Washington State Auditor's Office

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Financial Statements Audit Report

Port of Everett

Snohomish County

For the period January 1, 2015 through December 31, 2015

Published May 26, 2016

Report No. 1016711

Washington State Auditor's Office

May 26, 2016

Board of Commissioners
Port of Everett
Everett, Washington

Report on Financial Statements

Please find attached our report on the Port of Everett's financial statements.

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

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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Port of Everett
Snohomish County
January 1, 2015 through December 31, 2015

Board of Commissioners
Port of Everett
Everett, 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 Everett, Snohomish County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated May 5, 2016. As discussed in Note 15 to the financial statements, during the year ended December 31, 2015, the Port implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27.*

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 opinion 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.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

May 5, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Port of Everett
Snohomish County
January 1, 2015 through December 31, 2015

Board of Commissioners
Port of Everett
Everett, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Port of Everett, Snohomish County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed on page 10.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Everett, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 15 to the financial statements, in 2015, the Port adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 and pension plan information on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2016 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.

Troy X. Kelley

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

May 5, 2016

FINANCIAL SECTION

Port of Everett
Snohomish County
January 1, 2015 through December 31, 2015

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BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015
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REQUIRED SUPPLEMENTARY INFORMATION

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Management's Discussion and Analysis

for year ended December 31, 2015

The Port of Everett's (the Port) management discussion and analysis provides an overview of the Port's financial activities for the fiscal year ended December 31, 2015. This discussion and analysis is designed to assist the reader in focusing on the financial issues and activities of the Port and to identify any significant changes in financial position. Please read it in conjunction with the Port's financial statements and notes to the financial statements, which immediately follow this discussion.

The Port is a Special Purpose Municipal Government. The Port was created in 1918 by a vote of the citizens of the Port district. The district encompasses most of the City of Everett, about one-half of the City of Mukilteo, and portions of unincorporated Snohomish County, Washington. The Port's primary mission is economic development for the citizens of the district.

Three elected Commissioners serve as the governing body of the Port. In accordance with the laws of Washington, the Commissioners have appointed an Executive Director to manage Port operations, and a Port Auditor to manage the Port's finances. Currently the Chief Financial Officer serves as the appointed Port Auditor.

The Port recorded $43.3 million in operating revenues in 2015. Operating revenues are generated from three primary business areas. The largest revenue division of the Port is the Marine Terminals division which in 2015 accounted for 74% of the Port's operating revenue. The Port owns four marine terminals which provide inter-modal cargo facilities for a number of steamship lines and shippers. Hewitt Terminal has two piers, a wharf, a 36,000 square foot chill warehouse and 21 acres of upland area. This terminal is dredged to minus 40 feet mean low low water (MLLW). The Port also operates the South Terminal wharf which features a 705-foot wharf, a 22,000 square foot warehouse with rail sidings, 13 acres of lighted upland acres, and is dredged to minus 40 feet MLLW. The South Terminal also has a dolphin berth, with a 900-foot usable length and dredged to minus 40 feet MLLW. The Pacific Terminal is operated by the Port as the Port's container and general cargo yard. The usable berth length is 640 feet and it is dredged to minus 40 feet MLLW. Two 40-ton container gantry cranes and two Gottwald mobile harbor cranes with lifting capacity in excess of 100 tons each, as well as a full array of cargo loading equipment, are available to service the Port's customers. The Mount Baker Terminal is a satellite terminal designed to transport oversized aerospace parts to Paine Field via rail. Initially, the aerospace parts arrive in the Port of Everett's shipping terminals on Port Gardner Bay. They are then barged to the Mount Baker Terminal where they are off-loaded by an electric rail-mounted gantry crane and transported by rail car to Paine Field Airport. The Port also manages extensive on-dock rail and warehouse facilities with direct connectivity to the mainline of the Burlington Northern Sante Fe railroad.

The Port provides the local boating community with modern small boat marina facilities. The Port's second division, the marina division accounted for 23% of the Port's total operating revenues in 2015. The Port marina facilities consist of two in-water marinas with over 2,300 wet moorage slips. The Port also provides upland storage for approximately 150 vessels. The Marina provides an array of marine services including operations of a fuel dock, wash down facility, vessel haul outs, boat yard facilities, restroom and shower complexes and parking facilities. The Port also partner's in the Port of Everett marine park boat launch with the City of Everett and Snohomish County. This facility is available for public use in launching trailerable boats into Puget Sound.

The Port's third operating division is the Property division which serves as landlord and developer of Port owned commercial and industrial properties. The Port owns a total of about 3,000 acres of land including approximately 900 acres that have been or will be developed. Some of the sites may require cleanup of contaminated soils and often will require new or upgraded primary infrastructure. The Port is moving forward with a number of capital projects which will provide new or upgraded road and utility infrastructure to its land holdings. The improved industrial and commercial sites are either leased or sold to industrial, commercial or retail users who develop site specific facilities. The Port also constructs and owns buildings and leases those buildings to tenants. A wide array of businesses operate within the Port's real property holdings, ranging from light industrial to retail trade to restaurants and hospitality businesses. All of the Port's land holdings are adjacent to or near the waterfront surrounding the Port district. The Property division accounted for 3% of the Port's 2015 operating revenues.

Public ports, such as the Port of Everett, are municipal special purpose governments. Ports do their accounting and financial reporting for their activities very much like a business. They collect revenues from services performed for customers and pay for expenses related to those services. Port authorities in Washington state have also been given legislative authority to collect property tax revenues from property owners within the Port district. These tax revenues go to support the public amenities provided by the Port and to provide financing for capital investments made by the Port. Often, Ports will use tax revenues to pay for General Obligation debt incurred to construct facilities that are used to support Port functions. Property taxes collected are recorded as non-operating revenues of the Port. Other non-operating revenue sources include grant revenues (typically from State or Federal agencies) as well as investment income. Non-operating revenues in 2015 totaled $7.57 million

After 100 years of marine industrial use much of the Port's waterfront land and adjacent waterways have been in need of various degrees of environmental clean-up and remediation. Over the past several years, the Port has been aggressively pursuing clean-up remedies for its property holdings. The Port has developed significant expertise in managing these efforts and has been very successful in obtaining grant contributions and other payments to help offset these expenditures. Once remediation has occurred the Port strives to return these properties to the marketplace, facilitating expansion of area jobs and taxes. Each year an assessment on the potential liability of the Port regarding the remediation costs to which the Port is likely to be held liable is made. This assessment, as per guidance provided in GASB #49, is used as part of the analysis to determine the appropriate level of estimated liability to be recorded on the Port's financial statements.

Financial Highlights

- In 2015, the Port experienced record revenues with operating revenues increasing to $43.3 million, growing by 40% over that recorded in 2014.
- The Port's overall operating costs also increased significantly in 2015, totaling $42.9 million, or 34%, over 2014 operating expense levels.
- The Port had an overall net operating income of $318 thousand in 2015 which was $1.5 million higher than that recorded in 2014.
- The Port's recorded a net non-operating loss in 2015 of $4.7 million which was significantly higher than the non-operating loss recorded in the prior year. The non-operating net loss included a doubling of environmental remediation expense to $9.6 million.
- The Port's had capital contributions of $2.9 million. The Port experienced a reduction in net position of $6.5 million due to the adoption of GASB 68 which was a change in accounting principles.
- The Port's assets and deferred outflows grew by $12 million to total $303 million at yearend and exceeded its liabilities by $215.5 million (net position) as of December 31, 2015.

Using the Annual Report

Government accounting falls under the control of the Government Accounting Standards Board (GASB). The Port uses the "one proprietary fund" model in compliance with the rules of GASB Statement No. 34. Since the Port is comprised of a single enterprise fund, no fund level financial statements are shown. The financial statements provide a broad view of the Port's operations in a manner similar to a private-sector business. The financial statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The *Statement of Net Position* presents all of the Port's assets, deferred outflows, and liabilities, with net position shown as the remainder after subtracting liabilities from the sum of assets and deferred outflows. Over time, increases or decreases in the Port's net position may serve as a useful indicator of whether the financial position of the Port is improving or declining.

The *Statement of revenues, Expenses, and Changes in Fund Net Position* presents information showing how the Port's net position changed during the year. Revenues net of expenses, when combined with other non-operating items such as investment income, tax receipts, accrued environmental expenses, and interest expense, results in a net increase or decrease in the Port's net position for the year.

The *Statement of Cash Flows* reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. A reconciliation of the cash provided by operating activities to the Port's operating income as reflected on the statement of revenues, expenses and changes in net position is also included.

The notes to the financial statements provide additional information that may not be readily apparent from the actual financial statements. The notes to the financial statements can be found immediately following the financial statements.

Financial Analysis – Net Position

Net Position

	2015	2014
Current Assets (net of restricted assets)	32,908,112	35,142,348
Restricted Assets	1,725,578	3,412,728
Capital Assets	261,783,709	246,090,416
Other Noncurrent Assets	5,449,823	6,143,800
Total Assets	**301,867,222**	**290,789,292**
Total Deferred Outflows of Resources	**1,250,536**	**295,791**
Current Liabilities	15,714,080	17,167,448
Noncurrent Liabilities	70,898,626	50,404,049
Total Liabilities	**86,612,706**	**67,571,494**
Deferred Inflows-Pension	**1,013,848**	
Invested in Capital Assets, net of related debt	211,330,495	203,399,808
Restricted for Capital Projects	1,725,578	3,412,728
Unrestricted	2,435,131	16,701,053
Total Net Position	**215,491,204**	**223,513,589**

Assets

The Port maintained strong cash/investment reserves during 2015 with a total of $29.8 million in cash and investments. Of this total, $28.1 million was available and unrestricted.

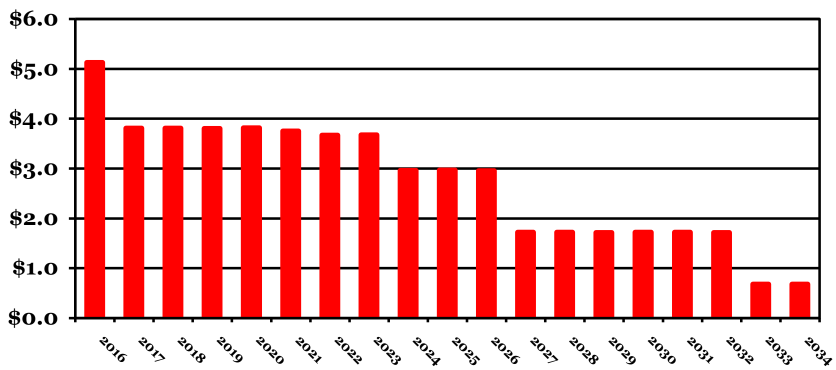
The Port also had accounts receivables of $3.7 million which was a decrease of 38% from that recorded at 12/31/2014. Other current assets including taxes and interest receivable, amounts due from other governments, inventory and prepaid items totaled $1.1 million.

The Port's total net position decreased during 2015 to a total of $215.5 million at yearend. During the year, the Port's net depreciable capital assets increased by $13.0 million (see note 4). Construction in progress at yearend totaled $18.1 million.

Liabilities

Total Liabilities increased by $19 million from fiscal year 2014, with total liabilities at yearend of $86.6 million. During 2015, the Port issued $9.2 million of Series 2015 revenue bonds. The bonds were issued with a 20 year amortization and had an "All-In" True Interest Cost of 3.29% These bond proceeds were used to reimburse the Port for waterfront development costs previously incurred. Total notes and bonds payables outstanding at yearend were $44.1 million which is $8.4 million more than that outstanding at 12/31/2014. Other long term liabilities at yearend include $22.3 million estimated for addressing legacy environmental costs at various port locations. See Note 9 for additional information. Due to the adoption of GASB #68 the Port recorded a net pension liability of $6.7 million.

Total future Annual Debt Service on outstanding Notes and Bonds Payable (in millions).

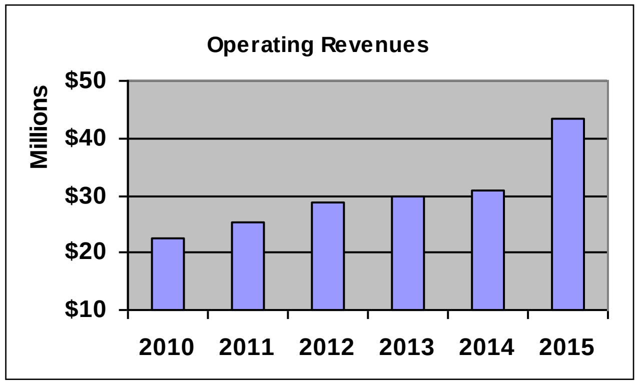


In 2015, the Port maintained a strong revenue bond debt service coverage ratio of 9.02 times debt service. Port bond contracts require the Port to maintain a minimum debt service coverage ratio of 1.35 times debt service. The Port Commission during 2014 voted to adopt a comprehensive set of Financial Guidelines which set guidance for staff in managing the Port's finances. The guidelines are available on the Port's website. The Financial Guidelines set a benchmark of maintaining cashflow sufficient to achieve a revenue bond debt service coverage ratio of at least a 2.0 times debt service

