				19			19
20				20			20
21				21			21
22				22			22
23				23			23
24				24			24
25				25			25
26				26			26
27	112,774	61,702	141,520	27 Total materials and services	229,841		27
28				28 Capital outlay			28
29				29			29
30				30			30
31				31			31
32				32			32
33				33			33
34				34 Total capital outlay			34
35	177,285	142,106	316,520	35 Organizational unit / Activity total	404,841		35

Requirements Summary
NOT ALLOCATED to an organizational unit or program.

General

(Fund)

Port of Alsea

(Name of Municipal Corporation)

Historical data			Adopted budget this year 20__-__	Requirements description	Budget for next year 20 22 _ 23		
Actual Second preceding Year 20__-__	First preceding Year 20__-__	Proposed by Budget Officer			Approved by Budget Committee	Adopted by Governing Body	
1				1 Personnel services - Not allocated			1
2				2			2
3				3			3
4				4 Total personnel services			4
5				5 Total full-time equivalent (FTE)			5
6				6 Materials and services - Not allocated			6
7				7			7
8				8			8
9				9 Total materials and services			9
10				10 Capital outlay - Not allocated			10
11				11			11
12				12			12
13				13 Total capital outlay			13
14				14 Debt service			14
15				15			15
16				16			16
17				17 Total debt service			17
18				18 Special payments			18
19				19			19
20				20			20
21				21 Total special payments			21
22				22 Interfund transfers			22
23				23			23
24				24			24
25				25			25
26				26			26
27				27			27
28				28 Total interfund transfers			28
29			116,385	29 Operating contingency		88,044	29
30				30 Reserved for future expenditure			30
31				31 Unappropriated ending balance			31
32				32 Total requirements NOT ALLOCATED			32
33				33 Total requirements for ALL org. units/programs within fund		404,841	33
34				34 Ending balance (prior years)			34
35	0	0	432,905	35 Total requirements		492,885	35

Detailed Requirements

General
(Fund)

Historical data		Adopted budget this year 2021-22	Requirements for Administration (Name of program or organizational unit)	Budget for next year 2022-23			
Actual Second preceding Year 2019-20	First preceding Year 2020-21			Proposed by Budget Officer	Approved by Budget Committee	Adopted by Governing Body	
1	7,349	5,960	1	Facilities Maintenance	6,000		1
2	2,151	2,298	2	Maintenance Supplies	4,500		2
3	19,188	18,973	3	Utilities	24,000		3
4	1,646	0	4	Election / Budget	3,000		4
5	1,730	1,194	5	Dues, Conference, Travel	4,000		5
6	2,207	1,134	6	Office Supplies	3,000		6
7	3,674	3,854	7	Printing, Signs	5,000		7
8	1,254	1,381	8	Property Taxes	600		8
9	156	0	9	Marketing / Advertising	1,000		9
10	149	150	10	Maintenance Clothing Allowance	400		10
11	7,349	7,358	11	Insurance / Bond	10,000		11
12	809	386	12	Legal / Survey	1,000		12
13	9,106	5,960	13	Audit / Accounting	12,000		13
14	230	231	14	Technical Assistance	1,000		14
15	2,746	2,269	15	Equipment Lease / Repair	3,000		15
16	20,739	61,580	16	Capital Projects	61,000		16
17	0	678	17	Misc. Expenses	1,000		17
18	0	135	18	Boat fuel / Maintenance / Propane	10,000		18
19	0	600	19	ODF&W Shellfish Licenses	22,000		19
20	0	1,464	20	Merchandise	15,000		20
21	0	1,800	21	Shop Rental	2,400		21
22	0	755	22	Food and Beverages	1,000		22
23	0	5,000	23	Promisory Note to Robby Hensen	7,341		23
24			24	DOB Lease Payment	14,078		24
25			25	Contingency Fund	0		25
26			26				26
27			27				27
28			28				28
29			29				29
30			30	Total full time equivalent (FTE)*	2.5		30
31	80,483	123,160	31	Ending balance (prior years)			31
32			32	Unappropriated ending fund balance			32
33	80,483	123,160	33	Total requirements	229,841		33

150-504-031 (Rev. 11-16)

*When budgeting for personnel services expenditures, include number of related FTE positions.

SPECIAL FUND
RESOURCES AND REQUIREMENTS

Bond Fund
(Fund)

Port of Aisea
(Name of Municipal Corporation)

Historical Data			DESCRIPTION	Budget for Next Year 2022 - 23		
Actual	Actual	Actual		Proposed By	Approved By	Adopted By
Second Preceding Year 2019 - 20	First Preceding Year 2020 - 21	Adopted Budget Year 2021 - 22	RESOURCES	Budget Officer	Budget Committee	Governing Body
1			1			
2	2,334,477	1,373,376	2	0		
3			3			
4			4	0		
5			5	0		
6			6			
7			7			
8			8			
9			9			
10	2334477	1373376	10	0	0	0
11			11	0		
12			12			
13	2334477	1373376	13	0	0	0
14			14			
15			15			
16			16			
17			17			
18	961,101	1,373,376	18			
19			19			
20			20			
21			21			
22			22			
23			23			
24			24			
25			25			
26			26			
27			27			
28			28			
29			29			
30			30			
31	961101	1373376	31	0	0	0

**List requirements by organizational unit or program, activity, object classification, then expenditure detail. If the requirement is "not allocated", then list by object classification and expenditure detail.

*The balance of cash, cash equivalents and investments in the fund at the beginning of the budget year

