



Office of the Washington State Auditor

Pat McCarthy

Financial Statements and Federal Single Audit Report

Port of Camas-Washougal

For the period January 1, 2018 through December 31, 2018

Published July 25, 2019

Report No. 1024269





Office of the Washington State Auditor Pat McCarthy

July 25, 2019

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Port of Camas-Washougal's financial statements and compliance with federal laws and regulations.

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

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy".

Pat McCarthy
State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Port of Camas-Washougal January 1, 2018 through December 31, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Port of Camas-Washougal are summarized below in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the Port’s financial statements in accordance with its regulatory basis of accounting. Separately, 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 using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies*: We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses*: We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Port.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies*: We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses*: We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Port's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
11.300	Economic Development Cluster – Investments for Public Works and Economic Development Facilities

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Port did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Port of Camas-Washougal January 1, 2018 through December 31, 2018

This schedule presents the status of federal findings reported in prior audit periods.

Audit Period: January 1, 2017 through December 31, 2017	Report Ref. No.: 1021959	Finding Ref. No.: 2017-001	CFDA Number(s): 11.300
Federal Program Name and Granting Agency: Investments for Public Works and Economic Development Facilities - Department of Commerce		Pass-Through Agency Name: N/A	
Finding Caption: The Port did not have adequate internal controls to ensure compliance with federal procurement and suspension and debarment requirements.			
Background: The audit found the Port did not procure architectural and engineering services in accordance with federal requirements and did not communicate to their contractors the responsibility to check suspension and debarment status of subcontractors as required by 2 CFR Part 200, <i>Uniform Guidance</i> , section 213 -Suspension and debarment.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>The Port of Camas Washougal revised its contract policies to make sure the federal procurement and suspension and debarment requirements are met for future procurement.</i>			

**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***

**Port of Camas-Washougal
January 1, 2018 through December 31, 2018**

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 year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated July 16, 2019.

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 Washington State statutes 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the 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 in the first paragraph of this section 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 may exist that have not been identified.

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 the Port's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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, appearing to read "Pat McCarthy".

Pat McCarthy

State Auditor

Olympia, WA

July 16, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH THE UNIFORM GUIDANCE**

**Port of Camas-Washougal
January 1, 2018 through December 31, 2018**

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the Port of Camas-Washougal, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Port's major federal programs for the year ended December 31, 2018. The Port's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Port's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements

referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Port's compliance.

Opinion on Each Major Federal Program

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report 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 fluid and cursive, with "Pat" on top and "McCarthy" below it.

Pat McCarthy

State Auditor

Olympia, WA

July 16, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Port of Camas-Washougal January 1, 2018 through December 31, 2018

Board of Commissioners
Port of Camas-Washougal
Washougal, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Port of Camas-Washougal, for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Port's financial statements, as listed on page 17.

Management's Responsibility 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 Washington State statutes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Port's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the Port of Camas-Washougal has prepared these financial statements to meet the financial reporting requirements of Washington State statutes 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 financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Port of Camas-Washougal, for the year ended December 31, 2018, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

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.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they 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, 2018, or the changes in financial position or cash flows for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Liabilities is 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 16, 2019 on our consideration of the Port’s internal control over financial reporting and on our 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 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 that reads "Pat McCarthy". The signature is fluid and cursive, with "Pat" on top and "McCarthy" below it.

