

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 12/31/2024

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>thayes@portofilwaco.org</u>
Official Phone Number	<u></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 30th day of May, 2025, 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, 2024

		<u>401 Operations</u>
Beginning Cash and Investments		
308	Beginning Cash and Investments	3,215,891
388 / 588	Net Adjustments	-
Revenues		
310	Taxes	203,985
320	Licenses and Permits	-
330	Intergovernmental Revenues	133,138
340	Charges for Goods and Services	1,501,706
350	Fines and Penalties	-
360	Miscellaneous Revenues	190,581
Total Revenues:		<u>2,029,410</u>
Expenditures		
510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	1,890,900
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>1,890,900</u>
Excess (Deficiency) Revenues over Expenditures:		<u>138,510</u>
Other Increases in Fund Resources		
391-393, 596	Debt Proceeds	1,476
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	126,106
Total Other Increases in Fund Resources:		<u>127,582</u>
Other Decreases in Fund Resources		
594-595	Capital Expenditures	287,657
591-593, 599	Debt Service	104,112
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	125,511
Total Other Decreases in Fund Resources:		<u>517,280</u>
Increase (Decrease) in Cash and Investments:		<u>(251,188)</u>
Ending Cash and Investments		
50821	Nonspendable	-
50831	Restricted	2,273,637
50841	Committed	-
50851	Assigned	691,064
50891	Unassigned	-
Total Ending Cash and Investments		<u>2,964,701</u>

The accompanying notes are an integral part of this statement.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT
December 31, 2024

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.

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. The Port is governed by an elected three-member board.

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 GAAP.

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

This fund accounts for operations that provide goods or services to the general public and are supported primarily through user charges.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

B. Basis of Accounting and Measurement Focus

In accordance with state law, the Port also recognizes expenditures paid during twenty (20) 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

It is the Port's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds. 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 (5) 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.

F. Liabilities

See Note 5, Long-Term Liabilities and *Schedule of Liabilities* (Schedule 09).

G. Leases

Leases are reported as liabilities if the total payments over the life of the lease is more than \$5,000. The Port is a lessee for a non-cancelable 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.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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 the Board of Commissioners. 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 \$2,273,637 and \$0, respectively. Restrictions consist of collections 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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Investments are reported at original cost, unless indicated otherwise. Deposits and investments by type at December 31, 2024 are as follows:

Type of Deposit or Investment	Port's own deposits and investments Total
Bank Deposits	\$ 6,999
Local Government Investment Pool	\$ 2,957,702
Total	\$ 2,964,701

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 (LGIP), 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.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

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.

The Port's regular levy for the year 2024 was \$0.167279 per \$1,000 on an assessed valuation of \$1,223,269,380 for total regular levy of \$204,628.

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

NOTE 4 - LEASES:

The Port's adoption of the cash basis BARS manual requirements for leases results in 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.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 4 - LEASES, CONTINUED:

The total amount paid for leases in 2024 was \$1,281. As of December 31, 2024, the future lease payments are as follows:

Year ended December 31	Total
2025	\$ 1,281
2026	\$ 854
Total	\$ 2,135

NOTE 5 - LONG-TERM LIABILITIES:

The following table provides details of the outstanding debt of the Port and summarizes the Port's debt transactions for the year ended December 31, 2024. The debt service requirements for general obligation bonds and CERB loans, including interest at December 31, 2024 are as follows (See Note 1F, Liabilities and *Schedule of Liabilities* (Schedule 09)):

Year	Principal	Interest	Total Debt
2025	\$ 77,622	\$ 23,828	\$ 101,450
2026	\$ 78,232	\$ 23,218	\$ 101,450
2027	\$ 80,478	\$ 20,972	\$ 101,450
2028	\$ 82,788	\$ 18,662	\$ 101,450
2029	\$ 85,164	\$ 16,286	\$ 101,450
2030-2034	\$ 457,441	\$ 49,809	\$ 507,250
2035	\$ 49,974	\$ 829	\$ 50,803
TOTALS	\$ 911,699	\$ 153,604	\$ 1,065,303

Compensated Absences

During fiscal year 2024, the Port implemented the enhanced accounting standard used to measure compensated absences. Compensated absences expanded to include employees sick leave expected to be used over the estimated life of employment with the Port. The financial impact of this change is reflected in the table below.

During the year ended December 31, 2024, the following changes occurred in compensated absences:

	Beginning Balance	Additions	Reductions	Ending Balance 12/31/2024
Compensated Absences*	\$ 45,429	\$ 34,417	\$ --	\$ 79,846

*additions and reductions are reported as a net change

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 6 - PENSION PLANS:

State Sponsored Pension Plans

Substantially all the Port's full-time and qualifying part-time employees participate in the Public Employees' 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 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 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, 2024 (the measurement date of the plans), the Port's proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$ 19,087	0.003189%	\$ 56,663
PERS 2/3	\$ 40,243	0.004089%	\$(134,797)

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 (the 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, under 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. During the Pool's fiscal year ending August 31, 2024, there were 507 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; 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 policy. Pollution and Cyber coverage are provided on a claims-made and reported

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 7 - RISK MANAGEMENT, CONTINUED:

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 some instances, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays specific to their needs. Enduris is responsible for payment of all covered losses above the member deductible or copay 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⁾
Property ⁽⁴⁾:				
Buildings and Contents	Per Occurrence	\$500,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$500,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery	Per Occurrence	\$500,000	\$100 million	\$1,000 - \$250,000
Business Interruption (BI)/ Extra Expense (EE) ⁽⁵⁾	Per Occurrence	\$500,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁶⁾:				
Flood	Per Occurrence	\$500,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$500,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 7 - RISK MANAGEMENT, CONTINUED:

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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 ⁽⁷⁾	Per Occurrence	\$500,000 with exceptions	\$1 billion	\$250 - \$1,000
Cyber ⁽⁸⁾	Each Claim APIP Aggregate	\$50,000 to \$100,000 with waiting period	\$2 million \$45 million	20% Copay
Pollution ⁽⁹⁾	Each Claim APIP Aggregate	\$250,000 with exceptions	\$2 million \$25 million	\$1,000 - \$250,000
Crime Blanket ⁽¹⁰⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽¹¹⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Identity Fraud Expense Reimbursement ⁽¹²⁾	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) Terrorism liability is fully funded by the Pool, i.e., no excess/reinsurance is procured.
- (3) Members are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.
- (4) 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 \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.
- (5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; 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.
- (6) This Property Program 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.
- (7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 7 - RISK MANAGEMENT, CONTINUED:

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
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- (8) Cyber coverage is included under the Pool's Property program on an optional basis. 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.
- (9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.
- (11) 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.
- (12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 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. No claim settlements were above the insurance coverage in the last three policy years.

Upon joining the Pool, members are contractually obligated to remain for at least 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. Any Member terminated or withdrawing from the Pool shall be liable pro-rata for any assessments levied against Members for any year in which that Member belonged to the Pool as if they were still a Member.

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

A seven-member Board of Directors governs the Pool. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly, oversees Enduris' business affairs, and provides policy direction to the Pool's Executive Director.

The Port is self-insured for unemployment insurance. The Port expended \$681 in unemployment claims in 2024. 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.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 7 - RISK MANAGEMENT, CONTINUED:

In 2024, 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 received written notification from a Port Lessee of petroleum contamination at the site of a decommissioned fuel tank located on Port property.

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 2024 for clean-up costs. At this time, the Port does not have sufficient information to reasonable estimate the liability related to potential clean-up of the site.

NOTE 9 - OTHER DISCLOSURES:

Contingencies and Litigation

The Port participates in a number of federal and state assisted programs. The awards the Port receives under these programs are subject to audit by grantors or their representatives. Such audits could result in requests for reimbursement to award agencies for expenditures disallowed under the terms of the awards. Port management believes that such disallowances, if any, will be immaterial.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 9 - OTHER DISCLOSURES, CONTINUED:

Construction and Contract Commitments

The Port has active construction and contract commitments as of December 31, 2024. 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)	\$ 653,426	\$ 3,472,751
Capital Dredging Permit	\$ 73,949	\$ 167,435
Total Construction Commitments	\$ 727,375	\$ 3,640,186

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

The Port will use a combination of award funding and Port cash to pay all Port commitments listed. See Note 9, Subsequent Events, East Bulkhead Replacement Project.

Subsequent Events

The Port has evaluated events through May 30, 2025, 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 award program. In January 2022, the Port entered into a contract with CERB for a total amount of \$750,000, of which \$112,500 is an award and \$637,500 is a low interest loan. In 2025, the Port will incur eligible expenditures for the awards and loan, and expects to complete the project in 2025.

The Port was also awarded a local award 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 Replacement Project and as a match for the MARAD and CERB awards. The Port spent \$653,426 on engineering and permitting as of December 31, 2024, which will be used towards the awards. The Port expects to complete the project in 2025.

PORT OF ILWACO
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2024

NOTE 9 - OTHER DISCLOSURES, CONTINUED:

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 2025.

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 clean-up. This project is scheduled to be completed in 2025.

Capital Dredging Project

On July 31, 2024, the Port executed Amendment #8 with the engineering firm contracted to engineer and permit the Port's Capital Dredging Project. The total cost of the amendment is \$167,435 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, 2024

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1748	401	Operations	3083100	Restricted Cash and Investments - Beginning	\$2,157,848
1748	401	Operations	3085100	Assigned Cash and Investments - Beginning	\$1,058,043
1748	401	Operations	3111000	Property Tax	\$203,985
1748	401	Operations	3321560	Payment In-Lieu of Taxes - Wildlife Refuge Lands	\$24,129
1748	401	Operations	3331500	Federal Indirect Award from Department of Interior	\$708
1748	401	Operations	3370000	Local Awards, Entitlements, Tribal Government Distributions, and Other Payments	\$108,301
1748	401	Operations	3446000	Airports and Ports Services	\$1,501,706
1748	401	Operations	3611000	Investment Earnings	\$158,855
1748	401	Operations	3614000	Other Interest	\$8,376
1748	401	Operations	3620000	Rents and Leases	\$18,871
1748	401	Operations	3699100	Miscellaneous Other Operating	\$4,479
1748	401	Operations	5460010	Airports and Ports	\$668,374
1748	401	Operations	5460020	Airports and Ports	\$371,915
1748	401	Operations	5460030	Airports and Ports	\$155,622
1748	401	Operations	5460040	Airports and Ports	\$694,989
1748	401	Operations	5083100	Restricted Cash and Investments - Ending	\$2,273,637
1748	401	Operations	5085100	Assigned Cash and Investments - Ending	\$691,064
1748	401	Operations	3917000	Other Note/Contracts/Line of Credits	\$1,476
1748	401	Operations	3829000	Immaterial Fiduciary Collections	\$126,106
1748	401	Operations	5829000	Immaterial Fiduciary Remittance	\$125,511

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1748	401	Operations	5914670	Debt Repayment - Airports and Ports	\$78,582
1748	401	Operations	5924680	Interest and Other Debt Service Cost - Airports and Ports	\$25,530
1748	401	Operations	5944660	Capital Expenditures/Expenses - Airports and Ports	\$287,657

Port of Ilwaco
Schedule of Liabilities
For the Year Ended December 31, 2024

ID. No.	Debt ID Title	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligation Debt/Liabilities							
251.11	Non-voted General obligation bonds	Bank of Pacific 2020 Capital Projects	6/1/2035	989,000	-	77,301	911,699
Total General Obligation Debt/Liabilities:				989,000	-	77,301	911,699
Revenue and Other (non G.O.) Debt/Liabilities							
259.12	Compensated Absences	Compensated Absences		45,429	34,417	-	79,846
263.57	Leases, SBITA, and PPPs	Lease-Copier	8/1/2026	3,416	-	1,281	2,135
264.30	Pension Liabilities	Pension Liability		73,390	-	16,727	56,663
Total Revenue and Other (non G.O.) Debt/Liabilities:				122,235	34,417	18,008	138,644
Total Liabilities:				1,111,235	34,417	95,309	1,050,343

LOCAL GOVERNMENT RISK ASSUMPTION
For the Year Ended December 31, 2024

Self-Insurance Program Manager: Tina Hayes

1. Manager Phone: (360) 642-3143 x201
2. Manager Email: thayes@portofilwaco.org
3. 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)
4. 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
5. 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
6. 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
7. 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, 2024

	<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>\$681</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: 2024

Property and Liability Insurance	Health and Welfare Insurance	Unemployment Compensation Obligations	Workers Compensation Obligations	Other Risks or Obligations
Belong to a public entity risk pool	All benefits provided by health insurance company or HMO	"Reimbursable" status, with accumulated resources (i.e. self-insurance program)	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