



Office of the Washington State Auditor  
Pat McCarthy

# **Financial Statements Audit Report**

## **Grant County Port District No. 1**

**(Port of Quincy)**

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

*Published May 3, 2021*

Report No. 1028221



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

May 3, 2021

Board of Commissioners  
Port of Quincy  
Quincy, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

#### **Port of Quincy January 1, 2020 through December 31, 2020**

Board of Commissioners  
Port of Quincy  
Quincy, 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 Port of Quincy, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated April 15, 2021. As discussed in Note 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. Management's plans in response to this matter are also described in Note 12.

## 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.



Pat McCarthy

State Auditor

Olympia, WA

April 15, 2021

# INDEPENDENT AUDITOR'S REPORT

## Report on the Financial Statements

### **Port of Quincy January 1, 2020 through December 31, 2020**

Board of Commissioners  
Port of Quincy  
Quincy, Washington

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of Port of Quincy, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed on page 9.

### **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 Port of Quincy, as of December 31, 2020, 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 12 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. Management's plans in response to this matter are also described in Note 12. 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 and required supplementary information listed on page 9 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 April 15, 2021 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

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

Pat McCarthy  
State Auditor  
Olympia, WA

April 15, 2021



## **FINANCIAL SECTION**

### **Port of Quincy January 1, 2020 through December 31, 2020**

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2020

#### **BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2020

Statement of Revenues, Expenses and Changes in Net Position – 2020

Statement of Cash Flows – 2020

Notes to Financial Statements – 2020

#### **REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Proportionate Share of the Net Pension Liability – PERS 1, PERS 2/3 – 2020

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Introduction**

The following is Port District No. 1 of Grant County's (Port of Quincy) (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar year ended December 31, 2020. The discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Port and to identify any significant changes in financial position. Information contained in the MD&A has been prepared by Port management and should be read in conjunction with the financial statements and the notes. The notes to financial statements are essential to a full understanding of the data contained in the financial statements.

**Overview of the Financial Statements**

The Port falls under the financial reporting requirements of Governmental Accounting Standards Board (GASB). Since the Port is comprised of a single enterprise fund, no fund level financial statements are shown or required.

The financial section of this Annual Report consists of three parts: MD&A, the basic financial statements, and the notes to financial statements. The basic financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

The statements of net position and revenues, expenses, and changes in net position provide the Port with an overall financial position and results of operations to help assist users in assessing whether that financial position has improved or deteriorated as a result of the year's activities. Over time, increases or decreases in net position may serve as an indicator of whether the Port is financially stable or if there is a going concern.

The statement of revenues, expenses, and changes in net position shows how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

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 statements of revenues, expenses, and changes in net position is also included.

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

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020**

**Financial Report**

Financial Position:

The statement of net position presents the financial position of the Port as of December 31, 2020. The statement includes all the Port's assets and liabilities. As described earlier, the net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, liabilities, and net position follows:

	December 31,	
	2020	2019
Current Assets	\$ 5,387,962	\$ 5,574,126
Noncurrent Assets:		
Capital Assets	10,114,920	8,943,213
Other	740,035	69,861
<b>Total Assets</b>	<u>16,242,917</u>	<u>14,587,200</u>
Deferred Outflows of Resources	84,228	92,132
Current Liabilities	981,506	1,513,028
Long-Term Liabilities	11,272,606	9,038,729
<b>Total Liabilities</b>	<u>12,254,112</u>	<u>10,551,757</u>
Deferred Inflows of Resources	76,040	121,006
Net Position:		
Net Investment in Capital Assets	(1,402,450)	(742,329)
Unrestricted	5,399,443	4,748,898
<b>Total Net Position</b>	<u>\$ 3,996,993</u>	<u>\$ 4,006,569</u>

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2020**

Statements of Revenues, Expenses, and Changes in Net Position:

A summarized comparison of the Port's revenues, expenses and changes in net position follows:

	Years Ended December 31,	
	2020	2019
Operating Revenues:		
Property Lease/Rental Operation	\$ 171,509	\$ 221,387
Golf Course	429,267	419,869
Intermodal Park	121,763	51,411
Quincy Valley Business and Conference Center	8,220	58,914
Bishop Recreation Area	40	135
Total Operating Revenues	730,799	751,716
Nonoperating Revenues:		
Grant Funds	66,263	341,788
Ad Valorem Tax Levy and Leasehold Tax	833,388	795,346
Gain (Loss) on Disposition of Assets	795,399	3,838,031
Other	343,213	146,667
Total Nonoperating Revenue	2,038,263	5,121,832
<b>Total Revenues</b>	<b>2,769,062</b>	<b>5,873,548</b>
Expenses:		
Operating Expenses	1,926,700	2,156,429
Nonoperating Expenses	851,938	1,124,762
<b>Total Expenses</b>	<b>2,778,638</b>	<b>3,281,191</b>
Increase (Decrease) in Net Position	(9,576)	2,592,357
Net Position - Beginning of Year	4,006,569	1,414,212
<b>Net Position - End of Year</b>	<b>\$ 3,996,993</b>	<b>\$ 4,006,569</b>

**Financial Highlights**

The assets and deferred outflows of the Port exceeded its liabilities and deferred inflows at the close of each calendar year by \$3,996,993 and \$4,006,569 for 2020 and 2019, respectively. The Port continues to invest in properties which it feels allows for long-term growth, even if this strategy has sometimes resulted in a decrease in net position. While the Port did experience a slight decrease in net position during 2020, it was a significantly smaller decrease than in prior years, and 2019 showed a substantial increase of \$2,592,357 in net position over 2018. Significant asset sales that had been in the make for several years have been completed over the last few years.

While The Port's overall operating revenues decreased slightly over the last two years, mainly due to the sales of property that had been previously rented out, this trend will reverse in 2021 since a new building being constructed to be leased was completed at the end of 2020. The intermodal yard activity continues to increase, and plans are in place for infrastructure improvements which will generate additional revenue. Due to the COVID-19 pandemic, the Quincy Valley Business and Conference Center was

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2020**

unable to operate for much of the year. Colockum Ridge Golf Course had an outstanding year with an increase in gross revenue of \$9,398, even with having to close for part of the year and not being allowed to host tournaments.