Pat McCarthy
State Auditor
Olympia, WA

July 16, 2019

FINANCIAL SECTION

Port of Camas-Washougal January 1, 2018 through December 31, 2018

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2018
Notes to Financial Statements – 2018

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2018
Schedule of Expenditures of Federal Awards – 2018
Notes to the Schedule of Expenditures of Federal Awards – 2018

Port of Camas-Washougal
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2018

Beginning Cash and Investments

30810	Reserved	1,971,940
30880	Unreserved	8,003,297
388 / 588	Prior Period Adjustments, Net	-

Revenues

310	Taxes	2,487,725
320	Licenses and Permits	-
330	Intergovernmental Revenues	2,997,016
340	Charges for Goods and Services	3,676,706
350	Fines and Penalties	-
360	Miscellaneous Revenues	200,509
Total Revenues:		<u>9,361,957</u>

Expenditures

540	Transportation	3,401,556
Total Expenditures:		<u>3,401,556</u>
Excess (Deficiency) Revenues over Expenditures:		<u>5,960,400</u>

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	-
385	Special or Extraordinary Items	273,546
386 / 389	Custodial Activities	-
381, 395, 398	Other Resources	3,650,253
Total Other Increases in Fund Resources:		<u>3,923,799</u>

Other Decreases in Fund Resources

594-595	Capital Expenditures	11,747,799
591-593, 599	Debt Service	1,294,940
585	Special or Extraordinary Items	-
586 / 589	Custodial Activities	-
Total Other Decreases in Fund Resources:		<u>13,042,739</u>

Increase (Decrease) in Cash and Investments: (3,158,540)

Ending Cash and Investments

5081000	Reserved	771,030
5088000	Unreserved	6,045,667
Total Ending Cash and Investments		<u>6,816,697</u>

The accompanying notes are an integral part of this statement.

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 not presented using the classifications defined 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.

The Port of Camas-Washougal uses the cash basis of accounting where revenues are recognized only 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.

C. Cash and Investments

It is the Port of Camas-Washougal's policy to invest all temporary cash surpluses. The amount is included on the statement of Fund Resources and Uses Arising from Cash Transactions as Unreserved Cash and Investments. See Note 2.

D. Deposits

The Port of Camas-Washougal deposits are covered by the Federal Deposit Insurance Corporation and the Washington Public Deposit Protection Commission. See Note 2.

E. 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 2018, the Port Commission surplused 12.65 acres of land no longer needed for Port business. Two parcels totaling over 4 acres were located in Steigerwald Commerce Center and amounted to \$994,495. The remaining 8.65 acre parcel was located on the Washougal Waterfront property; this property was exchanged for 11 acres of waterfront property that the port purchased. The total exchange value was a net cost to the Port of \$3,449,077.

F. Compensated Absences

Vacation leave may be accumulated up to 30 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 \$87,144 at December 31, 2018. See Schedule 09, Schedule of Liabilities.

G. Long-Term Debt See Note 4.

H. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved 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 reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of \$771,030. The port reservations of \$771,030 were imposed by 2017 revenue bond covenants for the construction of various capital projects approved by the Commission.

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. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) 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, 2018, there are 549 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 Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. 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 \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

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

The contract requires members to continue membership for a period of not less than one (1) 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 Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. 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 limits in the last three years.

NOTE 2 – CASH, DEPOSITS AND INVESTMENTS

The Port of Camas-Washougal's investments are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (WPDPC). Under State law, public depositories under the WPDPC may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss. As a result, deposits covered by collateral held in the multiple financial institution collateral pool are considered to be insured. State law requires that deposits may only be made with institutions that are approved by the WPDPC.

Investments are presented at original cost. Investments by type at December 31, 2018 are as follows:

Type of Investment	Port's Own Investments	Investments held by Port as Agent for other local governments or private organizations	Total
Wells Fargo Checking Accts	\$273,313	\$0	\$273,313
Wells Fargo Interest Bearing Acct	\$136,154	\$0	\$138,154
US Bank Safekeeping Account	\$16,574	\$0	\$16,574
Federal National Mortgage Assoc.	\$993,635	\$0	\$993,635
Clark County Investment Pool	\$171	\$0	\$171
Local Govt Investment Pool	<u>\$5,396,847</u>	<u>\$0</u>	<u>\$5,396,847</u>
	<u><u>\$6,816,694</u></u>	<u><u>\$0</u></u>	<u><u>\$6,816,694</u></u>

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 2018 was \$.1657 per \$1,000 on an assessed valuation of \$7,155,347,432 for a total regular levy of \$1,185,847. In addition, the Port's bond fund levy was \$.1817 per \$1,000 for a total of \$1,300,000. The total levy for 2018 was \$.3474 per \$1,000 resulting in a total tax levy of \$2,485,847. Actual tax levy revenue received in 2018 was \$2,487,725 or 100.1%.

