Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Longview

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

Published October 14, 2021

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Office of the Washington State Auditor
Pat McCarthy

October 14, 2021

Board of Commissioners
Port of Longview
Longview, Washington

Report on Financial Statements

Please find attached our report on the Port of Longview'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

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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 Longview
January 1, 2020 through December 31, 2020

Board of Commissioners
Port of Longview
Longview, 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 Longview, 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 October 7, 2021.

As discussed in Note 1 to the financial statements, during the year ended December 31, 2020, the Port implemented Governmental Accounting Standards Board Statement No. 87, *Leases*.

As discussed in Note 19 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown.

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

Pat McCarthy, State Auditor

Olympia, WA

October 7, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Port of Longview
January 1, 2020 through December 31, 2020

Board of Commissioners
Port of Longview
Longview, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Port of Longview, 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 the Port of Longview, 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 1 to the financial statements, in 2020, the Port adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

As discussed in Note 19 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. 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 October 7, 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.

Pat McCarthy, State Auditor

Olympia, WA

October 7, 2021

FINANCIAL SECTION

Port of Longview
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 Fund Net Position – 2020
Statement of Cash Flows – 2020
Notes to the Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2020
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2020
Schedule of Employer Contributions – Nongovernmental Pension Plans – 2020
Schedule of Changes in Total OPEB Liability and Related Ratios – Post Retirement Health Care Program – 2020

INTRODUCTION

The following is the Port of Longview's (the Port) Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal years as of December 31, 2020, with selective comparative information for the year ending December 31, 2019. Information contained in the MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes which immediately follow this discussion.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of three components: management's discussion and analysis (MD&A), the basic financial statements, and the notes to the financial statements. The basic financial statements include: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Fund Net Position, and the Statement of Cash Flows.

The notes provide additional information that is essential to a full understanding of the data provided in the Port's financial statements. The notes to the financial statements can be found following the financial statements of this report.

The Statement of Net Position presents information on all of the Port's assets and liabilities and deferred inflows and outflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the Port is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position show how the Port's net position changed during the year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows (accrual basis).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. For external reporting purposes, the Port uses only one fund, an enterprise fund, which is a type of proprietary fund. An enterprise fund reports business type activities.

FINANCIAL ANALYSIS

Condensed Financial Position Information

The *Statement of Net Position* reflects the financial position of the Port at year end. It presents information on all of the Port's assets, deferred outflows, liabilities and deferred inflows, with the difference between the total of assets and deferred outflows and the total of liabilities and deferred inflows reported as Net Position. The value of Net Position represents a specific point in time. As previously noted, changes in net position can be a good indicator of the Port's financial position.

Financial Highlights

- Total assets and deferred outflows of the Port exceeded its liabilities and deferred inflows by $133.4 million in 2020, reported as total net position. Total net position increased by $7.6 million as compared to the prior year as a result of net income and capital contributions of $7.7 million.
- Total assets and deferred outflows of resources increased by $30.5 million from 2019 primarily as a result of a $5.7 million increase in net capital assets, an increase in pollution remediation recovery of $4.5 million and an increase in lease receivable of $20.0 million as a result of the implementation of GASB 87.
- Total liabilities and deferred inflows of resources increased by $23.0 million from the prior year primarily as a result of an increase in deferred inflows of resources related to leases of $19.9 million as a result of the implementation of GASB 87. Other significant changes included an increase in pollution remediation obligation of $4.5 million, an increase of $0.9 million in other post employment benefits liability and a decrease in long-term debt of $2.8 million due to planned debt service payments and a refunding of outstanding bonds.

The following condensed financial information provides an overview of the Port's financial position for the fiscal years ending December 31, 2020 and 2019.

STATEMENT OF NET POSITION

	2020	2019
ASSETS		
Current and Restricted Assets	$ 37,330,031	$ 37,183,339
Capital Assets, net	111,998,680	106,274,578
Other Noncurrent Assets	37,345,045	12,818,650
Total Assets	186,673,756	156,276,567
Total Deferred Outflows of Resources	492,817	344,805
LIABILITIES		
Current Liabilities	4,159,822	3,717,188
Noncurrent Liabilities	29,287,136	26,377,437
Total Liabilities	33,446,958	30,094,625
Total Deferred Inflows of Resources	20,279,463	660,501
NET POSITION		
Net Investment in Capital Assets	103,603,662	95,949,838
Restricted	11,156	76,112
Unrestricted	29,825,334	29,840,296
Total Net Position	$133,440,152	$125,866,246

Summary of Operations and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents how the Port's net position changed during the current and previous fiscal year as a result of operations. The Port employs an accounting method that records revenue and expenses when they are incurred, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement may affect future period cash flows (e.g. uncollected receivables).

Revenues:

- Total operating revenues in 2020 increased by $3.0 million or 7.8% from 2019 operating revenues primarily due to increased calcined coke import and increased grain exports at the Berth 9 terminal. Marine terminal charges comprise 95% of total operating revenues with the balance earned from property leases and rentals, and miscellaneous revenues.
- The combined total tonnage of imports and exports handled at the Port in 2020 increased by 15%. Grain exports increased by 29%.
- Total non-operating revenues decreased by $0.8 million primarily due to a reduction in investment income as a result of lower interest rates.

Expenses:

- Total 2020 operating expenses, before depreciation, increased by $2.7 million or 8.7% from 2019 operating expenses. The increase in operating expenses is the result of the different cargo mix including wind energy cargo which is labor intensive, as well as unique projects in 2020. The Port completed a CEO recruitment, and a transportation optimization study. Operating income, after depreciation, was $4.7 million as of December 31, 2020 as compared to $4.4 million at 2019 year end.
- Total 2020 non-operating expenses decreased by $0.2 million from 2019 non-operating expenses primarily due to a $0.2 million reduction in interest expense related to long-term debt.

A condensed statement of the Port's Statement of Revenues, Expenses and Changes in Net Position for years ending December 31, 2020 and 2019 begins on the following page.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

	2020	2019
OPERATING REVENUES:		
Marine terminal operations	$39,448,786	$36,601,853
Other operating revenues	2,028,031	1,891,353
Total Operating Revenues	41,476,817	38,493,206
NON-OPERATING REVENUES:		
Ad valorem taxes	2,103,659	2,115,035
Investment income	185,286	711,985
Other non-operating revenue	174,374	276,335
Total Non-Operating Revenues	2,463,319	3,103,355
Total Revenues	43,940,136	41,596,561
EXPENSES:		
General operations	22,041,832	20,933,457
Maintenance	5,192,335	5,031,768
General and administrative	5,969,647	4,530,305
Willow Grove Park expenses	366,617	389,503
Depreciation expense	3,164,304	3,175,017
Non-operating expenses	514,697	744,875
Total Expenses	37,249,432	34,804,925
Increase (Decrease) in Net Position before Capital Contributions	6,690,704	6,791,636
Capital Contributions	993,415	44,121
Increase (decrease) in net position	7,684,119	6,835,757
Net position - beginning	125,866,247	119,087,689
Prior period adjustment	(110,213)	(57,200)
Net position - ending	$133,440,152	$125,866,247

