

# **Port of Centralia**

Financial Report  
December 31, 2025

Port  
of  
Centralia

**Financial  
Report**

December 31  
2025

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# Port of Centralia

## MANAGEMENT'S DISCUSSION AND ANALYSIS YEARS ENDED December 31, 2025 and 2024

### INTRODUCTION

The following is the Port of Centralia's (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar years ended December 31, 2025 and December 31, 2024. It provides an introduction to the Port's 2025 and 2024 financial statements. Information contained in this MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. Please read it in conjunction with the Port's financial statements, which follow this section.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding pension information and supplementary schedules.

The financial information included in the MD&A is unaudited for financial statement review but audited by the State Auditor's Office.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of six parts: MD&A, the basic financial statements, notes to the financial statements, required supplementary information, supplemental schedules, and the annual report to the State Auditor's Office. The basic financial statements include the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows.

The statement of net position and the statement of revenues, expenses and changes in net position tell us if the Port as a whole is better or worse off as a result of the year's activities. The statement of net position present information on all of the Port's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Port is improving or deteriorating. The statement of revenues, expenses and changes in net position show how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

**Fund Financial Statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Port uses only one fund, an enterprise fund, which is a type of proprietary fund. An enterprise fund reports business type activities.

# Financial Report

## Financial Highlights

- In 2025, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2025. The net position of the Port totaled \$40,526,219 in 2025. Additionally, \$41,944,803 of the Port's total 2025 net position consists of net investment in capital assets. In 2024, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2024. The net position of the Port totaled \$40,938,726 in 2024. Additionally, \$41,518,803 of the Port's total 2024 net position consists of net investment in capital assets.
- The Port's 2025 net position decreased by \$412,507 including capital contributions compared to the 2024 decrease in net position of \$508,044 due to an increase in depreciation expense and termination benefit liability. The Port's 2024 net position including capital contributions decreased by \$508,044 compared to the 2023 increase in net position of \$8,797,031 due to the sale of property, paying down the line of credit, and increase in deferred inflows from leases.
- The Port's 2025 total long-term debt, including current portion, decreased by approximately \$193,051. The Port's 2024 total long-term debt, including current portion, decreased by approximately \$182,372. The Port did not issue any bonds in 2025 or 2024 and had \$1,100,744 and \$374,911 outstanding on its line of credit at December 31, 2025 and 2024, respectively.

## Financial Position Summary

The statement of net position present the financial position of the Port at the close of calendar year 2025. The statements include all of the Port's assets and liabilities. Net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and net position at December 31, 2025, 2024, and 2023 follows:

### PORT OF CENTRALIA'S Statement of Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current assets	\$ 751,266	\$ 940,750	\$ 743,426
Net capital assets	42,509,189	42,276,238	44,503,448
Other long-term assets	1,613,597	2,091,032	1,554,416
<b>Total assets</b>	<b>\$44,874,052</b>	<b>\$ 45,308,020</b>	<b>\$ 46,801,290</b>
Deferred outflows of resources	<b>\$ 198,214</b>	<b>\$ 177,526</b>	<b>\$ 131,194</b>
Current liabilities	\$ 1,984,069	\$ 1,013,889	\$ 2,536,526
Long-term liabilities	747,695	976,916	1,165,639
<b>Total liabilities</b>	<b>\$ 2,731,764</b>	<b>\$ 1,990,805</b>	<b>\$ 3,702,165</b>
Deferred inflows of resources	<b>\$ 1,814,284</b>	<b>\$ 2,556,015</b>	<b>\$ 1,783,550</b>
Net position:			
Net investment in capital assets	\$41,944,803	\$ 41,518,803	\$ 43,563,641
Restricted for net pension asset	258,625	216,491	170,861
Unrestricted net deficit	(1,677,209)	(796,568)	(2,287,732)
<b>Total net position</b>	<b>\$40,526,219</b>	<b>\$ 40,938,726</b>	<b>\$ 41,446,770</b>

## Financial Operation Highlights

As noted earlier, the Port uses only one fund, an enterprise fund, to comply with Washington State-mandated reporting requirements. The following summary compares the 2025 and 2024 operating results to budget and prior years.

**Revenues:** The 2025 operating revenue of \$1,004,377 is \$24,618, or 2.39 percent, less than the 2025 original budget due to a building vacancy. The 2024 operating revenue of \$1,009,528 is \$114,832 or 12.83 percent, more than the 2024 original budget primarily due to new lease agreements.

**Expenses:** The 2025 operating expenses, excluding depreciation and non-cash adjustments for pension, OPEB, and termination benefit expense, totaled \$1,587,131 and was more than the 2025 original budget by \$102,502, or 6.9 percent. The 2024 operating expenses, excluding depreciation and non-cash adjustments for pension and OPEB expense, totaled \$1,416,925 and was less than the 2024 original budget by \$28,160, or 2 percent.

**Non-Operating:** The 2025 non-operating revenue, excluding non-cash adjustment for rental interest income, is \$1,306,247, which is a decrease from the 2024 original plan by \$807,392 or 38 percent, due to delay in the sale of fixed assets. Non-operating revenue for 2024 was \$1,080,126 (excluding non-cash adjustments for rental interest income), which was a decrease from the 2024 original plan by \$101,029 or 8.5%, due property tax refunds. Non-operating expenses is \$107,982, which is an increase from the 2025 original plan by \$60,874 or 129 percent, due to election expense and line of credit interest expense. Non-operating expenses for 2024 were \$912,773, which was an increase from the 2024 original plan by \$672,616 or 380 percent, due to a loss in the sale of fixed assets.

**Change in Net Position:** As a result of all of the above, the decrease in net position before capital contribution for 2025 was (\$412,507), compared to a (\$539,581) decrease in 2024 in net position.

A summarized comparison of the Port's statements of revenues, expenses and changes in net position for the years ended December 31, 2025, 2024, and 2023 follows:

### PORT OF CENTRALIA'S Statement of Revenues, Expenses and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 1,004,377	\$ 1,009,528	\$ 881,307
Non-operating revenues	1,451,869	1,237,739	2,415,850
Other revenues	11	151	36
<b>Total revenues</b>	<b>\$ 2,456,257</b>	<b>\$ 2,247,418</b>	<b>\$ 3,297,193</b>
Operating expenses	\$ 2,760,782	\$ 1,874,226	\$ 1,740,642
Interest and bond issue cost	101,044	84,965	183,775
Non-operating expenses	6,938	827,808	6,557
<b>Total expenses</b>	<b>\$ 2,868,764</b>	<b>\$ 2,786,999</b>	<b>\$ 1,930,974</b>
Increase in net position, before capital contribution	(412,507)	(539,581)	1,366,219
Capital contributions	-	31,537	7,430,812
<b>Increase in net position</b>	<b>(412,507)</b>	<b>(508,044)</b>	<b>8,797,031</b>
Net position at beginning of year, restated	40,938,726	41,446,770	32,649,739
<b>Net position at end of year</b>	<b>\$40,526,219</b>	<b>\$ 40,938,726</b>	<b>\$ 41,446,770</b>

**Capital Assets:** The Port's investment in capital assets as of December 31, 2025, amounts to approximately \$42,509,189 (net of accumulated depreciation), an increase over 2024 due to land improvements. The Port's investment in capital assets as of December 31, 2024, amounts to

approximately \$42,276,238 (net of accumulated depreciation), a decrease from 2023 due to the sale of fixed assets. This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress.

Major capital assets events currently budgeted for 2026 include road, building, and land maintenance projects and the addition of equipment.

Additional information on the Port's capital assets activity may be found in Note 4 of this report.

### **Debt Administration**

**Debt:** At December 31, 2025, the Port has a line of credit of \$1.4 million, decreasing down to \$1 million at July 1, 2026, of which there was an outstanding balance of \$1,100,744. At December 31, 2025, the Port's total debt outstanding, excluding the line of credit and including current maturities, was \$564,385. Of this amount, \$59,959 comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

At December 31, 2024, the Port had a line of credit of \$1.8 million, of which there was an outstanding balance of \$374,911. An additional line of credit was issued in 2023 for \$1 million, of which there was an outstanding balance of \$0 at December 31, 2024. At December 31, 2024, the Port's total debt outstanding, excluding the line of credit and including current maturities, was \$757,435. Of this amount, \$119,473 comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by \$193,051 or 25.5 percent, during 2025. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by \$182,372 or 19.4 percent, during 2024. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

### **Termination Benefit Liability**

The Port recognized a one-time termination benefits liability of \$362,482 in 2025 related to a severance agreement executed at year-end. This amount reflects the present value of future severance payments and COBRA premiums to be paid over 18 months beginning in 2026. Of the total liability, \$245,337 is expected to be paid in 2026. This non-recurring item increased 2025 operating expenses and reduced unrestricted net position.