NOTE 4 – DEBT SERVICE REQUIREMENTS

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 a subordinate obligation loan to Washington State Community Economic Revitalization Board. The bonds and loan are payable from the revenues of the Port.

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the port and summarizes the port's debt transactions for year ended December 31, 2018.

The 2010, 2013 and 2015 general obligation bonds were incurred for land, buildings and infrastructure. The annual debt service requirements to maturity for general obligation bonds at December 31, 2018 are as follows:

G.O. Bonds	Principal	Interest	Total
2019	705,000	363,858	1,068,858
2020	720,000	346,278	1,066,278
2021	745,000	325,053	1,070,053
2022	770,000	303,678	1,073,678
2023	785,000	282,525	1,067,525
2024 - 2028	4,335,000	1,027,194	5,362,194
2029 - 2032	2,925,000	272,620	3,197,620
Total	\$10,985,000	\$2,921,205	\$13,906,205

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, 2018:

	Industrial Park	Airport	Marina	Total
Operating Revenue	\$2,185,099	\$479,899	\$988,101	\$3,653,099
Operating Expenses	\$565,257	\$430,255	\$502,451	\$1,497,963
Net Operating Income	\$1,619,842	\$49,644	\$485,650	\$2,155,136

* 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, 2018 are as follows:

Revenue Bonds	Principal	Interest	Total
2019	195,000	189,000	384,000
2020	200,000	182,600	382,600
2021	205,000	176,000	381,000
2022	210,000	169,200	379,200
2023	215,000	160,800	375,800
2024 - 2028	1,190,000	668,375	1,858,375
2029 - 2033	1,450,000	402,065	1,852,065
2034 - 2037	910,000	88,010	998,010
Total	\$4,575,000	\$2,036,050	\$6,611,050

The Port is also liable for one interagency Washington State Community Revitalization Board (CERB) loan. This loan is payable from the revenues of the Port.

The 2013 subordinate interagency loan outstanding at December 31, 2018 is as follows:

CERB Loans	Principal	Interest	Total
2019	26,263.16	10,505.26	36,768.42
2020	26,263.16	9,848.68	36,111.84
2021	26,263.16	9,192.11	35,455.27
2022	26,263.16	8,535.53	34,798.69
2023	26,263.16	7,878.95	34,142.11
2024 - 2028	131,315.79	29,546.05	160,861.84
2029 - 2033	131,315.77	13,131.58	144,447.35
2034	26,263.16	656.58	26,919.74
Total	\$420,210.52	\$89,294.74	\$509,505.26

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.

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, 2018, the Port of Camas-Washougal's proportionate share of the collective net pension liabilities, as reported on the Schedule 09, was as follows:

	Allocation %	Liability
PERS 1	.008708%	\$388,902
PERS 2/3	.011233%	\$191,793

NOTE 6 – CONSTRUCTION IN PROGRESS

The Port has active construction projects as of December 31, 2018. The projects include:

Project	Spent to Date	Remaining Commitment
Taxiway Widening	\$39,237	\$1,850
Airport Fuel Terminal Upgrade	\$21,510	\$3,175
AP-6 Remodel	\$10,734	\$19,266
J Dock Rehabilitation	\$0	\$41,111
Marina Fuel Terminal	\$24,295	\$675
Upper Marina Electrical A B C D E (Construction)	\$286,024	\$13,802

Admin Office Parking Lot	\$96,317	\$4,082
Waterfront Park Natural Play Area (Const)	\$10,400	\$426,078
Waterfront Park Natural Play Area (Design)	\$33,473	\$2,390
Waterfront Dirt Stockpile & Clearing	\$19,574	\$151,116
Waterfront Revitalization	\$19,024	\$200,000
Bldg 16 Siding	\$108,292	\$5,237
Bldg 18 Demising Walls	\$729,587	\$53,022
Steigerwald Lake Levee Project	\$8,231	\$0
Chip Seal Truman St	\$63,980	\$2,596
IP Shop Remodel	\$10,687	\$19,313

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.

