



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Camas-Washougal

For the period January 1, 2020 through December 31, 2021

Published July 14, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

July 14, 2022

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

Report on Financial Statements

Please find attached our report on the Port of Camas-Washougal's financial statements.

We are issuing this report in order to provide information on the Port's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	4
Independent Auditor's Report on the Financial Statements	7
Financial Section.....	11
About the State Auditor's Office.....	38

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Port of Camas-Washougal January 1, 2020 through December 31, 2021

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Camas-Washougal, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated July 7, 2022.

We issued an unmodified opinion on the fair presentation of the Port's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Port using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

July 7, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Camas-Washougal January 1, 2020 through December 31, 2021

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of the Port of Camas-Washougal, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Port has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments and its changes in cash and investments, for the years ended December 31, 2021 and 2020, on the basis of accounting described in Note 1.

Adverse Opinion on U.S. GAAP

In our opinion, because of the significance of the matter discussed below, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port of Camas-Washougal, as of December 31, 2021 and 2020, or the changes in financial position or cash flows thereof for the years then ended.

Basis for Unmodified and Adverse Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port, 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 unmodified and adverse opinions.

Matter Giving Rise to Adverse Opinion on U.S. GAAP

As described in Note 1 of the financial statements, the financial statements are prepared by the Port on the basis of the financial reporting provisions of state law using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of state law and the BARS manual. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the Port used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS and *Government 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 financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the 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 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 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; and
- 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other

records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2022 on our consideration of the Port's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

July 7, 2022

FINANCIAL SECTION

Port of Camas-Washougal January 1, 2020 through December 31, 2021

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2021
Fund Resources and Uses Arising from Cash Transactions – 2020
Notes to Financial Statements – 2021
Notes to Financial Statements – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2021
Schedule of Liabilities – 2020

Port of Camas-Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

Beginning Cash and Investments

308	Beginning Cash and Investments	6,557,138
388 / 588	Net Adjustments	-

Revenues

310	Taxes	2,740,436
320	Licenses and Permits	-
330	Intergovernmental Revenues	148,531
340	Charges for Goods and Services	4,510,127
350	Fines and Penalties	-
360	Miscellaneous Revenues	61,266
Total Revenues:		7,460,360

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	4,136,486
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		4,136,486
Excess (Deficiency) Revenues over Expenditures:		3,323,874

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	37,241
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	2,253,740
Total Other Increases in Fund Resources:		2,290,981

Other Decreases in Fund Resources

594-595	Capital Expenditures	1,124,337
591-593, 599	Debt Service	1,520,673
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	472,554
Total Other Decreases in Fund Resources:		3,117,564

Increase (Decrease) in Cash and Investments: 2,497,291

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	625,743
50841	Committed	224,333
50851	Assigned	8,204,357
50891	Unassigned	-
Total Ending Cash and Investments		9,054,433

Port of Camas-Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2020

Beginning Cash and Investments

308	Beginning Cash and Investments	5,663,656
388 / 588	Net Adjustments	-

Revenues

310	Taxes	2,652,112
320	Licenses and Permits	-
330	Intergovernmental Revenues	154,081
340	Charges for Goods and Services	4,169,337
350	Fines and Penalties	-
360	Miscellaneous Revenues	97,787
Total Revenues:		<u>7,073,317</u>

Expenditures

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	3,821,622
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>3,821,622</u>
Excess (Deficiency) Revenues over Expenditures:		3,251,695

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	9,481,275
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	931,256
Total Other Increases in Fund Resources:		<u>10,412,531</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	1,306,576
591-593, 599	Debt Service	11,008,086
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	456,080
Total Other Decreases in Fund Resources:		<u>12,770,742</u>

Increase (Decrease) in Cash and Investments: 893,484

Ending Cash and Investments

50821	Nonspendable	-
50831	Restricted	525,731
50841	Committed	22,854
50851	Assigned	6,008,553
50891	Unassigned	-
Total Ending Cash and Investments		<u>6,557,138</u>

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Camas-Washougal was incorporated in 1935 and operates under the laws of the state of Washington applicable to a port district.