The Port's operating expenses decreased by \$229,729 for 2020, as compared to an increase of \$26,116 for 2019. There was a marked reduction in rent due to the purchase of the Bishop property, and certain professional fees were reclassified as nonoperating. The Port monitors variations from actual to budget in its expenses and adjusts operations accordingly.

Nonoperating revenue decreased by \$3,083,569 for 2020, as compared to a \$2,995,203 increase in 2019, primarily due to a decrease of \$3,042,632 in asset sales and \$275,525 in grant revenue. The Port's tax levy revenue continues to steadily increase due to the growing tax base resulting from the continued economic development within the Port. The assessed value of the Port increased by \$132,108,209 during the latest assessment period. The Port successfully levied for additional grant income which will be reflected in 2021.

The Port's nonoperating expenses decreased by \$272,824 in 2020 as compared to an increase of \$215,693 in 2019. During 2019 the Port completed electrical improvements in Industrial Park 5 along with a sewer project in Industrial Park 4 as well as paying deferred improvement charges. During 2020 only a small amount of infrastructure nonoperating expense was incurred, but consulting fees that were reimbursed on the Wastewater Project were classified as non-operating. The upgrades to Park 4 and 5 allowed for continued economic development in those areas of the district, resulting in the sale of the remaining lots in Park 5 and the completion of construction of a building in Park 4 during 2020.

The mission statement of the Port is: "The Port of Quincy is committed to facilitate and expand trade promotion, industrial development, and tourism and to maximize opportunities for area residents and businesses." A great deal of time and energy is spent on attracting growth within the Port's boundaries, which results in increased assessed values of the district as evidenced below:

Year Levy Assessed	Year Levy Collected	Assessed Valuation	Levy Rate	Levy Amount
2007	2008	1,213,763,729	0.000324020	393,284
2008	2009	1,671,595,311	0.000296060	494,892
2009	2010	2,022,982,702	0.000264770	535,625
2010	2011	2,044,526,983	0.000256280	523,971
2011	2012	2,107,228,153	0.000267485	563,652
2012	2013	2,241,505,202	0.000275958	618,561
2013	2014	2,339,479,122	0.000271300	634,701
2014	2015	2,906,241,025	0.000233064	677,340
2015	2016	3,351,322,014	0.000211546	708,960
2016	2017	3,541,287,027	0.000208733	739,184
2017	2018	4,176,765,224	0.000186191	777,677
2018	2019	4,606,631,953	0.000172631	795,249
2019	2020	5,251,469,679	0.000159675	838,529
2020	2021	5,383,577,888	0.000159358	857,916

Tax Levy: Over the years, the Port has worked to minimize the Port's tax levy. The legal limit for port districts to levy is 0.45000 per \$1,000. As noted above, the Port levy collected in 2020 was 0.159675 per \$1,000, and 0.159358 for collection in 2021.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2020**

The Port's tax revenue continues to increase each year due to the growth within the district. Part of that growth is due to the aggressive approach by the Port. The Port is the largest port (out of 10 total) in Grant County based upon assessed value and its new construction assessed value is also the highest, with even more construction being planned.

The Port continues to develop and expand its industrial parks to encourage creating economic development opportunities for the Quincy Valley. Four sales of property, two from Park 5 and one each from Parks 5 and 2 were completed this year. The Port continues to investigate possibilities of new development in the George, Washington area, with an option put down on 137 acres. The Port formally created Industrial Park 9 from land that had previously been purchased. A building that started construction in 2019 was completed and leased in Park 4.

The Port's aggressive development has been intentional, and the Port has established financial goals to manage risk and be able to focus on continuing economic development. The Port's working capital is extremely strong, and the Port continues to be confident that their approach to economic development will improve the financial position of the Port and enable the Port to be a viable force in the long run.

The Port operates a local municipal airport with six individual hangers. These hangers are leased out and the Port continues to make efforts to expand and improve the airport by pursuing applicable grants.

**Capital Assets:** The most significant outlays for capital improvements during 2020 was for the completion of construction of a building out at Park 4 and the purchase of land known as the Bishop Recreation Area. See Note 3 to the financial statements – Capital Assets and Depreciation.

**Long-Term Debt:** The Port issued a Long-Term General Obligation Bond in the amount of \$8.5 million to consolidate a substantial amount of debt during 2020. In addition, it paid all scheduled payments of debt. Currently the Port has a LTGO consolidation bond held by Washington Trust Bank and notes payable to Washington State Community Economic Revitalization Board (CERB) and the United States Department of Agriculture (USDA). See Note 5 to the financial statements – Long-Term Debt.

**Commitments for Capital Outlays:** At year end several large projects were being discussed such as the Intermodal Yard Container Expansion – Phase 2, the development of the Industrial Park #4 Rail Extension Conceptual Plan, and the development of what the Port calls Proposed Industrial Park 8.

**Intermodal Industrial Park:** The private party who started utilizing the intermodal site in 2018 continued operations into 2020. They are now operating the site as a "hook and haul" program, where loaded refrigerated truck containers on chassis are staged on site. The amount of traffic through the site has increased and the Port is looking to increase the infrastructure to facilitate even more traffic.

**Colockum Ridge Golf Course:** The Port continues to own and operate the golf course. While the golf course has not been a profitable endeavor, the Port continues to strive to at least break even. The original and ongoing intent of the golf course is to provide the community and future industrial development with recreational opportunities. Just under 14,000 rounds of golf were played at the facility during 2020, which is the most since the Port purchased the course. The course is also being used by the Quincy School District's golf team for practices and matches. Several local tournaments are held each year. The Port is exploring the idea of raising fees in subsequent years to minimize the loss.

**Data Centers:** The Port fields multiple inquiries from data centers throughout the year.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
DECEMBER 31, 2020**

**Bishop Recreation Area:** In 2015 the Port entered into a lease and a separate purchase option agreement for land located in the Quincy Lakes area. The option was exercised in 2020 and the Port now owns the land. The Port is looking into developing a trailhead and campsite. The Port is writing a business plan to guide its steps through this process as well as working with the Department of Fish and Wildlife and the Bureau of Reclamation.

