

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

**FINANCIAL REPORT
FOR THE YEARS ENDED JUNE 30, 2022 and 2021**



**12700 SW 72nd Ave.
Tigard, OR 97223**

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**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

2021-2022

FINANCIAL REPORT

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PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

2021-2022
FINANCIAL REPORT

BOARD OF COMMISSIONERS

TERM EXPIRES

Leah Shannon (President)	June 30, 2025
Ron Wilson (Vice President)	June 30, 2025
Kathryn Greiner (Secretary)	June 30, 2025
Gibb Wilkins	June 30, 2025
Kip Krebs	June 30, 2023

All commissioners receive their mail at the address below.

REGISTERED AGENT

Jed Crowther, Executive Director
PO Box 279
Arlington, Oregon 97812

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PAULY, ROGERS, AND CO., P.C.
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October 20, 2025

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Port of Arlington
Gilliam County, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying basic financial statements of the business activities of the Port of Arlington (the Port), as of and for the year ending June 30, 2022, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents. The financial statements as of the year ended June 30, 2021, were audited by other auditors whose report dated February 2, 2022, issued a qualified opinion on those statements.

Disclaimer of Opinion on the Governmental Activities

In our opinion, except for the effects of the matters described in the Basis for Disclaimer of, and Qualified, and Unmodified Opinions Sections of our report, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the Port, as of June 30, 2022, and the respective changes in financial position and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on Each Major Fund

We do not express an opinion on the accompanying Statement of Activities of the Port. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Statement of Activities for the year ended June 30, 2022.

Basis for Disclaimer of Opinion, Qualified Opinion and Unmodified Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port 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.

Matter Giving Rise to the Disclaimer of Opinion on the Statement of Activities

We do not express an opinion on the accompanying Statement of Activities of the Port for the year ended June 30, 2022. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Statements of Activities for 2022.

Matters Giving Rise to the Qualified Opinion

Management has not obtained an actuarial valuation of the post-employment benefit obligation related to the implicit healthcare subsidy in accordance with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* or implemented GASB 87 *Leases*. Accounting principles generally accepted in the United States of America require that actuarially determined annual required contributions related to postemployment benefits, other than retirement benefits, attributable to employee services already rendered be recorded as expenses as employees earn the benefits, which, if not funded, would increase the liabilities, reduce the net position, and change the expenses of the governmental activities. The amount by which these departures would affect net position, liabilities and expenses of the governmental activities is not reasonably determinable.

Responsibilities of Management for the Financial Statements

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

In preparing the basic financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the basic financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the basic financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time.

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 basic financial statements that collectively comprise the basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

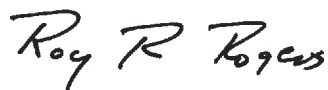
Other Information

Management is responsible for the other information included in the financial report. The other information comprises the listing of board members containing their term expiration dates, located before the table of contents, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 20, 2025, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

BASIC FINANCIAL STATEMENTS

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**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

**STATEMENTS OF NET POSITION
June 30, 2022 and 2021**

	June 30, 2022	June 30, 2021
ASSETS		
Current:		
Cash and Cash Equivalents	\$ 1,762,626	\$ 1,373,517
Receivables:		
Property Taxes	3,121	3,770
Accounts Receivable	-	274,248
Cash With County	721	-
Prepaid Expenses	-	6,460
Noncurrent:		
Capital Assets:		
Land and construction in process	226,122	160,166
Other capital assets (net of accumulated depreciation)	2,757,307	2,942,747
Total Assets	<u>4,749,897</u>	<u>4,760,908</u>
LIABILITIES AND NET POSITION:		
Current Liabilities:		
Accounts Payable	-	5,973
Payroll Liabilities	1,612	87
Accrued Compensated Absences	4,346	2,918
Notes Payable		
Due within one year	10,020	10,632
Noncurrent Liabilities:		
Due in more than one year - long term debt	<u>101,336</u>	<u>110,546</u>
Total Liabilities	<u>117,314</u>	<u>130,156</u>
NET POSITION		
Net Investment in Capital Assets	2,872,073	2,981,735
Restricted	-	327,752
Unrestricted	<u>1,760,510</u>	<u>1,321,265</u>
Total Net Position	<u>\$ 4,632,583</u>	<u>\$ 4,630,752</u>