A. Reporting Entity

The Port of Camas-Washougal is a special purpose government and provides airport hangar rentals, moorage, land and industrial development, and public recreation facilities to the general public and is supported primarily through user charges and property tax levy. The Port may acquire and improve land for sale or lease for industrial or commercial purposes. The Port is governed by an elected three-member board.

B. Basis of Accounting

The Port of Camas-Washougal reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

The accounts of the Port of Camas-Washougal are maintained on the basis of funds. For reporting purposes, the financial activities of all the Port of Camas-Washougal funds are combined.

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

The Port's annual budget is adopted on the same basis of accounting as used for financial reporting.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

C. Cash and Investments

See Note 2.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

In 2021, the Port Commission surplused 5.05 acres of land that it no longer needed for Port business. The parcel located in Steigerwald Commerce Center amounted to \$1,714,472.

E. Compensated Absences

Vacation leave may be accumulated up to 40 days and is payable upon separation, retirement, or death. Sick leave may accumulate up to 120 days. Upon retirement or death all unused sick leave may be exchanged for compensation at the rate of 2 sick days per 1 day of compensation. Payments are recognized as expenditures when paid.

The total compensated absences balance was \$119,178 at December 31, 2021. See Schedule 09, Schedule of Liabilities.

F. Long-Term Debt

See Note 4.

H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution of the Port Commission. When expenditures that meet restrictions are incurred, the port intends to use the most restricted resources first.

Beginning Restricted Cash and Investments consist of \$525,731. The port restrictions of \$525,731 were imposed by 2017 revenue bond covenants and 9-16 and 4-20 Community Economic Revitalization Board Loan Resolutions. Reservations of Ending Cash and Investments consist of \$625,743. These port restrictions are the same as the beginning balance, including an additional \$100,000 imposed by 2017 revenue bond covenants requiring \$100,000 deposited into a bond sinking fund annually for the purpose of accumulating available net revenue to pay the 2017A bonds when due or prior to their scheduled maturity.

I. Risk Management

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021

Port of Camas-Washougal

Port of Camas-Washougal is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
<p>(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible</p> <p>(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.</p> <p>(3) Members pay a 20% co-pay of costs up to a maximum of \$100,000. By meeting established guidelines, the co-pay may be waived.</p>				
Property ^{(2):}				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ^{(5):}				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
Automobile Physical Damage ⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber ⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
(8)	Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.			
(9)	Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.			
(10)	Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.			

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

NOTE 2 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposits and investments by type at December 31, 2021 are as follows:

<u>Type of Investment</u>	<u>Port's Own Investments</u>	<u>Investments held by Port as Agent for other local governments or private organizations</u>	<u>Total</u>
Wells Fargo Checking Accts	\$3,226,904	\$0	\$3,226,904
Wells Fargo Interest Bearing Acct	\$136,743	\$0	\$136,743
US Bank Safekeeping Account	\$27,075	\$0	\$27,075
	\$1,000,000	\$0	\$1,000,000

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

Federal Farm Credit Bond

Clark County Investment Pool	\$4,610,883	\$0	\$4,610,883
Local Govt Investment Pool	\$52,828	\$0	\$52,828
	<u>\$9,054,433</u>	<u>\$0</u>	<u>\$9,054,433</u>

It is the Port of Camas-Washougal's policy to invest all temporary cash surpluses. The interest on these investments is deposited into the port's General Fund.

The Port of Camas-Washougal's investments at Wells Fargo and US Bank are covered by federal depository insurance (FDIC).

The Port of Camas-Washougal's is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

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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 throughout the month to the Port's Wells Fargo bank account by Clark County Treasurer.

Property tax revenues are recognized when cash is received by Clark County Treasurer. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port's regular levy for 2021 was \$0.1505 per \$1,000 on an assessed valuation of \$8,982,047,284 for a total regular levy of \$1,351,558. In addition, the Port's bond fund levy was \$0.1545 per \$1,000 for a total of \$1,387,840. The total levy for 2021 was \$.3049 per \$1,000 resulting in a total tax levy of \$2,739,398. Actual tax levy revenue received in 2021 was \$2,740,436 or 100.04%.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

NOTE 4 – LONG-TERM DEBT

The Port of Camas-Washougal issues general obligation bonds to finance the acquisition and construction of capital assets.

The Port is also liable for revenue bonds, and two subordinate obligation loans to Washington State Community Economic Revitalization Board. The bonds and loans are payable from the revenues of the Port.