## **Economic Factors and 2026 Budget**

### **Economic Factors**

The Port continues to work with several businesses looking to locate along the I-5 corridor between Seattle, Washington, and Portland, Oregon. With the emergence of the new development Centralia Station and the expansion of Industrial Park I and Industrial Park II, the Port maintains its position as the leading economic and industrial development agency in Lewis County.

The Port owns a short line railroad with several spurs that service property throughout Industrial Park I. Rail-served property has become a rarity, which gives the Port the opportunity to recruit more businesses to its industrial parks.

**2026 Budget:** The Port's 2026 budget outlines what will be pursued in the next year to achieve line of business strategies, thus accomplishing Port-wide goals while striving towards the Port's mission.

**2026 Operating Budget:** The Port developed an overall operating expense budget of \$1,724,991, which is \$137,860 over the 2025 actual operating expenses excluding non-cash adjustments for pension, OPEB, and depreciation expense due to increase in salaries and benefits, legal expenses, and outside services. This budget produces net income of \$12,805,073 due to the projected sale of fixed assets.

**Tax Levy:** The Port placed the 2026 general levy rate at \$0.28661, a decrease to the 2025 levy, which will provide the Port with \$1,262,990 in needed revenue. As in the past, the levy will be used for general obligation bond debt service and capital spending. The difference between this year's levy and the legal limit is \$0.16339.

## Requests for Information

The Port designed this financial report to provide our citizens, customers, investors, and creditors with an overview of the Port's finances. If you have questions or need additional information, please visit our website at [www.portofcentralia.com](http://www.portofcentralia.com) or contact: Amy Graber, Director of Finance & Administration at (360) 736-3527 or email [agraber@portofcentralia.com](mailto:agraber@portofcentralia.com).

**Financial  
Statements**

## Statement of Net Position

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Port of Centralia  
December 31, 2025 and 2024

	2025	2024
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 148,378	\$ 138,442
Property taxes receivable	40,572	35,130
Accounts receivable	15,143	14,251
Leases receivable – current	517,794	719,991
Prepaid expenses	29,379	32,936
<b>Total current assets</b>	<b>751,266</b>	<b>940,750</b>
<b>Capital Assets</b>		
Land	20,924,753	19,929,750
Land improvements	22,541,549	22,461,610
Building and improvements	10,905,994	10,870,917
Autos, equipment, office	422,300	420,222
Construction in progress	325,585	397,582
<b>Total cost</b>	<b>55,120,181</b>	<b>54,080,081</b>
Less accumulated depreciation - buildings	6,886,533	6,581,834
Less accumulated depreciation – equipment	379,740	378,699
Less accumulated depreciation – other improvements	5,344,719	4,843,310
<b>Total Accumulated Depreciation</b>	<b>12,610,992</b>	<b>11,803,843</b>
<b>Net capital assets (net)</b>	<b>42,509,189</b>	<b>42,276,238</b>
<b>Other Long-Term Assets</b>		
Leases receivable, net of current portion	1,469,384	1,983,564
Pension asset	144,213	107,468
<b>Total other long-term assets</b>	<b>1,613,597</b>	<b>2,091,032</b>
<b>Total assets</b>	<b>\$44,874,052</b>	<b>\$45,308,020</b>
<b>Deferred Outflows of Resources</b>		
OPEB related amounts	\$3,914	\$6,188
Pension related amounts	\$194,300	\$171,338
<b>Total deferred outflows of resources</b>	<b>\$198,214</b>	<b>\$177,526</b>

See notes to financial statements.

	2025	2024
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts and warrants payable	\$ 380,284	\$ 383,149
Accrued interest payable	8,388	4,402
Customer prepayments	38,135	54,059
Line of Credit	1,100,744	374,911
Other current liabilities	6,602	4,318
Current portion of long-term liabilities	204,579	193,050
Current portion of termination liability	245,337	-
<b>Total current liabilities</b>	<b>1,984,069</b>	<b>1,013,889</b>
<b>Long-Term Liabilities</b>		
Notes payable	359,806	564,386
Net pension liability	34,662	44,154
OPEB liability	218,605	276,541
Compensated absences	17,477	91,835
Net termination benefit liability	117,145	-
<b>Total long-term liabilities</b>	<b>747,695</b>	<b>976,916</b>
<b>Total liabilities</b>	<b>2,731,764</b>	<b>1,990,805</b>
Deferred inflows of resources		
Pension related amounts	79,888	62,315
Leases	1,734,396	2,493,700
<b>Total liabilities and deferred inflow</b>	<b>4,546,048</b>	<b>4,546,820</b>
<b>Commitments and Contingencies</b>	-	-
<b>Net Position</b>		
Net investment in capital assets	41,944,803	41,518,803
Restricted for net pension asset	258,625	216,491
Unrestricted deficit	(1,677,209)	(796,568)
<b>Total net position</b>	<b>\$40,526,219</b>	<b>\$40,938,726</b>

See notes to financial statements.

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**Statement of Revenues, Expenses and Changes in Net Position**


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Port of Centralia  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>Operating Revenues</b>		
Property rental operations	<b>\$1,004,377</b>	<b>\$ 1,009,528</b>
<b>Operating Expenses</b>		
General and administrative	1,630,576	1,024,694
General operations	24,024	167,044
Maintenance	290,266	228,366
Depreciation	815,916	454,122
<b>Total operating expenses</b>	<b>2,760,782</b>	<b>1,874,226</b>
<b>Loss from operations</b>	<b>(1,756,405)</b>	<b>(864,698)</b>
<b>Non-Operating Revenues (Expenses)</b>		
Gain (Loss) on sale of capital assets	3,599	(827,808)
Taxes levied for Port operations, net	1,223,891	1,088,649
Taxes levied for IDD, net	(6,087)	(30,777)
Interest income	11	151
Rental interest income	145,633	157,764
Other taxes	84,833	22,103
Interest expense	(101,044)	(84,965)
Other expenses	(6,938)	--
<b>Total non-operating revenues (expenses)</b>	<b>\$1,343,898</b>	<b>325,117</b>
<b>Increase in net position before capital contributions</b>	<b>(412,507)</b>	<b>(539,581)</b>
<b>Capital Contribution</b>	<b>--</b>	<b>31,537</b>
<b>Increase (decrease) in net position</b>	<b>(412,507)</b>	<b>(508,044)</b>
<b>Net Position</b>		
Beginning of year	40,938,726	41,446,770
<b>End of year</b>	<b>\$40,526,219</b>	<b>\$40,938,726</b>

See notes to financial statements.

## Statement of Cash Flows

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Port of Centralia  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 982,118	\$ 1,187,662
Cash paid to suppliers	(945,445)	(621,065)
Cash paid to employees	(715,186)	(931,342)
<b>Net cash provided by operating activities</b>	<b>(678,513)</b>	<b>(364,745)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Property tax levy receipts not restricted for capital purposes	1,217,804	1,057,872
Other non-operating revenues, net	84,164	18,758
<b>Net cash provided by non-capital financing activities</b>	<b>1,301,968</b>	<b>1,076,630</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(1,048,869)	1,773,089
Proceeds from sale of capital assets	3,599	(827,808)
Advances on line of credit, net	725,833	(1,418,655)
Principal payments on notes payable	(193,049)	(182,372)
Interest paid	(101,044)	(84,965)
Capital contributions	- -	31,537
<b>Net cash used in capital and related financing activities</b>	<b>(613,530)</b>	<b>(709,174)</b>
<b>Cash Flow from Investing Activities</b>		
Interest income	11	151
<b>Net cash provided by investing activities</b>	<b>11</b>	<b>151</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,936</b>	<b>2,862</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	138,442	135,580
<b>End of year</b>	<b>\$ 148,378</b>	<b>\$ 138,442</b>

(continued)

See notes to financial statements.

## Statement of Cash Flows

(concluded)

Port of Centralia

Years Ended December 31, 2025 and 2024

	2025	2024
<b>Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:</b>		
Loss from operations	<b>(\$1,756,405)</b>	<b>(\$864,698)</b>
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	815,916	454,122
Pension & OPEB (GASB 68 & 75)	(4,581)	3,179
Changes in assets and liabilities:		
Accounts and property taxes receivable	(6,335)	142,112
Prepaid expenses	3,557	(5,583)
Accounts payable	(2,865)	(147,336)
Customer prepayments	(15,924)	36,022
Accrued vacation payable	(74,358)	17,437
Termination Benefits	362,482	--
<b>Total adjustments</b>	<b>1,077,892</b>	<b>499,953</b>
<b>Net cash provided by operating activities</b>	<b>(678,513)</b>	<b>(\$364,745)</b>

See notes to financial statements.

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 1 - Summary of Significant Accounting Policies

#### Reporting Entity

The Port of Centralia (the Port) is a municipal corporation created in 1986 through enabling legislation of the State of Washington by consent of the voters within the Port District, which is considered the Centralia School District boundaries. The Port has no stockholders or equity holders but is for the benefit of its constituency. All revenues or other receipts must be disbursed in accordance with the provisions of various statutes. The accounting and reporting policies of the Port conform to Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the significant accounting policies is presented to assist the reader in interpreting the financial statements.

The Port is a special purpose government, authorized by Washington law to acquire and improve lands for industrial or commercial purposes within the Centralia Port District. The Port's operations are supported primarily through industrial property leases and the tax levy.

The Port is governed by an elected three-member board of commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements represent the Port and its component unit. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational and financial relationship with the Port.

#### Component Unit

In conformity with generally accepted accounting principles, the financial statements of the Industrial Development Corporation (IDC) of the Port have been included in the financial reporting entity as a blended component unit. The IDC, an entity legally separate from the Port, is governed by a three-member board. The members of the Port commission serve ex officio as members of the IDC board of directors. For financial reporting purposes, the IDC is reported as if it were part of the Port's operations because its purpose is aligned with that of the Port. The ending balance of the IDC bank account was \$30 at December 31, 2025 and 2024.

#### Basis of Accounting and Reporting

The financial statements of the Port have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for established governmental accounting and financial reporting principles. The Port is accounted for as a proprietary fund on a flow of economic resources measurement focus and full-accrual basis of accounting.

*(continued)*

## **Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

### **Note 1 - Summary of Significant Accounting Policies** *(continued)*

#### **Basis of Accounting and Reporting** *(concluded)*

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, Revised Code of Washington (RCW). The Port also follows the Uniform System of Accounts for Port Districts in the state of Washington.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

#### **Significant Risks and Uncertainties**

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state, and local government regulations, and changes in law.

#### **Operating and Non-Operating Revenues and Expenses**

Property rents are charges for use of the Port's facilities, land, and buildings and are classified as operating revenues. Funds from tax levies, other miscellaneous taxes and gain on sale of assets are reported as non-operating revenues. General obligation bond principal and interest are paid from ad valorem taxes levied upon real property within the Port District.

Operating expenses are costs primarily related to the property rental operations of the Port. Interest expense and other expenses not directly related to property rental operations are classified as non-operating expenses.

#### **Cash and Cash Equivalents**

It is the Port's policy to invest all temporary cash surpluses. For the purposes of the statement of cash flows, the Port considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

#### **Receivables**

Property tax receivables consist of property taxes (see Note 3). Accounts receivable consist of amounts due from tenants for balances deemed to be fully collectible and December property tax collections. Management has determined that no allowance for bad debt is necessary at December 31, 2025 and 2024.

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## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 1 - Summary of Significant Accounting Policies *(continued)*

#### Leases (Port as Lessor)

The Port is a lessor for non-cancelable leases. Leases are contracts that convey control of a right to use the Port's land, buildings, or portion of buildings over a period of time that exceeds one year. For leases with a maximum possible term of 12 months or less at commencement, revenue is recognized based on the provisions of the lease contract. For all other leases, the Port recognizes a lease receivable and a deferred inflow when the lease commences.

At lease commencement, the lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue using the interest rate method over the lease term.

Key estimates and judgments include how the Port determines (1) the discount rate it uses to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

1. The discount rate for leases is based on the rate of interest the lessee would be charged to borrow an amount equal to the lease payments, respectively, under similar terms at the commencement or remeasurement date. The Port has determined a discount rate based on prime rate at initial date or modification.
2. The lease term includes the non-cancelable period of the lease plus any additional periods covered by a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Period in which both the lessee and the lessor have a unilateral option to terminate (or if both parties agree to extend) are excluded from the lease term.
3. Port procedure is to negotiate all leases at fair market value, considering market conditions, economic factors, property condition, and location, as well as other factors that may impact negotiating lease prices.

The Port monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured and a corresponding adjustment is made to the deferred inflows of resources.

#### Net Position

Net position consists of net investment in capital assets and unrestricted net position (deficit). Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisitions, construction, or improvement of those assets.

#### Risk Management

The Port maintains liability and standard insurance coverage for personal property, automobile, public officials, bonds, and equipment (see Note 9).

*(continued)*

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 1 - Summary of Significant Accounting Policies *(continued)*

#### Capital Assets and Depreciation

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Port's policy is to capitalize all assets equal to or greater than \$1,000 and with an estimated life greater than one year. Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful life using the straight-line method, based on estimated useful lives as follows:

Buildings and improvements	15-40 years
Land improvements	5-40 years
Autos	5-7 years
Equipment and office	3-10 years

The Port has acquired certain capital assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets; however, the Port has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable account. In addition, the Port leases certain real property to tenants.

#### Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation including any payroll tax expense. The Port records unpaid leave for compensated balances as an expense and long-term liability when incurred. Vacation pay may be accumulated unlimited and is payable upon separation, retirement, or as a cash withdrawal. Sick leave may accumulate with no limit. Upon separation or retirement, employees do not receive payment for unused sick leave. The amount of accrued vacation totaled \$17,477 and \$91,835 at December 31, 2025 and 2024, respectively.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources which represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the Port after the measurement date but before the end of the Port's reporting period.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources which represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related inflows, which are the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the Port's contributions and proportionate share of contributions all related to the net pension liability.

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
 December 31, 2025 and 2024

**Note 1 – Summary of Significant Accounting Policies** (continued)

**Pensions**

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted for net position asset, the Port includes the net pension asset and the related deferred outflows and deferred inflows. See Note 8 for additional information.

**Use of Estimates**

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates of the Port include the depreciable life of capital assets. Accordingly, actual results could differ from those estimates.

**Note 2 - Cash and Cash Equivalents**

Cash and cash equivalents, including liquid investments, at December 31 consist of the following:

	2025		2024	
	Rate	Amount	Rate	Amount
<b>Unrestricted</b>				
Umpqua Bank, General Fund	0.01%	\$148,323	0.01%	\$138,387
Umpqua Bank, IDC	-	30	-	30
Umpqua Bank, Money Market Account	-	25	-	25
<b>Total</b>		<b>\$148,378</b>		<b>\$138,442</b>

As required by state law, all deposits and investments of the Port’s funds are deposits with Washington State banks and savings and loan institutions. Restricted funds are not available until after debt is paid in full. The Port’s deposits and money market accounts are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 3 - Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed within two weeks of the prior month to the Port by the county treasurer. A revaluation of all property is completed annually. Property tax calendar:

- January 1 - Taxes are levied and become an enforceable lien against properties.
- February 14 - Tax bills are mailed.
- April 30 - First of two equal installment payments is due.
- May 31 - Assessed value of property established for next year's levy at 100 percent of market value.
- October 31 - Second installment is due.

No allowance for uncollectible taxes is established, because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle and delinquent taxes are evaluated annually. State law allows for the sale of property for failure to pay taxes.

The Port may levy up to \$0.45 per \$1,000 of assessed valuation for general governmental services. Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate. The Port may also levy taxes at a lower rate.

The Port's regular levy for 2025 and 2024 was \$0.295 and \$0.27 per \$1,000, respectively. This levy was calculated on an assessed valuation for 2025 and 2024 of \$4,214,976,525 and \$4,278,171,833, respectively, for a regular levy of approximately \$1,243,487 and \$1,149,541, respectively.

## Notes to Financial Statements

Port of Centralia  
December 31, 2025 and 2024

### Note 4 - Capital Assets

Major expenditures for capital assets, including major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. All capital assets are valued at historical cost. Capital assets activity for the years ended December 31, 2025 and 2024, is as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
<b>December 31, 2025</b>				
Capital assets, not depreciated:				
Land	\$19,929,750	\$995,003	\$ --	\$20,924,753
Construction in progress	397,582	399,208	471,205	325,585
<b>Total capital assets, not depreciated</b>	<b>20,327,332</b>	<b>1,394,211</b>	<b>471,205</b>	<b>21,250,338</b>
Capital assets, depreciated:				
Land improvements	22,461,610	79,939	--	22,541,549
Buildings and improvements	10,870,917	35,077	--	10,905,994
Autos, equipment and office	420,222	10,845	8,767	422,300
<b>Total capital assets, depreciated</b>	<b>33,752,749</b>	<b>125,861</b>	<b>8,767</b>	<b>33,869,843</b>
<b>Total accumulated depreciation</b>	<b>11,803,843</b>	<b>815,916</b>	<b>(8,767)</b>	<b>12,610,992</b>
<b>Total capital assets, depreciated, net</b>	<b>21,948,906</b>	<b>(690,055)</b>		<b>21,258,851</b>
<b>Total capital assets, net</b>	<b>\$42,276,238</b>	<b>\$704,156</b>	<b>(\$471,205)</b>	<b>\$42,509,189</b>
<b>December 31, 2024</b>				
Capital assets, not depreciated:				
Land	\$21,849,079	\$3,741,117	\$ 5,660,446	\$19,929,750
Construction in progress	15,904,063	3,765,614	19,272,095	397,582
<b>Total capital assets, not depreciated</b>	<b>37,753,142</b>	<b>7,506,731</b>	<b>24,932,541</b>	<b>20,327,332</b>
Capital assets, depreciated:				
Land improvements	7,012,363	15,449,247	--	22,461,610
Buildings and improvements	10,683,808	187,109	--	10,870,917
Autos, equipment and office	403,856	16,366	--	420,222
<b>Total capital assets, depreciated</b>	<b>18,100,027</b>	<b>15,652,722</b>	<b>--</b>	<b>33,752,749</b>
<b>Total accumulated depreciation</b>	<b>11,349,721</b>	<b>454,122</b>		<b>11,803,843</b>
<b>Total capital assets, depreciated, net</b>	<b>6,750,306</b>	<b>15,198,600</b>		<b>21,948,906</b>
<b>Total capital assets, net</b>	<b>\$44,503,448</b>	<b>\$22,705,331</b>	<b>(\$24,932,541)</b>	<b>\$42,276,238</b>

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 5 - Construction in Progress**

The Port has active construction projects as of December 31, 2025. The projects include:

Project	Construction in Progress	Remaining Commitment
Mahoney Project	\$ 37,256	\$ 75,000
Moe/Dahl Project	28,200	50,000
Centralia Station Sign	6,615	285,000
IDD Property Development	253,514	50,000
<b>Total construction in progress</b>	<b>\$ 325,585</b>	<b>\$ 460,000</b>

The amounts listed under remaining commitment include expenditures that will be covered by a variety of methods, including grants, financing, and Port funds.

Certain ongoing projects have been delayed due to lack of current funding required to complete them. Management is continuing to evaluate their options and believes these projects are not impaired at December 31, 2025.

**Note 6 - Line of Credit**

The Port has available a line of credit with Umpqua Bank in which it may borrow up to \$1,400,000 decreasing down to \$1,000,000 on July 1, 2026. The balance outstanding totaled \$1,100,744 and \$374,911 at December 31, 2025 and 2024, respectively. The line bears interest on the amounts so drawn fully floating at Umpqua Bank's Prime Rate plus 0% resetting with each change in prime rate and matures August 31, 2027. The line of credit agreement contains various restrictive covenants including one relating to debt service.

The Port issued a new line of credit with Umpqua Bank in 2022 during construction of its Centralia Station project in which it may borrow up to \$1,000,000. The balance outstanding totaled \$0 and \$0 at December 31, 2025 and 2024, respectively. The line bears interest on the amounts so drawn fully floating at Umpqua Bank's Prime Rate plus 0% and matured August 31, 2025.

Line of credit activity during 2025 and 2024 was as follows:

<b>Balance, January 1, 2024</b>	<b>\$ 1,793,566</b>
Advances	1,250,000
Repayments	2,668,655
<b>Balance, January 1, 2025</b>	<b>\$ 374,911</b>
Advances	1,580,000
Repayments	854,167
<b>Balance, December 31, 2025</b>	<b>\$ 1,100,744</b>

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 7 - Long-Term Debt

Long-term debt activity during 2025 and 2024 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2024	Advances	Repay-ments	December 31, 2025
<b>Notes Payable</b>							
CERB notes	.75%	N/A	2026	\$ 119,473	\$ --	\$ 59,513	\$ 59,959
Other various	3.50-8.00	N/A	2027-2036	637,962	--	133,536	504,426
				<b>\$ 757,435</b>	<b>\$ --</b>	<b>\$ 193,049</b>	<b>\$ 564,385</b>
Less current portion				193,049			204,579
<b>Total notes payable, net of current portion</b>				<b>\$564,386</b>			<b>\$359,806</b>

Long-term debt activity during 2024 and 2023 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2023	Advances	Repay-ments	December 31, 2024
<b>Notes Payable</b>							
CERB notes	.75%	N/A	2026	\$ 178,543	\$ --	\$ 59,070	\$ 119,473
Other various	3.50-8.00	N/A	2027-2036	761,264	--	123,302	637,962
				<b>\$ 939,807</b>	<b>\$ --</b>	<b>\$ 182,372</b>	<b>\$ 757,435</b>
Less current portion				182,372			193,049
<b>Total notes payable, net of current portion</b>				<b>\$757,435</b>			<b>\$564,386</b>

(continued)

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 7 - Long-Term Debt (concluded)

#### Annual Debt Amortization

The annual principal and interest requirements for all debt outstanding as of December 31, 2025, are as follows:

	Principal	Interest	Total
2026	204,579	35,577	240,156
2027	66,694	25,200	91,894
2028	25,438	22,530	47,968
2029	27,550	20,418	47,968
2030	29,836	18,132	47,968
2031-2036	210,289	49,537	259,826
<b>Total</b>	<b>\$564,386</b>	<b>\$171,394</b>	<b>\$735,780</b>

#### General Obligation Bonds

RCW Chapter 53.36 provides that new issues of non-voted general obligation bond debt cannot be incurred in excess of 0.25 percent of the assessed value of the taxable property in the Port District; however, the related RCW allows for the acquisition or construction of a facility without a vote, with a maximum limit of 0.375 percent, which was \$15,806,162 at December 31, 2025. The Port is in compliance with this limitation.

RCW Chapter 53.36 also provides that additional general obligation bond debt can be incurred upon approval by the voters of the Port District.

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 8 - Pension Plans

The following table represents the aggregate pension plan amounts for all plans for the year 2025:

<b>Aggregate Pension Amounts – All Plans</b>	
Pension liabilities	\$ (34,662)
Pension assets	\$ 144,213
Deferred outflows of resources	\$ 194,300
Deferred inflows of resources	\$ (79,888)
Pension expense/expenditures	\$ (7,793)

#### State Sponsored Pension Plans

Substantially all Port full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

#### Public Employees' Retirement System (PERS)

PERS members include elected officials, state employees, employees of local governments, and higher education employees not participating in higher education retirement plans.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

**PERS Plan 1** provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 8 - Pension Plans** *(continued)*

**Public Employees’ Retirement System (PERS)** *(continued)*

**PERS Plan 2/3** provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member’s AFC times the member’s years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

**PERS Plan 3** defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

**PERS Contributions**

The PERS Plan 1 member contribution rate is established by State statute at 6%. The PERS 1 employer and PERS 2/3 employer and employee contribution rates are developed by the Office of the State Actuary, adopted by the Pension Funding Council and is subject to change by the legislature. For part of the year, the PERS **Plan 2/3** employer rate included a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plans defined benefit required contribution rates (expressed as a percentage of covered payroll) for the fiscal year were as follows:

Timeframe	Contribution Rate	PERS 1 UAAL	Admin Fee	Total Employer
January – June	6.36%	2.55%	0.20%	9.11%
July – December	5.38%	0%	0.20%	5.58%

Plan	Employee Contribution Rate
PERS 1	6.00%
PERS 2	6.36% January – June and 5.38% July-December
PERS 3	Varies: 5% - 15%

(continued)

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### **Note 8 - Pension Plans** *(continued)*

#### **Public Employees' Retirement System (PERS)** *(continued)*

The Port's actual PERS plan contributions were \$7,715 to PERS Plan 1 (including the UAAL contributions) and \$36,118 to PERS 2/3 for the year ended December 31, 2025.