See accompanying notes to the basic financial statements

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUES		
Intergovernmental Revenue	\$ 279,187	\$ 366,203
User Fees	95,819	77,942
Leases	337,610	260,378
Miscellaneous revenue	23,620	22,049
Total Operating Revenues	<u>736,236</u>	<u>726,572</u>
OPERATING EXPENSES		
Personal Services	341,864	422,880
Materials and Services	529,979	189,772
Capital Outlay	5,581	5,131
Total Operating Expenses	<u>877,424</u>	<u>617,783</u>
Operating Income	(141,188)	108,789
NON OPERATING REVENUES (EXPENSES)		
Interest income	7,112	13,110
Property taxes	138,229	141,155
Interest Expense	<u>(2,322)</u>	<u>(1,516)</u>
Total Non-Operating Revenues (Expenses)	143,019	152,749
Change in Net Position	1,831	261,538
Beginning Net Position	<u>4,630,752</u>	<u>4,369,214</u>
Ending Net Position	<u>\$ 4,632,583</u>	<u>\$ 4,630,752</u>

See accompanying notes to the basic financial statements.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021**

	2022	2021
Cash Flows From Operating Activities:		
Cash received from customers	\$ 1,010,412	\$ 472,795
Cash paid to suppliers and vendors	(876,937)	(613,615)
Cash paid to employees	2,953	(1,879)
Net Cash From Operations	<u>136,428</u>	<u>(142,699)</u>
Cash Flows From Non-Capital Financing Activities:		
Property taxes	<u>138,229</u>	<u>142,080</u>
Net Cash (Used) By Non-Capital Financing Activities	<u>138,229</u>	<u>142,080</u>
Cash Flows From Capital and Related Financing Activities:		
Principal payments on note payable and capital lease (net)	(12,144)	(19,152)
(Purchase), sale of property and equipment (net)	<u>119,484</u>	<u>(579,919)</u>
Net Cash (Used) By Capital and Related Financing Activities	<u>107,340</u>	<u>(599,071)</u>
Cash Flows From Investing Activities:		
Investment Earnings	<u>7,112</u>	<u>13,110</u>
Net Cash Provided (Used) By Investing Activities	<u>7,112</u>	<u>13,110</u>
Net Increase in Cash and Investments	389,109	(586,580)
Balances - Beginning of Year	<u>1,373,517</u>	<u>1,960,097</u>
Balances - End of Year	<u><u>\$ 1,762,626</u></u>	<u><u>\$ 1,373,517</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Activities to Operating Income		
Operating Income	\$ (141,188)	\$ 116,682
Adjustments		
(Increase), decrease in accounts receivable	274,176	(252,852)
(Increase), decrease in prepaid expenses	6,460	(627)
Increase, (decrease) in accounts payable	(5,973)	(4,023)
Increase, (decrease) in accrued payroll liabilities	1,525	52
Increase, (decrease) in accrued compensated absences	<u>1,428</u>	<u>(1,931)</u>
Net Cash From Operations	<u><u>\$ 136,428</u></u>	<u><u>\$ (142,699)</u></u>

See accompanying notes to the basic financial statements.

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**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND THE FINANCIAL REPORTING ENTITY

The Port of Arlington (the Port) is authorized by Chapter 777 of the Oregon Revised Statutes, as amended, to 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. The financial affairs of the Port are handled from the Port's office under the direction of the Administrative Assistant who is appointed by the Board of Commissioners. The administration of the Port is vested in an elected five-member board of commissioners. The Port's annual financial report includes the accounts of all Port operations. The accounting policies of the Port conform to accounting principles generally accepted in the United States of America. The following is a summary of significant accounting policies utilized by the port in preparation of the accompanying financial statements.

The Port is a political subdivision of the state of Oregon. It is governed by an elected five-member board of commissioners. These financial statements present all the funds of the Port.

In evaluating how to define the Port for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in generally accepted accounting principles. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibilities include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Port is able to exercise oversight responsibilities. The Port currently has no component units that should be included in the reporting entity.

B. BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements display information about the Port as a whole. These statements include the governmental financial activities of the overall Port. 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 Position, the Statement of Activities, and the Statement of Cash Flows. Governmental activities are financed primarily through property taxes, intergovernmental revenues, and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities. All revenues are classified as general revenues, including property taxes and interest.

Net position is reported as restricted when constraints placed on net asset use are either externally restricted, imposed by creditors (such as through grantors, contributors, or laws) or through constitutional provisions or enabling resolutions.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the Port's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Port reports the following major funds:

General Fund - The General Fund is the primary operating fund of the Port and accounts for all financial resources of the general government.

Economic Development Fund - The Economic Development Fund is the operating fund for the Port's economic development activity.

Gronquist Fund - The Gronquist Fund is for the Gronquist building the Port entered into a one-year lease agreement with Patrick Shannon.

One non-major fund is reported on the fund financial statements. This fund is not considered major due to the level of activity within it.