**Industrial Wastewater:** The Port has a letter of understanding with the area's Industrial User Group (IUG) to design and construct a system of conveyance piping and holding lagoons to receive the IUG's food processing wastewater from the City of Quincy's Industrial Wastewater Treatment Plant for conveyance and disposal. Also, the Port has a Memorandum of Understanding with the City of Quincy whereby the Port can receive the food processing wastewater from the City's treatment plant. The Port is spearheading the project but the IUG shall bear all the financial costs. The Port has engaged the firm of Navix Engineering/Landau Associates for project design and is in discussion with Key Bank for a possible revenue bond issuance. The project gained momentum in 2020 and will continue to do so in 2021.

**Economic Development:** The Port responds to multiple requests regarding available property within the district. Informal discussions were underway at year end with parties interested in Park 9.

**COVID-19 Ramifications:** The Port had to cease operations during 2020 on the golf course and the Quincy Valley Business and Conference Center. Colockum Ridge was closed for around four to six weeks, while the Center had to remain closed for much of the year. Despite the closure of the golf course, it had its best grossing year with the most rounds ever played. The Center was not so lucky as the Port saw its revenue decrease by \$50,000. All non-essential services and costs were eliminated or reduced, and the Port intends to open the facility when allowed. The remainder of the Port's activities, while somewhat restricted, continued during the year.

The Port is active in several organizations: Washington Public Ports Association, Grant County Economic Development Council, Great Northern Rail Coalition, Washington State Rail and GWATA, among others. This allows the Port to remain on the cutting edge of economic development. Significant successes have occurred over the last few years, but the job remains to look to the future to enhance the opportunities of the Port's district and the public it serves.

The Port is under its authorized debt capacity and is current on all debt. Risk, in regard to financial condition, is being managed accordingly.

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Port's finances and to show accountability of public funds. If you have any questions regarding this report, or need additional information, please visit our website at [www.portofquincy.org](http://www.portofquincy.org) or contact Port Comptroller Darci L. Kleyn, CPA at (509) 787-3715, 101 F Street SW, Quincy, WA 98848.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 22,904
Investment in Grant County Pool	5,113,461
Interest Receivable	3,074
Taxes Receivable	7,880
Accounts Receivable	106,288
Inventory	12,620
Prepaid Expenses	105,852
Other Current Assets	15,883
Total Current Assets	<u>5,387,962</u>

**NONCURRENT ASSETS**

Notes Receivable	720,035
Land Purchase Options	20,000
Capital Assets Not Being Depreciated:	
Land	4,694,476
Construction in Progress	2,500
Capital Assets Being Depreciated:	
Property, Plant, and Equipment	15,640,853
Less: Accumulated Depreciation	<u>(10,222,909)</u>
Total Noncurrent Assets, Net	<u>10,854,955</u>
 Total Assets	 16,242,917

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions	<u>84,228</u>
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Total Assets and Deferred Outflows of Resources	<u><u>\$ 16,327,145</u></u>
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**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 240,645
Accrued Expenses	88,185
Retirement Plan Payable	2,839
Interest Payable	85,998
Unearned Revenue	28,182
Lease Deposits	141,750
Current Maturities of Long-Term Debt	393,907
Total Current Liabilities	<u>981,506</u>

**NONCURRENT LIABILITIES**

Long-Term Debt (Net of Current Maturities)	11,123,463
Net Pension Liability	149,143
Total Noncurrent Liabilities	<u>11,272,606</u>

Total Liabilities	12,254,112
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	<u>76,040</u>
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**NET POSITION**

Net Investment in Capital Assets	(1,402,450)
Unrestricted	5,399,443
Total Net Position	<u>3,996,993</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position	<u><u>\$ 16,327,145</u></u>
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**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2020**

**OPERATING REVENUES**

Property Lease/Rental Operation	\$ 171,509
Golf Course	429,267
Intermodal Park	121,763
Quincy Valley Business and Conference Center	8,220
Bishop Recreation Area	40
Total Operating Revenues	<u>730,799</u>

**OPERATING EXPENSES**

Depreciation	452,738
Wages	435,411
Professional Fees	222,268
Repairs and Maintenance	116,409
Employee Benefits	66,309
Insurance	104,870
Taxes	77,072
Janitorial Services	2,585
Utilities	71,762
Legal Fees	116,086
Inventory Costs	39,723
Dues and Subscriptions	27,269
Rent	6,445
Operating Supplies	60,861
Fertilizers and Chemicals	21,015
Fuel	24,285
Fees and Permits	17,358
Inspections	2,215
Custom Hire	6,586
Advertising and Promotion	3,548
Bank Charges	10,838
Telephone	6,878
Office Supplies	7,940
Security	48
Travel and meals	2,973
Irrigation Water	22,544
Meetings and Conferences	250
Education	414
Total Operating Expenses	<u>1,926,700</u>

<b>LOSS FROM OPERATIONS</b> (Balance Carried Forward)	(1,195,901)
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*See accompanying Notes to Financial Statements.*

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2020**

<b>LOSS FROM OPERATIONS</b> (Balance Brought Forward)	\$ (1,195,901)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Ad Valorem Tax Levy and Leasehold Tax	833,388
Election expense	(1,279)
Loan Fees	(25,000)
Gain on Sale of Capital Assets	795,399
Grant Funds	66,263
Interest Expense	(486,121)
Interest Income	47,687
Net Increase (Decrease) in the Fair Value of Investments	11,517
Infrastructure Expense	(60,000)
Reimbursements and Miscellaneous Income	284,009
Professional Fees	(279,181)
Weed District Assessment	(357)
Total Nonoperating Expenses, Net	<u>1,186,325</u>
<b>DECREASE IN NET POSITION</b>	(9,576)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>4,006,569</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,996,993</u>

See accompanying Notes to Financial Statements.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers and Leases	\$ 684,116
Cash Paid to Employees	(550,003)
Cash Paid to Suppliers	(889,614)
Other Receipts (Payments)	1,416
Net Cash Used by Operating Activities	<u>(754,085)</u>

**CASH FLOWS FROM CAPITAL AND RELATED  
FINANCING ACTIVITIES**

Borrowings from Capital Debt	10,526,786
Purchases of Capital Assets	(2,863,300)
Principal Paid on Capital Debt	(8,694,958)
Interest Paid on Capital Debt	(662,824)
Land Purchase Options	(20,000)
Payments Received on Notes Receivable	29,026
Proceeds from Disposition of Assets	<u>2,034,254</u>
Net Cash Provided by Capital and Related Financing Activities	348,984

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest, Dividends and Change in Fair Value of Investments	56,662
Issuance of Note Receivable	(679,200)
Investment in Grant County Pool	<u>109,863</u>
Net Cash Used by Investing Activities	(512,675)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Noncapital Taxes Received	833,755
Nonoperating Income	436,060
Nonoperating Expenses	<u>(365,817)</u>
Net Cash Provided by Noncapital Financing Activities	<u>903,998</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(13,778)

Cash and Cash Equivalents - Beginning of Year

36,682

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 22,904

*See accompanying Notes to Financial Statements.*

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED DECEMBER 31, 2020**

**RECONCILIATION OF LOSS FROM OPERATIONS  
TO NET CASH USED BY OPERATING ACTIVITIES**

Loss from Operations	\$ (1,195,901)
Adjustments to Reconcile Loss from Operations to Net Cash Used by Operating Activities:	
Depreciation	452,738
Pension Expense	(41,925)
Effects of Changes in Operating Assets and Liabilities:	
Accounts and Taxes Receivable	(34,163)
Inventory	309
Prepaid Expenses and Other Assets	12,764
Accounts Payable	68,252
Accrued Expenses and Retirement Plan Payable	(3,639)
Unearned Lease Income	(2,120)
Lease Deposit	(10,400)
Net Cash Used by Operating Activities	<u>\$ (754,085)</u>

**SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES**

Net Increase in the Fair Value of Investments Reflected in Investing Activities	<u>\$ 11,517</u>
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*See accompanying Notes to Financial Statements.*

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization Summary**

Port District No. 1 of Grant County (Port of Quincy) (the Port), Grant County, Washington, was incorporated in March 1958, and operates under the laws of the state of Washington applicable to port districts. The financial statements of the Port have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governments.

**Reporting Entity**

The Port is a municipal corporation created through enabling legislation by the consent of the voters within the Port district. The Port is a special purpose government entity that provides rental property, an airport, and a golf course to the public, and is supported primarily through user charges and real property taxes. In addition, the Port operates an intermodal facility. The Port has no stockholders, or equity holders. An elected three-member board governs the Port. As required by accounting principles generally accepted in the United States of America, management considered all potential component units in defining the reporting entity. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational relationship with the Port.

On March 26, 1982, a resolution was adopted to approve and authorize the creation of the Industrial Development Corporation of Port District No. 1 of Grant County, Washington (IDC). That corporation was established to act on behalf of the Port to issue nonrecourse revenue bonds for the purpose of financing the costs of qualified industrial development facilities. The IDC is managed by a Board of Directors composed of the members from time to time of the Commission of the Port. There was no financial activity in the IDC for the year ended December 31, 2020. The asset of this corporation, which is a bank account with a balance of \$4,205, has been included in these financial statements.

**Basis of Accounting and Reporting**

The accounting records of the Port are maintained in accordance with methods prescribed by the state auditor under the 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 resources" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the Port's activity are included on the statements of net position. The reported net total position is segregated into three components: restricted, unrestricted, and net investment in capital assets (the Port has no restricted 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 its operating, investing, and cash flows from capital, noncapital, and related financing activities.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Reporting (Continued)**

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 recorded.

The Port distinguishes between operating revenues and expenses and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for rental of property owned by the Port. The Port also recognizes the income from Colockum Ridge Golf Course, Intermodal Park, Quincy Valley Business and Conference Center (QVBCC), and Bishop Recreation Area as operating revenue. Operating expenses for the Port include administrative expenses, depreciation on capital assets, repairs and maintenance of property, real estate taxes, and other property-related costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents**

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2020, the treasurer was holding \$5,113,461, valued at amortized cost, in short-term residual investments of surplus cash. The fair value of this amount, \$5,113,461, is classified on the statement of net position as investments. See Note 8 to the financial statements – Deposits and Investments.

The Port treats highly liquid short-term investments with a maturity of three months or less as cash equivalents.

**Accounts Receivable**

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of all outstanding amounts on a monthly basis. The Port determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**Taxes Receivable**

Taxes receivable are monitored and adjusted by Grant County. It consists of property taxes and related interest and penalties. See Note 2 to the financial statements – Property Taxes.

**Capital Assets**

The Port determines the capitalization of assets on a case-by-case basis. Capital assets are recorded at cost and are depreciated using the straight-line depreciation method over 5 to 50 years. See Note 3 to the financial statements – Capital Assets and Depreciation.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1     SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation and sick leave/PTO. The Port records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to a two-year accrual, is payable upon resignation, retirement, or death. Sick leave/PTO may accumulate up to 40 hours but is not payable to the employee upon resignation, retirement, or death.

**Other Accrued Expenses**

These accounts consist of accrued wages, accrued employee benefits and state taxes.

**Pensions**

For purposes of measuring the net pension liability or asset, 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.

**Revenues**

All revenues or other receipts must be disbursed in accordance with provisions of various statutes and agreements with the bondholders.

**Grants**

The Port has, at various times, received grants-in-aid funds for construction of the airport, industrial sites, and certain recreational facilities.

**Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Investments**

See Note 8 to the financial statements – Deposits and Investments.

**Concentrations of Credit Risk**

The Company performs credit evaluations of its customers and subcontractors and may require surety bonds. Liens are filed, when permissible, on construction contracts where collection problems are anticipated. As of December 31, 2020, accounts receivable are due from customers not concentrated in a particular industry.