The accompanying Schedule of Long-Term Liabilities provides more details of the outstanding debt and liabilities of the port and summarizes the port's debt transactions for year ended December 31, 2021.

The 2013 and 2020 general obligation bonds were incurred for land, buildings and infrastructure. The annual debt service requirements to maturity for general obligation bonds at December 31, 2021 are as follows:

G.O. Bonds	Principal	Interest	Total
2022	810,000	199,902	1,009,902
2023	820,000	185,042	1,005,042
2024	835,000	169,255	1,004,255
2025	855,000	154,225	1,009,225
2026	875,000	138,408	1,013,408
2027 - 2031	3,865,000	372,843	4,237,843
2032	635,000	16,510	651,510
Total	\$8,695,000	\$1,236,185	\$9,931,185

The Port of Camas-Washougal issued Revenue Bonds on June 28, 2017. These bonds are revenue obligations of the Port and are secured by a pledge of Net Revenues. As long as any Revenue Bonds remain outstanding, the Port has obligated and bound itself irrevocably to set aside and pay from Net Revenue or money in the General Fund into the Bond Fund the amounts necessary to pay the principal of and interest on the bonds when they become due (June 1 and December 1 of each year, for 20 years).

Below is the Operating Income by Business Line* at December 31, 2021:

	Industrial Park	Airport	Marina	Total
Operating Revenue	\$2,678,015	\$675,916	\$1,156,106	\$4,510,037
Operating Expenses	\$1,360,764	\$675,700	\$929,855	\$2,966,319
Net Operating Income	\$1,317,251	\$216	\$226,251	\$1,543,718

* before administrative and park expenses

The bond proceeds consist of \$4,575,000 along with \$251,651 in original issuance premium. Beginning in 2019, there is a required \$100,000 extra principal payment for 10 years (through 2028). There are both taxable and non-taxable portions to this bond issue. The 2017A Bonds are taxable

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021

Port of Camas-Washougal

and in the amount of \$2,825,000 along with a \$65,382 premium. The 2017B Bonds are tax-exempt and in the amount of \$1,750,000 along with a \$186,269 premium.

The 2017 revenue bonds were incurred for land, buildings and infrastructure. The annual debt service requirements to maturity for revenue bonds at December 31, 2021 are as follows:

Revenue Bonds	Principal	Interest	Total
2022	210,000	169,200	379,200
2023	215,000	160,800	375,800
2024	225,000	152,200	377,200
2025	230,000	143,200	373,200
2026	235,000	134,000	369,000
2027 - 2031	1,335,000	516,260	1,851,260
2032 - 2036	1,400,000	206,540	1,606,540
2037	125,000	6,250	131,250
Total	\$3,975,000	\$1,488,450	\$5,463,450

The Port is also liable for two interagency Washington State Community Revitalization Board (CERB) loans. The Port was awarded a CERB loan in 2020 totaling \$1,224,742 and in 2021 drew \$37,241 on that loan which is not reflected in the table below. These loans are payable from the revenues of the Port.

The 2013 and 2017 subordinate interagency loans outstanding at December 31, 2021 are as follows:

CERB Loans	Principal	Interest	Total
2022	105,364.47	25,185.33	130,549.80
2023	106,258.32	23,634.90	129,893.22
2024	107,162.26	22,074.38	129,236.64
2025	108,076.42	20,503.64	128,580.06
2026	109,000.91	18,922.57	127,923.48
2027 - 2031	559,241.68	70,527.00	629,768.68
2032 - 2036	531,445.82	30,038.68	561,484.50
2037 - 2038	188,304.51	3,197.74	191,502.25
Total	\$1,814,854.39	\$214,084.24	\$2,028,938.63

NOTE 5 – PENSION PLANS

Substantially all port full-time and qualifying part-time employees participate in the PERS Plan 2 and PERS Plan 3 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2021, the Port of Camas-Washougal's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Employer contributions	Allocation %	Liability
PERS 1	\$71,202	.009559%	\$116,738
PERS 2/3	\$116,232	.012270%	(\$1,222,289)

NOTE 6 – CONSTRUCTION IN PROGRESS

The Port has active construction projects as of December 31, 2021. The projects include:

Project	Spent to Date	Remaining Commitment
Fuel Dock Replacement Design	\$12,379	\$5,120
Fuel Dock Replacement Construction	\$5,752	\$414,106
Breakwater Access Geo-Tech	\$0	\$6,380
Breakwater Access Construction *	\$27,957	\$1,207,803
Building 20 Design **	\$216,814	\$131,496
Building 20 Geo-Tech **	\$15,255	\$20,990
Building 20 Construction **	\$46,530	\$8,092,488
Grove Field Future Development Plan	\$6,560	\$30,140
UPC Development Review	\$0	\$4,000
Waterfront Stormwater Outfall	\$82,752	\$4,002
Waterfront Design Standards Review	\$2,638	\$4,787
Electrification Guide	\$0	\$25,000

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

Financial Software Implementation	\$12,975	\$14,525
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The Port has the cash reserves available to pay
all Port commitments listed.

*The Breakwater Access Construction has grant revenue of \$1,000,000 from RCO that offsets actual port costs, amount to be received in 2022 when construction is final.

**Building 20 Construction has grant revenue from EDA totaling \$4,004,354 and a CERB loan totaling \$1,224,742 and CERB grant totaling \$216,131 that offsets actual port costs. Total spent in 2021 was \$278,599 however the port received \$79,648 in EDA grant revenues as well as \$37,241 against the CERB loan leaving an actual cost to the Port for 2021 of \$161,710. The remaining commitment of \$8,244,974 will be offset with EDA and CERB revenue of \$5,328,338 leaving an actual cost to the port for 2022 of \$2,916,636.

NOTE 7 – POLLUTION REMEDIATION

The port's Hambleton property has ground contaminated with oil and fuels from lumber yard business activities.

In 2013-2015, the port worked with the Washington State Department of Ecology (DOE) to clean up the site. DOE awarded a 90% grant coverage to the port for the cleanup cost of \$861,222.

Total cost to the port for the cleanup was 10% of the \$861,222 or \$86,122. The port also received an insurance settlement for the land contamination in the amount of \$256,142.

Actual amount spent on cleanup was \$580,406.04. Of this amount, \$516,523.15 was reimbursed by DOE with the remaining owing of \$63,882.89 covered by our insurance settlement.

The port received a Status of Agreed Order No. 9935 from the Department of Ecology on August 6, 2015 stating no further remedial action was necessary to clean up contamination at the site. However, monitoring and periodic reviewing of the conditions at the site still remain in effect until groundwater cleanup levels have been achieved. The cost for this monitoring will be approximately \$3,000-\$5,000 every 18 months.

NOTE 8 – OPEB

The Port of Camas-Washougal is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port of Camas-Washougal had 23 active plan members and 1 retired plan member as of December 31, 2021. As of December 31, 2021, the Port of Camas-Washougal's total OPEB liability was \$824,857 as calculated using the alternative measurement method. The Port of Camas-Washougal contributed \$431,699 to the plan for the year ended December 31, 2021.

NOTE 9 – FORMATION OF PUBLIC CORPORATION

The Port of Camas-Washougal's Public Industrial Corporation was formed in 1982 by the Port Commissioners pursuant to the provisions of 1981 Washington laws Chapter 300 to promote local economic development. Commissioners of the Port of Camas-Washougal also serve as directors of the Port of Camas-Washougal's Public Industrial Corporation.

The corporation had authorized and issued bonds totaling \$10,900,000 in 1982. In 1993, the corporation refunded the entire 1982 bond for \$10,300,000 with a maturity date of April 1, 2023. On February 8, 2012, Georgia Pacific called for redemption of all the outstanding \$10,300,000 refunding revenue bonds. With this action, there were no further annual \$3,000 deposits required from Georgia Pacific to Public Industrial Corporation, resulting in an ending account balance of \$0, and the bank account being closed. There was no activity with PIC in 2021.