C. MEASUREMENT FOCUSED AND BASIS OF ACCOUNTING

Government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Port receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the Port funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Port's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (when they are measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The Port considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt, which is recognized when the obligations are expected to be liquidated with expendable available financial resources. Property taxes, interest and special assessments are susceptible to accrual.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUSED AND BASIS OF ACCOUNTING (CONTINUED)

Other receipts and taxes become measurable and available when the cash is received by the government and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the “susceptible to accrual” criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, and all other grant requirements have been met. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. BUDGET

A budget is prepared for the Port in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon local budget law. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personal services, materials and services, capital outlay, and contingency by fund are the levels of control. The detail budget document, however, is required to contain more specific, detailed information for the above-mentioned expenditure categories. Appropriations lapse at June 30. The Port does not utilize encumbrance accounting for budgeted funds.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations resolution. A supplemental budget may require hearings before the public, publications in newspapers, and approval by the board of commissioners. Original and supplemental budgets may be modified by the use of appropriations transfers between the levels of control. Such transfers require approval by the board of commissioners. The budget for the General Fund and Economic Development Fund includes capital outlay expenditures for capital purchases.

Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2022, with the exception of the General Fund – Personal Services, which was overexpended by \$73,356, General Fund – Materials and Services, which was overexpended by \$237,352, Economic Development Fund – Transfers Out, which was overexpended by \$152,870, and the Nonmajor Reserve Fund – Transfers Out, which was overexpended by \$40.

E. DEPOSITS AND INVESTMENTS

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. All short-term cash surpluses are maintained in a demand account.

Oregon statutes and local ordinances authorize the Port to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), certain bond obligations of civil subdivisions, general obligations of the United States, U.S. agency issues, general obligations of the states of Oregon, Washington, Idaho, and California, certain interest bearing bonds of a county, district, Port or school district, certain interest bearing bonds on any Port in the state of Oregon, life insurance and annuity contracts, pooled deferred compensation trusts, banker's acceptances, and certain corporate bonds.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS

Capital assets, which include property, equipment, and vehicles, are reported in the governmental activities columns in the government-wide Statement of Net Position. Capital assets are defined as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the Port as assets with a useful life in excess of one year. Depreciation is provided in amounts sufficient to recover the cost of the depreciable assets over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

Buildings and Improvements	15 - 100 years
Machinery and equipment	5 - 45 years

G. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The Port has no items that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Port has one item that qualifies for reporting in this category. Unavailable revenue from property taxes is reported in the governmental funds balance sheet. This amount is deferred and recognized as an inflow of resources in the period that amount becomes available.

H. NET POSITION

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following three categories:

- *Net Investment in Capital Assets* – consists of all capital assets, and lease right-to-use assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted* – consists of all other assets that are not included in the other categories previously mentioned.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. ACCUMULATED COMPENSATED ABSENCES

A total of 10 to 20 days of vacation may be accumulated by each permanent full-time employee per year. Accumulated vacation must be used during the two calendar years after the year in which it was earned. Vacation accrues in the following increments:

<u>Years of Service</u>	<u>Days of Vacation</u>
1-5 years	10
6-10 years	15
11+ years	20

Sick leave is provided and is accumulated at a rate of one day per month of service. Unused sick leave can be accumulated without limit, but employees are not paid for the accumulated sick leave upon retirement or other termination.

The Port accrues a liability for compensated absences which meet the following criteria:

- a. Obligation is attributable to services already rendered
- b. Obligation relates to rights that vest or accumulate
- c. Payment of compensation is probable
- d. The amount can be reasonably estimated

J. USE OF ESTIMATES

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

K. PROPERTY TAXES RECIEVABLE

Property taxes assessed in prior years, but not yet collected or accrued, are reported on the Balance Sheet, but are offset by deferred revenue accounts. The Port levies taxes on a fiscal year from July 1 to June 30. The current levy becomes a lien on July 1. Taxes are due November 15 and become delinquent May 15. Foreclosure is started three years after taxes become delinquent. The Port turns all tax collection duties over to Gilliam County, Oregon.

L. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY

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

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. FAIR VALUE INPUTS AND METHODOLOGIES AND HIERARCHY (CONTINUED)

- **Level 1** – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access.
- **Level 2** – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).
- **Level 3** – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

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

M. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

N. PRIOR PERIOD COMPARATIVE DATA

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Port's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, time certificates of deposit, commercial paper, repurchase agreements, obligations of the United States and its agencies and instrumentalities, Local Government Investment Pools and fixed or variable life insurance or annuity contracts for funding the deferred compensation plan.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Deposits and Investments or amounts in Due to Other Funds. In addition, cash is separately held by some of the funds. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

The Port had the following cash and investments at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 100	\$ 100
Demand deposits	755,972	(227,332)
Investments	<u>1,006,554</u>	<u>1,600,749</u>
Total	<u>\$ 1,762,626</u>	<u>\$ 1,373,517</u>

Deposits

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The total bank balance per the bank statements as of June 30, 2022 and 2021 was \$768,958 and 552,390, respectively, of which \$251,228 was covered by federal depository insurance for both years, and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2022 and 2021, none of the bank balances were exposed to custodial credit risk.