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

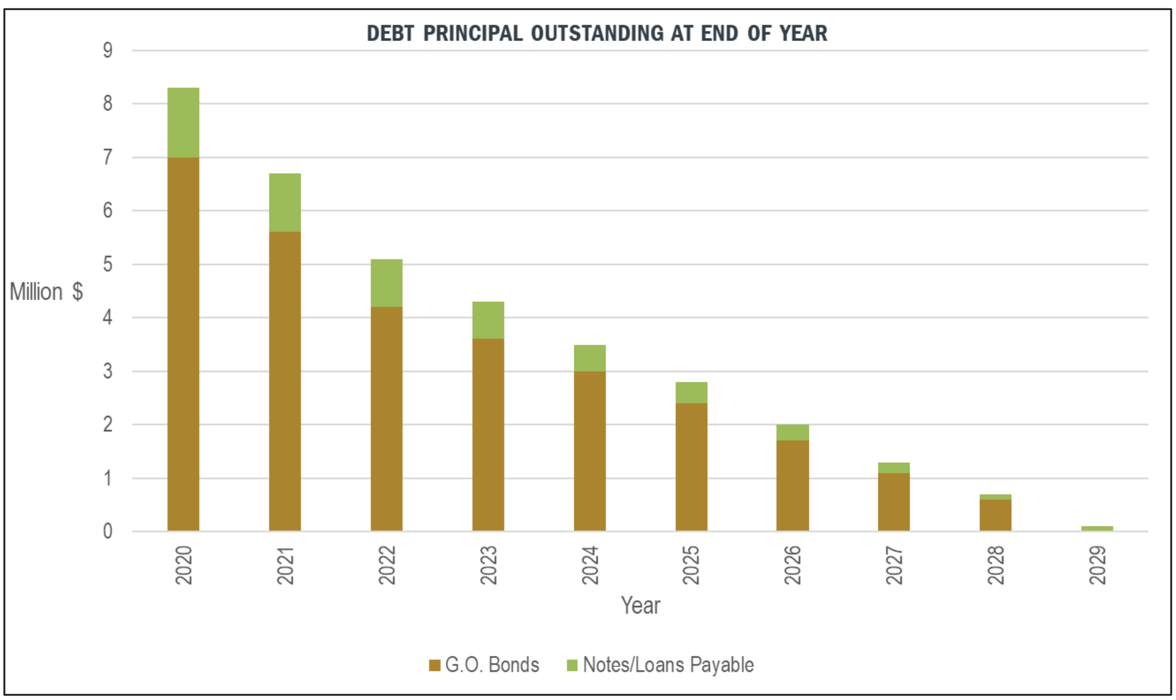
The Port's investment in capital assets for its business activities as of December 31, 2020, totaled $112.0 million, net of accumulated depreciation. The Port's investment in capital assets includes land, berths, dolphins, floats, buildings, improvements (other than buildings), machinery and equipment, construction in process and intangible assets. The total increase in the Port's investment in capital assets the year as of December 31, 2020 was $5.7 million. Major capital asset additions or improvements during 2020 included the following:

- Completion of the Remodel of the new Port Administration building.
- Continued engineering and design work for the Industrial Rail Corridor Expansion project.
- Installation of a Stationery Baghouse at Warehouse 10.
- Variety of improvements to the Port's environmental effluent and stormwater systems.
- Construction of North Rail Connection which will be completed in 2021.

Additional information on the Port's capital assets activity may be found in Note 4 in the notes to the financial statements.

Long-Term Debt

At December 31, 2020, the Port's long-term debt totaled $8.3 million. Of this amount, $7.0 million is limited tax general obligation debt; and $1.3 million for notes/loans payable.



Additional information on the Port's long-term debt activity may be found in Note 12 in the Notes to the Financial Statements.

ECONOMIC FACTORS

- In 2020, the Port had an increase in tonnage and revenue and the Port continued to maintain a competitive position in the maritime business despite the economic climate associated with COVID-19 pandemic. Revenue was $41.4 million a 7.8% increase from the previous year. Overall tonnage increased to 7.6 million MT from 6.7 million MT in 2019.
- The Port had 222 vessel calls, and over 13,000 railcars totaling 7.6 million metric tons of cargo. Overall, import cargo of 161,805 metric tons was up approximately 5% from the previous year's total of 154,536 metric tons. This included a 19% increase in calcined coke import and 92% increase in wind energy cargo. Export cargos increased to 7.5 million from 6.5 metric tons in 2019, representing an increase of 15%.
- The Port weathered a slow start for EGT/Berth 9 exports with a diversified cargo mix including project cargo. The Port has break-bulk handling equipment including mobile harbor cranes along with close to vessel discharge lay-down space for large pieces of project cargo. The Port also has on-dock rail which allows customers to discharge project cargo direct to rail. These investments are able to attract a variety of customer's.
- Although the most profitable commodity at the Port continues to be EGT/Berth 9 grain export facility, the Berth 2 Bridgeview dry bulk export facility also continued to be profitable in 2020. Project cargo import including wind energy as well as calcined coke import and scrap steel export were the next profitable commodities in 2020.
- The top five trading partners in 2020 included China, Japan, Korea, Philippines and Australia. Nearly 2.6 million metric tons of various cargos were exported to China including agricultural products and soda ash. 1.0 million metric ton exports to Japan included agricultural products and soda ash. Exports to both Korea and the Philippines were just at 0.9 million metric tons and included agricultural products, soda ash and logs. Australia exports totaled 0.3 million metric tons and included calcined coke, iron oxide fines potash, and steel.
- The Port continues to invest in rail infrastructure improvements with $972,335 spent on the North Rail Connection project and $607,132 spent on the industrial rail corridor expansion (IRCE) project in 2020. The North Rail Connection project is a critical link in the Port's rail system, connecting the Industrial Rail Corridor from the mainline rail to the Port's internal rail network. The IRCE project plans to expand the existing rail corridor to accommodate current customer growth and attract new development for the benefit of the Port's local and regional economies.

REQUESTS FOR INFORMATION

This financial report is designed and intended to provide a general overview of the Port of Longview's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port of Longview, Finance Manager, 10 International Way, Longview, WA 98632.

PORT OF LONGVIEW

STATEMENT OF NET POSITION

As of December 31, 2020

ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	$28,254,743
Restricted Cash and Cash Equivalents	11,156
Accounts Receivable (Net)	8,087,756
Due from Other Governments	467,755
Taxes Receivable	66,347
Prepayments	442,274
TOTAL CURRENT ASSETS	**37,330,031**
NONCURRENT ASSETS:	
Capital Assets not Being Depreciated:	
Land	37,080,360
Construction in Progress	6,926,984
Total Capital Assets Not Being Depreciated	44,007,344
Capital Assets Being Depreciated:	
Berths, dolphins, floats	32,837,764
Buildings and structures	38,444,160
Machinery and equipment	32,141,496
Other Improvements	32,890,126
Intangible Assets	184,107
Less: Accumulated Depreciation	(68,543,788)
Total Capital Assets Being Depreciated (Net)	67,953,865
Right to Use Assets Being Amortized:	
Equipment	82,435
Less: Accumulated Amortization	(44,964)
Total Capital Assets Being Amortized (Net)	37,471
Total Capital Assets (Net)	111,998,680
Other Noncurrent Assets:	
Lease Receivable	19,983,045
Pollution Remediation Recovery	17,362,000
Total Other Noncurrent Assets	37,345,045
TOTAL NONCURRENT ASSETS	**149,343,725**
TOTAL ASSETS	**$186,673,756**
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	$443,790
Deferred Outflows - OPEB	19,475
Deferred Amount on Refunding	29,552
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**$492,817**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

PORT OF LONGVIEW

STATEMENT OF NET POSITION

As of December 31, 2020

LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	$1,716,838
Accrued Payroll Liabilities	339,900
Retention Payable	195,777
Unearned Revenue	131,968
Current Portion of OPEB	19,475
Accrued Interest Payable	39,171
Current Portion of LTGO Bonds	1,420,000
Current Portion of Notes Payable	258,963
Current Portion of Lease Payable	37,730
TOTAL CURRENT LIABILITIES	**4,159,822**
NONCURRENT LIABILITIES:	
L.T. General Obligation Bonds	5,595,000
Notes and Loans Payable	1,065,972
Other Long-Term Debt - Channel Improv. Project	244,335
Employee Leave Benefits	805,854
Other Post Employment Benefits (OPEB)	2,983,175
Pollution Remediation Obligation	17,362,000
Net Pension Liability	1,230,800
TOTAL NONCURRENT LIABILITIES	**29,287,136**
TOTAL LIABILITIES	**33,446,958**
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pension	377,251
Deferred Inflows - Leases	19,855,307
Deferred Amount on Refunding	46,905
TOTAL DEFERRED INFLOWS OF RESOURCES	**20,279,463**
NET POSITION:	
Net Investment in Capital Assets	103,603,662
Restricted	11,156
Unrestricted	29,825,334
TOTAL NET POSITION	**133,440,152**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

PORT OF LONGVIEW

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

For the Year Ended December 31, 2020

OPERATING REVENUES:	
Marine terminal operations	$39,448,786
Property lease/rental operations	1,763,904
Sales and miscellaneous revenues	264,127
Total Operating Revenues	**41,476,817**
OPERATING EXPENSES:	
General operations	22,041,832
Maintenance	5,192,335
General and administrative	5,969,647
Willow Grove Park Expenses	366,617
Depreciation	3,164,304
Total Operating Expenses	**36,734,735**
Operating Income (Loss)	**4,742,082**
NONOPERATING REVENUES (EXPENSES):	
Investment income	185,286
Ad valorem tax revenues	2,103,659
Federal and State Grants	16,260
Other nonoperating revenues	144,102
Interest expense	(334,122)
Special projects	(28,835)
Environmental Remediation	(8,628)
Net Gain/Loss on disposal of assets	14,012
Airport Expense	(76,000)
Other nonoperating expenses	(67,112)
Total Nonoperating Revenues (Expenses)	**1,948,622**
Income (loss) before capital contributions	**6,690,704**
Capital Contributions	993,415
Increase (decrease) in net position	7,684,119
Net position - January 1	125,866,246
Prior Period Adjustment	**(110,213)**
Net position - December 31	**$133,440,152**

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

PORT OF LONGVIEW

STATEMENT OF CASH FLOWS

For Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 38,353,467
Payments to suppliers	(23,727,776)
Payments to employees	(8,814,478)
Other receipts	31,566
Other payments	(287,370)
Net cash provided (used) by operating activities	5,555,409
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from miscellaneous taxes	112,536
Receipts (Payments) for environmental remediation	225,268
Net cash provided (used) by noncapital financing activities	337,804
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from taxes - restricted for debt	1,503,495
Proceeds from unrestricted property taxes	613,576
Proceeds from issuance of debt	8,565,000
Cash to refund bonds	(9,589,769)
Proceeds from grants and contributions	575,317
Proceed from sale of capital assets	18,426
Purchase of capital assets	(8,821,503)
Principal paid on loans and notes	(327,624)
Principal paid on leases	(44,705)
Principal paid on bonds	(1,550,000)
Interest paid on capital debt	(120,333)
Net cash used for capital and related financing activities	(9,178,120)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	185,286
Net cash provided from investing activities	185,286
Net increase (decrease) in cash	(3,099,621)
Cash and cash equivalents - January 1	31,365,520
Cash and cash equivalents - December 31	$ 28,265,899

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

PORT OF LONGVIEW

STATEMENT OF CASH FLOWS

For Year Ended December 31, 2020

Reconciliation of operating income to net cash provided (used) by operating activities		
Net operating income (loss)	$	4,742,082
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation		3,164,304
Change in assets and liabilities:		
Decrease (increase) in accounts receivable		(3,017,367)
Increase (decrease) in accounts payable		441,327
Decrease (increase) in prepaid items		(41,896)
Increase (decrease) in other payables		(70,488)
Increase (decrease) in employee leave benefits		84,204
Increase (decrease) in pension accounts		(270,682)
Increase (decrease) in OPEB accounts		885,712
Decrease (increase) in lease receivable accounts		(127,738)
Increase (decrease) in unearned revenue		21,755
Other receipts (payments)		(255,804)
Total adjustments		813,327
Net cash provided by operating activities	$	5,555,409
Non Cash Investing, Capital, and Financing Activities		
Gain on Disposal of Capital Assets	$	14,012

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Longview 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 principals. The significant accounting policies are described below.

A. Reporting Entity:

The Port of Longview (The Port) was incorporated in 1921 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 of the Revised Code of Washington (RCW). The Port district resides within Cowlitz County, Washington and comprises territory less than the entire county. The Port is located on the Columbia River.

The Port is independent of Cowlitz County, and provides marine terminal and property lease/rental operations to the general public. The RCW authorizes the Port to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities for waterborne commerce. The Port may also provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. The Port may acquire and improve land for sale or lease for industrial or commercial purposes and may create industrial development districts. The powers of eminent domain and ad valorem taxation upon the real and personal property within the district are also within the scope of port districts.

The Port is governed by a three member Board of Commissioners (the Commission) elected by Port district voters. As policy makers, they delegate certain administrative authority to the Chief Executive Officer to conduct operations of the Port. Management is held accountable to the Commission. The Commission and appointed management possess the ability to significantly influence operations, including authority to review and approve budgets, sign contracts as the contracting authority, exercise control over facilities and properties and determine the outcome or disposition of matters affecting the Port's customers. The Commission possesses final decision-making authority and is held primarily accountable for decisions.

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 district's reporting entity because of the significance of its operations or financial relationship with the district.

The Industrial Development Corporation of the Port of Longview, a public corporation created in 1981 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 component unit within the Port's financial statements.

B. Basis of Accounting and Presentation:

The accounting records of the Port of Longview 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 economic resources 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 (or balance sheets). 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 its operating, noncapital 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 presented as liabilities.

The Port distinguishes between operating revenues and expenses from non-operating items. 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 marine terminals and property leases. Operating expenses for the Port 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. Ad valorem tax levy revenues, interest income, grant reimbursements and other revenues generated from non-operating sources are classified as non-operating revenue.

C. Use of Estimates:

The preparation of the Port's financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities and Net Position:

1. Cash and Cash Equivalents – See Note 2
   It is the Port's policy to invest all temporary cash surpluses. These are classified as cash and cash equivalents on the statement of net position. For purposes of the statement of cash flows, the Port considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Investments – See Note 2.

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (see Note 3).

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Receivables have been recorded net of estimated uncollectible amounts. Because property taxes and special assessments are considered liens on property, no estimated uncollectible amounts are established. The allowance for doubtful accounts was $0 at December 31, 2020.

4. Amounts Due to and From Other Governments

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

5. Leases Receivable and Deferred Inflows of Resources

Leases receivable consist of amount recorded in compliance with GASB 87, *Leases*. The Port has recorded the Lease Receivable and Deferred Inflows of Resources. The Port records the interest earnings from the leases, within the Statement of Revenue, Expenses, and Changes in Fund Net Position as operating revenue, Property Lease/Rental Operations (see Note 11).

6. Inventories

It is the policy of the Port of Longview to expense supplies and most spare parts for equipment and facility repairs as purchased. An inventory of such items would not be material in relation to either financial position or results of operations.

7. Restricted Assets and Liabilities

In accordance with bond resolutions and certain related agreements, separate restricted funds are required to be established. The assets held in these funds are restricted for specific uses including construction, debt service, and other special reserve requirements.

Funds restricted as to use at December 31, 2020 are:

Current Restricted Assets	
Industrial Development Corporation Money Market Fund	$ 11,156
Total Current Restricted Assets	**$ 11,156**

The Industrial Development Corporation funds are separate from the Port, but are presented as a blended component of the Port.

8. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences,* the Port accrues a liability for compensated absences.

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

Port accrues and records unpaid leave for compensated absences as an expense and a liability when incurred.

Sick leave is earned at the rate of 8 hours per month of continuous employment, without limit. Upon termination of employment (discharge, death, resignation or retirement), an employee (or in the case of death, the employee's beneficiary) shall be paid for all accrued leave up to 960 hours of sick leave. Accrued sick leave amounts to $596,268 at December 31, 2020.

Vacation benefits are earned by full-time and part-time employees based upon length of service. Vacation must be taken within the anniversary year following its accrual. Vacation pay is payable upon termination, resignation, retirement or death. Accrued vacation payable amounts to $209,586 at December 31, 2020.

9. Unearned Revenues
   This account includes amounts recognized as receivables (assets) but not revenues because the revenue recognition criteria have not been met.

10. 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 (see Note 7).

11. Total Other Post Employment (OPEB) Liability – See Note 9.

12. Accrued Payroll Liabilities
    These accounts consist of accrued wages, accrued employee benefits, and accrued payroll related liabilities.

13. Deferred Compensation Plan
    Port employees may elect to participate in a deferred compensation plan administered by the State of Washington created in accordance with Internal Revenue Code Section 457. The Plan, available to all Port employees, permits them to defer a portion of their salary until future years. The Plan is fully funded and held in an outside trust.

14. Capital Assets and Depreciation - See Note 4.

15. Long-Term Debt - See Note 12.

16. Deferred Outflows/Inflows of Resources
    A deferred outflow of resources is not an asset and is defined as a consumption of net position that is applicable to a future reporting period. A deferred inflow of resources is not a liability and is defined as an acquisition of net position that is applicable to a future reporting period. These are distinguished from assets and liabilities in the Statement of Net Position. The Port classified deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisitions price amortized

over the shorter of the life of the refunded debt as deferred outflows/inflows of resources. The Port also recognizes deferred outflows and deferred inflows related to pension liability, OPEB liability, and lease receivables.

E. Recent Accounting Pronouncements:

The Port implemented the following GASB Pronouncements that were applicable, for the fiscal year ended December 31, 2020:

- GASB Statement No. 87, *Leases.* The Port implemented GASB 87 on January 1, 2020. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

  As a result of implementing this GASB, the Port recorded a beginning balance for Lease Receivable and Deferred Inflows of Resources Related to Leases in the amounts of $21.3 million. The Port has also recorded $0.3 million of Interest Earnings from the leases, reflected within the Statement of Revenues, Expenses, and Changes in Net Position. The Port also has recorded a right to use asset in the amount of $82,435 and a lease payable in the amount of $82,435. Interest expense related to the lease of the right to use asset was recorded on the Statement of Revenue, Expenses and Changes in Net Position in the amount of $919.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements.* The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Port adopted this guidance in the current year and provided the required disclosures. The adoption of this guidance did not impact the net position and changes in net position.

NOTE 2 – DEPOSITS AND INVESTMENTS

The Cowlitz County Treasurer is empowered to act as fiduciary for the Port and other taxing districts within the County. Duties include the deposit and prudent investment of public funds as legally prescribed by the laws of the State of Washington. Both the Cowlitz County Treasurer and the Washington State Local Government Investment Pool have formal investment policies which apply to the Port's deposits and investments.

Deposits

The carrying amount of the Port's deposits was $1,770,261 and the bank balance was $2,351,760.

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Port would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Port's deposits are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection

Commission (PDPC). The Port has not experienced any losses in its deposit accounts.

Investments

Investments are stated at fair value, based on quoted market prices in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in the fair-value of investment is recognized as an increase or decrease to the investment assets and investment income.

Interest income on investments is recognized in non-operating revenue as earned. Changes in fair value of investments are recognized on the Statement of Revenues, Expenses, and Changes in Net Position.

As required by state law, all deposits and investments of the Port's funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposits with Washington State banks and savings and loan institutions, or other investments allowed by Chapter 39.59 RCW. Qualified bank depositories are those specified by the Washington Public Deposit Protection Commission.

Investments in Local Government Investment Pool (LGIP)

The Port is a participant in the Local Government Investment Pool authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the pool and adopts rules. The State Treasurer is responsible for establishing the investment policy for the pool and reviews the policy annually and proposed changes are reviewed by the LGIP Advisory Committee.

Investments in the LGIP, a qualified external investment pool, are reported at amortized cost which approximates fair value. The LGIP is an unrated external investment pool. The pool portfolio is invested in a manner that meets the maturity, quality, diversification and liquidity requirements set forth by the GASBS 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. The LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or online at http://www.tre.wa.gov.

At December 31, 2020, the Port had $26,495,638 invested in the WA State Local Government Investment Pool (LGIP).

Risks

Investments are subject to the following risks:

Interest Rate Risk: Interest rate risk is the risk that changes in interest will adversely affect the fair market value of an investment. It is the policy of the Port to invest in a manner which will provide the market rate of return with maximum security while meeting the daily cash flow demands. Through its investment policy the Port manages its exposure to fair market value losses arising from increasing interest rates by establishing maturity limits for individual investments and maturity limits for its investment portfolio as a whole.

Credit Risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Washington State Local Investment Pool is an unrated 2a-7 like pool, as defined by the Government Accounting Standards Board.

Custodial Credit Risk: Custodial credit risk is the risk that in the 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 that are in the possession of the outside party. To minimize this risk, the Port's investment policy requires that all security transactions, except the Washington State Local Government Investment Pool, are settled on a "delivery verses payment" basis. This means that payment is made simultaneously with the receipt of the security. These securities will be held by a third-party custodian designated by the Cowlitz County Treasurer.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The Port's investment policy establishes limits on the portfolios maximum holding by type of security.

Investments Measured at Fair Value

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 asset or liability.

As of December 31, 2020, the Port had the following investments measured at fair value and amortized cost:

	As of	Fair Value Measurement Using			
	12/31/2020	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level	$0				
Investments measured at amortized costs					
WA State Local Government Investment Pool (LGIP)	26,495,638				
Total Investments measured at amortized costs	26,495,638				
Total Investments	**$26,495,638**				

Summary of Deposit and Investment Balances

Reconciliation of the Port's deposits and investment balances as of December 31, 2020 is as follows:

As of December 31, 2020	Total
Deposits	$ 1,770,261
WA State Local Government Pool	26,495,638
Total Deposits and Investments	**$28,265,899**
Current:	
Cash and Cash Equivalents	28,254,743
Restricted Cash and Cash Equivalents	11,156
Total Deposits and Investments	**$28,265,899**

NOTE 3 - PROPERTY TAXES

The County Treasurer acts as an agent to collect property taxes levied in Cowlitz 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 and classified as non-operating revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. 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 $0.45 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 $0.059864 per $1,000 on an assessed valuation of $9,971,797,153 or a total regular levy of $596,951. The Port also levied an additional $0.150775 per $1,000 for the repayment of general obligation bonds for a total additional levy of $1,503,495. For 2020, the Port collected 98.3% of ad valorem taxes levied.

NOTE 4 - 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 accounted for as expenses when incurred. All capital assets are valued at historical cost, or estimated historical cost, where historical cost is not known, or at the acquisition value for donated assets.

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.

The Port's policy is to capitalize all asset additions greater than $5,000 with an estimated useful life in excess of one year. Depreciation expense is charged to operations to allocate the cost of fixed assets over their estimated useful lives using the straight-line method. Berths, dolphins and floats are assigned lives of 30 to 75 years; buildings and improvements 10 to 50 years; and machinery and equipment 5 to 30 years. With the implementations of GASB Statement 87, Leases, the right to use assets are being amortized over the life of the lease agreement.

In accordance with generally accepted accounting principles for regulated businesses, the Port has a deferred intangible asset of $184,108 as of December 31, 2020. The initial cost of $29,072 in 2005, $20,427 in 2015, and $172,848 in 2019 were for the easement of three disposal sites for the Columbia River Channel Improvement Project. The costs are amortized on the straight line method over 20 years.

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

	Restated Beginning Balance 1/1/2020	Increases	Decreases	Ending Balance 12/31/2020
Capital Assets, not being depreciated:				
Land and Land Rights	$37,080,360	-	-	$37,080,360
Construction in process	6,139,446	7,318,520	6,530,982	6,926,984
Total Capital Assets, not being depreciated	**$43,219,806**	**$7,318,520**	**$6,530,982**	**$44,007,344**
Capital Assets, being depreciated:				
Berths, Dolphins, Floats	$32,837,764	-	-	$32,837,764
Buildings and Structures	35,309,629	3,134,531	-	38,444,160
Other Improvements	30,899,368	1,990,758	-	32,890,126
Machinery and Equipment	29,570,342	2,908,677	337,523	32,141,496
Intangible Asset	195,225		11,118	184,107
Total Capital Assets, being depreciated	**$128,812,328**	**$8,033,965**	**$348,641**	**$136,497,653**
Less Accumulated Depreciation:				
Berths, Dolphins, Floats	$14,008,353	$572,851	-	$14,581,204
Buildings and Structures	22,601,843	835,302	-	23,437,145
Other Improvements	14,573,748	814,679	-	15,388,427
Machinery and Equipment	14,573,612	896,508	333,108	15,137,012
Total Accumulated Depreciation	**$65,757,556**	**$3,119,340**	**$333,108**	**$68,543,788**
Total Net Capital Assets	**$106,274,578**	**$12,233,145**	**$6,546,514**	**$111,961,209**
Right to Use Assets, being amortized:				
Equipment*	$82,435	-	-	$82,435
Total Right to Use Assets, being amortized	**$82,435**	-	-	**$82,435**
Less Accumulated Amortization:				
Equipment	-	$44,964	-	$44,964
Total Accumulated Amortization	-	**$44,964**	-	**$44,964**
Total Net Right to Use Assets	**$82,435**	**-$44,964**	-	**$37,471**
Total Capital Assets. Net	**$106,357,013**	**$12,188,182**	**$6,546,515**	**$111,998,680**

*Beginning balance of right to use assets was restated due to implementation of GASB 87, Leases. See Note 1E for additional information.

NOTE 5 – COMMITMENTS

Construction Commitments:

The Port has active construction projects as of December 31, 2020. At year-end the Port's commitments on construction projects are as follows:

Project	Spent to Date	Remaining Commitment
Willow Grove Park BFP Grant	$ 464,695	$ 1,290
IRC Rail Expansion	2,342,104	951,633
Advanced Wetland Mitigation	902,826	157,249
Willow Grove Park ALEA Grant	89,324	529
Wireless Network/Video System	637,866	112,272
North Rail Connection Project	1,086,473	124,154
Berth 7 Wastewater Containment	264,401	23,517
Total	**$5,787,689**	**$1,370,644**

Purchase Commitment:

On June 25, 2010, the Port entered into a lease agreement with Skyline Steel, LLC (Skyline) for 20 acres of Port property at an initial lease rate of $850 per acre per month. Simultaneously, the Port entered into a ground lease agreement with IDC Longview, LLC., (IDC) for the lease of an additional 15 acres under the same lease rate as Skyline. The ground lease required IDC to construct a facility for Skyline to accommodate its general office purposes, and the receiving, storing, shipping, manufacturing, fabricating, coating, warehousing and distribution of steel products. The facility was constructed at a cost in excess of $11 million.

Under the terms of these leases, Skyline has the right to purchase the building from IDC in 2023 and must notify the Port of its intention to exercise this option by February 28, 2022. If Skyline chooses not to exercise its option, the Port is required to purchase the facility from IDC by March 31, 2023 at the agreed upon price of $9 million. Port management has determined that it is reasonably possible that the Port will be required to purchase the facility and at the end of 2020, had accumulated $6.3 million toward the eventual purchase. The Port also intends to continue setting aside additional funding in its annual budget between now and the purchase date.

NOTE 6 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

NOTE 7 - PENSION PLAN

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

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ 1,230,800
Deferred outflows of resources	$ 443,790
Deferred inflows of resources	$ 377,251
Pension expense/expenditures	$ 169,336

State Sponsored Pension Plans

Substantially all Port of Longview'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 it 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 – PERS Plan 1

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:

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%**

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.

<u>Contributions – PERS Plan 2/3</u>

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%**

The Port of Longview's actual PERS plan contributions were $171,861 to PERS Plan 1 and $268,162 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 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.

- 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 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.

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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Port of Longview's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Port of Longview'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.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	$1,067,166	$851,990	$ 664,334
PERS 2/3	$2,357,058	$378,810	$(1,250,278)

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, 2020, the Port of Longview reported a total pension liability of $1,230,800 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$851,990
PERS 2/3	$378,810

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.022024%	0.024132%	(0.002108%)
PERS 2/3	0.026845%	0.029619%	(0.002774%)

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.

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 of Longview recognized pension expense as follows:

	Pension Expense
PERS 1	$ 128,142
PERS 2/3	41,194
TOTAL	**$ 169,336**

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the Port of Longview 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
Net difference between projected and actual investment earnings on pension plan investments	$ -	($4,744)
Contributions subsequent to the measurement date	86,026	-
TOTAL	**$86,026**	**($4,744)**

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 135,609	($ 47,475)
Net difference between projected and actual investment earnings on pension plan investments	-	(19,238)
Changes of assumptions	5,395	(258,760)
Changes in proportion and differences between contributions and proportionate share of contributions	83,486	(47,034)
Contributions subsequent to the measurement date	133,274	-
TOTAL	**$357,764**	**($372,507)**

Total All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$135,609	($ 47,475)
Net difference between projected and actual investment earnings on pension plan investments	-	(23,982)
Changes of assumptions	5,395	(258,760)
Changes in proportion and differences between contributions and proportionate share of contributions	83,486	(47,034)
Contributions subsequent to the measurement date	219,300	-
TOTAL	**$443,790**	**($377,251)**

Deferred outflows of resources related to pensions resulting from the Port of Longview'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	PERS 2/3
2021	$ (21,256)	$(150,440)
2022	(677)	(30,829)
2023	6,568	13,476
2024	10,892	36,780
2025		(11,690)
Thereafter		(5,314)
Total	**$ (4,744)**	**$(148,016)**

NOTE 8 – PENSION PLANS – NONGOVERNMENTAL PLANS (PENSIONS PROVIDED THROUGH CERTAIN MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS)

Some Port employees are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan that, (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). As of December 31, 2020, the Port contributed to the following nongovernmental pension plans:

Name of Pension	Entity	Cost-Sharing	Financial Report	Benefit Type	# of Covered Employees	Benefit Terms	Contribution Requirements	Balance of Payables	Expiration Date
47P	Oregon-Washington Carpenters-Employers Trust	Yes	Yes	Pension	2- Carpenter 9- Pilebucks	Collective Bargaining Agreement	$4.90 multiplied by hours worked	$9,060	5/31/2021
47PNA	Oregon-Washington Carpenters-Employers Trust	Yes	Yes	Non-Accruing Pension	2- Carpenter 9- Pilebucks	Collective Bargaining Agreement	$3.97 multiplied by hours worked	$7,341	5/31/2021
Dist 9 ER	Electrical Trust Funds	Yes	No	Pension	3- Electricians	Collective Bargaining Agreement	$3.92 or $4.19 (Foreman) multiplied by hours worked	$2,103	12/31/2020
Edison Pension	Electrical Trust Funds	Yes	No	Pension	3- Electricians	Collective Bargaining Agreement	$8.20 or $8.45 (Foreman) multiplied by hours worked	$4,287	12/31/2020
NEBF	Electrical Trust Funds	Yes	Yes	Pension	3- Electricians	Collective Bargaining Agreement	3.00 % multiplied by gross earnings	$752	12/31/2020
Pension	AGC-IUOE Local 701 Trust Funds	Yes	Yes	Pension	4- Operating Engineers	Collective Bargaining Agreement	$5.40 multiplied by hours worked	$3,853	12/31/2020
Pension	Northwest Laborers-Employers Pension Trust	Yes	Yes	Pension	14- Laborers	Collective Bargaining Agreement	$4.79 multiplied by hours worked	$10,083	5/31/2021
39P	Oregon & SW Painters Pension Plan	Yes	Yes	Pension	1- Painter	Collective Bargaining Agreement	$5.55 multiplied by hours worked	$971	3/31/2021
National Pension Fund (PPNPF)	Plumbers & Pipefitters National Pension Fund	Yes	No	Pension	2- Plumbers	Collective Bargaining Agreement	$2.96 multiplied by hours worked	$1,005	12/31/2020
UA Supplemental Pension	Washington State Plumbing & Pipefitting Trust Fund	Yes	Yes	Pension	2- Plumbers	Collective Bargaining Agreement	$2.75 multiplied by hours worked	$934	12/31/2020
WA ST Pension	Washington State Plumbing & Pipefitting Industy Trust Fund	Yes	Yes	Pension	2- Plumbers	Collective Bargaining Agreement	$6.19 multiplied by hours worked	$2,102	12/31/2020
NASI Pension Fund	National Automatic Sprinkler Industry	Yes	Yes	Pension	1- Sprinker Fitter	Collective Bargaining Agreement	$6.80 multiplied by hours worked	$1,105	3/31/2021
Sprinkler Industry Supplemental Pension	National Automatic Sprinkler Industry	Yes	Yes	Pension	1- Sprinker Fitter	Collective Bargaining Agreement	$7.23 multiplied by hours worked	$1,175	3/31/2021

The balance of payables were earned in December 2020 and due in January 2021. Required contributions to the pension plans are related to past services performed per union contracts.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year ended December 31, 2020:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	$ 3,002,650
Deferred outflows of resources	19,475
OPEB expenses/expenditures	928,090

The Port implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* for fiscal year 2018 financial reporting. The state, consisting of state agencies and its component units as well as higher education institutions, is considered a single employer based on guidance provided in GASB Statement No. 75. The State Health Care Authority (HCA) administers this single employer defined benefit other postemployment benefit (OPEB) plan.

Plan Description:

Per RCW 41.05.065, the Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees. Benefits offered by PEBB include medical, dental, life and long-term disability.

The relationship between the PEBB OPEB plan and its member employers, their employees, and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan in effect at the time of each valuation. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to the sharing of benefit costs. Even though the Port has no legally binding commitment to continue retiree health care should it choose to leave the plan for a different health care provider system, the Port must calculate an OPEB liability to comply with the provisions of GASB Statement No. 75.

Administrative costs, as well as explicit and implicit subsidies, are funded by required contributions from participating employers. The subsidies provide monetary assistance for medical benefits. Contributions are set each biennium as part of the State's budget process. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Port covers OPEB costs when they come due, on a pay-as-you-go basis.

Employees Covered by Benefit Terms:

Employers participating in the PEBB plan for the state include general government agencies, higher education institutions, and component units. Additionally, there are 76 of the state's K-12 schools and educational service districts (ESD's), and 249 political subdivisions and tribal governments not included in the state's financial reporting who participate in the PEBB plan. The plan is also available to the retirees of the remaining 227 K-12 schools, charter schools and ESD's.

At June 30, 2020, the following employees were covered by the benefit terms:

Summary of Plan Participants As of June 30, 2020	
Active employees	40
Retirees receiving benefits	9
Retirees not receiving benefits	0
Total active employees and retirees*	49

*Other retirees may be eligible but are not yet receiving benefits. This number is not identifiable.

The PEBB retiree OPEB plan is available to employees who elect at the time they retire to continue coverage and pay the administratively established premiums under the provisions of the retirement system to which they belong. Retirees' access to the PEBB plan depends on the retirement eligibility of their respective retirement system.

Benefits Provided:

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In calendar year 2019, the average weighted implicit subsidy was valued at $367 per adult unit per month, and in calendar year 2018, the average weighted implicit subsidy was valued at $347 per adult unit per month. In calendar year 2020, the average weighted implicit subsidy is projected to be $373 per adult unit per month.

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the HCA administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. The final amount is approved by the state Legislature. In calendar year 2018 and 2019, the explicit subsidy was up to $168 per member per month, increasing to up to $183 per member per month in calendar year 2020. It is projected to remain at $183 per member per month in calendar year 2021.

Total OPEB Liability:

The Port's total OPEB liability was measured as of June 30, 2020 using the alternative measurement method.

Actuarial Methods and Assumptions:

The total OPEB liability was determined using the following methodologies:

Actuarial Valuation Date	06/30/2020
Actuarial Measurement Date	06/30/2020
Actuarial Cost Method	Entry Age
Amortization Method	Recognized Immediately
Asset Valuation Method	N/A (No Assets)

Projections of benefits for financial reporting purposes are based on the terms of the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

The total OPEB liability as of December 31, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate*:	
Beginning of Measurement Year	3.50%
End of Measurement Year	2.21%
Projected Salary Changes	3.5% + Service-Based Increases
Healthcare Trend Rates**	Initial rate is approximately 7%, trends down to about 5% in 2020
Mortality Rates:	
Base Mortality Table	Healthy RP-2000
Age Setback	1 year
Mortality Improvements	100% Scale BB
Projection Period	Generational
Inflation Rate	2.75%
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

*Source: Bond Buyer General Obligation 20-Bond Municipal Index.
**Trend rate assumptions vary slightly by medical plan. For additional detail on the healthcare trend rates, please see Office of the State Actuary's 2018 PEBB OPEB Actuarial Valuation Report.

The Port used the Alternative Measurement Method Tool provided by the Office of the State Actuary that allows employers with fewer than 100 members to determine their OPEB liability under the Governmental Accounting Standards Board Statement No. 75. The AMM Online tool was prepared with a valuation date of June 30, 2020. In order to estimate the total OPEB liability as of the beginning of the measurement period, the total OPEB liability was projected backwards to the measurement date of June 30, 2019. For the backward projection of the liability, the AMM tool reflected the estimated service cost, assumed interest, and expected benefit payments. The Office of the State Actuary actuarial reports relied upon for purposes of this AMM Tool are as follows:

- 2018 PEBB OPEB Actuarial Valuation Report
- OPEB Actuarial Valuation for the State's June 30, 2020 Fiscal Year-End

For information on the above listed reports, refer to: http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx.

The specific assumptions that the Office of the State Actuary made when developing the Alternative Measurement Method Tool was as follows:

- 2/3 of members select a Uniform Medical Plan (UMP) and 1/3 select a Kaiser Permanente (KP) plan.
- Estimated retirement service for each active member based on the average entry age of 35, with a

minimum service of 1 year.

- Assumptions for retirement, disability, termination and mortality are based on the 2018 PEBB OPEB Actuarial Valuation Report.
- Each member is assumed to be a 50/50 male/female split.
- The age-based members selected were based upon the overall distribution of State employees and retirees that participate in PEBB.
- Dental benefits were not included when calculating the Total OPEB Liability as they represent less than 3 percent of the accrued benefit obligations under the 2018 PEBB OPEB Actuarial Valuation Report.

Changes in the Total OPEB Liability

As of December 31, 2020, the Port reported a total OPEB liability of $3,002,650. The following table presents the change in the total OPEB liability as of the measurement date June 30, 2020:

Schedule of Changes in Total OPEB Liability Measurement Date of June 30, 2019	
Total OPEB Liability at 07/01/2019	**$2,109,058**
Service Cost	73,783
Interest	75,801
Changes in Experience Data and Assumptions	778,506
Benefit Payments	(34,498)
Net Change in Total OPEB Liability	**$893,592**
Total OPEB Liability at 06/30/2020	**$3,002,650**

Sensitivity of the Total Liability to Changes in the Health Care Cost Trend Rates:

The following presents the total OPEB liability of the Port calculated using the current health care cost trend rate of 7.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	**Current Health Care Cost Trend Rate (7.0%)**	**1% Increase (8.0%)**
Total OPEB Liability	$2,445,185	$3,002,650	$3,732,895

Sensitivity of the Total Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the Port calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	**Current Discount Rate (2.21%)**	**1% Increase (3.21%)**
Total OPEB Liability	$3,639,041	$3,002,650	$2,503,100

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB:

The following table presents the total OPEB expense recognized by the Port for the year ending December 31, 2020:

Total OPEB Expense For Fiscal Year Ending December 31, 2020	
Service Cost	$73,783
Interest Cost	75,801
Changes in Experience Data and Assumptions	778,506
Changes in Benefit Terms	0
Other Changes	0
Total OPEB Expense at 12/31/2020	**$928,090**

On December 31, 2020, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Payments subsequent to the measurement date	$19,475	$-
TOTAL	**$19,475**	**$-**

Amounts reported as deferred outflows of resources related to OPEB resulting from transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

NOTE 10 - RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets or cargo; natural disasters; and employee injuries. To limit exposure, the Port purchases property, liability and related insurance coverage annually through a commercial insurance broker which provides coverage against most normal hazards. In comparison to prior years, there were no significant changes in the type and coverage of insurance policies purchased by the Port in 2020. Settlement claims have not exceeded commercial insurance coverage in any of the past three years.

The Port participates in the State of Washington Labor and Industries workers' compensation insurance program. However, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

NOTE 11- LEASES

At December 31, 2020, the Port has six leases in which it is acting as a Lessor. The Port has entered into six leases for land, building and improvements with monthly payments ranging from $3,104 to $40,503 per month. Initial terms of the lease agreements range from 5 to 50 years. At January 1, 2020, the Port assumed that three of the six lessees would exercise their remaining options available of five-year extensions, one lessee with one five-year option and the remaining two lessees with two five-year options. Expirations of the six lease agreements range from 12/31/2021 to 06/02/2059. The present value assumed to be implicit in the lease was 1.67%. One of these six leases also has a variable lease payment of $50 to $100 per acre per month that is charged if the lessee does not meet an annual tonnage output through the Port's docks and marine facilities. This variable lease payment was not included in the measurement of the lease receivable.

During 2020, the Port recognized lease revenue of $1.3 million and interest revenue of $0.3 million.

The Port's schedule of future payments included in the measurement of the lease receivable is as follows:

Year Ending December 31	Principal	Interest	Total
2021	$1,262,740	$324,317	$1,587,057
2022	1,021,325	305,077	1,326,402
2023	749,694	289,695	1,039,389
2024	705,861	278,010	983,871
2025	720,041	266,029	986,070
2026-2030	3,663,736	1,145,411	4,809,147
2031-2035	3,542,124	845,958	4,388,082
2036-2040	2,231,148	580,578	2,811,726
2041-2045	1,472,026	448,634	1,920,660
2046-2050	1,600,127	320,533	1,920,660
2051-2055	1,739,371	181,289	1,920,660
2056-2060	1,274,848	37,603	1,312,451
Total	**$19,983,041**	**$5,023,134**	**$25,006,175**

At December 31, 2020, the Port has one lease in which it is acting as a Lessee. In May 2016, the Port entered into a five-year noncancelable lease with a ninety day "free rental" period at the beginning of the lease. The present value assumed to be implicit in the lease was 1.67%. Monthly payment under this lease is $3,802. During 2020, the Port recognized interest expense of $919.

