



ANNUAL FINANCIAL REPORT

December 31, 2023

PORT OF ILWACO
Ilwaco, Washington

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ANNUAL REPORT CERTIFICATION

Port of Ilwaco

(Official Name of Government)

1748

MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended 12/31/2023

GOVERNMENT INFORMATION:

Official Mailing Address	<u>PO Box 307</u>
	<u>Ilwaco, WA 98624</u>
Official Website Address	<u>portofilwaco.com</u>
Official E-mail Address	<u>tlofstrom@portofilwaco.org</u>
Official Phone Number	<u>(360) 642-3143 x 201</u>

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title	<u>Tina Hayes Finance Director</u>
Contact Phone Number	<u></u>
Contact E-mail Address	<u>thayes@portofilwaco.org</u>

I certify 18th day of May, 2024, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Tina Hayes (thayes@portofilwaco.org)

Port of Ilwaco
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2023

		<u>401 Operations</u>
Beginning Cash and Investments		
308	Beginning Cash and Investments	3,357,987
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	199,826
320	Licenses and Permits	-
330	Intergovernmental Revenues	431,082
340	Charges for Goods and Services	1,565,500
350	Fines and Penalties	-
360	Miscellaneous Revenues	167,717
Total Revenues:		<u>2,364,125</u>
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	1,591,452
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>1,591,452</u>
Excess (Deficiency) Revenues over Expenditures:		<u>772,673</u>
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	116,589
Total Other Increases in Fund Resources:		<u>116,589</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	733,509
591-593, 599	Debt Service	155,223
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	142,626
Total Other Decreases in Fund Resources:		<u>1,031,358</u>
Increase (Decrease) in Cash and Investments:		(142,096)
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	2,157,848
50841	Committed	-
50851	Assigned	1,058,043
50891	Unassigned	-
Total Ending Cash and Investments		<u>3,215,891</u>

The accompanying notes are an integral part of this statement.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Port of Ilwaco (Port) was incorporated on April 7, 1928 and operates under the laws of the State of Washington applicable to Port Districts. The Port is governed by an elected three-member board.

Reporting Entity

The Port is located in Pacific County and the Port's territory covers less than the entire county. The Port is a special purpose local government and provides marina services, leased properties, equipment/boat storage yards, travel hoist, boatyard facilities and an airport to the general public and is supported primarily through user charges, property lease revenues, ad valorem property taxes levied for operations, debt services and other miscellaneous taxes.

Basis of Accounting and Reporting

The Port 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 for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAPP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. For reporting purposes, the activities of all the Port's funds are in one fund. The following fund type is used:

PROPRIETARY FUND TYPE:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

B. Basis of Accounting and Measurement Focus

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

In accordance with state law the Port also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period. 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.

C. Cash and Investments

See Note 2 - *Deposits and Investments*.

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 (1) year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Compensated absences are absences for which employees will be paid upon separation, such as vacation and sick leave.

Vacation leave may be accumulated up to 320 hours and is payable upon separation or retirement only if an employee has completed twelve (12) months of continuous employment with the Port. Sick leave may accumulate up to 480 hours. Upon separation of employment (either voluntarily or involuntarily) any unused sick leave is forfeited and employees are not entitled to any pay in lieu of unused sick leave. Upon retirement, employees with a minimum of five years of continuous employment with the Port and meeting all retirement eligibility requirements under the Public Employees Retirement System (PERS) may receive pay for fifty (50) percent of accumulated sick leave. Payments are recognized as expenditures when paid.

The total compensated absences balance was \$ 73,390 at December 31, 2023 See *Schedule of Liabilities* (Schedule 09).

F. Long-Term Debt

See Note 5— *Long-Term Debt*.

G. 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

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

established by resolution of the Port Commission. When expenditures that meet restrictions are incurred, the Port intends to use the most restricted resources first.

Restrictions and commitments of Ending Cash and Investments consist of funds totaling \$2,157,848 collected from the Port's Industrial Development District (IDD) levy that may be used to carry out all of the powers granted pursuant to RCW 53.25.100 so long as they are within the Port's comprehensive scheme of harbor improvements and industrial developments.

H. Leases

Effective January 1, 2022, the Port has implemented GASB Statement No. 87, Leases in accordance with the requirements in the cash basis BARS Manual. The Port is a lessee for a noncancelable lease. The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. See Note 4, Leases.

NOTE 2 – DEPOSITS AND INVESTMENTS:

Investments are reported at original cost, unless indicated otherwise. Deposits and investments by type at December 31, 2023 are as follows:

Type of Deposit or Investment	Port's own deposits and investments Total
Bank Deposits	\$ 4,545
Local Government Investment Pool	\$ 3,211,346
Total	\$ 3,215,891

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 2 – DEPOSITS AND INVESTMENTS, CONTINUED:

It is the Port's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

Investments in the State Local Government Investment Pool (LGIP)

Through the Pacific County Treasurer, acting as an agent on behalf of the Port, the Port 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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Port's deposits are mostly 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 (PDPC).

All bank deposits and investments are insured, registered or held by the Port or its agent in the government's name.

NOTE 3 - PROPERTY TAX:

The Pacific County Treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

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

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

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 3 - PROPERTY TAX, CONTINUED:

The Port's regular levy for the year 2023 was \$0.194520 per \$1,000 on an assessed valuation of \$1,021,824,964 for total regular levy of \$198,766.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the levy rate.

NOTE 4 – LEASES:

During the year ended December 31, 2022, the Port adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of lease liabilities reported on the Schedule of Liabilities (Schedule 09). The Port leases a copier for \$107 per month under a non-cancelable five (5) year lease agreement. The lease payments began in September 2021 and end in August 2026. At the end of the lease the Port may purchase the equipment for fair market value.

The total amount paid for leases in 2023 was \$1,281. As of December 31, 2023, the future lease payments are as follows:

Year ended December 31	Total
2024	\$1,281
2025	\$1,281
2026	\$ 854
Total	\$3,416

NOTE 5– LONG-TERM DEBT:

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Port and summarizes the Port's debt transactions for the year ended December 31, 2023. The debt service requirements for general obligation bonds and CERB loans, including interest at December 31, 2023 are as follows (See Note 1, Long-Term Debt):

Year	Principal	Interest	Total Debt
2024	\$ 77,205	\$ 24,245	\$ 101,450
2025	\$ 77,620	\$ 23,830	\$ 101,450
2026	\$ 78,229	\$ 23,221	\$ 101,450
2027	\$ 80,475	\$ 20,975	\$ 101,450
2028	\$ 82,785	\$ 18,665	\$ 101,450
2029-2033	\$ 445,227	\$ 62,023	\$ 507,250
2034-2035	\$ 147,459	\$ 4,926	\$ 152,385
TOTALS	\$ 989,000	\$ 177,885	\$ 1,166,885

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 6 - PENSION PLANS:

State Sponsored Pension Plans

Substantially all the Port of Ilwaco's full time and qualifying part time employees participate in the Public Employee's Retirement System (PERS), a statewide retirement system administered by the Washington State Department of Retirement Systems (DRS), 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 of 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 Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov

At June 30, 2023 (the measurement date of the plans) the Port's proportionate share of the collective net pension liabilities (assets), was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 21,910	0.003215%	\$ 73,390
PERS 2/3	\$ 36,532	0.004155%	\$ (170,300)

Only the net pension liabilities are reported on the Schedule of Liabilities (Schedule 09).

NOTE 7 – RISK MANAGEMENT:

Port of Ilwaco 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 contract for risk management, claims, and administrative services. The Pool was formed on 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, 2023, there were 518 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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;

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage;

NOTE 7 – RISK MANAGEMENT, CONTINUED:

Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery 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 apply 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:				
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	None	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾

(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) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Property ⁽²⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

Sublimit ⁽⁵⁾ :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$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 \$40 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 a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according 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 \$1 billion 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 are scheduled, 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 sub-limit 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 detailed vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy up" the level of coverage from \$5,000 to \$2 million.
- (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/member's 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) Enduris purchases Identity Fraud Expense Reimbursement coverage. 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 above the insurance coverage in any of the last three policy years.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 7 – RISK MANAGEMENT, CONTINUED:

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year. They must give notice 60 days before renewal 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 contributing to Enduris for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

The Pool is governed by a Board of Directors comprising 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.

The Port is self-insured for unemployment insurance. The Port expended \$11,453 in unemployment claims in 2023. There is a contingent liability for possible future unemployment claims. The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state and local government regulations and changes in law. The Port adopted a Health Reimbursement Arrangement Plan (the "Plan") effective January 1, 2013. The purpose of the Plan is to allow employees of the Port to obtain reimbursement of qualified medical care expenses on a nontaxable basis from the HRA account funded by the Port. The Port intends that the Plan qualify as an employer-provided medical reimbursement plan under Code Sections 105 and 106 and regulations issued thereunder, and as a health reimbursement arrangement as defined under IRS Notice 2002-45, and shall be interpreted to accomplish that objective. The HRA plan is administered by a third-party vendor, and complies with all applicable regulatory requirements. In 2023, there is a maximum annual allowance and annual deductible per employee for qualified claims as follows:

HRA Allowances and Deductibles		
	Allowance	Annual Deductible
Employee Only	\$2,500/year	\$500
Employee and Family	\$5,500/year	\$500

NOTE 8 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES:

The Port set aside adequate funds to cover the contingent liability if all eligible employees were reimbursed their full allowance after their annual deductible.

Pollution Remediation:

On February 12, 2014, the Port of Ilwaco received written notification from a Port Lessee of petroleum contamination at the site of a decommissioned fuel tank located on Port property.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 8 – ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES,
CONTINUED:

The notification included a copy of a letter dated January 8, 2014 issued to the Lessee by the Department of Ecology (DOE). DOE confirmed petroleum contamination by the decommissioned underground storage tank and determined that further remedial action is needed. The lease with that Lessee has now terminated, but in the termination agreement the Lessee acknowledges responsibility for environmental compliance and acknowledges that Lessee remains liable for any cost of remediation of contamination occurring while Lessee was in possession of the leased premises. The Lessee is currently monitoring the site and evaluating its remediation options. The Port has not received any updates from the DOE or Lessee and there were no amounts paid during 2023 for clean-up costs. At this time, the Port does not have sufficient information to reasonable estimate the liability related to potential cleanup of the site.

NOTE 9 – OTHER DISCLOSURES:

Contingencies and Litigations:

The Port participates in a number of federal and state assisted programs. The grants the Port receives under these programs are subject to audit by grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants.

In 2022, the Port of Ilwaco was awarded \$18,725 from the State of Washington, Office of the Secretary of State, Archives and Records Management Division to use technology to improve records retention, management and disclosure of public records processes, as authorized under RCW 40.14.026. \$ 5637 was received from this grant in 2023 and was closed out.

Construction and Contract Commitments:

The Port has active construction and contract commitments as of December 31, 2023. The projects include engineering/design/permitting for the east bulkhead replacement project, and development of an alternative dredge material placement plan.

At year-end the Port's commitments with contractors and consultants are as follows:

Project	Spent to Date	Remaining Commitment
East Bulkhead Replacement ⁽¹⁾	\$ 551,387	\$ 3,472,751
Capital Dredging Permit	\$48,892	\$ 39,573
Total Construction Commitments		
	\$ 600,279	\$ 3,512,324

(1) Reimbursable by Port funds and Federal MARAD grant once the agreement is signed.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 9 – OTHER DISCLOSURES, CONTINUED:

The Port will use a combination of grant funding and port cash to pay all Port commitments listed. See Note 9 – *Other Disclosures, Grants and Subsequent Events, East Bulkhead Replacement Project*.

Subsequent Events:

The Port has evaluated events through May 18, 2023, which is the date the financial statements were available to be issued.

East Bulkhead Replacement Project

The Port has identified a failing bulkhead on the shoreline and is currently working with a firm to design, engineer and permit the Port's East Bulkhead Replacement Project. The total project, including construction, is estimated to cost nearly \$4 million dollars. The Port was notified late 2021 that the project was awarded funding from the US Department of Transportation, MARAD Port Infrastructure Development Program (PIDP). The amount of the award from PIDP is \$2,444,138. In addition, the Port also received an award from Community Economic Revitalization Board (CERB) contingent upon funding from the MARAD grant program. In January 2022, the Port entered into a contract with CERB for a total amount of \$750,000, of which \$112,500 is a grant and \$637,500 is a low interest loan.

The Port was also awarded a local grant for \$80,000 from the Pacific Council of Governments (PCOG) funded by the 0.09% local sales tax fund to be used for the engineering and permitting for the east bulkhead project and as a match for the MARAD and CERB grants. The Port spent \$551,387 on Engineering and Permitting as of December 31, 2023, it will be used towards the grants.

On April 5, 2023 the Port executed Amendment #4 with the engineering firm contracted to design, engineer and permit the Port's East Bulkhead Replacement Project. The Port was notified by MARAD, the federal funding agency for the PIDP grant, that a NEPA Environmental Assessment will need to be completed prior to executing a final contract for the grant funds. The engineering firm will provide the NEPA EA support necessary to meet the grant requirement. The total cost of the amendment is \$5,506 and will be funded using Port cash. See Note 9 – *Other Disclosures, Construction and Contract Commitments*.

Ground Lease – Community Center

On February 15, 2022, the Port entered into a ground lease agreement with future escalating lease terms with a non-profit organization (Lessee) for the purpose of constructing and operating a community education and recreation center. The leased property is approximately 1.95 acres of unimproved land. The Lessee intends to invest significant capital to improve and construct a multi-phase facility, which is anticipated to open during 2024.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
For the Year Ended December 31, 2023

NOTE 9 – OTHER DISCLOSURES, CONTINUED:

Derelict Vessel Cleanup

In April 2022, the Port contracted with a salvage company to demolish and remove a derelict vessel located in the Port's storage yard. As a result, the Port discovered a potentially hazardous material contained within the vessel. A sample of the material has been sent for testing. If contamination exists, the Port intends to proceed with remediation and work with DNR's Derelict Vessel Removal Fund to request reimbursement of the cleanup. At this time, the Port does not have sufficient information to reasonably estimate the liability related to the potential clean up.

Capital Dredging Project

On October 19, 2023 the Port executed Amendment #4 with the engineering firm contracted to engineer and permit the Port's Capital Dredging Project. The total cost of the amendment is \$39,573 and will be funded using Port cash. The project is anticipated to be completed in 2025.

Port of Ilwaco

Schedule 01

For the year ended December 31, 2023

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1748	401	Operations	3083100	Restricted Cash and Investments - Beginning	\$2,050,008
1748	401	Operations	3085100	Assigned Cash and Investments - Beginning	\$1,307,979
1748	401	Operations	3111000	Property Tax	\$199,826
1748	401	Operations	3321560	Payment In-Lieu of Taxes - Wildlife Refuge Lands	\$3,021
1748	401	Operations	3340270	State Grant from Recreation and Conservation Office	\$184,262
1748	401	Operations	3370000	Local Grants, Entitlements, Tribal Government Distributions, and Other Payments	\$60,855
1748	401	Operations	3446000	Airports and Ports Services	\$1,565,500
1748	401	Operations	3611000	Investment Earnings	\$161,962
1748	401	Operations	3614000	Other Interest	\$5,043
1748	401	Operations	3340010	State Grant from Legislature and its Committees	\$177,307
1748	401	Operations	3340690	State Grant from Other State Agencies	\$5,637
1748	401	Operations	3620000	Rents and Leases	\$712
1748	401	Operations	5460010	Airports and Ports	\$630,582
1748	401	Operations	5460020	Airports and Ports	\$317,619
1748	401	Operations	5460030	Airports and Ports	\$124,593
1748	401	Operations	5460040	Airports and Ports	\$518,658
1748	401	Operations	5083100	Restricted Cash and Investments - Ending	\$2,157,848
1748	401	Operations	5085100	Assigned Cash and Investments - Ending	\$1,058,043
1748	401	Operations	3829000	Immaterial Fiduciary Collections	\$116,589
1748	401	Operations	5829000	Immaterial Fiduciary Remittance	\$142,626

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1748	401	Operations	5914670	Debt Repayment - Airports and Ports	\$126,431
1748	401	Operations	5924680	Interest and Other Debt Service Cost - Airports and Ports	\$28,792
1748	401	Operations	5944660	Capital Expenditures/Expenses - Airports and Ports	\$733,509

Port of Ilwaco
Schedule of Liabilities
For the Year Ended December 31, 2023

<u>ID. No.</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
General Obligation Debt/Liabilities						
251.11	Bank of Pacific 2013 Dredge Loan	12/31/2023	49,840	-	49,840	-
251.11	Bank of Pacific 2020 Capital Projects	6/1/2035	1,064,310	-	75,310	989,000
Total General Obligation Debt/Liabilities:			1,114,150	-	125,150	989,000
Revenue and Other (non G.O.) Debt/Liabilities						
263.57	Lease-Copier	9/12/2026	4,697	-	1,281	3,416
259.12	Compensated Absences		66,730	-	5,815	60,915
264.30	Pension Liability		97,592	-	24,202	73,390
Total Revenue and Other (non G.O.) Debt/Liabilities:			169,019	-	31,298	137,721
Total Liabilities:			1,283,169	-	156,448	1,126,721

Port of Ilwaco
Schedule of Expenditures of State Financial Assistance
For the Year Ended December 31, 2023

State Agency Name	Program Title	Identification Number	Total
State Grant from Legislature and its Committees	In Water Dredge Permitting	3340010	177,307
		Sub-Total:	177,307
State Grant from Recreation and Conservation Office	Outer Harbor W/Ay	3340270	184,262
		Sub-Total:	184,262
State Grant from Other State Agencies	State Archive Grant	3340690	5,637
		Sub-Total:	5,637
Total State Grants Expended:			367,206

LOCAL GOVERNMENT RISK ASSUMPTION
For the Year Ended December 31, 2023

1. Self-Insurance Program Manager: Tina Hayes
2. Manager Phone: (360) 642-3143 x201
3. Manager Email: thayes@portofilwaco.org
4. How do you insure property and liability risks, if at all?
 - a. Formal self-insurance program for some or all perils/risks
 - ☒ b. Belong to a public entity risk pool
 - c. Purchase private insurance
 - d. Retain risk internally without a self-insurance program (i.e., risk assumption)
5. How do you provide health and welfare insurance (e.g., medical, dental, prescription drug, and/or vision benefits) to employees, if at all?
 - a. Self-insure some or all benefits
 - b. Belong to a public entity risk pool
 - ☒ c. All benefits provided by health insurance company or HMO
 - d. Not applicable - no such benefits offered
6. How do you insure unemployment compensation benefits, if any?
 - ☒ a. Self-insured ("Reimbursable")
 - b. Belong to a public entity risk pool
 - c. Pay taxes to the Department of Employment Security ("Taxable")
 - d. Not applicable – no employees
7. How do you insure workers compensation benefits, if any?
 - a. Self-insured ("Reimbursable")
 - b. Belong to a public entity risk pool
 - ☒ c. Pay premiums to the Department of Labor and Industries
 - d. Not applicable – no employees
8. How do you participate in the Washington Paid Family & Medical Leave Program?
 - a. Self-insured ("Voluntary Plan") for one or both program benefits
 - ☒ b. Pay premiums to the State's program for both benefits

If the local government DID NOT answer (a) to any of the above questions, then there is no need to complete the rest of this schedule.

If the local government answered (a) to any of the above questions, then answer the rest of the form in relation to the government's self-insured risks.

LOCAL GOVERNMENT RISK ASSUMPTION
For the Year Ended December 31, 2023

	<u>Please list the title of the self-insurance program or type of risk covered by self-insurance:</u>				
	<i>Unemployment Compensation</i>				
Self-Insurance as a <i>formal</i> program?	<u>No</u>				
If yes, do other governments participate?	<u>n/a</u>				
If yes, please list participating governments.	<u>n/a</u>				
Self-Insure as part of a joint program?	<u>No</u>				
Does a Third-Party Administer manage claims?	<u>Yes</u>				
Has program had a claims audit in last three years?	<u>no</u>				
Are program resources sufficient to cover expenses?	<u>yes</u>				
Does an actuary estimate program liability?	<u>no</u>				
Number of claims paid during the period?	<u>2</u>				
Total amount of paid claims during the period?	<u>\$11,453</u>				
Total amount of recoveries during the period?	<u>n/a</u>				

Port of Ilwaco

Schedule 21 Questions 1-6 (unaudited)
For Fiscal Year Ended: 2023

Property and Liability Insurance	Health and Welfare Insurance	Unemployment Compensation Obligations	Workers Compensation Obligation
Belong to a public entity risk pool	All benefits are provided by a health insurance company or HMO	"Reimbursable" status	Pay premiums to the Department of Labor and Industries

Washington PFML Program	Entity	Government Type
Pay premiums to the State's program for both benefits	Port of Ilwaco	Port/Airport District

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2023 Port of Ilwaco

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Government
Information



Revenues &
Expenditures



Liabilities



Grants



Additional
Schedules



Other
Attachments



Submit
Report

Submit Report

Annual Report Submitted Successfully!

Thank you for filing your 12/31/2023 fiscal year-end annual report with the Washington State Auditor's Office (SAO) on 5/18/2024, in accordance with the requirements of RCW 43.09.230. The data provided will be used by SAO's audit teams during your next scheduled audit. The RCW also requires our Office to publish the data from your annual report and make it available to the public. We do this through our Financial Intelligence Tool (<https://portal.sao.wa.gov/FIT/explore>), also known as FIT. Every quarter, we publish a snapshot of the financial data within FIT, which ensures that the tool contains the most recent data for every local government.

FIT has become a popular way for the public, media, and policymakers to access important local government information, especially regarding how money is received and spent. That's why it's imperative that you review your data to ensure its accuracy before and after you submit your annual report to SAO. We encourage you to review our tips for increasing your data-quality confidence on our website here (<https://sao.wa.gov/what-to-do-after-hitting-submit-steps-for-increasing-data-quality-confidence/>). If your filing information needs to be corrected, please resubmit it per BARS. For help with your annual report, please click here (<mailto:LGCSFeedback@sao.wa.gov>).

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