Investments

State statutes authorize investment in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon commercial paper) and the state treasurer's investment pool. The investments during the year were invested in the state treasurer's investment pool.

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2022. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it materially approximates fair value.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

2. CASH AND INVESTMENTS (CONTINUED)

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2022, the fair value of the position in the **LGIP is 98.98%** of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The Port booked a fair market value loss of \$10,267, for the difference between the pool fair market value and the book value.

The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

As of June 30, 2022 The Port had the following investments and maturities:

Investment Type	Investment Maturities (in months)			
	Fair Value	Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 1,006,554	\$ 1,006,554	\$ -	\$ -
Total	\$ 1,006,554	\$ 1,006,554	\$ -	\$ -

As of June 30, 2021 the Port had the following investments and maturities:

Investment Type	Investment Maturities (in months)			
	Fair Value	Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 1,600,749	\$ 1,600,749	\$ -	\$ -
Total	\$ 1,600,749	\$ 1,600,749	\$ -	\$ -

Interest Rate Risk – Investments

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond 3 months.

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the value of the deposits will not be recovered. There is no formal investment policy for custodial credit risk. All of the investments are with the LGIP. Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE.

Concentration Risk - Investments

Concentration risk is the risk of loss due to a large portion of investments with a single issuer. To avoid incurring unreasonable risks inherent to over-investing in specific instruments or in individual financial institutions, the LGIP is invested in, which is not required to have a risk rating. State statutes do not limit the percentage of investments in this instrument. As of June 30, 2022 and 2021, 100% of the investments were in the State Treasurer's Investment Pool.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. CAPITAL ASSETS

The changes in Capital Assets for the year ended June 30, 2022 are summarized below:

	Balance 7/1/2021	Additions	(Deletions)	Balance 6/30/2022
Non-Depreciable:				
Land and improvements	\$ 160,166	\$ -	\$ -	\$ 160,166
Construction in progress	-	34,581	-	34,581
Impaired assets	31,375	-	-	31,375
Total Non-Depreciable	191,541	34,581	-	226,122
Depreciable:				
Buildings and improvements	4,711,788	-	-	4,711,788
Equipment	58,259	11,710	(1,962)	68,007
Total Depreciable	4,770,047	11,710	(1,962)	4,779,795
Total Capital Assets	4,961,588	46,291	(1,962)	5,005,917
Accumulated Depreciation				
Buildings and improvements	1,815,916	161,018	-	1,976,934
Equipment	42,759	4,757	(1,962)	45,554
Total Accumulated Depreciation	1,858,675	165,775	(1,962)	2,022,488
Capital Assets, Net	\$3,102,913			\$2,983,429

Deletions represent the disposal of fully depreciated office equipment.

Depreciation expense for the year ended June 30, 2022 was allocated to the functions as follows:

Management and Administration	\$ 147,331
Economic Development	18,444
Total	<u>\$ 165,775</u>

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

3. CAPITAL ASSETS

The changes in Capital Assets for the year ended June 30, 2021 are summarized below:

	Balance 7/1/2020	Additions	(Deletions)	Balance 6/30/2021
Non-Depreciable:				
Land and improvements	\$ 160,166	\$ -	\$ -	\$ 160,166
Construction in progress	8,752	-	(8,752)	-
Impaired assets	31,375	-	-	31,375
Total Non-Depreciable	200,293	-	(8,752)	191,541
Depreciable:				
Buildings and improvements	3,990,441	721,347	-	4,711,788
Equipment	41,407	17,930	(1,078)	58,259
Total Depreciable	4,031,848	739,277	(1,078)	4,770,047
Total Capital Assets	4,232,141	739,277	(9,830)	4,961,588
Accumulated Depreciation				
Buildings and improvements	1,667,103	148,813	-	1,815,916
Equipment	42,044	1,793	(1,078)	42,759
Total Accumulated Depreciation	1,709,147	150,606	(1,078)	1,858,675
Capital Assets, Net	\$2,522,994			\$3,102,913

Deletions represent the disposal of fully depreciated office equipment, as well as construction in progress being placed into service.

Depreciation expense for the year ended June 30, 2021 was allocated to the functions as follows:

Management and Administration	\$ 101,277
Economic Development	49,329
Total	<u>\$ 150,606</u>

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

4. LONG-TERM OBLIGATIONS

On July 18, 2012, the Port entered into a promissory note with Gilliam County for economic development. The principal amount of \$200,000 requires monthly payments of \$1,012, including interest at 2.00 percent on the 18th of each month starting August of 2012. A final balloon payment of \$59,190 is due on July 18, 2027.

Note payable activity for the year ended June 30, 2022 was as follows:

Loan	Interest Rates	Original Issue Amount	Outstanding July 1, 2021	Increases	Decreases	Outstanding June 30, 2022	Due Within One Year
Economic Development Loan	2.00%	\$ 200,000	\$ 121,178	\$ -	\$ 9,822	\$ 111,356	\$ 10,020
Total			\$ 121,178	\$ -	\$ 9,822	\$ 111,356	\$ 10,020

Note payable activity for the year ended June 30, 2021 was as follows:

Loan	Interest Rates	Original Issue Amount	Outstanding July 1, 2020	Increases	Decreases	Outstanding June 30, 2021	Due Within One Year
Economic Development Loan	2.00%	\$ 200,000	\$ 130,806	\$ -	\$ 9,628	\$ 121,178	\$ 9,822
Total			\$ 130,806	\$ -	\$ 9,628	\$ 121,178	\$ 9,822

As of June 30, 2022 future payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 10,020	\$ 2,124	\$ 12,144
2024	10,223	1,921	12,144
2025	10,429	1,715	12,144
2026	10,640	1,504	12,144
2027	10,854	1,290	12,144
2028	59,190	98	59,288
Total	\$ 111,356	\$ 8,652	\$ 120,008

5. 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; injuries to employees; and natural disasters. The Port purchases commercial insurance to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

6. RETIREMENT PLAN

The Port has established a 408(k) plan for all regular full-time employees. Each employee has their own individual retirement account (SARSEP) and the Port will contribute up to 12 percent of the employee's gross wages. For the years ending June 30, 2022 and 2021, the Port contributed \$16,485 and \$23,257, respectively towards the individual SARSEP of the employees. These contributions were recognized as expense and no employer liability existed at year end. Since these funds belong to the employees exclusively, no pension asset or liability is on the statement of financial position.

Funding Policy

The Port has not established a trust fund to finance the cost of post-employment health care benefits related to implicit rate subsidies. Premiums are paid by retirees based on the rates established for active employees. Additional costs related to an implicit subsidy are paid by the Port on a pay-as-you-go basis. There is no obligation on the part of the Port to fund these benefits in advance.

Implicit Health Subsidy

Employees are able to purchase post-employment insurance coverage through the Port, until age 65. However, the Port has no liability as the employees are responsible for all premiums. For the fiscal year ended June 30, 2022, the Port did not obtain an actuarial valuation report for the Implicit Healthcare Subsidy in accordance with GASB 75.

7. LEASE REVENUE

The Port receives rental income for land, property, and equipment leased to outside entities. The following provides a description of those leases. The Port has not elected to implement GASB 87, thus the related lease receivable and deferred lease revenue are not recorded on the basic financial statements.

Grain Elevator Facility with Mid Columbia Producers, Inc. - In June 2013, the Port entered into a twenty-year lease agreement with Mid Columbia Producers, Inc. which includes the project of firming up and stabilizing the island slope of the Grain Elevator Facility in possession of Mid Columbia Producers. Each year beginning September 1, 2017, the lessee agrees to pay \$100,000 with an annual increase of 3% for each year until August 31, 2037. An opportunity exists to be able to reassess the annual increase after ten years, but the rate will not decrease below 3%. An option to extend the lease for an additional five-year term beginning September 1, 2037, extending to August 31, 2042, also exists with the renewal terms to be negotiated at that time.

Quarry Facility with W.I. Construction, Inc. - In August 2019, the Port entered into a five-year lease agreement with W.I. Construction, Inc. for the rent of the quarry property. Each year beginning August 10, 2019, the lessee agrees to pay \$10,300 for the year with an annual increase of 3% for each year until August 9, 2024.

Hangar Building with Arlington Towing - In December 2019, the Port entered into a three-year lease agreement with Arlington Towing for the rent of the commercial hangar building on 1520 Airport Road. Each month beginning January 25, 2020, the lessee agrees to pay \$1,250 for the month for the first year and \$1,500 for the second and third years until December 31, 2022.

Airport Building with Institu - In April 2012, the Port entered into a six-year lease agreement with Institu for the rent of property at the airport. Each month beginning August 1, 2012, the lessee agrees to pay \$7,600 for the month with an annual increase of 3% for each year until August 1, 2018. In 2018, Institu extended the lease to end July 31, 2024.

Flex Building with Alpine Power Systems - In December 2020, the Port entered into a two-year lease agreement with Alpine Power Systems for the rent of the commercial Flex building owned by the port. Each month beginning January 1, 2021, the lessee agrees to pay \$3,250 for the month until December 1, 2022.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

7. LEASE REVENUE (CONTINUED)

Railroad Depot Office with Palouse River and Coulee City Railroad, LLC – In December 2019, the Port entered into a five-year lease agreement with Palouse River and Coulee City Railroad, LLC for the rent of property for a crew headquarters facility. Each year beginning January 1, 2020, the lessee agrees to pay \$6,000, with an annual increase of 3% for each year until December 31, 2024.

Gronquist Building with Patrick Shannon - In July 2021, the Port entered into a one-year lease agreement with Patrick Shannon for the lease of a portion of the Gronquist building owned by the port. Each month beginning July 14, 2021, the lessee agrees to pay \$2,000 for the month Until July 31, 2022.

Gronquist Building with Gilliam County Court – In May 2022, the Port entered into a one-year lease agreement with Gilliam County Court for the rent of an office space in the Gronquist Building owned by the Port. Each month beginning May 1, 2022, the lessee agrees to pay \$900 for the month until May 1, 2023.

Gronquist Building with Gilliam County Victim's Assistance Department – In May 2022, the Port entered into a one-year lease agreement with Gilliam County Victim's Assistance Department for an office space in the Gronquist Building owned by the Port. Each month beginning April 1, 2022, the lessee agrees to pay \$650 for the month until April 1, 2024.

As of June 30, 2022, future receipts are as follows:

	Mid Columbia Producers, Inc.	W.I Construction	Arlington Towing	Insitu	Alpine Power Systems	Palouse River and Coulee City Railroad, LLC	Patrick Shannon	Gilliam County Court	Gilliam County Victim's Assistance Department	Total
2023	\$ 115,928	\$ 11,255	\$ 7,500	\$ 96,519	\$ 19,500	\$ 6,556	\$ 2,000	\$ 9,000	\$ 5,850	\$ 274,108
2024	119,406	11,593	-	99,415	-	6,753	-	-	-	237,167
2025	122,988	-	-	8,533	-	-	-	-	-	131,521
2026	126,678	-	-	-	-	-	-	-	-	126,678
2027	130,478	-	-	-	-	-	-	-	-	130,478
2028-2032	713,507	-	-	-	-	-	-	-	-	713,507
2023-2037	827,153	-	-	-	-	-	-	-	-	827,153
Total	\$ 2,156,138	\$ 22,848	\$ 7,500	\$204,467	\$ 19,500	\$ 13,309	\$ 2,000	\$ 9,000	\$ 5,850	\$2,440,612

8. INTERFUND TRANSFERS

Operating transfers between funds were made to fund the various programs and activities as follows:

	Transfers Out	Transfers In
General Fund	\$ 100,000	\$ 152,910
Economic Development Fund	152,870	-
Gronquist Fund	-	100,000
Nonmajor Reserve Fund	40	-
Total Transfers	\$ 252,910	\$ 252,910

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS**

9. RELATED PARTY TRANSACTIONS

The port purchased supplies from Arlington Hardware, LLC, a local business, for \$2,943 and \$3,521 during fiscal year 2021-2022 and 2020-2021 respectively. Arlington Hardware, LLC is owned by a Board member. At the end of the fiscal year, no balances were due or outstanding to this entity.

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

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PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022 and 2021

	General Fund	Economic Development Fund	Gronquist Fund	Nonmajor Reserve Fund	Total June 30, 2022	Total June 30, 2021
ASSETS:						
Cash and cash equivalents	\$ 1,385,456	\$ 215,412	\$ 83,742	\$ 78,016	\$ 1,762,626	\$ 1,373,516
Property taxes receivable	3,121	-	-	-	3,121	3,770
Accounts Receivable	-	-	-	-	-	274,248
Prepaid Expenses	-	-	-	-	-	6,460
Cash with County	721	-	-	-	721	-
Total Assets	<u>\$ 1,389,298</u>	<u>\$ 215,412</u>	<u>\$ 83,742</u>	<u>\$ 78,016</u>	<u>\$ 1,766,468</u>	<u>\$ 1,657,994</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:						
Liabilities						
Accounts Payable	-	-	-	-	-	5,973
Accrued Liabilities	1,612	-	-	-	1,612	87
Total Liabilities	<u>1,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,612</u>	<u>6,060</u>
Deferred Inflows of Resources						
Unearned revenue - unavailable property taxes	1,494	-	-	-	1,494	2,716
Total Deferred Inflows of Resources	<u>1,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494</u>	<u>2,716</u>
Fund Balances						
Nonspendable	-	-	-	-	-	6,460
Restricted	-	-	-	-	-	321,292
Assigned	-	-	-	-	-	77,574
Unassigned	1,386,192	215,412	83,742	78,016	1,763,362	1,243,892
Total Fund Balances	<u>1,386,192</u>	<u>215,412</u>	<u>83,742</u>	<u>78,016</u>	<u>1,763,362</u>	<u>1,649,218</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,389,298</u>	<u>\$ 215,412</u>	<u>\$ 83,742</u>	<u>\$ 78,016</u>	<u>\$ 1,766,468</u>	<u>\$ 1,657,994</u>

PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Total Fund Balances	\$ 1,763,362
Capital assets are not financial resources and therefore are not reported in the governmental funds	
Net Capital Assets	2,983,429
A portion of the Port's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.	1,494
Balances of accrued compensated absences are not current operating expenses and therefore are not included in the governmental funds.	(4,346)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:	
Loans Payable	<u>(111,356)</u>
Net Position of Governmental Activities	<u>\$ 4,632,583</u>

PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For the Year Ended June 30, 2022 and 2021

	General Fund	Economic Development Fund	Gronquist Fund	Nonmajor Reserve Fund	Total June 30, 2022	Total June 30, 2021
REVENUE						
Taxes	\$ 139,452	\$ -	\$ -	\$ -	\$ 139,452	\$ 142,080
Intergovernmental Revenues	269,547	9,640	-	-	279,187	366,203
User Fees	95,819	-	-	-	95,819	77,942
Lease Revenue	140,925	135,530	61,155	-	337,610	260,378
Interest	6,630	-	-	482	7,112	13,110
Miscellaneous	23,620	-	-	-	23,620	22,049
Total Revenues	675,993	145,170	61,155	482	882,800	881,762
EXPENDITURES						
Current						
General Government	572,644	-	46,475	-	619,119	261,684
Economic Development	-	85,521	-	-	85,521	202,293
Capital Outlay	17,196	3,738	30,938	-	51,872	735,656
Debt Service	-	12,144	-	-	12,144	10,334
Total Expenditures	589,840	101,403	77,413	-	768,656	1,209,967
Excess of Revenue Over, -Under Expenditures	86,153	43,767	(16,258)	482	114,144	(328,205)
OTHER FINANCING SOURCES AND USES						
Transfers in	152,910	-	100,000	-	252,910	-
Transfers out	(100,000)	(152,870)	-	(40)	(252,910)	-
Total Other Financing Sources and Uses	52,910	(152,870)	100,000	(40)	-	-
Net change in fund balance	139,063	(109,103)	83,742	442	114,144	(328,205)
Beginning fund balance	1,247,129	324,515	-	77,574	1,649,218	1,977,423
Ending fund balance	\$ 1,386,192	\$ 215,412	\$ 83,742	\$ 78,016	\$ 1,763,362	\$ 1,649,218

PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

Reconciliation of the Governmental Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balance	\$	114,144
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Amounts reported for government-wide activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed current year depreciation.

Expenditures for capital assets	\$ 46,291	
Less: current year depreciation	<u>(165,775)</u>	(119,484)

Long-term debt repayment of principal is an expenditure in the governmental funds but reduces liabilities on the Statement of Net Position.

Loan principal payments	9,822
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Property taxes that do not meet the measureable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.

(1,223)

Governmental funds report the effect of accrued compensated absences when paid. In the Statement of Activities, however, compensated absences are recognized when accrued. The change in compensated absences is recognized as an expense on the Statement of Activities.

(1,428)

Net Position of Governmental Activities

\$ 1,831

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2022**

	<u>General Fund</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Property Taxes	\$ 136,400	\$ 136,400	\$ 139,452	\$ 3,052
Intergovernmental Revenue	10,100	10,100	269,547	259,447
User fees - Marina	17,250	17,250	26,340	9,090
User fees - RV park	50,000	50,000	69,479	19,479
Interest	10,000	10,000	6,630	(3,370)
Lease Revenue	121,609	121,609	140,925	19,316
Miscellaneous	20,200	20,200	23,620	3,420
Total Revenues	365,559	365,559	675,993	310,434
EXPENDITURES:				
Personal services	137,336	137,336	(1) 210,692	(73,356)
Materials and Services	124,600	124,600	(1) 361,952	(237,352)
Capital Outlay	763,700	763,700	(1) 17,196	746,504
Contingency	46,609	46,609	(1) -	46,609
Total Expenditures	1,072,245	1,072,245	589,840	482,405
Excess of Revenues Over, -Under Expenditures	(706,686)	(706,686)	86,153	792,839
Other Financing Sources (Uses)				
Transfers In	-	-	152,910	152,910
Transfers Out	(111,500)	(111,500)	(1) (100,000)	11,500
Total Other Financing Sources (Uses)	(111,500)	(111,500)	52,910	164,410
Net Change in Fund Balance	(818,186)	(818,186)	139,063	957,249
Beginning Fund Balance	818,186	818,186	1,247,129	428,943
Ending Fund Balance	\$ -	\$ -	\$ 1,386,192	\$ 1,386,192

(1) Appropriation level

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2022**

	<u>Economic Development Fund</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Grants	\$ 27,000	\$ 27,000	\$ -	\$ (27,000)
Intergovernmental Revenue	-	-	9,640	9,640
Lease Revenue	161,436	161,436	135,530	(25,906)
Total Revenues	188,436	188,436	145,170	(43,266)
EXPENDITURES:				
Personal services	121,850	121,850	(1) 36,991	84,859
Materials and services	71,200	71,200	(1) 48,530	22,670
Debt Service	12,145	12,145	(1) 12,144	1
Capital outlay	127,500	127,500	(1) 3,738	123,762
Contingency	71,153	71,153	(1) -	71,153
Total Expenditures	403,848	403,848	101,403	302,445
Excess of Revenues Over (Under) Expenditures	(215,412)	(215,412)	43,767	259,179
Other Financing Sources (Uses)				
Transfers Out	-	-	(1) (152,870)	(152,870)
Total Other Financing Sources (Uses)	-	-	(152,870)	(152,870)
Net Change in Fund Balance	(215,412)	(215,412)	(109,103)	106,309
Beginning Balance	215,412	215,412	324,515	109,103
Ending Fund Balance	\$ -	\$ -	\$ 215,412	\$ 215,412

(1) Appropriation level

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2022**

	<u>Gronquist Fund</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
Room Rental - Lease	\$ 4,850	\$ 4,850	\$ 29,230	\$ 24,380
Office Space - Lease	51,100	51,100	31,925	(19,175)
Total Revenues	55,950	55,950	61,155	5,205
EXPENDITURES:				
Personnel Expenses	46,500	46,500 (1)	28,618	17,882
Material and Services	44,550	44,550 (1)	17,857	26,693
Contingency	8,900	8,900 (1)	-	8,900
Capital Outlay	56,000	56,000 (1)	30,938	25,062
Total Expenditures	155,950	155,950	77,413	78,537
Excess of Revenues Over (Under) Expenditures	(100,000)	(100,000)	(16,258)	83,742
Other Financing Sources (Uses)				
Transfers In	100,000	100,000	100,000	-
Total Other Financing Sources (Uses)	100,000	100,000	100,000	-
Net Change in Fund Balance	-	-	83,742	83,742
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ 83,742	\$ 83,742

(1) Appropriation level

**PORT OF ARLINGTON
GILLIAM COUNTY, OREGON
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET (BUDGETARY BASIS)
For the Year Ended June 30, 2022**

	<u>Nonmajor Reserve Fund</u>			VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES:				
Interest	\$ 400	\$ 400	\$ 482	\$ 82
Total Revenues	400	400	482	82
EXPENDITURES:				
Capital Outlay	88,659	88,659	(1) -	88,659
Total Expenditures	88,659	88,659	-	88,659
Excess of Revenues Over (Under) Expenditures	(88,259)	(88,259)	482	- 88,741
Other Financing Sources (Uses)				
Transfers out	-	-	(1) (40)	(40)
Transfers In	11,500	11,500	-	(11,500)
Total Other Financing Sources (Uses)	11,500	11,500	(40)	(11,540)
Net Change in Fund Balance	(76,759)	(76,759)	442	77,201
Beginning Fund Balance	76,759	76,759	77,574	815
Ending Fund Balance	\$ -	\$ -	\$ 78,016	\$ 78,016

(1) Appropriation level

PORT OF ARLINGTON
GILLIAM COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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October 20, 2025

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the Port of Arlington (the Port) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 20, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the basic financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295)**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the Port was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as noted below:

1. Expenditures of all the various funds were within authorized appropriations, except as noted on page 6 of the report.

OAR 162-10-0230 Internal Control

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

We noted matters involving the internal control structure and its operation that we consider to be material weaknesses and significant deficiencies under standards established by the American Institute of Certified Public Accountants, which is noted in our management letter dated October 20, 2025.

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

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive, slightly slanted style.

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.