NOTE 10 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

In 2021, COVID-19 impacted port events requiring them to be cancelled for a second year. Many administrative employees worked remotely which resulted in increased IT costs (laptops and remote login subscriptions) for providing proper work equipment at staff member's homes. There were increased costs related to legal expenses for our attorney to assist with our COVID-19 policies and procedures along with increased office supply costs to acquire proper PPE for our staff. The Port received a CARES Act grant for \$13,000 which assisted in covering airport payroll costs for 2021. Marina activity and fuel sales were up in 2021 due to COVID-19 reducing the types of activities that people could go and enjoy, and boating was an allowable activity with your immediate family. Increased usage of our parks and trails caused for increased garbage services and cleaning of restrooms. The port continues to offer a hazard pay for its staff members performing janitorial duties. Due to in-person meetings and conferences being cancelled or changed to virtual, the port's travel and registration costs decreased in 2021.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2021
Port of Camas-Washougal

While some activities have been limited or temporarily curtailed, the Port continues to operate all major functions and meet its public mandates. The Port has remained economically stable and continues to adapt to changing conditions.

The length of time these measures will continue to be in place and the full extent of the direct or indirect financial impact on the Port is unknown at this time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Camas-Washougal was incorporated in 1935 and operates under the laws of the state of Washington applicable to a port district.

A. Reporting Entity

The Port of Camas-Washougal is a special purpose government and provides airport hangar rentals, moorage, land and industrial development, and public recreation facilities to the general public and is supported primarily through user charges and property tax levy. The Port may acquire and improve land for sale or lease for industrial or commercial purposes. The Port is governed by an elected three-member board.

B. Basis of Accounting

The Port of Camas-Washougal reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

The accounts of the Port of Camas-Washougal are maintained on the basis of funds. For reporting purposes, the financial activities of all the Port of Camas-Washougal funds are combined.

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized cash is received, and expenditures are recognized when paid.

The Port's annual budget is adopted on the same basis of accounting as used for financial reporting.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

C. Cash and Investments

See Note 2.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

In 2015, the Port Commission surplused 19.65 acres of land that it no longer needed for Port business; and let into a real estate contract with the City of Washougal where they would make semi-annual payments for ten years. In 2020, the city decided to prepay the entire amount remaining under the contract, which amounted to \$410,572.84.

E. Compensated Absences

Vacation leave may be accumulated up to 40 days and is payable upon separation, retirement, or death. Sick leave may accumulate up to 120 days. Upon retirement or death all unused sick leave may be exchanged for compensation at the rate of 2 sick days per 1 day of compensation. Payments are recognized as expenditures when paid.

The total compensated absences balance was \$137,461 at December 31, 2020. See Schedule 09, Schedule of Liabilities.

F. Long-Term Debt

See Note 4.

H. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution of the Port Commission. When expenditures that meet restrictions are incurred, the port intends to use the most restricted resources first.

Beginning Restricted Cash and Investments consist of \$425,528. The port restrictions of \$425,528 were imposed by 2017 revenue bond covenants and 9-16 and 4-20 Community Economic Revitalization Board Loan Resolutions. Reservations of Ending Cash and Investments consist of \$525,731. These port restrictions are the same as the beginning balance, including an additional \$100,000 imposed by 2017 revenue bond covenants requiring \$100,000 deposited into a bond sinking fund annually for the purpose of accumulating available net revenue to pay the 2017A bonds when due or prior to their scheduled maturity.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

I. Risk Management

Port of Camas-Washougal is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2020, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on property loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 million per occurrence and property coverage limit is \$800 million per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Enduris did not have any claim settlements that exceeded the limits in the last 3 years.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

NOTE 2 – DEPOSITS AND INVESTMENTS

Investments are reported at original cost. Deposits and investments by type at December 31, 2020 are as follows:

<u>Type of Investment</u>	<u>Port's Own Investments</u>	<u>Investments held by Port as Agent for other local governments or private organizations</u>	<u>Total</u>
Wells Fargo Checking Accts	\$774,619	\$0	\$774,619
Wells Fargo Interest Bearing Acct	\$136,731	\$0	\$136,731
US Bank Safekeeping Account	\$11,398	\$0	\$11,398
Federal Farm Credit Bond	\$1,000,000	\$0	\$1,000,000
Clark County Investment Pool	\$4,581,617	\$0	\$4,581,617
Local Govt Investment Pool	<u>\$52,773</u>	<u>\$0</u>	<u>\$52,773</u>
	<u>\$6,557,138</u>	<u>\$0</u>	<u>\$6,557,138</u>

It is the Port of Camas-Washougal's policy to invest all temporary cash surpluses. The interest on these investments is deposited into the port's General Fund.

The Port of Camas-Washougal's investments at Wells Fargo and US Bank are covered by federal depository insurance (FDIC).

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NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

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 throughout the month to the Port's Wells Fargo bank account by Clark County Treasurer.

Property tax revenues are recognized when cash is received by Clark County Treasurer. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port's regular levy for 2020 was \$0.1423 per \$1,000 on an assessed valuation of \$8,515,826,413 for a total regular levy of \$1,212,164.59. In addition, the Port's bond fund levy was \$0.1701 per \$1,000 for a total of \$1,448,878. The total levy for 2020 was \$3.124 per \$1,000 resulting in a total tax levy of \$2,661,042.59. Actual tax levy revenue received in 2020 was \$2,652,112 or 99.67%.

NOTE 4 – LONG-TERM DEBT

The Port of Camas-Washougal issues general obligation bonds to finance the acquisition and construction of capital assets.

The Port is also liable for revenue bonds, and two subordinate obligation loans to Washington State Community Economic Revitalization Board. The bonds and loans are payable from the revenues of the Port.

The accompanying Schedule of Long-Term Liabilities provides more details of the outstanding debt and liabilities of the port and summarizes the port's debt transactions for year ended December 31, 2020.

The Port of Camas-Washougal issued \$9,310,000 of general obligation refunding bonds to retire \$9,275,000 of existing 2015A (Tax-Exempt), 2013B and 2015B (Taxable) bonds. This refunding was undertaken to reduce total debt service payments over the next 13 years by \$810,958. The financial statements reflect other financing sources of \$171,275 and other financing uses of \$201,458 pertaining to this transaction.

The 2010, 2013 and 2020 general obligation bonds were incurred for land, buildings and infrastructure. The annual debt service requirements to maturity for general obligation bonds at December 31, 2020 are as follows:

G.O. Bonds	Principal	Interest	Total
2021	790,000	216,840	1,006,840
2022	810,000	199,903	1,009,903
2023	820,000	185,042	1,005,042
2024	835,000	169,255	1,004,255
2025	855,000	154,225	1,009,225

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

2026 - 2030	4,115,000	478,803	4,593,803
2031 - 2032	1,260,000	48,957	1,308,957
Total	\$9,485,000	\$1,453,025	\$10,938,025

The Port of Camas-Washougal issued Revenue Bonds on June 28, 2017. These bonds are revenue obligations of the Port and are secured by a pledge of Net Revenues. As long as any Revenue Bonds remain outstanding, the Port has obligated and bound itself irrevocably to set aside and pay from Net Revenue or money in the General Fund into the Bond Fund the amounts necessary to pay the principal of and interest on the bonds when they become due (June 1 and December 1 of each year, for 20 years).

Below is the Operating Income by Business Line* at December 31, 2020:

	Industrial Park	Airport	Marina	Total
Operating Revenue	\$2,493,444	\$579,045	\$1,096,811	\$4,169,300
Operating Expenses	\$1,203,987	\$573,491	\$905,033	\$2,682,511
Net Operating Income	\$1,289,457	\$5,554	\$191,778	\$1,486,789

* before administrative and park expenses

The bond proceeds consist of \$4,575,000 along with \$251,651 in original issuance premium. Beginning in 2019, there is a required \$100,000 extra principal payment for 10 years (through 2028). There are both taxable and non-taxable portions to this bond issue. The 2017A Bonds are taxable and in the amount of \$2,825,000 along with a \$65,382 premium. The 2017B Bonds are tax-exempt and in the amount of \$1,750,000 along with a \$186,269 premium.