**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory, which consists of items held for resale at the pro shop at Colockum Ridge Golf Course, are reported at lower-of-cost or market.

**Deferred Inflows of Resources**

The financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The Port will not recognize the related revenue until a future event occurs.

**Deferred Outflows of Resources**

The financial statements report a separate section for deferred outflows of resources. This separate financial statement element reflects a decrease in net position that applies to a future period. The Port will not recognize the related expense until a future event occurs.

**NOTE 2 PROPERTY TAXES**

The Grant County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities.

<b>Property Tax Calendar</b>	
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 tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow of resources and recognized as revenue of the period to which it applies. No allowance for uncollectible tax 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 is permitted by law to levy up to \$0.45000 per \$1,000 of assessed valuation for general governmental services. The Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The Port may also levy taxes at a lower rate.

The Port's regular levy for 2020 was \$0.159675 per \$1,000 on an assessed valuation of \$5,251,469,679 for a total regular levy \$838,529.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3     CAPITAL ASSETS AND DEPRECIATION**

Major expenditures for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are expensed when incurred.

All purchased capital assets are recorded at historical cost. Donations of capital assets are recorded at acquisition value at the time received. In the case of the sale of capital assets, the original cost is removed from the capital asset account and the related depreciation is removed from the accumulated depreciation account. The net gain or loss is credited or charged to income.

According to accounting principles generally accepted in the United States of America, operating expenses include depreciation on all depreciable capital assets including contributed capital assets.

Preliminary costs incurred for proposed projects are recorded as project costs pending construction of the facility. Costs relating to projects ultimately constructed are transferred to capital assets. Costs that relate to abandoned projects are charged to expense.

The Port has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal 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.

At times, the Port may expend funds to improve the infrastructure on its land where, when the project is complete, that improvement does not remain an asset of the Port. Examples of this are water and sewer systems and road improvements that once complete are maintained by the City of Quincy. It is the Port's policy to expense these types of improvements.

The Port records property, plant, and equipment at cost. Depreciation is computed by the straight-line method based upon estimated useful lives of 5 to 50 years.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 CAPITAL ASSETS AND DEPRECIATION (CONTINUED)**

Capital assets activity for the year ended December 31, 2020 was as follows:

	Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/2020
Capital Assets Not Being Depreciated:				
Land	\$ 5,424,124	\$ 509,207	\$ (1,238,855)	\$ 4,694,476
Construction in Progress	677,688	2,046,917	(2,722,105)	2,500
Total Capital Assets, Not Being Depreciated	6,101,812	2,556,124	(3,960,960)	4,696,976
Capital Assets Being Depreciated:				
Buildings	1,857,540	2,722,105		4,579,645
Improvements Other than Buildings	8,994,034	181,361		9,175,395
Machinery and Equipment	1,759,998	125,815		1,885,813
Total Capital Assets Being Depreciated	12,611,572	3,029,281	-	15,640,853
Less Accumulated Depreciation for:				
Buildings	(490,781)	(62,408)		(553,189)
Improvements Other than Buildings	(7,773,067)	(289,525)		(8,062,592)
Machinery and Equipment	(1,506,323)	(100,805)		(1,607,128)
Total Accumulated Depreciation	(9,770,171)	(452,738)	-	(10,222,909)
Total Capital Assets Being Depreciated, Net of Depreciation	2,841,401	2,576,543	-	5,417,944
Capital Assets, Net	\$ 8,943,213	\$ 5,132,667	\$ (3,960,960)	\$ 10,114,920

**NOTE 4 PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts - All Plans	
Pension Liabilities	\$ (149,143)
Pension Assets	-
Deferred Outflows of Resources	84,228
Deferred Inflows of Resources	(76,040)
Pension Expense/Expenditures	6,840

**State Sponsored Pension Plans**

Substantially all the Port'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.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

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](http://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 2020 were as follows:

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

PERS Plan 1 Actual Contribution Rates:		Employer	Employee*
January-August 2020			
PERS Plan 1		7.92%	6.00%
PERS Plan 1 UAAL		4.76%	
Administrative Fee		0.18%	
	Total	12.86%	6.00%
September-December 2020			
PERS Plan 1		7.92%	6.00%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
	Total	12.97%	6.00%

\* For employees participating in JBM, the contribution rate was 12.26%.

**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

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) (Continued)**

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 2020 were as follows:

PERS Plan 2/3 Actual Contribution Rates:		Employer 2/3	Employee 2*
January-August 2020			
PERS Plan 2/3		7.92%	7.90%
PERS Plan 1 UAAL		4.76%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
	Total	12.86%	7.90%
September-December 2020			
PERS Plan 2/3		7.92%	7.90%
PERS Plan 1 UAAL		4.87%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
	Total	12.97%	7.90%

\* For employees participating in JBM, the contribution rate was 19.75%

The Port's actual PERS plan contributions were \$22,339 to PERS Plan 1 and \$26,429 to PERS Plan 2/3 for the year ended December 31, 2020.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.50% salary inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. 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 changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and -Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's 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 7.4 percent was used to determine the total liability.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

**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, 2020, 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%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
Total Allocation	100%	

**Sensitivity of the Net Pension Liability/(Asset)**

The table below presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.4 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 (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

Plan	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 139,520	\$ 111,389	\$ 86,855
PERS 2/3	234,918	37,754	(124,610)

**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.



**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

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

At June 30, 2020, the Port reported a total pension liability of \$149,143 for its proportionate share of the net pension liabilities as follows:

Plan	Liability
PERS 1	\$ 111,389
PERS 2/3	37,754
Total	<u>\$ 149,143</u>

At June 30, the Port's proportionate share of the collective net pension liabilities was as follows:

Plan	Proportionate Share 6/30/2019	Proportionate Share 6/30/2020	Change in Proportion
PERS 1	0.003229%	0.003155%	-0.000074%
PERS 2/3	0.003072%	0.002952%	-0.000120%

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 LOEFF 1.

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

**Pension Expense**

For the year ended December 31, 2020, the Port recognized pension expense as follows:

Plan	Pension Expense
PERS 1	\$ 2,407
PERS 2/3	4,433
Total	<u>\$ 6,840</u>

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2020, 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	-	(620)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	11,390	-
Total	<u>\$ 11,390</u>	<u>\$ (620)</u>
PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,516	\$ (4,732)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,917)
Changes of assumptions	538	(25,790)
Changes in proportion and differences between contributions and proportionate share of contributions	45,307	(42,981)
Contributions subsequent to the measurement date	13,478	-
Total	<u>\$ 72,839</u>	<u>\$ (75,420)</u>

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (continued)**

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,516	\$ (4,732)
Net difference between projected and actual investment earnings on pension plan investments	-	(2,537)
Changes of assumptions	538	(25,790)
Changes in proportion and differences between contributions and proportionate share of contributions	45,307	(42,981)
Contributions subsequent to the measurement date	24,868	-
Total	<u>\$ 84,229</u>	<u>\$ (76,040)</u>

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, 2021. 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
2021	\$ (2,814)
2022	(89)
2023	859
2024	1,424
Total	<u>\$ (620)</u>

Year Ended December 31:	PERS 2/3
2021	\$ (12,636)
2022	(715)
2023	3,701
2024	4,564
2025	(7,954)
Thereafter	(3,019)
Total	<u>\$ (16,059)</u>

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT**

Long-term debt, which is all direct borrowing and direct placements, consisted of the following at December 31, 2020:

Description	Security	
United States Department of Agriculture (USDA), Semiannual Payments of \$100,206, Including Interest at 4.25%, Maturing July 2045; Original Amount of \$3,800,000 was Obtained to Consolidate Interim Loans to Improve Industrial Park 4	General Obligation Bond	3,030,303
Community Economic Revitalization Board (CERB), Annual Payments of \$36,109, Including Interest at 1.6%, Maturing July 2026; Original Amount of \$564,200 was Obtained to Construct a Rail Spur and Extend Sewer Lines	None	228,523
Washington Trust Bank, Semiannual Payments of \$308,500, Including Interest at 4.0%, Maturing June 2040; Original Amount of \$8,500,000 was Obtained For The Purpose of Debt Consolidation and Capital Acquisitions.	General Obligation Bond	8,258,544
Total		11,517,370
Less: Current Maturities		(393,907)
Total Long-Term Debt		<u>\$ 11,123,463</u>

During the year ended December 31, 2020, the following changes occurred in directly borrowed and directly placed long-term debt:

	Beginning Balance 1/1/2020	Additions	Reductions	Ending Balance 12/31/2020	Due Within One Year
Bonds Payable:					
USDA	\$3,099,348	\$ -	\$ 69,045	\$ 3,030,303	\$ 72,368
WTB/Raceway	902,127	1,597,873	2,500,000	-	-
WTB	2,367,621	-	2,367,621	-	-
WTB	-	8,500,000	241,456	8,258,544	284,947
Other:					
CERB	264,538	-	36,015	228,523	36,592
Bishop	-	428,913	428,913	-	-
Ker	2,320,429	-	2,320,429	-	-
Schwint	215,383	-	215,383	-	-
SIP-sewer	87,500	-	87,500	-	-
SIP-electrical	35,000	-	35,000	-	-
R. David Manning	393,596	-	393,596	-	-
Total Long-Term Debt	<u>\$9,685,542</u>	<u>\$ 10,526,786</u>	<u>\$ 8,694,958</u>	<u>\$ 11,517,370</u>	<u>\$ 393,907</u>

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

Following is a schedule by years of principal maturities and interest payments for directly borrowed and directly placed debt:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 393,907	\$ 463,754	\$ 857,661
2022	409,274	448,387	857,661
2023	425,262	432,399	857,661
2024	440,740	416,921	857,661
2025	459,157	398,504	857,661
2026-2030	2,414,988	1,712,323	4,127,311
2031-2035	2,909,366	1,177,696	4,087,062
2036-2040	3,254,826	523,726	3,778,552
2041-2045	809,850	86,232	896,082
2046-2050	-	-	-
Total	<u>\$ 11,517,370</u>	<u>\$ 5,659,942</u>	<u>\$ 17,177,312</u>

**NOTE 6 LEASE COMMITMENTS**

Operating Leases

The Port leases an airport from the City of Quincy. The Port exercised its option to renew the lease, which was set to expire on December 31, 2019, for an additional 25-year period. The City of Quincy approved the option to extend. Future minimum lease payments are expected to be \$1 annually.

The Port entered into an indefinite land lease with BNSF Railway Company effective January 15, 2013. Rent is to be made in advance, beginning at \$1,800 for 2013 and increasing annually by 3 percent (\$2,280 for 2020). This amount is being reimbursed back to the Port from Custom Apple Packers, Inc., the lessee of the property.

The Port entered into an indefinite land lease with BNSF Railway Company effective September 15, 2015. Rent is to be made in advance, beginning at \$2,333 for 2015 and increasing annually by 3 percent (\$2,705 for 2020). This amount is being reimbursed back to the Port from Double Diamond, Inc., the lessee of the property.

Future minimum lease payments of all lease commitments are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 5,135
2022	5,289
2023	5,448
2024	5,612
2025	5,780
Thereafter	5,953
Total	<u>\$ 33,217</u>

Capital Leases

As of December 31, 2020, The Port has no capital lease obligations.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7 LEASE INCOME**

The Port leases out certain facilities and real property under operating lease agreements. Such leases are renewable at their expiration at the lessees' option. Following is a summary of rental and lease income received by the Port:

Airport Hangers	\$ 6,810
Capstone Structures LLC	52,344
Central Bean Company, Inc.	35,066
City of Quincy	8,003
Corsair LLC	7,746
CPM Development Corporation	10,919
Custom Apple	4,596
Double Diamond Fruit	3,635
Double JJ Farms	100
NCW Logistics LLC	7,900
Quincy Valley Chamber of Commerce	3,450
Ryan Patrick Vineyards	10,734
Skagit Transportation	9,572
Steven Bierlink	10,634
Total	<u>\$ 171,509</u>

Leased assets as of December 31, 2020 were as follows:

	<u>Improvements</u>	<u>Buildings</u>	<u>Land</u>
Cost	\$ 841,760	\$ 3,209,684	\$ 3,237,121
Accumulated Depreciation	(648,273)	(205,948)	-
Net Book Value of Leased Assets	<u>\$ 193,487</u>	<u>\$ 3,003,736</u>	<u>\$ 3,237,121</u>

Following is a schedule by years of future lease income revenue:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 418,145
2022	414,999
2023	371,300
2024	360,604
2025	317,454
Total	<u>\$ 1,882,502</u>

**NOTE 8 DEPOSITS AND INVESTMENTS**

**Deposits**

The Port's deposits are entirely covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments**

The Port is a participant in the Grant County Investment Pool, an external investment pool operated by the County Treasurer. The Pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Port reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The Grant County investment policy is established by the Finance Committee. The county external investment pool does not have a credit rating and had a weighted average maturity of 0.96 years as of December 31, 2020.

The Port measures and reports investments at fair value using the valuation input hierarchy established by generally accepted accounting principles, as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable;
- Level 3: Unobservable inputs for an assets or liability.

At December 31, 2020, the Port had the following investments measured at fair value:

<b>Investments by Fair Value Level</b>	<b>Total</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Grant County Investment Pool	\$ 5,113,461	\$ 5,113,461	\$ -	\$ -
<b>Total Investments by Fair Value Level</b>	<b>\$ 5,113,461</b>	<b>\$ 5,113,461</b>	<b>\$ -</b>	<b>\$ -</b>

Custodial credit risk is the risk that in the event of a failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Port's total position of \$5,113,461 in Grant County Investment Pool, the total amount is exposed to custodial credit risk because the investments are held by the Port's treasurer, which is also the counterparty in those particular securities. The Port does not have a formal policy for custodial credit risk.

**NOTE 9 RISK MANAGEMENT**

The Port is a member of the Cities Insurance Association of Washington. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9     RISK MANAGEMENT (CONTINUED)**

the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly

purchase insurance and administrative services. As of December 1, 2020, there are 193 members in the program.

The program provides the following forms of joint self-insurance and reinsurance coverage for its members: Property; including Automobile Comprehensive and Collision, Equipment Breakdown, and Crime Protection and Liability; including General, Automobile, and Wrongful Acts, which are included to fit members' various needs.

The program acquires liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$100,000, with the exception of Wrongful Acts and Law Enforcement Liability, which have a self-insured retention of \$25,000. Members are responsible for a \$1,000 to \$10,000 deductible for each claim, while the program is responsible for the \$100,000 retention. Since the program is a cooperative program, there is a joint liability among the participating members toward the sharing of the \$100,000 self-insured retention. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of \$2,147,814.

Property insurance is subject to a per-occurrence self-insured retention of \$25,000. Members are responsible for a \$1,000 deductible for each claim. The program bears the \$25,000 self-insured retention in addition to the deductible.

Privacy and Network Liability coverage is offered with a \$10,000 member deductible that is part of a \$25,000 self-insured retention. The CIAW is responsible for the \$15,000 balance.

Equipment breakdown insurance is subject to a per-occurrence deductible of \$2,500, which may vary per member, with the exception of Pumps & Motors, which is \$10,000. Members are responsible for the deductible amount of each claim. There is no program self-insured retention on this coverage, with the exception of Pumps & Motors, which is \$15,000 and is covered by CIAW.

Members contract to remain in the program for a minimum of one year, and must give notice before December 1, to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

A board of ten members is selected by the membership from three geographic areas of the state on a staggered term basis and is responsible for conducting the business affairs of the program.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment and loss prevention for the program. Fees paid to the third-party



**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9     RISK MANAGEMENT (CONTINUED)**

administrator under this arrangement for the year ending December 1, 2020, were \$2,651,954.

The amounts of settlements have not exceeded insurance coverage over the past three years.

**NOTE 10    COMMITMENTS AND CONTINGENCIES**

The Port has recorded in its financial statements all material liabilities; there are no material contingent liabilities to record. In the opinion of management, the Port's insurance policies and/or self-insurance reserves are adequate to pay all known or pending claims.

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

In 2014, the Port received a recoverable grant for improvements to the Quincy municipal airport in the amount of \$56,905. It was included in nonoperating revenue grant funds as of year ended December 31, 2015. This grant is contingent on the airport remaining open for 20 years after the grant was received or the funds are required to be returned within 30 days of closure, sale, or discontinued use. There is no liability recorded for the contingency.

The Port entered into a non-binding engagement with Key Bank Capital Markets in August of 2019 to be the possible underwriter of revenue bonds to finance the industrial wastewater project.

In July of 2019, the Port entered into an agreement with Collins Woerman to provide the programming and conceptual design of a new/updated Quincy Valley Hospital in the amount of \$174,500. As of December 31, 2020, \$144,724 had been billed to the Port. The Port received a Department of Commerce grant through their Local and Community Projects Program in the amount of \$294,000 on July 1, 2019. That grant will be used for reimbursement of these expenditures.

In November of 2019, the Port entered into an agreement with Navix Engineering, Inc./Landau Associates, Inc. for services regarding the Industrial Wastewater Treatment Project. The initial phases of 100, 110, 200, 310, 320, 330, 340, 400, 500 and 600 were approved for \$447,700. In October of 2020, an addendum was signed for an additional \$34,800. The Port has a Letter of Understanding with an Industrial Users Group (IUG) which states that the IUG shall bear all the financial costs.

In December of 2020, the Port entered into an agreement with SimpliCivil LLC for Concept Development for the Bishop Recreation Area. This contract is time and materials based and is estimated to total approximately \$20,000.

In December of 2020, the Port entered into an agreement for \$59,200 with HNTB Corporation to develop Preliminary Plans (30% Design) for a rail extension project in Industrial Park 4.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE 11 DIRECTORY OF OFFICIALS**

**Elected**

**Commissioners**

		<u>Length of Term</u>	<u>Expiration</u>
District #1	Curt A. Morris	6 Years	December 2025
District #2	Patric F. Connelly	6 Years	December 2023
District #3	Brian Kuest	6 Years	December 2021

**Appointed**

Executive Assistant	Dahlia Del La Rosa
Comptroller	Darci L. Kleyn, CPA

**Mailing Address**

Port District	101 F Street SW Quincy, Washington 98848
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**NOTE 12 COVID-19 PANDEMIC**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of the deadly new virus known as COVID-19. In the months following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, cancelling public events, limiting public and private gatherings, and restricting business operations, travel, and non-essential activities.

The operational impact of this was mainly felt on the golf course and business center operations. The golf course did need to shut down for a period of time, but once it reopened was able to operate within the Governor's guidelines. The Quincy Valley Business and Conference Center did not operate much of the year due to the restrictions on public gatherings. The Port reduced expenses as much as possible and will reopen the Center when conditions allow it.

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

**NOTE 13 SUBSEQUENT EVENTS**

In January of 2021, the Port was notified it had been awarded a Strategic Infrastructure Project grant in the amount of \$300,000 for the Intermodal Yard Container Expansion – Phase 2. In addition, the Port was awarded a grant in the amount of \$42,500 and a loan in the amount of \$42,500 to help fund the Industrial Park #4 Rail Extension Conceptual Plan.

In January of 2021, the Port ordered \$93,811 in equipment and an electrical transformer for the Intermodal Yard Container Expansion project. The project will cost an estimated \$400,000 when completed and will be funded with grant money already secured.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 13 SUBSEQUENT EVENTS (CONTINUED)**

In January of 2021, the Port entered into an On-Call/Task Order Agreement with Financial Consulting Solutions Group, Inc. for Task Order No. 1, the Industrial Cost of Service Rate Study, for \$37,955.

In January 2021, the Port entered into an agreement with Collins Woerman for \$117,250 to move on to Part 2 of the feasibility study for the Quincy Valley Hospital.

In February 2021, the Port entered into an agreement with Simpli Civil LLC for \$89,130 regarding the water main extension to the Rodgers' property.

In February 2021, the Port signed a contract with Holmes Electric Company for \$194,439 to conduct electrical work on the newly constructed building in Industrial Park 4.

In February of 2021, the Port received a Proposal to Purchase, whereby the Port will sell all of the available land at Industrial Park 9 for \$3,750,000.

In February of 2021, the Port signed the Amended and Restated Lease with Option to Purchase with Raceways Technology & Mfg. Co. This lease is for the newly constructed building in Industrial Park 4 and has a term of 20 years.

In February of 2021, the Port ordered a Taylor Reach Stacker to be built for use out at the Intermodal Park. A down payment of \$132,164 was made and the total cost will be approximately \$715,000 when completed.

In February of 2021, the Port received a Claim for Damages. This claim was turned over to Clear Risk Solutions, the claims administrator of the Port of Quincy's risk pool, Cities Insurance Association of Washington.

In March of 2021, the Port was served with a Summons and a Complaint for Violations of the Public Records Act. The Port forwarded those on to the Port's attorney, who is drafting a response.

In March of 2021, the Port committed to purchasing a used John Deere tractor with a 10-foot flail mower attachment for \$71,027.

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PENSION PLANS PERS 1 AND PERS 2/3**  
**AS OF JUNE 30, 2020**  
**LAST SIX FISCAL YEARS**

	2020	2019	2018	2017	2016	2015
<b>PERS Plan 1</b>						
Employer's proportion of the net pension liability (asset)	0.003155%	0.003229%	0.004608%	0.003363%	0.003059%	0.003987%
Employer's proportionate share of the net pension liability	\$ 111,389	\$ 124,167	\$ 205,795	\$ 159,577	\$ 164,283	\$ 208,557
Employer's covered employee payroll	\$ 394,561	\$ 381,497	\$ 616,432	\$ 364,089	\$ 308,714	\$ 406,486
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	28.23%	32.55%	33.38%	43.83%	53.22%	51.31%
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
<b>PERS Plan 2/3</b>						
Employer's proportion of the net pension liability (asset)	0.002952%	0.003072%	0.004762%	0.003244%	0.002789%	0.394000%
Employer's proportionate share of the net pension liability	\$ 37,754	\$ 29,840	\$ 81,307	\$ 112,713	\$ 140,424	\$ 140,779
Employer's covered employee payroll	\$ 344,617	\$ 332,904	\$ 564,424	\$ 318,089	\$ 262,713	\$ 360,486
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	10.96%	8.96%	14.41%	35.43%	53.45%	39.05%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%	95.77%	90.97%	82.85%	59.20%

**PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**PENSION PLANS PERS 1 AND PERS 2/3**  
**AS OF DECEMBER 31, 2020**  
**LAST SIX FISCAL YEARS**

**PERS Plan 1**

Statutorily or contractually required contributions  
Contributions in relation to the statutorily or contractually  
required contributions  
Contribution deficiency (excess)

	2020	2019	2018	2017	2016	2015
	\$ 22,339	\$ 22,951	\$ 31,152	\$ 23,652	\$ 17,014	\$ 17,426
	(22,339)	(22,951)	(31,152)	(23,652)	(17,014)	(17,426)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 390,453	\$ 387,161	617,834	420,888	296,612	360,239

Contributions as a percentage of covered employee payroll

4.84%

**PERS Plan 2/3**

Statutorily or contractually required contributions  
Contributions in relation to the statutorily or contractually  
required contributions  
Contribution deficiency (excess)

	\$ 26,429	\$ 25,905	\$ 37,249	\$ 25,151	\$ 15,613	\$ 16,667
	(26,429)	(25,905)	(37,249)	(25,151)	(15,613)	(16,667)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Covered employer payroll

314,239

Contributions as a percentage of covered employee payroll

5.30%

**Notes:**

During 2018 covered payroll and contributions were significantly increased due to an audit conducted by the Department of Retirement Services in 2017. Additional employees were determined to be eligible for retirement and back-up contributions were made.

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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