#### **Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined by an actuarial valuation completed as of June 30, 2024 with the results rolled forward to June 30, 2025. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2013-2018 Demographic Experience Study and the 2023 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2024 Actuarial Valuation Report.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increases.
- **Investment rate of return:** 7%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Change in Assumptions and Methods: OSA improved their modeling of benefits paid to retirees and beneficiaries in their month of death to better match current administrations.

#### **Long-Term Expected Rate of Return**

OSA selected a 7% long-term expected rate of return on pension plan investments. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 8 - Pension Plans** *(continued)*

**Public Employees' Retirement System (PERS)** *(continued)*

**Estimated Rates of Return by Asset Class**

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025. The inflation component used to create the table is 2.5% and represents the WSIB's most recent long-term estimate of broad economic inflation.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>% Long-Term Expected Real Rate of Return Arithmetic</b>
<b>Fixed Income</b>	<b>19%</b>	<b>2.1%</b>
<b>Tangible Assets</b>	<b>8%</b>	<b>4.5%</b>
<b>Real Estate</b>	<b>18%</b>	<b>4.8%</b>
<b>Global Equity</b>	<b>30%</b>	<b>5.6%</b>
<b>Private Equity</b>	<b>25%</b>	<b>8.6%</b>
	<b>100%</b>	

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7% was used to determine the total liability.

**Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the Port's proportionate share\* of the net pension liability calculated using the discount rate of 7%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

	<b>1% Decrease (6%)</b>	<b>Current Discount Rate (7%)</b>	<b>1% Increase (8%)</b>
PERS 1	\$ 58,490	\$ 34,662	\$ 13,766
PERS 2/3	\$234,023	\$(144,213)	\$(454,851)

**Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 8 - Pension Plans** *(continued)*

**Public Employees' Retirement System (PERS)** *(continued)*

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The Port's proportionate share of the net pension liabilities and assets are as follows:

	<b>Liability (or Asset)</b>
PERS 1	\$ 34,662
PERS 2/3	\$ (144,213)

At June 30, the Port's proportionate share of the collective net pension liabilities was as follows:

	<b>Proportionate Share 6/30/24</b>	<b>Proportionate Share 6/30/25</b>	<b>Change in Proportion</b>
PERS 1	0.002485%	0.002940%	0.000455%
PERS 2/3	0.003260%	0.003779%	0.000519%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2025 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

**Pension Expense**

For the year ended December 31, 2025, the Port recognized pension expense as follows:

	<b>Pension Expense</b>
PERS 1	\$ 5,568
PERS 2/3	\$ (13,361)
TOTAL	\$(7,793)

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 8 - Pension Plans** *(continued)*

**Public Employees' Retirement System (PERS)** *(continued)*

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2025, the Port's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

<b>PERS 1</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (2,383)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ -	\$ -
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ (2,383)</b>

<b>PERS 2 &amp; 3</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 105,440	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (32,476)
Changes of assumptions	\$ 55,733	\$ (3,982)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,217	\$ (41,047)
Contributions subsequent to the measurement date	\$ 16,910	\$ -
<b>TOTAL</b>	<b>\$ 194,300</b>	<b>\$ (77,505)</b>

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 8 - Pension Plans** *(concluded)*

**Public Employees' Retirement System (PERS)** *(concluded)*

<b>TOTAL</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 105,440	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (34,859)
Changes of assumptions	\$ 55,733	\$ (3,982)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 16,217	\$ (41,047)
Contributions subsequent to the measurement date	\$ 16,910	\$ -
<b>TOTAL</b>	<b>\$ 194,300</b>	<b>\$ (79,888)</b>

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years ended December 31:</b>	<b>PERS 1</b>
2026	2,274
2027	(1,656)
2028	(1,720)
2029	(1,280)
2030	-
Thereafter	-
<b>TOTAL</b>	<b>(2,382)</b>

<b>Years ended December 31:</b>	<b>PERS 2 &amp; 3</b>
2026	47,024
2027	14,215
2028	13,698
2029	3,875
2030	16,595
Thereafter	4,478
<b>TOTAL</b>	<b>99,885</b>

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 9 - Risk Management

#### Washington Government Entity Pool

Port of Centralia is a member of Enduris Washington (“Enduris” or “the Pool”) under an interlocal governmental agreement. Enduris was established as a Washington Risk Pool under RCW 48.62.031, allowing local government entities to self-insure risks independently or collectively, purchase insurance or reinsurance together, and contract for services like risk management, claims processing, and administration. Enduris is fully funded by its member participants. Members submit claims to the Pool, which evaluates coverage and manages the claims process.

For the fiscal year ending August 31, 2025, Enduris had 497 members from various special purpose districts across the state. Members make annual contributions to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. Membership requires a minimum one-year commitment, with 60 days' notice required to terminate before renewal. The Interlocal Governmental Agreement renews automatically unless withdrawal or termination options are exercised. Withdrawing or terminated members remain liable on a pro rata basis for any assessments levied against the membership during their period of membership, as if they were still a member.

The Enduris program offers various forms of joint self-insurance and reinsurance coverage for its members, including Liability coverage (general, auto, public officials' errors and omissions, terrorism, employment practices), Property coverage (buildings, contents, equipment, boiler/machinery, business interruption), Auto Physical Damage, Cyber coverage, Pollution coverage, Crime Blanket coverage, Named Position coverage, Alliant Deadly Weapon Response Program (ADWRP) coverage, and Identity Fraud Reimbursement coverage. Blanket Accident Insurance is provided for specific participating districts. Pollution, Cyber, Blanket Accident, ADWRP, and Identity Fraud Expense Reimbursement coverage are claims-made and reported; Crime coverage is discovery-based; all other coverage is occurrence-based.

Members may pay a deductible or co-pay for each covered loss, as per the terms of their coverage. Each year, members receive a Memorandum of Coverage detailing their specific coverage, limits, and deductibles. In certain instances, the Pool may allow members to elect limits, coverage, deductibles, and co-pays specific to their needs. Enduris pays for covered losses above the member's deductible or co-pay for the specific coverage, up to the Pool's selfinsured retention (SIR), and then uses excess/reinsurance from unrelated insurance companies to indemnify covered losses beyond the SIR up to the coverage maximum limit.

Enduris issues an annual Financial Report that includes financial statements and other required supplementary information. The latest Enduris Washington Financial Statements Audit Report is available on the SAO website. <https://sao.wa.gov/reports-data/audit-reports>

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 10 - Leases**

As a part of its normal operations, the Port leases land and buildings to tenants who intend to utilize the facilities to generate direct benefits within the community. The Port’s objective is that lease terms be for a length of time that will assist in ensuring economic stability and a fair return on the value of the facilities being leased. Lease terms, including options for renewal, run from 11 months to 20 years. In addition, there are properties that are rented on a month-to-month basis. All leases are accounted for as operating leases.

Leases subject to GASB Statement No. 87 have a fixed term that exceeds one year.

2025 inflows of resources from lease activities were as follows:

Lease Revenue from Lease Receivable	\$ 721,084
Interest Revenue	<u>145,633</u>
Total:	<u>\$ 866,717</u>

The Port’s minimum future lease rental income on non-cancelable operating lease terms remaining are as follows:

Years ending December 31:	Principal	Interest	Total
2026	517,794	103,465	621,259
2027	446,788	74,274	521,062
2028	470,432	45,079	515,511
2029	255,541	22,369	277,910
2030	219,650	9,485	229,135
2031-2033	76,973	3,356	80,329
Total	<b>1,978,178</b>	<b>258,028</b>	<b>2,245,206</b>

During the years ended December 31, 2025, and 2024, the Port received \$1,004,377 and \$1,009,528 including principal and interest, respectively, under these agreements and other short-term agreements.

Assets held for rental and leasing purposes totaled \$16,814,592 and \$17,645,361 at December 31, 2025 and 2024, respectively. Accumulated depreciation on these assets totaled \$6,866,218 and \$6,719,151 at December 31, 2025 and 2024, respectively.

**Note 11 – Other Postemployment Benefit (OPEB) Plans**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2025:

<b>Aggregate OPEB Amounts – All Plans</b>	
OPEB liabilities	\$ 218,605
OPEB assets	-
Deferred outflows of resources	3,914
Deferred inflows of resources	-
OPEB expenses/expenditures	(\$50,159)

(continued)

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 11 – Other Postemployment Benefit (OPEB) Plans (continued)

#### Plan Description

Other Post-Employment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), the Port's substantive plan carrier, offers retirees access to all these benefits. However, the Port provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. Port employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

The OPEB relationship between PEBB employers and their employees and retirees are not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communication between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504 or it may be downloaded from the Office of the State Actuary website at <http://osa.leg.wa.gov>.

#### Subsidies

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims' pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a simple, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

#### Employees Covered by Benefit Terms

At December 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	10
Total	12

(continued)

## Notes to Financial Statements

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Port of Centralia  
December 31, 2025 and 2024

### Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

#### Funding Policy, Funding Progress and Reserves

The Port funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning the Port pays these costs as they occur or become due. The Port's cost-sharing policy on the medical premiums is to pay 100% of the PEBB medical plan for employees as described above and 100% of the premiums up to 90 days after termination or retirement unless explicitly stated in a termination agreement.

In order to fund the OPEB plan, the Port would have to establish an irrevocable trust, which means that the Port would no longer have control of the money from the trust. If the Port left the PEBB program, the Port would not be able to retrieve the money out of the trust. As of December 31, 2025, the Port does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan is paid on a "pay-as-you-go" basis and is 0% funded, there are no assets to invest. However, currently the Port has sufficient cash and cash equivalents to cover the entire liability (if any costs are incurred in the future). If the Port no longer uses PEBB for their medical insurance coverage, under the current Port policy, the Port is not liable for any future cost to retired employees.

#### Assumptions and Other Inputs

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality, and the health care cost trend. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2025, and looking forward, the schedule provides multi-year trend information about the actuarial values of OPEB liability.

The actuarial assumptions in use to measure the total OPEB liability include the entry-age cost method. The assumptions also include a discount rate that ranged from 3.93% at the beginning of the measurement year, to 5.20% at the end of the measurement year (Source used: *Bond Buyer General Obligation 20-Bond Municipal Index*). Projected salary changes are 3.25% with the addition of service-based increases. Healthcare trend rates range from (4.5%) to 9.5% reaching an ultimate rate of approximately 3.8% in 2080. The inflation rate is set at 2.40%. The Post-Retirement participation percentage is 60%, with 45% assumed for spouse coverage.

The Port uses the alternative measurement method permitted under GASB Statement No. 75. Date (e.g., age range, years of service, active age average, etc.) is compiled into the Office of the State Actuary (OSA) GASB No. 75 reporting tool for all active and inactive members to determine the total pension liability and the total pension expense. The OSA report involves calculations that require assumptions about future economic and demographic events. Consistent with GASB reporting requirements, the Office of the State Actuary uses a "pay-as-you-go" funding policy when selecting the assumed rate of investment return. General and salary inflation are the same as those used in the June 30, 2024, Actuarial Valuation Report (AVR) issued by the OSA. Participation percentage, percentage of spouses' coverage, and Medicare coverage is determined by the Office of the State Actuary.

OSA assumes 3/4 of members select a Uniform Medical Plan (UMP) and 1/4 select a Kaiser Permanente (KP) plan. UMP pre- and post-Medicare costs and premiums are equal to the UMP Classic. The KP pre-Medicare costs and premiums are a 40/60 blend of KP WA Classic and KP WA Value. The KP post-Medicare costs and premiums are equal to KP WA Medicare.

OSA estimates retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an aged 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

*(continued)*

**Notes to Financial Statements**

Port of Centralia  
December 31, 2025 and 2024

**Note 11 – Other Postemployment Benefit (OPEB) Plans** *(continued)*

Assumptions for rates of decrement (retirement, disability, termination, and mortality) are consistent with the most recent PEBB OPEB valuation as the publication of the AMM Online Tool. The following changes were made for model simplicity: based on average expected retirement age of 65, OSA applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+. OSA assumes members will not terminate once retirement eligible. Modeling these members as normal retirements approximates impacts from members terminating and deferring participation in PEBB.

Each cohort is assumed to be a 50/50 female/male split. OSA further assumed a 45% likelihood that current (and future) retirees cover a spouse and that eligible spouses are the same age as the primary member. Age-based cohorts are used based upon the overall distribution of state employees and retirees that participate in PEBB. Dental benefits are not included when calculating the Total OPEB Liability. OSA believes these approaches and simplifying assumptions are reasonable for the purposes of the Alternative Measurement Method. OSA performed internal testing on the Total OPEB Liability to ensure a reasonable relationship between the 2024 PEBB OPEB Report and the current tool and will continue to monitor the relationship in future tool updates and may adjust their assumptions and methods.

The following presents the total OPEB liability of the Port for each plan calculated using the current healthcare cost trend rate, which varies by plan, as well as what the OPEB liability would be, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 191,957	\$ 218,605	\$ 251,432

The following presents the total OPEB liability of the Port calculated using the discount rate of 5.20 percent, as well as what the OPEB liability would be if it were calculated using a discount rate what is 1-percentage point lower (4.20 percent) or 1-percentage point higher (6.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 248,183	\$ 218,605	\$ 194,133

Changes to the Total OPEB Liability

The following presents the changes to the total OPEB liability:

<b>Total OPEB Liability at 07/01/2024</b>	\$ 276,541
Service cost	11,957
Interest	11,187
Changes of benefit terms	-
Differences between expected and actual experience	(84,307)
Changes of assumptions	11,004
Benefit payments	(7,777)
Other changes	-
<b>Total OPEB Liability at 06/30/2025</b>	<b>\$ 218,605</b>

The Port reported a total OPEB expense of (\$50,159) in 2025.

*(continued)*

**Notes to Financial Statements**

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Port of Centralia  
December 31, 2025 and 2024

**Note 11 – Other Postemployment Benefit (OPEB) Plans** *(concluded)*

At December 31, 2025, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Payments subsequent to the measurement date	3,914	-
Total	\$ 3,914	\$ -

Deferred outflows of resources of \$3,914 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended in December 31, 2025. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended in December 31:	
2025	\$ 3,914
2026	-
2027	-
2028	-
2029	-
Thereafter	\$ -

**Note 12 – Termination Benefits**

On December 31, 2025, the District entered into a termination agreement with one employee that provided for severance payments and continuation of health insurance coverage under COBRA. The agreement resulted from an involuntary termination initiated by the District. In accordance with GASB Codification Sections T25.108 and T25.109, the District recognized a liability and expense for the present value of future benefit payments as of the date the agreement was executed.

Under the terms of the agreement, the District is obligated to provide severance payments including employer’s share of FICA totaling \$349,370, payable in 36 semi-monthly installments beginning in January 2026 and continuing through June 2027. The District is also responsible for paying the employee’s COBRA health insurance premiums for 18 months, at a current monthly rate of \$1,035.

Because the severance payments extend beyond one year, the District measured the obligation at the discounted present value of expected future payments using the District’s incremental borrowing rate. The present value of the severance obligation at December 31, 2025, was \$343,847. The COBRA obligation, which is short-term in nature and based on fixed monthly premiums, was measured at the undiscounted amount of \$18,635.

The District recognized a total termination benefits liability of \$362,482, and a corresponding termination benefits expense in the financial statements for the year ended December 31, 2025. No payments were made during 2025.

In the financial statements, only the portion of the obligation expected to be liquidated with expendable available financial resources was recognized as an expenditure and liability. For 2025, this amount was \$245,337, representing the estimated payments to be made during the subsequent 12-month period.

The remaining long-term portion of the liability is reported only in the Statement of Net Position. The liability will be reduced as payments are made during 2026 and 2027.

### **Note 13 – Subsequent Events**

The Port has had the following transactions occur subsequent year-end:

- On January 21, 2026, the Commissioners approved a new Lease Agreement with a current tenant for a five-year lease agreement with two options to renew.
- On March 17, 2026, the Port approved a Lease extension with a current tenant through February 2027.
- On March 18, 2026, the Port approved the sale of a 1-acre parcel of land within Industrial District No. 1.

**Required  
Supplementary  
Information**

**PORT OF CENTRALIA**  
**Schedule of Proportionate Share of the Net Pension Liability\***  
**As of June 30, 2025**  
**Last 10 Fiscal Years**

Fiscal Year	Plan	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability/asset
2025	PERS 1	0.003%	\$ 34,662	\$ 34,662	\$ 631,381	5%	89.07%
2024	PERS 1	0.002%	\$ 44,154	\$ 44,154	\$ 549,819	8%	84.05%
2023	PERS 1	0.002%	\$ 64,715	\$ 64,715	\$ 544,798	12%	80.16%
2022	PERS 1	0.002%	\$ 68,078	\$ 68,078	\$ 404,303	17%	76.56%
2021	PERS 1	0.002%	\$ 26,904	\$ 26,904	\$ 309,822	9%	88.74%
2020	PERS 1	0.003%	\$ 91,406	\$ 91,406	\$ 406,727	22%	68.64%
2019	PERS 1	0.002%	\$ 79,753	\$ 79,753	\$ 290,867	27%	67.12%
2018	PERS 1	0.002%	\$ 102,719	\$ 102,719	\$ 305,599	34%	63.22%
2017	PERS 1	0.003%	\$ 109,896	\$ 109,896	\$ 298,890	37%	61.24%
2016	PERS 1	0.003%	\$ 124,112	\$ 124,112	\$ 262,017	47%	57.03%
2025	PERS 2/3	0.003%	\$ (144,213)	\$ (144,213)	\$ 631,381	-23%	105.33%
2024	PERS 2/3	0.003%	\$ (107,468)	\$ (107,468)	\$ 549,819	-20%	105.17%
2023	PERS 2/3	0.003%	\$ (149,643)	\$ (149,643)	\$ 537,978	-28%	107.02%
2022	PERS 2/3	0.003%	\$ (118,607)	\$ (118,607)	\$ 404,303	-29%	106.73%
2021	PERS 2/3	0.003%	\$ (281,615)	\$ (281,615)	\$ 309,822	-91%	120.29%
2020	PERS 2/3	0.003%	\$ 43,318	\$ 43,318	\$ 406,727	11%	97.22%
2019	PERS 2/3	0.003%	\$ 25,993	\$ 25,993	\$ 290,867	9%	97.77%
2018	PERS 2/3	0.003%	\$ 50,642	\$ 50,642	\$ 305,599	17%	95.77%
2017	PERS 2/3	0.003%	\$ 103,506	\$ 103,506	\$ 298,890	35%	90.97%
2016	PERS 2/3	0.003%	\$ 149,285	\$ 149,285	\$ 262,017	57%	85.82%

**PORT OF CENTRALIA**  
**Schedule of Employer Contributions**  
**As of December 31, 2025**  
**Last 10 Fiscal Years**

<b>Fiscal Year</b>	<b>Plan</b>	<b>Statutorily or contractually required contributions</b>	<b>Contributions in relation to the statutorily or contractually required contributions</b>	<b>Contribution deficiency (excess)</b>	<b>Covered employer payroll</b>	<b>Contributions as a percentage of covered employee payroll</b>
2025	PERS 1	\$ 7,715	\$ 7,715	\$ -	\$ 617,169	1%
2024	PERS 1	\$ 15,420	\$ 15,420	\$ -	\$ 561,680	3%
2023	PERS 1	\$ 18,215	\$ 18,215	\$ -	\$ 537,978	3%
2022	PERS 1	\$ 17,408	\$ 17,408	\$ -	\$ 463,238	4%
2021	PERS 1	\$ 15,359	\$ 15,359	\$ -	\$ 358,420	4%
2020	PERS 1	\$ 15,474	\$ 15,474	\$ -	\$ 338,367	5%
2019	PERS 1	\$ 16,434	\$ 16,434	\$ -	\$ 332,379	5%
2018	PERS 1	\$ 15,870	\$ 15,870	\$ -	\$ 313,417	5%
2017	PERS 1	\$ 15,761	\$ 15,761	\$ -	\$ 298,890	5%
2016	PERS 1	\$ 12,498	\$ 12,498	\$ -	\$ 262,017	5%
2025	PERS2/3	\$ 36,118	\$ 36,118	\$ -	\$ 617,169	6%
2024	PERS2/3	\$ 35,723	\$ 35,723	\$ -	\$ 561,680	6%
2023	PERS2/3	\$ 34,216	\$ 34,216	\$ -	\$ 537,978	6%
2022	PERS2/3	\$ 29,462	\$ 29,462	\$ -	\$ 463,238	6%
2021	PERS2/3	\$ 25,569	\$ 25,569	\$ -	\$ 358,420	7%
2020	PERS2/3	\$ 25,918	\$ 25,918	\$ -	\$ 338,367	8%
2019	PERS2/3	\$ 25,662	\$ 25,662	\$ -	\$ 332,379	8%
2018	PERS2/3	\$ 23,506	\$ 23,506	\$ -	\$ 313,417	7%
2017	PERS2/3	\$ 21,962	\$ 21,962	\$ -	\$ 298,890	7%
2016	PERS2/3	\$ 16,323	\$ 16,323	\$ -	\$ 262,017	6%

**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Public Employees Benefits Board**  
**For the year ended December 31, 2025**  
**Last 10 Fiscal Years\***

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability - beginning</b>	276,541	269,091	\$ 340,087	\$ 393,498	\$ 565,212	\$ 432,489	\$ 465,841	\$ 463,093
Service Cost	11,957	9,978	13,919	21,152	27,368	20,942	17,679	18,188
Interest	11,187	9,991	12,364	8,829	12,944	15,697	18,501	17,068
Changes in benefit terms	11,004	-	-	-	-	-	-	-
Differences between expected and actual experience		-	-	-	-	-	-	-
Change of assumptions	(84,307)	(1,739)	(87,733)	(71,545)	(198,158)	106,060	(58,523)	(23,389)
Benefit payments	(7,777)	(10,780)	(9,546)	(11,847)	(13,868)	(9,976)	(11,009)	(9,119)
Other changes	-	-	-	-	-	-	-	-
<b>Total OPEB liability - ending</b>	<b>218,605</b>	<b>276,541</b>	<b>269,091</b>	<b>340,087</b>	<b>393,498</b>	<b>565,212</b>	<b>432,489</b>	<b>465,841</b>
<b>Covered-employee payroll</b>	<b>653,163</b>	<b>605,895</b>	<b>576,950</b>	<b>499,495</b>	<b>389,845</b>	<b>360,245</b>	<b>360,843</b>	<b>349,246</b>
<b>Total OPEB liability as a % of covered payroll</b>	<b>33.47%</b>	<b>45.64%</b>	<b>46.64%</b>	<b>68.09%</b>	<b>100.94%</b>	<b>156.90%</b>	<b>119.86%</b>	<b>133.38%</b>
<b>Notes to Schedule:</b>								
* Until a full 10-year trend is compiled, only information for those years available is presented								
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.								

**Supplementary  
Schedules**

## Supplementary Schedules of Operating Expenses

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Port of Centralia  
December 31, 2025 and 2024

	2025	2024
<b>Operating Expenses - General Operations</b>		
Building maintenance	\$14,524	\$17,502
Outside services	1,472	147,980
Utilities	8,028	1,562
Building janitorial and garbage	--	--
<b>Total</b>	<b>\$24,024</b>	<b>\$167,044</b>
<b>Operating Expenses - Maintenance</b>		
Salaries - staff	\$159,589	\$117,378
Pension benefit	10,478	10,351
Payroll taxes and benefits	73,930	47,851
Fuel and lubricants	2,944	3,548
Landscape supplies	6,306	9,519
Utilities - street lights, pump houses	17,621	18,846
Maintenance and repair	18,419	17,668
Security services	273	761
Telecommunications	1,740	1,331
Benefit	(1,034)	626
Equipment Rentals	--	487
<b>Total</b>	<b>\$290,266</b>	<b>\$228,366</b>
<b>Operating Expenses – General and Administrative</b>		
Salaries - administration	\$572,914	\$478,856
Termination Benefit Expense	362,482	
Pension benefit	61,130	68,504
Commissioner compensation	8,855	9,660
Payroll taxes and accrued vacation	(32,530)	55,818
Health insurance - administration	85,106	93,724
Health insurance - commissioners	68,582	63,458
Benefits	(3,712)	2,553
Computer repairs and office supplies	18,277	17,515
Insurance	48,555	42,899
Legal advertising and miscellaneous	1,061	3,225
Legal services	289,077	80,562
Marketing	33,755	26,140
Membership dues	5,204	2,306
Conferences, seminars, and education	70	491
Other expenses	5,049	1,896
Community Relations/Newsletter	74,402	26,960
Outside services	10,175	24,607
Printing, publications, and newsletters	1,011	3,257
Security services	3,414	5,794
Telecommunications	9,573	8,642
Travel and meals	1,021	1,026
Utilities	7,105	6,801
<b>Total</b>	<b>\$1,630,576</b>	<b>\$1,024,694</b>

## Supplementary Schedules of Non-Operating Revenues - Miscellaneous Taxes

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Port of Centralia  
Years Ended December 31, 2025 and 2024

	2025	2024
<b>Non-Operating Revenues - Other Taxes</b>		
Leasehold excise tax	\$ 2,289	\$ 2,628
Private harvest tax	21,794	19,469
Forest board yield tax	60,750	6
Miscellaneous tax	--	--
<b>Total</b>	<b>\$84,833</b>	<b>\$22,103</b>

**ANNUAL REPORT**

**PORT OF CENTRALIA**  
(Name of Government)

0588  
MCAG No.

Submitted pursuant to RCW 43.09.200

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 2025

Certified correct this 26th day of May, 2026, to the best of my knowledge and belief:

GOVERNMENT INFORMATION:

OFFICIAL MAILING ADDRESS 3508 Galvin Road, Centralia, WA 98531

OFFICIAL WEB SITE ADDRESS www.portofcentralia.com

PREPARER INFORMATION and CERTIFICATION

NAME: Amy Graber

TITLE: Executive Director

PREPARED BY Port of Centralia

TELEPHONE NUMBER (360)736-3527

FAX NUMBER (360) 330-5666

E-MAIL ADDRESS agraber@portofcentralia.com

HOME PAGE ADDRESS www.portofcentralia.com

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SCHEDULE 01

For The Year Ended December 31, 2025

BARS Account	Description	Amount
3081900	Restricted Net Position - Beginning	216,491
3086000	Net Investment in Capital Assets - Beginning	41,518,803
3088900	Unrestricted Net Position - Beginning	(796,568)
3111000	Property Tax	1,217,804
3446000	Airports and Ports Services	1,004,377
3613000	Gains (Losses) on Sale of Investments	11
3614000	Other Interest	145,633
3699200	Miscellaneous Other Nonoperating	84,833
3730000	Gains (Losses)	3,599
3917000	Other Note/Contracts/Line of Credits	1,580,000
5014600	Depreciation, Depletion, Amortization - Airports and Ports	815,917
5460010	Airports and Ports - Salaries	1,103,842
5460020	Airports and Ports - Benefits	261,949
5460030	Airports and Ports - Supplies	127,230
5460040	Airports and Ports - Services	451,844
5914670	Debt Repayment - Airports and Ports	1,047,216
5924680	Interest and Other Debt Service Cost - Airports and Ports	101,044
5944660	Capital Expenditures/Expenses - Airports and Ports	1,048,869
5985040	Other Nonoperating Expenses - Services	6,938
5081900	Restricted Net Position - Ending	258,625
5086000	Net Investment in Capital Assets - Ending	41,944,803
5088900	Unrestricted Net Position - Ending	(1,677,209)
8100000	Current Assets	148,378
8200000	Other Current Assets	602,888
8300000	Noncurrent Assets	44,122,786
8400000	Deferred Outflows	198,214
8500000	Current Liabilities	1,984,069
8600000	Noncurrent Liabilities	747,695
8700000	Deferred Inflows	1,814,284

PORT OF CENTRALIA

SCHEDULE OF LONG-TERM LIABILITIES

For The Year Ended December 31, 2025

G.O. Debt  
 Revenue Debt  
 Assessment Debt  
 Refunded Debt

			(a)	(b)	(c)	(a+b-c)
ID No.	Debt ID Title	Description	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT
263.94	Columbia Bank	Line of Credit	374,911	1,580,000	854,167	\$ 1,100,744
<b>debt</b>			<b>\$ 374,911</b>	<b>\$ 1,580,000</b>	<b>\$ 854,167</b>	<b>\$ 1,100,744</b>

PORT OF CENTRALIA

SCHEDULE OF LONG-TERM LIABILITIES

For The Year Ended December 31, 2025

G.O. Debt  
 Revenue Debt  
 Assessment Debt  
 Other Debt

ID No.	Debt ID Title	Description	(a)	(b)	(c)	(a+b-c)
			AMOUNT ORIGINALLY ISSUED	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD
263.62	Note Payable - Fry	Land Acquisition	548,400	358,316	--	20,026 \$ 338,290
263.62	Note Payable - Moe	Land Acquisition	1,312,900	279,646	--	113,510 \$ 166,136
263.99	Termination Benefit Liability		-	362,482		- \$ 362,482
259.12	Compensated Absences		-	91,835		74,358 \$ 17,477
264.30	Pension Liability		-	44,154		9,492 \$ 34,662
264.40	OPEB Liability		-	276,541		57,936 \$ 218,605
<b>Total revenue debt</b>			<b>\$ 1,861,300</b>	<b>\$ 1,412,974</b>	<b>\$ -</b>	<b>\$ 275,322 \$ 1,137,652</b>

PORT OF CENTRALIA

SCHEDULE OF LONG-TERM LIABILITIES

For The Year Ended December 31, 2025

G.O. Debt  
 Revenue Debt  
 Assessment Debt  
 Other Debt

			(a)	(b)	(c)	(a+b-c)	
I.D. NO	Debt ID Title	Description	AMOUNT ORIGINALLY ISSUED	BEGINNING OUTSTANDING DEBT	AMOUNT ISSUED	AMOUNT REDEEMED THIS PERIOD	ENDING OUTSTANDING DEBT
263.85	CERB Loan	Land Improvement	800,000	119,473	--	59,513	\$ 59,960
<b>Total other debt</b>			<b>\$ 800,000</b>	<b>\$ 119,473</b>	<b>\$ -</b>	<b>\$ 59,513</b>	<b>\$ 59,960</b>

## LOCAL GOVERNMENT RISK-ASSUMPTION

For the Year Ended December 31, 2025

1. Self-Insurance Program Manager: Amy Graber
2. Manager Phone: (360) 736-3527
3. Manager Email: agraber@portofcentralia.com
4. How do you insure property and liability risks, if at all?
  - a. Self-insurance program with accumulated resources for some or all risks.
  - b. Belong to a public entity risk pool**
  - c. Purchase private insurance
  - d. Retain risk internally without a self-insurance program (i.e. risk assumption)
5. How do you provide health and welfare insurance (e.g. medical, dental, prescription drug, and/or visions benefits) to employees, if at all?
  - a. Self-insurance program with accumulated resources for some or all benefits
  - b. Belong to a public entity risk pool
  - c. All benefits provided by health insurance company or HMO**
  - d. Not applicable - no such benefits offered
6. How do you insure unemployment compensation benefits, if any?
  - a. "Reimbursable" status, with accumulated resources (i.e. self-insurance program)
  - b. Belong to a public entity risk pool
  - c. Pay taxes to the Department of Employment Security ("Taxable")**
  - d. Not applicable - no employees
7. How do you insure workers compensation benefits, if any?
  - a. Approved self-insured employer
  - b. Belong to a public entity risk pool
  - c. Pay premiums to the Department of Labor and Industries**
  - d. Not applicable - no employees
8. How do you participate in the Washington Paid Family & Medical Leave Program?
  - a. "Voluntary Plan" for one or both program benefits, with accumulated resources (i.e. self-insurance program)
  - b. "Voluntary Plan" for one or both program benefits, but with no accumulated resources (i.e. risk assumption)
  - c. Pay premiums to the State's program for both benefits**
  - d. Purchase private insurance
  - e. Not applicable - no employees