The 2017 revenue bonds were incurred for land, buildings and infrastructure. The annual debt service requirements to maturity for revenue bonds at December 31, 2020 are as follows:

Revenue Bonds	Principal	Interest	Total
2021	205,000	176,000	381,000
2022	210,000	169,200	379,200
2023	215,000	160,800	375,800
2024	225,000	152,200	377,200
2025	230,000	143,200	373,200
2026 - 2030	1,280,000	569,375	1,849,375
2031 - 2035	1,570,000	275,175	1,845,175
2036 - 2037	245,000	18,500	263,500
Total	\$4,180,000	\$1,664,450	\$5,844,450

The Port is also liable for two interagency Washington State Community Revitalization Board (CERB) loans. These loans are payable from the revenues of the Port.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

The 2013 and 2017 subordinate interagency loans outstanding at December 31, 2020 are as follows:

CERB Loans	Principal	Interest	Total
2021	104,480.62	26,725.76	131,206.38
2022	105,364.47	25,185.33	130,549.80
2023	106,258.32	23,634.90	129,893.22
2024	107,162.26	22,074.38	129,236.64
2025	108,076.42	20,503.64	128,580.06
2026 - 2030	554,460.16	78,591.42	633,051.58
2031 - 2035	552,651.10	37,722.87	590,373.97
2036 - 2038	280,881.66	6,371.70	287,253.36
Total	\$1,919,335.01	\$240,810.00	\$2,160,145.01

In 2020, the Port was awarded an additional CERB loan and grant in the amount of \$1,440,873 with \$1,224,742 for the loan portion and \$216,131 for the grant. The Port has not taken any draws on these funds as of December 31, 2020.

NOTE 5 – PENSION PLANS

Substantially all port full-time and qualifying part-time employees participate in the PERS Plan 2 and PERS Plan 3 administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans.

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Olympia, WA 98504-8380

Also, the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

At June 30, 2020, the Port of Camas-Washougal's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

	Allocation %	Liability
PERS 1	.009347%	\$330,000
PERS 2/3	.012235%	\$156,479

NOTE 6 – CONSTRUCTION IN PROGRESS

The Port has active construction projects as of December 31, 2020. The projects include:

Project	Spent to Date	Remaining Commitment
Fuel Dock Replacement Design	\$37,706	\$12,379
Final Permitting & Construction Design		
Waterfront Stormwater Outfall	\$65,445	\$20,340

The Port has the cash reserves available to pay all Port commitments listed.

NOTE 7 – POLLUTION REMEDIATION

The port's Hambleton property has ground contaminated with oil and fuels from lumber yard business activities.

In 2013-2015, the port worked with the Washington State Department of Ecology (DOE) to clean up the site. DOE awarded a 90% grant coverage to the port for the cleanup cost of \$861,222.

Total cost to the port for the cleanup was 10% of the \$861,222 or \$86,122. The port also received an insurance settlement for the land contamination in the amount of \$256,142.

Actual amount spent on cleanup was \$580,406.04. Of this amount, \$516,523.15 was reimbursed by DOE with the remaining owing of \$63,882.89 covered by our insurance settlement.

The port received a Status of Agreed Order No. 9935 from the Department of Ecology on August 6, 2015 stating no further remedial action was necessary to clean up contamination at the site.

However, monitoring and periodic reviewing of the conditions at the site still remain in effect until groundwater cleanup levels have been achieved. The cost for this monitoring will be approximately \$3,000-\$5,000 every 18 months.

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

NOTE 8 – OPEB

The Port of Camas-Washougal is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port of Camas-Washougal had 23 active plan members and 1 retired plan member as of December 31, 2020. As of December 31, 2020, the Port of Camas-Washougal's total OPEB liability was \$904,050 as calculated using the alternative measurement method. The Port of Camas-Washougal contributed \$422,172 to the plan for the year ended December 31, 2020.

NOTE 9 – FORMATION OF PUBLIC CORPORATION

The Port of Camas-Washougal's Public Industrial Corporation was formed in 1982 by the Port Commissioners pursuant to the provisions of 1981 Washington laws Chapter 300 to promote local economic development. Commissioners of the Port of Camas-Washougal also serve as directors of the Port of Camas-Washougal's Public Industrial Corporation.

The corporation had authorized and issued bonds totaling \$10,900,000 in 1982. In 1993, the corporation refunded the entire 1982 bond for \$10,300,000 with a maturity date of April 1, 2023. On February 8, 2012, Georgia Pacific called for redemption of all the outstanding \$10,300,000 refunding revenue bonds. With this action, there were no further annual \$3,000 deposits required from Georgia Pacific to Public Industrial Corporation, resulting in an ending account balance of \$0, and the bank account being closed. There was no activity with PIC in 2020.

NOTE 10 – COVID-19 PANDEMIC

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, cancelling public events, and limiting public and private gatherings, and restricting business operations, travel and non-essential activities.

In 2020, COVID-19 impacted port events requiring them to be cancelled therefore resulting in a reduction in force of one staff member. Administrative staff also worked remotely which resulted in increased IT costs (laptops and remote login subscriptions) for providing proper work equipment at staff member's homes. There were increased costs related to legal expenses for our attorney to assist with our COVID-19 policies and procedures along with increased office supply costs to acquire proper PPE for our staff. The Port received a CARES Act grant for \$30,000 which assisted in

NOTES TO FINANCIAL STATEMENTS – YEAR ENDING 12/31/2020
Port of Camas-Washougal

covering airport payroll costs for 2020. Marina launch ramp revenue and fuel sales were up in 2020 due to COVID-19 reducing the types of activities that people could go and enjoy, and boating was an allowable activity with your immediate family. Increased usage of our parks and trails caused for increased garbage services and cleaning of restrooms. The port also implemented hazard pay for its staff members performing janitorial duties. Due to in-person meetings and conferences being cancelled or changed to virtual, the port's travel and registration costs decreased in 2020.

Overall, the added expenditures of COVID-19 in 2020, were covered by the CARES Act grant, additional marina revenues, and reductions in some port expenses to where the Port wasn't negatively impacted financially by COVID-19.

**Port of Camas-Washougal
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2010 Series A	12/1/2021	205,000	-	205,000	-
251.11	2013 Series A	12/1/2023	335,000	-	110,000	225,000
251.11	2020 Series A	12/1/2029	820,000	-	-	820,000
251.11	2020 Series B	12/1/2032	8,125,000	-	475,000	7,650,000
263.85	CERB Loan 2013	1/31/2034	367,685	-	26,263	341,422
263.85	CERB Loan 2017	1/31/2038	1,551,651	-	78,217	1,473,434
263.85	CERB Loan 2020	1/31/2024	-	37,241	-	37,241
Total General Obligation Debt/Liabilities:			11,404,336	37,241	894,480	10,547,097
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Revenue Bonds 2017 Series A	12/1/2035	2,570,000	-	135,000	2,435,000
252.11	Revenue Bonds 2017 Series B	12/1/2037	1,610,000	-	70,000	1,540,000
259.12	Compensated Absences		137,461	-	18,283	119,178
264.30	PERS 1		330,000	-	213,262	116,738
264.40	OPEB Liabilities		904,050	-	79,193	824,857
264.30	PERS 2/3		156,479	-	156,479	-
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,707,990	-	672,217	5,035,773
Total Liabilities:			17,112,326	37,241	1,566,697	15,582,870

**Port of Camas-Washougal
Schedule of Liabilities
For the Year Ended December 31, 2020**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	2010 Series A	12/1/2021	405,000	-	200,000	205,000
251.11	2013 Series A	12/1/2023	440,000	-	105,000	335,000
251.11	2013 Series B	12/1/2020	6,445,000	-	6,445,000	-
251.11	2015 Series A	12/1/2020	965,000	-	965,000	-
251.11	2015 Series B	12/1/2020	2,025,000	-	2,025,000	-
251.11	2020 Series A	12/1/2029	-	820,000	-	820,000
251.11	2020 Series B	12/1/2032	-	8,490,000	365,000	8,125,000
263.85	CERB Loan 2017	1/31/2038	1,628,994	-	77,343	1,551,651
263.85	CERB Loan 2013	1/31/2034	393,948	-	26,263	367,685
Total General Obligation Debt/Liabilities:			12,302,942	9,310,000	10,208,606	11,404,336
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Revenue Bonds 2017 Series A	12/1/2035	2,700,000	-	130,000	2,570,000
252.11	Revenue Bonds 2017 Series B	12/1/2037	1,680,000	-	70,000	1,610,000
259.12	Compensated Absences		99,186	38,275	-	137,461
264.30	PERS 1		334,661	-	4,661	330,000
264.30	PERS 2/3		109,072	47,407	-	156,479
264.40	OPEB Liabilities		652,786	251,264	-	904,050
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,575,705	336,946	204,661	5,707,990
Total Liabilities:			17,878,647	9,646,946	10,413,267	17,112,326

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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