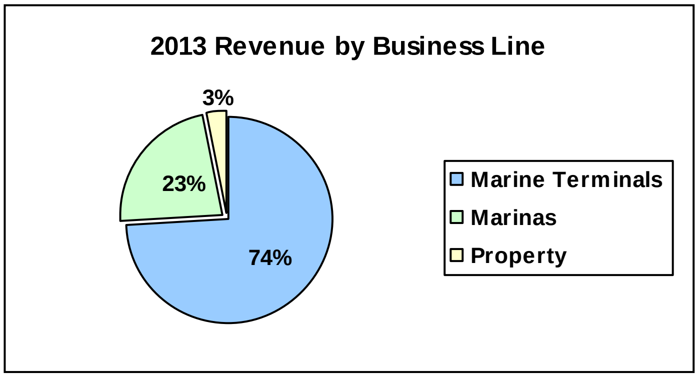
Financial Analysis - Revenues, Expenses and Changes in Net Position

Summary of Revenues, Expenses and Change in Net Position

	2015	2014
Total Operating Revenues	$43,266,378	$30,961,225
Non-operating Revenues	7,589,322	6,540,695
Total Revenues	**50,855,700**	**37,501,920**
Operating Expenses	42,947,918	32,146,692
Non-operating Expenses	12,280,648	6,653,250
Total Expenses	**55,228,566**	**38,799,942**
Excess before Contributions and Adjustments	**(4,372,866)**	**(1,298,022)**
Capital Contributions	2,873,530	7,827,460
Gain on Sale		906,205
Change in Accounting for Capital Projects		(1,525,460)
Increase / (decrease) in Net Position	**$(1,499,336)**	**$5,910,183**
Change in Accounting Principle	**(6,523,049)**	
Prior Period Adjustment		**327,848**
Change in Net Position	**$(8,022,385)**	**$6,238,031**



The *Statement of Revenues, Expenses and Changes in Net Position* provides insight as to the nature and source of the Port's revenues and expenses. operating revenues increased $12.30 million (40%) over 2014. All three operating divisions experienced good growth during the year. The Port's largest division Marine Terminals experienced a 60% growth year over year. During the same period, general operations and maintenance expenses increased by $9.93 million (46%) from the previous year. Administrative costs increased by 14.5% over 2014.



Marine terminal operations revenues increased $11.9 million from that recorded in 2014. The Port's cargo facilities recorded record volumes in number of vessel calls during 2015. In 2015, the marine terminals had 195 port calls, which were up from 184 port calls from 2014. Overall tonnage shipped through the terminals was 422 thousand short tons of cargo. The increase in cargo throughput activity along with costs associated with providing longshore services resulted in marine terminals operating expenses increasing by $10.1 million (76%) over 2014.

Marina operations revenues increased by $322 thousand (3%) from 2014. Expenses increased $353 thousand (5%) from 2014. Moorage occupancy increased slightly to about 80% overall occupancy. We saw continued increases in travelift operations and upland boat storage.

Property management revenues increased by $41 thousand from the previous year a 3% increase from the previous year. This division had operating expenses of $1.2 million which was an decrease of $372 thousand from that recorded in 2014.

Potentially Significant Matters

In early 2016, the Port Commission passed a motion to proceed with the required processes and procedures to acquire the former Kimberly-Clark mill site through a negotiated purchase or through the eminent domain process. This site on the Everett waterfront consists of 66 acres, includes just over 10 acres of tidelands, and is immediately adjacent to the Port's existing marine terminals.

The property is under an agreed order with the Washington State Department of Ecology for a remedial investigation & feasibility study of the sediment contamination on the site.

The Port is currently in a due diligence process reviewing the site conditions, port development options, and determining a fair value for the property. The Port expects to enter into negotiations with Kimberly-Clark for the purchase of the property once this process is completed.

Contacting the Port's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Port's finances and to show the Port's accountability for the money it receives. If you have questions about this report, or if you need additional financial information, please contact John Carter, Chief Financial Officer, at 1205 Craftsman Way, Everett, WA 98201 or by phone at (425) 259-3164.

PORT OF EVERETT

STATEMENT OF NET POSITION
December 31, 2015

ASSETS	
Current Assets	
Cash and cash equivalents (Note 1)	$11,512,892
Investments (Note 2)	16,586,402
Restricted assets (Note 1)	
Cash and cash equivalents (Note 1)	27,803
Investments (Note 2)	1,697,775
Taxes receivable (Note 3)	119,455
Accounts receivable (net of allowance for uncollectible)	3,676,906
Interest receivable	73,534
Due from other governments	421,031
Inventory	165,370
Prepaids	352,522
Total Current Assets	**34,633,690**
Noncurrent Assets	
Notes Receivable	5,281,765
Capital assets not being depreciated (Note 4)	
Land	52,627,334
Construction in Progress	18,064,109
Capital assets being depreciated (Note 4)	
Property, Plant and Equipment	
Buildings	198,996,852
Improvements other than building	60,268,549
Machinery and equipment	29,500,231
Intangible assets	7,462,397
Less: Accumulated Depreciation	(105,135,763)
Other noncurrent assets	168,058
Total Noncurrent Assets	**267,233,532**
Total Assets	**$301,867,222**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Advance Refunding (Note 9)	257,593
Deferred Outflows - Pension (Note 6)	992,943
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$1,250,536**

The notes to the financial statements are an integral part of this statement.

PORT OF EVERETT

STATEMENT OF NET POSITION
December 31, 2015

LIABILITIES	
Current Liabilities:	
Checks payable	$484,395
Accounts payable	5,046,948
Accrued taxes payable	49,293
Accrued interest payable	223,575
Current portion of notes payable and capital leases (Note 9)	1,022,448
Current portion of long-term obligations (Note 9)	3,230,000
Current portion of Environmental Remediation Liabilities (Note 14)	5,534,900
Other current liabilities	122,521
Total Current Liabilities	**15,714,080**
Noncurrent Liabilities:	
General obligation bonds, net (Note 9)	17,947,531
Revenue bonds, net (Note 9)	19,812,855
Notes payable and Capital Leases (Note 9)	8,697,973
Employee leave benefits	991,196
Net Pension Liability (Note 6)	6,653,171
Environmental Remediation Liability (Note 14)	16,795,900
Total Noncurrent Liabilities	**70,898,626**
Total Liabilities	**$86,612,706**
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension (Note 6)	1,013,848
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$1,013,848**
NET POSITION:	
Net investment in capital assets	211,330,495
Restricted for capital projects	1,725,578
Unrestricted	2,435,131
TOTAL NET POSITION	**$215,491,204**

The notes to the financial statements are an integral part of this statement.

PORT OF EVERETT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2015

OPERATING REVENUES:	
Marina operations	$10,025,714
Marine terminal operations	31,939,716
Property lease/rental operations	1,300,948
Total Operating Revenues	**43,266,378**
OPERATING EXPENSES:	
General operations	27,525,464
Maintenance	4,036,485
General and administrative	3,826,098
Depreciation (Note 4)	7,559,871
Total Operating Expenses	**42,947,918**
Operating Income (Loss)	**318,460**
NONOPERATING REVENUES (EXPENSES):	
Environmental grant revenues	2,455,375
Investment income	557,679
Net increase/decrease in fair value of investments	(21,951)
Taxes levied	4,576,268
Public access	(811,942)
Public access depreciation (Note 4)	(235,906)
Interest expense	(1,480,227)
Election Expense	(17,163)
Environmental remediation expense	(9,591,382)
Other nonoperating expenses, net	(122,077)
Total Nonoperating Revenues (Expenses)	**(4,691,326)**
Income (loss) before other revenues, expenses, gains, losses and transfers	**(4,372,866)**
Capital contributions	2,873,530
Increase (decrease) in net position	**(1,499,336)**
Net position - January 1, as previously stated	**223,513,589**
Change in Accounting Principle (Note 15)	(6,523,049)
Net position - January 1, as restated	**216,990,540**
Net Position - end of period	**$215,491,204**

The notes to the financial statements are an integral part of this statement.

PORT OF EVERETT

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	
Marina	$9,896,173
Marine Terminals	32,225,989
Property Lease / Rental	1,289,021
Payments to suppliers	(15,529,814)
Payments to employees	(19,991,070)
Net cash provided by operating activities	**7,890,299**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes received	4,519,728
Miscellaneous taxes received	58,399
Grant Payments to Other Governments	430,000
Non-operating receipts	1,917,094
Non-operating expenses	(4,090,308)
Net cash provided by noncapital financing activities	**2,834,913**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases or construction of capital assets	(21,067,727)
Proceeds from sale of bonds	9,205,000
Proceeds from new debt	1,256,715
Principal paid on notes	(1,098,298)
Principal paid on capital debt	(2,845,000)
Interest paid on capital debt	(797,379)
Bond issue expense	(114,374)
Contributed capital	2,873,530
Other receipts (payments)	1,969,877
Net cash used by capital and related financing activities	**(10,617,656)**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sales and maturities of investments	7,544,699
Interest and dividends	553,411
Net cash used by Investing Activities	**8,098,110**
Net increase in cash and cash equivalents	**8,205,666**
Balances - beginning of the year	**3,335,029**
Balances - end of the year	**$11,540,695**

The notes to the financial statements are an integral part of this statement.

PORT OF EVERETT

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$318,460
Adjustments to reconcile net operating Income to net cash provided by operating activities:	
Depreciation	7,559,871
Change in assets and liabilities	
Decrease in accounts receivable	156,390
Decrease in inventory	37,155
Decrease in prepayments	176,200
Decrease in customer deposits	(11,586)
Decrease in accounts payable	(276,379)
Decrease in warrants payable	(283,113)
Increase in taxes accrued	11,771
Increase in employee benefits payable	201,530
Net cash provided by operating activities	**$7,890,299**

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Everett (the Port) was incorporated in 1918 and operates under the laws of the state of Washington applicable to a public port district, as a municipal corporation under the provisions of Chapter 53 RCW. The Port is centrally located on Puget Sound at Port Gardner Bay about 125 miles inland from the Pacific Ocean. The Port district boundaries have been set by voter approval with the port district boundaries encompassing most of Everett, WA, a portion of Mukilteo, WA and a portion of unincorporated Snohomish County. Washington Port districts are empowered through authority delegated to the districts through the Washington State legislature. Port's have been given powers of eminent domain and the levying of ad volorem property taxes upon real and personal property within the district. Property taxes are currently levied as imposed by the governing board of the Port during the approval of the annual budget.

The financial statements of the Port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The Port is a special purpose government, independent of Snohomish County and City of Everett government, and provides marine terminal, marina, and property lease/rental operations to the general public. It is supported primarily through user charges.

The Port is governed by a three member Board of Commissioners, elected by Port district voters. As policy makers, they delegate certain administrative authority to the Executive Director to conduct operations of the Port. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational or financial relationship with the Port.

The Industrial Development Corporation of the Port of Everett, a public corporation, is authorized to facilitate the issuance of tax-exempt nonrecourse revenue bonds to finance industrial development within the corporate boundaries of the Port. Revenue bonds issued by the Corporation are payable from revenues derived as a result of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than industrial facilities for which they were issued. The Port's Board of Commissioners governs the Industrial Development Corporation. The Industrial Development Corporation's account balances and transactions are included as a blended unit within the Port's financial statements. The Industrial Development Corporation had no operational activity during 2015 except for earned income on it's cash balances.

The Ports financial resources are provided by marine terminal facilities, which handle forest products, cement, aircraft parts, and various other commodities; a marina providing moorage for 2,300 pleasure and fishing vessels; and property lease/rentals providing more than 30 property leases. Basis of Accounting and Presentation

The accounting records of the Port of Everett are maintained in accordance with methods prescribed by the State Auditor under authority of Chapter

43.09 RCW. The Port uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State of Washington.

Funds are accounted for on a cost of services or an economic measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statements of net position. Their reported fund position is segregated into net investment in capital assets, restricted and unrestricted components of net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Port discloses changes in cash flows by a separate statement that presents the operating, non-capital financing, capital and related financing and investing activities.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The Port distinguishes between operating revenues and expenses from non-operating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the district's principal ongoing operations. The principal operating revenues of the district are charges to customers for marine terminals, marina, and property/industrial leases. Operating expenses for the district include the cost of labor, administrative expenses and depreciation on capital assets used for the benefit of customers. All revenues and expenses not related to providing services to customers are reported as non-operating revenues and expenses. Included in the non-operating expenses are expenses related to providing the general public access to Port property. This access includes maintaining public access and open spaces and paying the Port's obligations for navigation dredging, as well as other expenses related to open space and public access.

C. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2015, Short-term residual investments of surplus cash were $11,540,695. This amount is classified on the statement of net position as cash and cash equivalents. The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average month end balances maintained during 2015 were $12,415,462

2. Investments

The Port Commission has adopted an Investment Policy which provides guidance and policy direction for all investments of Port funds. This document combined with state statutes which dictate authorized investments serves as the template for the investment of all Port funds. All investments of the Port's funds are obligations of the US government, agencies of the US government, general obligations of state and municipal governments, deposits in the Washington State Treasurer's local government investment pool or are collateralized deposits with Washington state banks and savings and loan institutions. As of December 31, 2015 investments totaled $18,284,177 of which $1,697,775 was restricted for specific uses.

The Washington State Local Government Investment Pool operates in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940. The fair value of the portfolio is calculated by the master custodian or by an independent pricing service under contract with the State Treasurer's Office. The fair value of the Port's position in the Washington State Local Government Investment Pool is the same as the value of the pool shares.

The Port has deposits and certificates of deposit at banking institutions where all deposits are entirely covered by federal deposit 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 are valued at book value, which is equivalent to fair value for these investments. (See Note 2).

The Port also has purchased investments in various government backed bonds. These investments are held in a safe keeping arrangement with the Bank of New York Mellon. The portfolio of bond investments is recorded at the Fair Market Value as determined by independent market pricing as of 12/31/2015. Investments are classified as current assets on the accompanying financial statements. They are available for use in operations if needed and are not committed to be held to maturity. Changes in fair value of investments are recognized on the Statement of revenues, expenses and changes in fund net position.

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Note 3). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year. Customer accounts receivable consists of amounts due from individuals or organizations for services provided. Receivables have been recorded net of estimated uncollectible amounts. Because property taxes are considered liens on property, no estimated uncollectible amounts are established. Estimated uncollectible amounts for other receivables are $30,000

4. Amounts Due To and From Other Governments

These accounts include amounts due to or from other governments for grants, entitlements, loans, taxes and charges for services.

5. Restricted Assets

In accordance with bond resolutions and certain agreements, separate restricted accounts are required to be established. These accounts contain resources for construction and funds for specified uses.

	12/31/2015
Cash and Investments - Port of Everett Industrial Development Corp.	$27,803
Investments – North Marina Redevelopment Interpretive Program	257,394
Investments - City of Everett Riverside Industrial Park Construction Permit	125,000
Investments – Fisherman's Tribute Statue	6,856
Investments- Proceeds from 2013 LTGO Bond issuance	386,247
Investments-Revenue Bond Debt Service Reserve	449,445
Investments-Escrow Account for Lease Financed Assets	472,833
Total as of December 31, 2015	**$1,725,578**

6. Capital Assets and Depreciation

Capital assets are acquisitions of significant value (greater than $5,000) and having a useful life extending beyond one year. These are recorded at cost. Capital assets acquired with contributed funds are also capitalized (See Note 4).

7. Intangible Assets

As part of the sale of property to the Department of Defense for the Navy Homeport, the Port was required to assist in mitigation of traffic impacts. As part of the mitigation effort in 1996 the Port contributed to the construction of the Alverson Street Bridge. The Port has no ownership interest in this bridge. This asset will be amortized over a 50 year life. As mitigation in the Marina, in 2001 the Port agreed to pay a percentage of the costs of upgrades to a sewer lift station, owned and operated by the City of Everett. The Port has no ownership interest in this station. This asset will be amortized over a 40 year life.

8. Employee Leave Benefits

Employee leave benefits are accrued leave payable to employees of the Port. Vacation pay, which may be accumulated up to 48 days, is payable upon resignation, retirement or death. Sick leave may accumulate up to 180 days. Upon separation without cause, employees are paid for accumulated sick leave at 50% of their final balance but not more than 90 days (50% of 180 days). The Port accrues vacation and sick leave benefits as earned. At December 31, 2015 the recorded liability for unpaid vacation and sick leave was $991,196.

9. Deferred Outflows/Inflows of Resources

The port reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s).

The port also reports a separate section for deferred inflow of resources. This represents an acquisition of net assets by the government that is applicable to future reporting period(s).

10. Net Position

Net Position is divided into three categories. The majority of the Port's Net Position is invested in capital assets, and is not available to pay the Port's obligations. Some of the assets are restricted due to conditions placed on construction permits issued to the Port. These conditions require the Port to perform certain actions and are mandated by the permit issuing authority. The remaining Net Position is Unrestricted and available for the repayment of the ordinary obligations of the Port.

11. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

The Port's deposits and certificates of deposits are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington State Public Deposit Protection Commission (PDPC). The FDIC provides protection of Port deposits up to $250,000 with all amounts in excess of $250,000 collateralized through the PDPC pool. The Port also maintains deposits in the Local Government Investment Pool (LGIP) managed by the Washington State Treasurer. The LGIP operates in a manner consistent with the SEC Rule 2a-7.

The Port conducts its general banking through accounts established at its primary banks, MUFG Union Bank N. A and U.S. Bank.. All bank deposits as well as deposits in the LGIP are considered to be cash equivalents and are reported at cost.

Investments

As required by state law, all investments of Port funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of state and local government, or certificates of deposit with PDPC qualified banks and savings and loan institutions.

All investments are purchased directly from financial institutions or through broker relationships. Investments purchased through brokers are deposited into a "safekeeping" account in the Port's name administered by Bank of New York Mellon.

The Port invests its surplus cash according to an Investment Policy formally adopted by the Commission.. The Port's policy is that investment principal be at minimal risk, while seeking a return on investment and following a schedule of maturities that meets cash demands. All investments are valued at fair value as of December 31, 2015.

Fair value of deposits and investments at December 31, 2015

Cash, Cash Equivalents and Investments	Maturities	Amount
Petty Cash and Cash in Bank	Current	2,575,863
Money Market funds	Current	8,032,966
Local Government Investment Pool	Current	209,034
Certificates of Deposit	Feb-16	250,000
Escrow funds held by Bank of America	Apr-16	472,831
U.S. Agency	Aug 2018-Nov 2020	6,461,205
U.S. Treasury	Nov 2016-Sept 2017	3,994,375
Municipal bonds	Dec 2016-Dec 2021	7,828,598
Total		29,824,872

Interest rate risk

To minimize risk of loss arising from interest rate fluctuations, and to provide for liquidity, the Port purchases investment with a laddered approach to maturities. The Port targets a weighted average maturity (modified duration) not to exceed 3 years. At yearend the portfolio had a modified duration of 1.62 years.

Credit risk

The Port's investment policy states that safety of principal is the foremost objective. To obtain this objective the Port employs a diversification approach to management of the investment portfolio. Furthermore the Port restricts its investments to securities that are rated AA or higher as rated by recognized rating agencies. At yearend the investment portfolio held the following categories of issuers:

Federal National Mortgage Association	8.7%
Federal Home Loan Banks	6.5%
Federal Farm Credit Banks	4.4%
Federal Home Loan Mortgage Corporation	13.1%
United States Treasury Notes	17.6%
Municipal Bonds	21.4%
Collaterialized Certificates of Deposit	18.6%
Collaterialized Money Market Accounts	8.8%
Washington Local Government Investment Pool	0.9%

Custodial Risk

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction, the Port would not be able to recover the value of the investment or collateral securities. The Port conducts all investment transaction on a delivery-verses-payment (DVP) basis with all securities purchased through broker relationships and delivered to Bank of New York Mellon who serves as the Port's third party custodian.

NOTE 3 - PROPERTY TAXES

The County Treasurer acts as agent to collect property taxes levied in the county for all taxing authorities. The County Treasurer distributes collections after the end of each month to the Port.

Property Tax Calendar

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

Property taxes are recorded as a receivable when levied. During the year, property tax revenues are recognized in the month when the County Treasurer collects cash. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The Port may levy up to $.45 per $1,000 of assessed valuation for general government services. The rate is limited by the Washington State Constitution and Washington State law, RCW 84.55.010. The Port may also levy taxes at a lower rate.

The Port's regular levy for 2015 was $.33 per $1,000 on an assessed valuation of $13.6 billion for a total regular levy of $ 4,536,912.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION

A. Major expenditures for capital assets and major repairs that increase useful lives are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. All capital assets are valued at historical cost.

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

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives using the straight-line method. Buildings and improvements are assigned lives of 20 to 50 years and equipment 5 to 25 years.

B. Capital asset activity for the year ended December 31, 2015 was as follows:

	Balance 1/1/2015	Increases	Decreases	Balance 12/31/2015
Capital assets, not being depreciated:				
Land	52,627,241	3,198	3,105	52,627,334
Construction in Progress	16,115,393	38,121,177	36,172,461	18,064,109
Total capital assets, not being depreciated	**68,742,634**	**38,124,375**	**36,175,566**	**70,691,443**
Capital assets, being depreciated:				
Buildings	190,489,971	10,557,208	2,050,327	198,996,852
Improvements other than Buildings	55,982,705	5,917,851	1,632,007	60,268,549
Machinery and equipment	21,252,535	9,737,419	1,489,723	29,500,231
Intangible Assets	7,462,397			7,462,397
Total capital assets, being depreciated	**275,187,608**	**26,212,478**	**5,172,057**	**296,228,029**
Less accumulated depreciation for:				
Buildings	70,400,136	4,348,574	0	74,748,710
Improvements other than Buildings	17,720,376	1,899,546	0	19,619,922
Machinery and equipment	7,234,984	1,380,005	499,840	8,115,149
Intangible Assets	2,484,330	167,652	0	2,651,982
Total accumulated depreciation	**97,839,826**	**7,795,777**	**499,840**	**105,135,763**
Total capital assets, being depreciated, net	**177,347,782**	**18,416,701**	**4,672,217**	**191,092,266**

NOTE 5 - CONSTRUCTION COMMITMENTS

The Port has active construction projects as of December 31, 2015. At year-end the Port's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Marina I Dock, Bulkhead Segment C	$2,829,179	$2,375,981
Dunlamp Bulkhead Rennovation	$431,723	$253,869
Conference Center Roof Repair	$0	$54,120
Terminal Fender Pile Replacement	$0	$345,159
Emergency Fender Pile Repair	$0	$290,909
Terminal Rail Upgrades	$452,895	$2,051,213
Pier 3 Utility Upgrades	$387,998	$252,662
WFC Lighting	$0	$22,674
Riverside Lift Station Control	$47,926	$2,522
Alternate Power & Surveillence Gap	$456,518	$21,906
Business Park Pump Replacement	$146,077	$7,009
	$4,752,316	$5,678,024

NOTE 6 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$6,653,171
Pension assets	$-
Deferred outflows of resources	$992,943
Deferred inflows of resources	$1,013,848
Pension expense/expenditures	$927,256

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available 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, P.O. Box 48380, Olympia, WA 98540-8380.

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee**
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The Port of Everett's actual contributions to the plan were $12,432 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2**
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

The Port of Everett's actual contributions to the plan were $777,772 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) 2007-2012 Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 3% total economic inflation; 3.75% salary inflation
- Salary increases: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.5

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the 2007-2012 Experience Study Report.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

Sensitivity of NPL

The table below presents the port's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	$4,372,475	$3,591,347	$2,919,649
PERS 2/3	$8,952,932	$3,061,824	$ (1,448,777)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2015, the port reported a total pension liability of $6,653,171 for its proportionate share of the net pension liabilities as follows (only report applicable plans):

	Liability (or Asset)
PERS 1	$3,591,347
PERS 2/3	$3,061,824

At June 30, the port's proportionate share of the collective net pension liabilities was as follows (only report applicable plans):

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.063532%	0.068656%	0.005124%
PERS 2/3	0.079112%	0.085692%	0.006580%

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

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the port recognized pension expense as follows:

	Pension Expense
PERS 1	$168,907
PERS 2/3	$813,589

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	$ -	$196,486
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions		
Contributions subsequent to the measurement date	$199,855	$ -
TOTAL	$199,855	$196,486

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$325,472.78	$-
Net difference between projected and actual investment earnings on pension plan investments	$-	$817,362.00
Changes of assumptions	$4,933.29	$-
Changes in proportion and differences between contributions and proportionate share of contributions	$211,721.59	
Contributions subsequent to the measurement date	$250,960.06	
TOTAL	$793,087.72	$817,362.00

Deferred outflows of resources related to pensions resulting from the port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2016	$66,000
2017	$66,000
2018	$66,000
2019	$26,401
2020	$ -
Thereafter	$ -

Year ended December 31:	PERS 2/3
2016	$62,271
2017	$62,271
2018	$62,271
2019	$24,907
2020	$ -
Thereafter	$ -

NOTE 7 - CONTINGENCIES AND LITIGATION

The Port has recorded in its financial statements all material liabilities, including an estimate for situations, which are not yet resolved, but where, based on available information, management believes it is probable that the Port will have to make payment. In the opinion of management, the Port's insurance policies are adequate to pay all known or pending claims.

In addition, the Port participates in federal and state assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to the grantor agencies for expenses disallowed under the terms of the grants. The Port's management believes that such disallowance, if any, will be immaterial.

NOTE 8 –LEASES

A. Operating Leases

The Port leases equipment under various operating leases. Total cost for such leases was $23,613.52 for the year ended December 31, 2015. The future minimum lease payments for noncancelable operating leases are as follows:

Year Ended	Amount
2016	$33,653.76
2017	18,575.53
2018	17,378.76
2019	17,378.76
2020	5,792.92
Total	$92,779.73

The Port leases a portion of industrial and marine terminal land to tenants under operating leases. Minimum future rentals for noncancelable leases are as follows:

Year Ending Dec. 31	Amount
2016	$1,822,869
2017	$1,028,885
2018	$949,658
2019	$728,677
2020	$533,773
2021-2025	2,272,757
2026-2030	1,080,065
2031-2035	815,512
2036-2040	684,760
2041-2045	631,113
2046-2050	270,000
2051-2055	270,000
2056	54,000
Total	$11,142,069

B. Capital Leases

During 2014, The Port executed a Master Lease Agreement with Bank of America National Association for the lease purchase of equipment in an amount not to exceed $11,800,000. This lease agreement is subordinate to other Port debt and payment is secured by the operating revenues of the Port. Initial approved credit is in the amount of $9,000,000 and the Port has drawn $7,293,549 of this capacity ($6,621,168 of which remains outstanding). These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of their future minimum lease payments as of the inception date. As of December 31, 2015, Depreciation in the amount of $49,673 has been recognized.

The assets acquired through capital leases are as follows:

Boat Transporter	365,984
Gottwald Mobile Harbor Crane	5,029,778
Hyster Pneumatic Tire Reach Stacker	1,782,780
Hyster Forklift	115,007
Less Accumulated Depreciation	(49,673)
Total	$7,243,876

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015 were as follows:

Year ending December 31,	Business-type Activities
2016	$836,395
2017	836,395
2018	836,395
2019	836,395
2020	836,395
2021-2024	3,176,956
Total Minimum Lease Payments	$7,358,931
Less: Interest	737,763
Present Value of Min. Lease Payments	$6,621,168

NOTE 9 – LONG-TERM DEBT

A. Long-Term Debt

The Port issues general obligation and revenue bonds to finance acquisition, purchase or construction of various projects. Bonded indebtedness has also been entered into to advance refund several general obligation and revenue bonds. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. The revenue bonds are being repaid by proprietary fund revenues. The Port is also liable for notes that were entered into to remove a land encumbrance, for the construction of rail spurs, and for installation of a natural gas district regulator.

The general obligation bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rate	Original Amount	2015 Principal Payment	Balance Outstanding at 12/31/2015
2006 Series A & B – Providing funds to finance capital improvements to facilities of the Port and refund certain outstanding limited tax general obligation bonds of the Port.	2016	4%-7%	$8,080,000	$1,065,000	$1,125,000
2013 Limited Tax General Obligation Bonds- Refunding of outstanding debt.	2032	2%-5%	$19,540,000	$1,030,000	$17,095,000

The annual debt service requirements to maturity for general obligation bonds are as follows.

Year Ending 31-Dec	Principal	Interest
2016	$ 2,185,000	$ 766,950
2017	1,090,000	656,400
2018	1,135,000	612,800
2019	1,170,000	574,875
2020	1,220,000	528,075
2021-2025	5,320,000	2,001,125
2026-2030	4,165,000	1,038,188
2031-2035	1,935,000	146,250
	$ 18,220,000	$ 6,324,663

The revenue bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rate	Original Amount	2015 Principal Payment	Balance Outstanding at 12/31/2015
2007 Series - Various capital improvements to port facilities	2026	4.0% to 5.5%	$16,225,000	$750,000	$10,815,000
2015 Series – Various capital improvements to port facilities	2035	.67% to 3.25%	$9,205,000	$0	$9,205,000

The annual debt service requirements to maturity for the revenue bonds are as follows:

Year Ending 31-Dec	Principal	Interest
2016	$ 1,045,000	$ 803,150
2017	1,170,000	754,600
2018	1,210,000	712,525
2019	1,250,000	671,025
2020	1,305,000	624,525
2021-2025	7,340,000	2,279,843
2026-2030	3,670,000	960,288
2031-2035	3,030,000	373,200
	$ 20,020,000	$ 7,179,156

In proprietary funds, unamortized debt issue costs for insurance are recorded as deferred charges and bonds are displayed net of premium or discount; annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discount.

Funds are transferred to the fiscal agent for redemption of principal and interest payments.

Limitation of indebtedness is provided for in Chapter 39.36 RCW with unvoted General Obligation Bond debt limited to .25% of the assessed value of the taxable property in the Port district.

At December 31, 2015, the Port district's assessed value and limitation of unvoted General Obligation debt are as follows:

Total assessed value	$14,850,899,018
.25% limitation of indebtedness	37,127,248
Unvoted GO Bonds issued and outstanding	18,220,000
Unvoted GO Bond margin	18,907,248

Revenue Debt Service Coverage						
Year	Operating Revenues	Operating Expenses (1)	Nonoperating Income (2)	Available for Debt Service	Revenue Debt Service	Debt Service Coverage (3)
2011	25,345,293	19,358,420	2,144,226	8,131,099	1,767,581	4.60
2012	28,798,396	21,265,975	2,650,836	10,183,256	1,870,049	5.45
2013	29,757,454	23,250,502	3,181,778	9,688,730	1,813,299	5.34
2014	30,961,225	24,978,133	3,352,783	9,335,875	1,247,550	7.48
2015	43,266,378	35,388,047	4,078,974	11,957,305	1,326,328	9.02

(1) Excludes Amortization/Depreciation
(2) Excludes taxes used to pay GO debt service, interest expense, public access depreciation, capital contributions, and non-cash expenses.
(3) The current bond coverage ratio requirement is 1.35

B. Changes in Long-Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance 12/31/2014	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Bonds payable:					
G. O. Bonds	$ 20,315,000		$ 2,095,000	$ 18,220,000	$ 2,185,000
Revenue Bonds	11,565,000	9,205,000	750,000	20,020,000	1,045,000
Premiums – Revenue Bonds	64,062	792,171	18,378	837,855	
Premiums – G.O. Bonds	2,086,537		174,006	1,912,531	
Total Bonds Payable	34,030,599	9,997,171	3,037,384	40,990,386	3,230,000
Notes Payable	1,662,251	1,891,672	454,670	3,099,253	334,562
Capital Leases	7,293,549		672,381	6,621,168	687,886
Compensated Absences	940,692	1,882,491	1,831,987	991,196	
Net Pension Liability	4,799,593	1,853,578		6,653,171	
Environmental Remediation	17,252,826	9,591,382	4,513,408	22,330,800	5,534,900
Total Long-Term Liabilities	$ 65,979,510	$ 25,216,294	$ 10,509,830	$ 80,685,974	$ 9,787,348

NOTE 10 - RISK MANAGEMENT

The Port maintains commercial insurance coverage against most normal hazards except for unemployment insurance where it has elected to become self-insured.

The Port participates in a insurance buying group which is brokered through a contract with Alliant Insurance Services, Inc. The policy has been tailored for the risk management needs of public port authorities. General liability coverage is in effect to a limit of $1 million per occurrence ($3 million general aggregate) with a $25,000 deductible. Excess liability coverage is in effect with a limit of $50 million over the first $1 million of loss.

Commercial property replacement cost coverage with a total insured value of $291.1 million with a deductible of $50,000 is in effect. In addition, the Port maintains standard business automobile, construction, and boiler and machinery coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Port provides medical, vision, dental, life, and short-term disability insurance coverage for Port employees through standard plans. The Port does not administer any of these plans.

NOTE 11 – MATERIAL CUSTOMERS

Operating receipts from a local aerospace company represent 29.4% of the operating receipts for 2015. The total billings for this customer in 2015 equaled $12,714,029 and of this amount $839,732 remains outstanding as of December 31, 2015.

NOTE 12 – BUSINESS LINE INFORMATION

The Port operates shipping marine terminals, a marina, and leases industrial property, which are primarily financed by user charges. Current Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflow or Resources, Net Position, and Cash Flow are accounted for on a Port-wide basis and are not identifiable to a particular business line. Information on operating results from each business line for the year ended December 31, 2015 is presented below.

	Marine Terminals	Marina	Property	Total
Operating Revenue	31,939,716	10,025,714	1,300,948	43,266,378
Operating Expense	23,331,312	7,095,524	1,233,886	31,660,722
Depreciation	3,608,637	2,887,176	800,924	7,296,737
Income from Operations	4,999,767	43,014	(733,862)	4,308,919
Administrative Expense				(3,990,459)
Net Operating Income				318,460

NOTE 13 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 14 – POLLUTION REMEDIATION OBLIGATIONS

In November 2006, the Government Accounting Standards Board issued GASB No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.* This Statement addresses accounting and financial reporting standards for pollution and contamination remediation obligations. These obligations address current or potential future detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2007. The Port adopted this standard in 2008.

The Port has identified a number of contaminated sites on various port properties that must be investigated for the presence of hazardous substances and remediated in compliance with Federal and State environmental laws and regulations. Although the Port may not bear ultimate liability for the contamination, the Port is presumptively liable as the property owner.

The Port’s estimate of its pollution remediation obligations is analyzed by independent environmental consultants annually (using the expected cash flow technique) and has been estimated at $42,617,100 on December 31, 2015. In some cases, the Port has successfully recovered Port-incurred investigation and cleanup costs from other responsible parties. The Port will continue to seek appropriate recoveries in the future. As of December 31, 2015, unrealized recoveries were estimated at $20,286,300. The Port liability will change over time due to changes in cost estimates, changes in technology, and changes in governing laws and regulations. In 2015, the Port recognized an increase in the accrued liability in the amount of $9,591,382. During the fiscal year 2015, the Port has recorded recoveries in the amount of $491,991, and expended $5,005,399 in cleanup activities.

In 2015 the Port recognized grant revenues in support of its cleanup program from the Department of Ecology Model Toxics Control Act (MTCA) in the amount of $2,455,375.

The East Waterway is a listed site on the Washington State Department of Ecology’s Hazardous Sites List. The Site was listed by Ecology for sediment contamination caused by historical industrial activities in the area. In April, 2013, The Port was named a Potentially Liable Party (PLP) under the Model Toxics Control Act (MTCA) for the East Waterway based on the Port’s historical ownership and operations in the East Waterway. The port on Feb 16, 2016 entered into an MTCA order for a remedial investigation & feasibility study of the sediment contamination in the East Waterway, it is uncertain at this time what the Port’s remediation obligations may be.

An additional site (The Exxon/Mobil Bulk Storage Plan) has been identified for further testing and will require cleanup, however it is expected that the other potentially responsible parties will be responsible for the complete cost of remediation and the Port’s participation will not be significant.

NOTE 15 – ACCOUNTING AND REPORTING CHANGES

In 2015, the port implemented GASB Statement 68 - Accounting and Financial Reporting for Pensions. The GASB also issued Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date (amends GASB Statement 68). An Amendment of GASB Statement No. 27 (Issued 06/12) - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans’ fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The implementation required the restatement of net position. The total adjustment is $6,523,049, which restated the December 31, 2014 Statement of Net Position from $223,513,589 to $216,990,540.

In February 2015, the Governmental Accounting Standards Board issued GASB No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015. The Port is currently evaluating the effect of the adoption of this standard on its financial statements and related disclosures.

NOTE 16 – SUBSEQUENT EVENTS

On February 9, 2016 the Commissioners passed a motion directing the port's CEO/Executive Director to proceed with the required processes and procedures to acquire the former mill site on the Everett waterfront owned by Kimberly-Clark. In the motion the Commissioners directed that the property be acquired through a negotiated purchase or through the eminent domain process. This property consists of 66 acres including just over 10 acres of tidelands and is immediately adjacent to the port's existing marine terminals. The property is under an agreed order with the Washington State Department of Ecology for a remedial investigation & feasibility study of the sediment contamination on the property. The port is currently in a due diligence process reviewing the site conditions, port development options for the site and determining a fair value for the property. The port expects to enter into negotiations with Kimberly-Clark for the purchase of the property once this process is completed.

Introduction: The Port of Everett is providing the following Required Supplementary Information to meet our financial reporting requirements. This information is an integral part of the accompanying financial statements. RSI generally includes schedules, statistical data, and other information.

Port of Everett

Schedule of Proportionate Share of the Net Pension Liability

PERS 1

As of June 30, 2015

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's proportion of the net pension liability (asset)	0.068656%									
Employer's proportionate share of the net pension liability	$3,591,347									
TOTAL	$3,591,347									
Employer's covered employee payroll	$116,764									
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	3075.73%									
Plan fiduciary net position as a percentage of the total pension liability	59.10%									

Notes to Schedule:

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Port of Everett

Schedule of Proportionate Share of the Net Pension Liability

PERS 2 & 3

As of June 30, 2015

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Employer's proportion of the net pension liability (asset)	0.085692%									
Employer's proportionate share of the net pension liability	$3,061,824									
TOTAL	$3,061,824									
Employer's covered employee payroll	$7,604,827									
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.26%									
Plan fiduciary net position as a percentage of the total pension liability	89.20%									

Notes to Schedule:

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Port of Everett

Schedule of Employer Contributions

PERS 1

As of December 31,2015

Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily or contractually required contributions	$12,432									
Contributions in relation to the statutorily or contractually required contributions	($12,432)									
Contribution deficiency (excess)	$0									
Covered employer payroll	$122,022									
Contributions as a percentage of covered employee payroll	10.19%									

Notes to Schedule:

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Port of Everett
Schedule of Employer Contributions
PERS 2 & 3
As of December 31,2015
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Statutorily or contractually required contributions	$777,772									
Contributions in relation to the statutorily or contractually required contributions	($777,772)									
Contribution deficiency (excess)	$0									
Covered employer payroll	$7,642,240									
Contributions as a percentage of covered employee payroll	10.18%									

Notes to Schedule:

* This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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
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