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 would be 10% of the \$861,222 or \$86,122. The port has also received an insurance settlement for the land contamination in the amount of \$256,142.

Actual amount spent on cleanup is \$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 is necessary to clean up contamination at the site. However, monitoring and periodic reviewing of the conditions at the site will remain in effect until groundwater cleanup levels have been achieved. The cost for this monitoring will be roughly \$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 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 19 active plan members and 4 retired plan members as of December 31, 2018. The Port of Camas-Washougal contributed \$363,526 to the plan for the year ended December 31, 2018.

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 2018.

NOTE 10 – SUBSEQUENT EVENT

The Port of Camas-Washougal's Commission, at its July 15, 2019 board meeting, approved the purchase of property at 740 S 28th Street in the Port's Industrial Park. The property description is 1.98 acres with a 27,832 sf industrial building. The price for the purchase is \$1,800,000 that the port will close on by the end of July 2019. There is a current tenant in the building, Ferguson Enterprises, which the port will take over as lessor to their lease beginning August 1, 2019.

Port of Camas-Washougal
Schedule of Liabilities
For the Year Ended December 31, 2018

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities						
251.11	Refunded 1999C and 2001B Bonds - 2010 Series A	12/1/2021	695,000	-	95,000	600,000
251.11	Refunded 1999B and 2001 A Bonds - 2010 Series B	12/1/2019	265,000	-	180,000	85,000
251.11	Refunded portion of 2004B Bonds -2013 Series A	12/1/2023	710,000	-	165,000	545,000
251.11	Acquire land and Refunded portion of 2004B Bonds - 2013 Series B	12/1/2032	6,515,000	-	-	6,515,000
251.11	Construct Waterfront Park & Trail - 2015 Series A	12/1/2029	965,000	-	-	965,000
251.11	Construct Bldg 17 and other capital projects - 2015 Series B	12/1/2027	2,520,000	-	245,000	2,275,000
263.85	CERB Loan - 2013	1/31/2034	446,474	-	26,263	420,211
Total General Obligation Debt/Liabilities:			12,116,474	-	711,263	11,405,211
Revenue and Other (non G.O.) Debt/Liabilities						
252.11	Construct Bldg 18 and Waterfront Land purchase - 2017 Series A	12/1/2035	2,825,000	-	-	2,825,000
252.11	Other capital projects - 2017 Series B	12/1/2037	1,750,000	-	-	1,750,000
259.12	Compensated Absences		79,033	8,111	-	87,144
264.30	PERS 1		386,676	2,226	-	388,902
264.30	PERS 2/3		364,095	-	172,302	191,793
Total Revenue and Other (non G.O.) Debt/Liabilities:			5,404,804	10,337	172,302	5,242,839
Total Liabilities:			17,521,278	10,337	883,565	16,648,050

Port of Camas-Washougal
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Investments for Public Works and Economic Development Facilities	11.300	070107296	-	1,673,082	1,673,082	-	1, 2
	Total Economic Development Cluster:			-	1,673,082	1,673,082		
	Total Federal Awards Expended:			-	1,673,082	1,673,082		

The accompanying notes are an integral part of this schedule.

Port of Camas-Washougal

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2018

Note 1 – Basis of Accounting

This schedule is prepared on the same basis of accounting as the Port of Camas Washougal's financial statements. The Port uses the cash basis of accounting.

Note 2 – Indirect Cost Rate

The Port of Camas-Washougal has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office

Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov