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## **PORT OF ARLINGTON**

**Report to the Board of Commissioners  
for the Year Ended June 30, 2023**

**January 27, 2026**



**436 1<sup>st</sup> Avenue W • P.O. Box 1072  
Albany, Oregon 97321 • (541) 223-5555**



January 27, 2026

Board of Commissioners  
Port of Arlington  
Arlington, Oregon 97812

We are pleased to present this report related to our audit of the modified cash basis financial statements of the governmental activities and each major fund of the Port of Arlington, Gilliam County, Oregon, for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Port's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the Port.

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

It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Port.

Very truly yours,

*Accuity, LLC*  
Accuity, LLC  
Certified Public Accountants

Albany, Oregon

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

June 30, 2023

<b>Finding Number</b>	2023-001
<b>Finding Title</b>	No review and approval of journal entries
<b>Type of Finding</b>	Material Weakness
<b>Criteria</b>	Journal entries should be reviewed and approved as a part of normal controls processes.
<b>Condition</b>	No process exists for review and approval of journal entries.
<b>Cause of Condition</b>	Lack of knowledge of appropriate process around journal entries.
<b>Potential Effect of Condition</b>	Risk of errors in financial data, as well as the ability to change data after reports have been printed, whether intentionally or inadvertently.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We recommend a process be developed that includes review and approval of journal entries when utilized in the accounting program.

**PORt OF ARLINGTON**  
**Gilliam County, Oregon**

June 30, 2023

<b>Finding Number</b>	2023-003
<b>Finding Title</b>	Preparation of Financial Statements in Accordance with an Other Comprehensive Basis of Accounting
<b>Type of Finding</b>	Significant Deficiency
<b>Criteria</b>	Ideally, staffing levels should allow for accounting personnel with the ability to draft financial statements and related disclosures.
<b>Condition</b>	Due to the size of the Port and limited staffing, this deficiency will most likely remain in subsequent years.
<b>Cause of Condition</b>	The Port lacks personnel with the ability to prepare financial statements in accordance with the accounting method selected by the Port (modified cash).
<b>Potential Effect of Condition</b>	The State of Oregon has adopted statutes that mitigate the identified deficiency by requiring municipal auditing firms to assist with and/or prepare financial statements for audit clients in accordance with an other comprehensive basis of accounting.
<b>Prevalence</b>	Systemic
<b>Recommendation</b>	We do not recommend any changes in staffing, but the board of commissioners should be aware of this deficiency and remain involved in mitigating controls that have been put into place.

During our audit, we became aware of the following deficiencies in internal control, other than material weaknesses or significant deficiencies, that are opportunities to strengthen internal controls and operating efficiencies.

#### ***Outstanding Items on Bank Reconciliation***

It was noted during fieldwork that the bank reconciliation for the Bank of Eastern Oregon account has old items that need to be cleared. Although not in a large amount, these outstanding items result in incorrect cash balances. We recommend that, prior to closing each fiscal year, any outstanding items that are stale be cleared from the bank reconciliation module.

#### ***Review and Approval of Bank Reconciliations***

During our audit, we noted that there is no indication of review and approval of bank reconciliations. Review of reconciliations is important to assist staff in spotting posting errors, and ensure they are done timely. We recommend that reconciliations regularly be reviewed and approved by someone other than the individual preparing them.

#### ***Noncompliance with Oregon Budget Law: Excess of Expenditures Over Appropriations***

During the year ended June 30, 2023, the Port expended funds in excess of amounts appropriated in two funds and four appropriation categories, which is in violation of Oregon Budget Law. We recommend the Port review and closely monitor expenditures on a routine basis, comparing budgeted amounts to actual amounts, in order to mitigate future recurrences.

#### ***Noncompliance with Oregon Budget Law: Supplemental Budget***

The Port adopted a supplemental budget for the fiscal year ended June 30, 2023 subsequent to fiscal year end, which is not allowed under Oregon Budget Law. We recommend that the Port review Oregon Budget Law regulations regarding adoption of supplemental budgets to mitigate future recurrences.

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

Very truly yours,

  
Accuity, LLC

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements that we identified as a result of our audit procedures that were brought to the attention of, and corrected by, management.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain written representations from management, which are included in the attached letter dated January 27, 2026.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Port's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

### **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Recently Issued Accounting Standards**  
**June 30, 2023**

**New Pronouncements**

For the fiscal year ended June 30, 2023, the Port implemented the following new accounting standards:

**GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements** – This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

**GASB Statement No. 96, Subscription-Based Information Technology Arrangements** – This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

**GASB Statement No. 99, Omnibus 2022** – This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

**GASB Statement No. 101, Compensated Absences** – This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Port will implement the applicable new GASB pronouncement no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing the following pronouncement:

**GASB Statement No. 100, Accounting Changes and Error Corrections** – This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but will remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

#### **Audit Procedures -- Internal Control**

We will obtain an understanding of the government and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance, internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

1. Revenue recognition (presumptive risk)

#### **Audit Procedures -- Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Port of Arlington's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

#### **Responsibilities of Management for the Financial Statements**

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of

nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all cash or other confirmations we request, will locate any documents selected by us for testing, and will prepare schedules requested by us by the dates communicated directly to management.

We will provide copies of our reports to Port of Arlington; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Accuity, LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to the State of Oregon or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Accuity, LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of seven years after the report release date or for any additional period requested by the State of Oregon. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party/parties contesting the audit finding for guidance prior to destroying the audit documentation.

Glen Kearns is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. If, through no fault of Accuity, LLC, necessary information is not made available in a timely manner, the engagement shall be extended as agreed upon by both parties.

Our fees for these services will be based on the value of the services rendered, plus out-of-pocket expenses. We estimate that our fees for these services, including out-of-pocket costs (such as report reproduction, typing, postage, copies, and travel), will be \$19,500. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

Our invoices for these fees will be rendered as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Accuity, LLC does not host any of Port of Arlington's information. Liscio is used solely to transmit data and is not intended to store your information. Port of Arlington is solely responsible for downloading any deliverables and other records from Liscio that Port of Arlington wishes to retain for its own records at the completion of the engagement.

### **Reporting**

We will issue a written report upon completion of our audit of Port of Arlington's financial statements. Our report will be addressed to management and those charged with governance of Port of Arlington. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete our audit or are unable to form or have not formed opinions, we may decline to express our opinions or withdraw from this engagement.

Accuity, LLC  
Certified Public Accountants  
436 1<sup>st</sup> Avenue W  
P.O. Box 1072  
Albany, Oregon 97321

This representation letter is provided in connection with your audit of the modified cash basis financial statements of the Port of Arlington, which comprise the respective financial position of the governmental activities and each major fund as of June 30, 2023, the respective changes in financial position for the year then ended, and the disclosures, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America..

Certain representations in this letter are described as being limited to matters that are material. Items are considered to be material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of the date of signature of this letter, the following representations made to you during your audit.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 25, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with the modified cash basis of accounting and include all properly classified funds and other financial information of the Port required by the modified cash basis of accounting to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

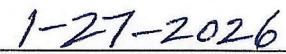
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the Port and involves management, employees who have significant roles in internal control, or others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the Port's financial statements communicated by employees, former employees, regulators, or others.
16. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the Port's related parties and all the related party relationships and transactions of which we are aware.

**Port-Specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have taken timely and appropriate steps to remedy identified and suspected fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements, or abuse that you have reported to us.
21. We have a process to track the status of audit findings and recommendations.
22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
23. We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
24. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
25. The Port has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or fund balance.

37. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
40. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
41. Deposits, investment securities, and derivative instruments are properly classified as to risk and are properly disclosed.
42. Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
43. We have appropriately disclosed the Port's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
44. We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial statement purposes.
45. With respect to the supplementary information:
  - a. We acknowledge our responsibility for presenting the supplementary information in accordance with the modified cash basis of accounting, and we believe this information, including its form and content, is fairly presented in accordance with the modified cash basis of accounting. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

  
\_\_\_\_\_  
Ted Crowther, Executive Director  
Port of Arlington

  
\_\_\_\_\_  
Date

**PORT OF ARLINGTON**

**Journal Entry**

**06/30/2023**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>	<b>Net Income Effect</b>
<b>AJE08</b>				
To reclass CY expense from BS to PL				
100-6016	Employee Benefits Retirement	1,768.34	0.00	
100-6015	Employee Benefits Insurance	12,165.49	0.00	
100-6011	Payroll Taxes - Staff	0.00	63.97	
100-2100	Payroll Liabilities	0.00	13,869.86	
100-2009	Dental Insurance	402.01	0.00	
100-6015	Employee Benefits Insurance	0.00	402.01	
100-2105	408k SEP Co. Match	1,832.33	0.00	
100-6016	Employee Benefits Retirement	0.00	1,832.33	
100-2115	Federal Taxes (941/943/944)	3,975.49	0.00	
100-6011	Payroll Taxes - Staff	0.00	3,975.49	
100-2120	Health Insurance	6,326.68	0.00	
100-6015	Employee Benefits Insurance	0.00	6,326.68	
100-2125	OR Employment Taxes	9.94	0.00	
100-6011	Payroll Taxes - Staff	0.00	9.94	
100-2130	OR Income Tax	1,075.47	0.00	
100-6011	Payroll Taxes - Staff	0.00	1,075.47	
100-2135	OR Paid Family and Medical Leave	91.61	0.00	
100-6011	Payroll Taxes - Staff	0.00	91.61	
100-2140	OR Statewide Transit Taxes	15.27	0.00	
100-6011	Payroll Taxes - Staff	0.00	15.27	
<b>Total</b>		<b>27,662.63</b>	<b>27,662.63</b>	<b>-141.06</b>
<b>AJE09</b>				
To correct for PY cash with County balance - Restate				
100-1006	Cash With County	0.00	721.40	
100-3000	BEGINNING FUND BALANCE	721.40	0.00	
<b>Total</b>		<b>721.40</b>	<b>721.40</b>	<b>0.00</b>
<b>AJE10</b>				
To record budgeted transfers not booked by client				
100-6170	Transfers Out of General Fund	411,846.00	0.00	
100-1003	LGIP Investment A/C	0.00	411,846.00	
200-1000	Cash	400,000.00	0.00	
200-5600	Transfer from General Fund	0.00	400,000.00	
400-1004	Reserve Fund	11,846.00	0.00	
400-9001	Transfer from General Fund	0.00	11,846.00	
<b>Total</b>		<b>823,692.00</b>	<b>823,692.00</b>	<b>0.00</b>
<b>AJE11</b>				
To adjust equity to match PY financials				
100-3000	BEGINNING FUND BALANCE	0.00	4,704.33	
100-6123	Miscellaneous - AD	4,704.33	0.00	
<b>Total</b>		<b>4,704.33</b>	<b>4,704.33</b>	<b>-4,704.33</b>
<b>AJE12</b>				
To clear old o/s items on BEO rec				

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**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**ANNUAL FINANCIAL REPORT**

June 30, 2023



436 1<sup>st</sup> Avenue W • P.O. Box 1072  
Albany, Oregon 97321 • (541) 223-5555

**PORt OF ARLINGTON**  
**Gilliam County, Oregon**

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June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Port of Arlington  
Arlington, Oregon 97218

### Opinions

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of the Port of Arlington, Gilliam County, Oregon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of the Port of Arlington, Gilliam County, Oregon as of June 30, 2023, and the respective changes in modified cash basis financial position thereof for the year then ended on the modified cash basis of accounting described in Note I.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port of Arlington, Gilliam County, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter – Basis of Accounting

We draw attention to Note I of the financial statements, which describes the basis of accounting. The Port of Arlington, Gilliam County, Oregon, prepares its financial statements on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

### Emphasis of Matter – Change in Accounting Principles

As described in the notes to the financial statements, in the year ended June 30, 2023, the Port adopted new accounting guidance: GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, GASB Statement No. 99, *Omnibus 2022*, and GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port of Arlington, Gilliam County, Oregon's basic financial statements. The budgetary comparison information and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Report on Other Legal and Regulatory Requirements**

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 27, 2026 on our tests of the Port's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
January 27, 2026

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**

June 30, 2023

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	<u>\$ 1,158,513</u>
Noncurrent assets	
Assets held for sale	620,000
Capital assets not being depreciated	406,123
Capital assets being depreciated, net	<u>2,847,191</u>
Total noncurrent assets	<u>3,873,314</u>
Total assets	<u>5,031,827</u>
<b>LIABILITIES</b>	
Current liabilities	
Long-term debt, current portion	10,223
Noncurrent liabilities	
Long-term debt, less current portion	<u>91,244</u>
Total liabilities	<u>101,467</u>
<b>NET POSITION</b>	
Net investment in capital assets	3,151,847
Unrestricted	<u>1,778,513</u>
Total net position	<u>\$ 4,930,360</u>

The accompanying notes are an integral part of these financial statements.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**BALANCE SHEET - MODIFIED CASH BASIS**

**GOVERNMENTAL FUNDS**

June 30, 2023

	General Fund	Special Revenue Funds		Capital Projects Fund	Total Governmental Funds
		Economic Development	Gronquist	Reserve	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,110,847	\$ _____ -	\$ 93,061	\$ 92,147	\$ 1,296,055
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Book overdraft	\$ _____ -	\$ 137,542	\$ _____ -	\$ _____ -	\$ 137,542
Fund balances (deficit)					
Committed	- - -	- - -	93,061	92,147	185,208
Unassigned	1,110,847	(137,542)	- - -	- - -	973,305
Total fund balances (deficit)	1,110,847	(137,542)	93,061	92,147	1,158,513
Total liabilities and fund balances	\$ 1,110,847	\$ _____ -	\$ 93,061	\$ 92,147	\$ 1,296,055

The accompanying notes are an integral part of these financial statements.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES - MODIFIED CASH BASIS**

**GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Special Revenue Funds		Capital Projects Fund	Total Governmental Funds
		Economic Development	Gronquist	Reserve	
<b>REVENUES</b>					
Property taxes	\$ 145,459	\$ -	\$ -	\$ -	\$ 145,459
Marina user fees	33,006	-	-	-	33,006
RV park fees	28,446	-	-	-	28,446
Grants and contributions	15,721	-	-	-	15,721
Rent revenue	211,861	215,378	48,988	-	476,227
Interest	31,996	-	-	2,285	34,281
Miscellaneous	1,332	-	-	-	1,332
Total revenues	<u>467,821</u>	<u>215,378</u>	<u>48,988</u>	<u>2,285</u>	<u>734,472</u>
<b>EXPENDITURES</b>					
Port operations					
Personnel services	229,714	81,345	10,997	-	322,056
Materials and services	107,811	68,038	28,672	-	204,521
Debt service	-	12,144	-	-	12,144
Capital outlay	4,315	806,805	-	-	811,120
Total expenditures	<u>341,840</u>	<u>968,332</u>	<u>39,669</u>	<u>-</u>	<u>1,349,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>125,981</u>	<u>(752,954)</u>	<u>9,319</u>	<u>2,285</u>	<u>(615,369)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	400,000	-	11,846	411,846
Transfers out	<u>(411,846)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(411,846)</u>
Total other financing sources (uses)	<u>(411,846)</u>	<u>400,000</u>	<u>-</u>	<u>11,846</u>	<u>-</u>
Net change in fund balances	<u>(285,865)</u>	<u>(352,954)</u>	<u>9,319</u>	<u>14,131</u>	<u>(615,369)</u>
Fund balances - beginning, as restated	<u>1,396,712</u>	<u>215,412</u>	<u>83,742</u>	<u>78,016</u>	<u>1,773,882</u>
Fund balances (deficit) - ending	<u>\$ 1,110,847</u>	<u>\$ (137,542)</u>	<u>\$ 93,061</u>	<u>\$ 92,147</u>	<u>\$ 1,158,513</u>

The accompanying notes are an integral part of these financial statements.

## NOTES TO BASIC FINANCIAL STATEMENTS

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Presentation – Fund Financial Statements (Continued)**

**Special Revenue Funds**

*Economic Development Fund* – The Economic Development Fund is used to account for funds set aside for projects that promote economic growth. The primary sources of revenue are rental income and transfers from other funds.

*Gronquist Fund* – The Gronquist Fund accounts for revenues and expenditures related to event space in the Gronquist Community Center. The primary source of revenue is rental income.

**Capital Projects Fund**

*Reserve Fund* – The Reserve Fund is used to account for funds set aside for equipment purchases. The primary source of revenue is transfers from other funds.

Certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated.

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus within the limitations of the modified cash basis of accounting, as described below.

The governmental fund financial statements are reported using the current financial resources measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statements present sources and uses of available expendable financial resources during a given period. General capital asset acquisitions are reported as expenditures in the governmental funds. Issuance of long-term debt is reported as an other financing source.

In the government-wide financial statements and the fund financial statements, governmental activities are presented using the modified cash basis of accounting. This basis recognizes assets, liabilities, fund balance/net position, revenues, and expenditures when they result from cash transactions, with a provision for depreciation in the government-wide statements. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Budgetary Information (Continued)**

Budget amounts shown in the financial statements reflect the original budget amounts.

**G. Assets, Liabilities, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The Port's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State statutes authorize the Port to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**3. Capital Assets**

Capital assets resulting from cash transactions, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Port as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Land and improvements, construction in progress, and impaired assets are not depreciated. The other property, plant, and equipment of the Port are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment and furnishings	5
Buildings and improvements	7-50

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Assets, Liabilities, and Net Position/Fund Balance (Continued)**

**7. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Port itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The restricted fund balance classification includes amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Port's highest level of decision-making authority. The board of commissioners is the highest level of decision-making authority for the Port that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Port for specific purposes but do not meet the criteria to be classified as committed. The board of commissioners has retained the authority to assign fund balance. The board of commissioners may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to remove or revise a commitment.

The Port reports fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Excess of Expenditures Over Appropriations**

The Port expended funds in excess of appropriations, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the fiscal year ended June 30, 2023:

Fund	Function	Appropriations	Expenditures	Excess
General	Personnel services	\$ 223,100	\$ 229,714	\$ 6,614
Economic Development	Personnel services	60,760	81,345	20,585
Economic Development	Materials and services	51,100	68,038	16,938
Economic Development	Capital outlay	727,500	806,805	79,305

**B. Supplemental Budget**

The Port adopted a supplemental budget for the fiscal year ended June 30, 2023 subsequent to fiscal year end, which is in violation of Oregon Budget Law.

**C. Deficit Fund Balance**

At June 30, 2023, the Economic Development Fund reported a deficit fund balance of \$137,542. This deficit will be eliminated as resources are obtained.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

The Port of Arlington maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value. The Port participates in an external investment pool (State of Oregon Local Government Investment Pool (LGIP)). The LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested, exercising reasonable care, skill, and caution. Investments in the LGIP are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool that belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 867 Hawthorne Avenue SE, Salem, Oregon 97301.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**A. Deposits and Investments (Continued)**

**Concentration of Credit Risk**

The Port does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the Port's investments are in the Oregon Local Government Investment Pool.

**Custodial Credit Risk – Investments**

This is the risk that, in the event of the failure of a counterparty, the Port will not be able to recover the value of its investments that are in the possession of an outside party. The Port does not have a policy that limits the amount of investments that can be held by counterparties.

**Custodial Credit Risk – Deposits**

This is the risk that, in the event of a bank failure, the Port's deposits may not be returned. All Port deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The Port holds accounts at Bank of Eastern Oregon, for which the FDIC provides insurance coverage of \$250,000 for demand deposit accounts and \$250,000 for time and savings accounts. At June 30, 2023, \$250,000 of the Port's total deposits was insured by the FDIC and the remaining \$695,128 was collateralized by the PFCP.

**Deposits**

The Port's deposits and investments at June 30, 2023 are as follows:

Checking accounts	\$ 899,009
Investments	<u>259,504</u>
 Total deposits and investments	 <u>\$ 1,158,513</u>

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**B. Capital Assets (Continued)**

Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land and improvements	\$ 340,166	\$ -	\$ 340,166
Construction in progress	34,582	-	34,582
Impaired assets	31,375	-	31,375
Buildings and improvements	4,711,789	(1,883,943)	2,827,846
Equipment	<u>68,007</u>	<u>(48,662)</u>	<u>19,345</u>
 Total capital assets	 <u>\$ 5,185,919</u>	 <u>\$ (1,932,605)</u>	 <u>\$ 3,253,314</u>

Depreciation expense was charged to functions/programs of the Port as follows:

Governmental activities			
Port operations		<u>\$ 164,055</u>	

**C. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities arising from cash transactions for the year ended June 30, 2023:

	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities							
Gilliam County economic development loan	2%	<u>\$ 200,000</u>	<u>\$ 111,356</u>	<u>\$ -</u>	<u>\$ 9,889</u>	<u>\$ 101,467</u>	<u>\$ 10,223</u>

**2. Governmental Activities - Gilliam County Economic Development Loan**

On July 18, 2012, the Port signed a loan agreement with Gilliam County in the amount of \$200,000 for economic development. The loan requires monthly payments of \$1,012, which includes interest of 2%. A final balloon payment of \$59,419 is due on July 18, 2027.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (Continued)**

**E. Constraints on Fund Balances**

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Economic Development Fund	Gronquist Fund	Reserve Fund	Total Governmental Funds
<b>Fund balances (deficit):</b>					
Committed to:					
Equipment purchases	\$ -	\$ -	\$ -	\$ 92,147	\$ 92,147
Lease management	- -	- -	93,061	- -	93,061
Unassigned	<u>1,110,847</u>	<u>(137,542)</u>	<u>-</u>	<u>-</u>	<u>973,305</u>
Total fund balances (deficit)	<u><u>\$ 1,110,847</u></u>	<u><u>\$ (137,542)</u></u>	<u><u>\$ 93,061</u></u>	<u><u>\$ 92,147</u></u>	<u><u>\$ 1,158,513</u></u>

**IV. OTHER INFORMATION**

**A. Risk Management**

The Port is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Port carries commercial insurance. There were no insurance settlements exceeding insurance coverage in any of the past three years.

**B. Salary Reduction Simplified Employee Pension (SARSEP) Plan**

The Port has established a 408(k) plan for all regular full-time employees. Each employee has their own individual retirement account and the Port will contribute up to 12% of the employee's gross wages. For the year ended June 30, 2023, the Port contributed \$20,286. These contributions are recognized as expense and no employer liability existed at year end.

**C. Commitments**

During the year ended June 30, 2023, the Port entered into agreements for professional services totaling \$18,557, all of which remained outstanding at year end.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2023

**IV. OTHER INFORMATION (Continued)**

**G. New Pronouncements**

For the fiscal year ended June 30, 2023, the Port implemented the following new accounting standards:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability of Arrangements – This statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements – This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

GASB Statement No. 99, Omnibus 2022 – This statement was issued April 2022 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. This Statement addresses a variety of topics including issues related to lease implementation, public-private and public-public partnerships and availability payment arrangements, and subscription-based information technology arrangements.

GASB Statement No. 101, Compensated Absences – This statement was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

The Port will implement the applicable new GASB pronouncement no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing the following pronouncement:

GASB Statement No. 100, Accounting Changes and Error Corrections – This statement was issued to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**H. Subsequent Events**

Management has evaluated subsequent events through January 27, 2026, which was the date that the financial statements were available to be issued.

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL**

**GENERAL FUND**

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Property taxes	\$ 149,760	\$ (4,301)	\$ 145,459
Marina user fees	25,250	7,756	33,006
RV park fees	50,000	(21,554)	28,446
Grants and contributions	10,100	5,621	15,721
Rent revenue	136,260	75,601	211,861
Interest	7,000	24,996	31,996
Miscellaneous	100	1,232	1,332
Total revenues	<u>378,470</u>	<u>89,351</u>	<u>467,821</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	223,100	6,614	229,714
Materials and services	156,500	(48,689)	107,811
Capital outlay	761,900	(757,585)	4,315
Contingency	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
Total expenditures	<u>1,241,500</u>	<u>(899,660)</u>	<u>341,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(863,030)</u>	<u>989,011</u>	<u>125,981</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(411,846)</u>	<u>-</u>	<u>(411,846)</u>
Net change in fund balance	<u>(1,274,876)</u>	<u>989,011</u>	<u>(285,865)</u>
Fund balance - beginning, as restated	<u>1,665,570</u>	<u>(268,858)</u>	<u>1,396,712</u>
Fund balance - ending	<u>\$ 390,694</u>	<u>\$ 720,153</u>	<u>\$ 1,110,847</u>

**PORT OF ARLINGTON**  
**Gilliam County, Oregon**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL**

**GRONQUIST FUND**

For the Year Ended June 30, 2023

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Rental income	\$ 88,300	\$ (39,312)	\$ 48,988
Grants and contributions	<u>36,475</u>	<u>(36,475)</u>	-
Total revenues	<u>124,775</u>	<u>(75,787)</u>	<u>48,988</u>
<b>EXPENDITURES</b>			
Current			
Personnel services	21,600	(10,603)	10,997
Materials and services	32,400	(3,728)	28,672
Capital outlay	46,125	(46,125)	-
Contingency	<u>24,650</u>	<u>(24,650)</u>	-
Total expenditures	<u>124,775</u>	<u>(85,106)</u>	<u>39,669</u>
Excess (deficiency) of revenues over (under) expenditures	-	9,319	9,319
Fund balance - beginning	-	83,742	83,742
Fund balance - ending	<u>\$ -</u>	<u>\$ 93,061</u>	<u>\$ 93,061</u>

## **AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS**

In connection with our testing, nothing came to our attention that cause us to believe that the Port was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

1. The Port expended funds in excess of appropriations, which is in violation of Oregon Budget Law. The following appropriations were over-expended for the fiscal year ended June 30, 2023:

Fund	Function	Appropriations	Expenditures	Excess
General	Personnel services	\$ 223,100	\$ 229,714	\$ 6,614
Economic Development	Personnel services	60,760	81,345	20,585
Economic Development	Materials and services	51,100	68,038	16,938
Economic Development	Capital outlay	727,500	806,805	79,305

2. The Port adopted a supplemental budget for the fiscal year ended June 30, 2023 subsequent to fiscal year end, which is in violation of Oregon Budget Law.

#### OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the Port of Arlington's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for purpose of expressing an opinion on the effectiveness of the Port of Arlington's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port of Arlington's internal control over financial reporting. However, we noted certain matters that we have reported to management of the Port in a separate letter dated January 27, 2026.

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

*Accuity, LLC*  
Accuity, LLC  
January 27, 2026

Office of the Secretary of State  
Audits Division  
255 Capitol Street NE, Suite 180  
Salem, Oregon 97310

### **Plan of Action for Port of Arlington**

The Port of Arlington respectfully submits the following corrective action plan in response to deficiencies reported in our audit of the fiscal year ended June 30, 2023. The audit was completed by the independent auditing firm, Accuity, LLC, Albany, Oregon. The plan of action was adopted by the governing body of the Port at their meeting on February 12, 2026, as indicated by signatures below.

Deficiencies are listed on the attached Board Report, with adopted plan of action and timeframe below:

#### **1. Deficiency #1, 2023-001 regarding Journal Entries**

- a. *Plan of action:* Board President or elected designee will review and approve or disapprove of proposed journal entries by staff on a regular basis, and sign and note the date of review.
- b. *Timeframe for, or date of, implementation:* Current for any subsequent journal adjustments.

#### **2. Deficiency #2. 2023-002 relating to Segregation of Duties**

- a. *Plan of action:* The Port implemented alternative procedures to monitor and mitigate issues, by the Board performing monthly financial review/approval, giving another layer of oversight.
- b. *Timeframe for, or date of, implementation:* Followed since 2022 and will continue.

#### **3. Deficiency #3. 2023-03 regarding Basis of Accounting Method**

- a. *Plan of action:* To support the Port's limited staff and more specialized accounting methods, the audit firm will aid in preparing financial statements by modified cash accounting basis.
- b. *Timeframe for, or date of, implementation:* Continuing support by audit firm for key functions.

#### **4. Deficiency #4. 2023-04 regarding documentation of review and approval of expenditures**

- a. *Plan of action:* Invoices will be stamped upon receipt, with separate review for accuracy performed by two staff members and signed for approval, prior to issuance of payments.
- b. *Timeframe for, or date of, implementation:* Immediate review/processing, as described.

Signed by:

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Leah Shannon, President

Date

---

Jed Crowther, Executive Director

Date