The Port's schedule of future payments included in the measurement of the lease payable is as follows:

Year Ending December 31	Principal	Interest	Total
2021	$37,730	$290	$38,020
Total	**$37,730**	**$290**	**$38,020**

NOTE 12- LONG TERM DEBT

The Port issues limited tax general obligation and/or revenue bonds to finance certain capital projects, acquisition of land, construction of facilities or purchase of capital assets. Bonded indebtedness has also been entered into in prior years to advance refund general obligation and revenue bonds. Unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium, discount or deferred amount on refunding. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs, discounts, and deferred amounts on refunding.

A. Refunded Debt

On April 15, 2020, the Port issued $8,565,000 in limited tax general obligation bonds and used existing resources of $1,033,774 to refund its outstanding 2008 and 2009 Limited Tax Obligation Bonds and outstanding 2011 Revenue Bonds. This current refunding was undertaken to reduce total debt service payments by $1,458,717 over the next ten year, resulting in an economic gain of $1,325,007. The refunding LTGO Bonds may not be repaid early.

B. Limited Tax General Obligation Bonds:

Limited tax general obligation bonds are direct obligations and pledge the full faith and credit of the Port. The limited tax general obligation bond debt and related interest are paid from ad valorem tax revenue. The Port may issue, without voter approval, limited tax general obligation bonds in amounts not to exceed 0.25 percent assessed value of the taxable property in the Port district. Total indebtedness is calculated net of general obligation bond cash and investments and outstanding levies collectible. The Port is in compliance with this limitation.

Revised Code of Washington Chapter 53.36 provides that additional general obligation bond debt may be incurred upon approval by the voters of the Port district.

The limited tax general obligation bonds outstanding as of 12/31/2020 are as follows:

Limited Tax General Obligation Bonds				
	Orig. Issue	**Interest Rate**	**Maturity Date**	**Balance 12/31/20**
2020 Refunding Series A	$3,825,000	1.33%	12/01/2029	$2,960,000
2020 Refunding Series B	$3,580,000	1.42%	12/01/2027	3,105,000
2020 Refunding Series C	$1,160,000	1.67%	12/01/2027	950,000
			Total LTGO Bonds	**$7,015,000**

The annual debt service requirements to maturity for debt from direct placements of limited tax general obligation bonds are as follows:

Year Ending December 31	Principal	Interest
2021	1,420,000	99,324
2022	1,440,000	79,600
2023	585,000	59,601
2024	595,000	50,957
2025	600,000	42,170
2026-2029	2,375,000	80,157
Total	**$7,015,000**	**$411,808**

C. Notes Payable (Direct Borrowings):

a. <u>CERB Loan 157</u>

In April, 2004, the Port executed a note with the Washington State Department of Commerce in the amount of $1,000,000 for financing the cost of 12,150 lineal feet of rail in the Port's East Park Industrial property. The interest on this general obligation loan shall be computed and repaid at the rate of 1% per annum for 20 years which includes a deferral of principal and interest for four years. Commencing in year 2009, the first payment after the deferral period included deferred interest only. Commencing in year 2010, 1/16 of the loan principal plus interest on unpaid balance of loan is due annually. Final payment will be in January, 2025. A CERB loan constitutes a full faith and credit obligation of the Port and the obligation to pay the loan is unconditional. In the event of default on payments, CERB may at its option declare the entire remaining balance of the loan, together with interest accrued thereon, immediately due and payable. The Port shall not convert any property constructed pursuant to the agreement to uses other than those for which CERB assistance was originally approved for a period of 25 years without the prior written approval of CERB. The Port has the right to accelerate payments on principle and eliminate the interest on any accelerated principal payments at its discretion. At December 31, 2020, the unpaid balance of the note was $329,764 of which $64,647 was classified as current.

b. <u>CERB Loan 208</u>

In April, 2010, the Port executed a note with the Washington State Department of Commerce in the amount of $1,000,000 for financing a portion of the cost of the engineering and construction of a new 500-foot by 50-foot dock (Berth 9). The interest on this general obligation loan shall be computed and repaid at the rate of 4% per annum for 20 years which includes a deferral of principal and interest for five years. Commencing in year 2016, the first payment of deferred interest was due. Commencing in year 2017, 1/14 of the loan principal plus interest on unpaid balance of loan is due annually. Final payment will be in January, 2030. A CERB loan constitutes a full faith and credit obligation of the Port and the obligation to pay the loan is unconditional. In the event of default on payments, CERB may at its option declare the entire remaining balance of the loan, together with interest accrued thereon, immediately due and payable. The Port shall not convert any property constructed pursuant to the agreement to uses other than those for which CERB assistance was originally approved for a period of 10 years without the prior written approval of CERB. The Port has the right to accelerate payments on principle and eliminate the interest on any accelerated principal payments at its discretion. At December 31, 2020, the unpaid balance of the note was $714,286 of which $71,429 was classified as current.

c. <u>County Loan</u>

In 2005, the Port executed a note through an interlocal agreement with Cowlitz County, Washington in the amount of $262,500 to provide funding to rehabilitate the "White House." The interest on this general obligation loan shall be computed and repaid at the rate of 3% per annum on the declining balance thereof until fully paid. The payments began on July 1, 2009, in the amount of $22,954.79 with a like amount, or more, paid on or before July 1 each and every year thereafter until paid in full. The entire balance and principle is due in full not later than July 1, 2024. There are no pre-payment penalties. At December 31, 2020, the unpaid balance of the note was $85,239 of which $20,362 was classified as current.

d. WSDOT Loan

In August 2012, the Port executed a note with the State of Washington, Department of Transportation in the amount of not to exceed $857,664 to provide funding to construct a new rail track loop connection. The contract was amended in August 2013, to decrease the loan amount to $456,605. The loan shall bear interest at 0%. The payments began on July 1, 2014 for 10 years on an annual basis with a maturity date of July 1, 2023. There are no pre-payment penalties. The State retains a Contingent Interest in a form consistent with RCW 47.76.250(10) in the rail projects improvements purchased with funds from the agreement. If the Port transfer, conveys or sell all or any substantial portion of the Project during the re-payment period, the State may require the Port to immediately repay the full amount of any loan amount outstanding. At December 31, 2020, the unpaid balance of the note was $85,239 of which $20,362 was classified as current.

e. 2016 Loader Loan

On July 19, 2016, the Port executed a note with Key Government Finance in the amount of $455,553 to purchase a Volvo Model L180H Wheel Loader. The loans effective interest rate is 2.43%. The payments began on August 1, 2016 for 5 years on a monthly basis with a maturity date of July 1, 2021. There are no pre-payment penalties. In the event of a default, Key Government Finance may require the Port to accelerate the principal payments and paid interest at 12% per annum or they may retake possession of the financed equipment. At December 31, 2020, the unpaid balance of the note was $55,965 which was all classified as current.

Notes Payable Obligations				
Obligation	**Orig. Issue**	**Interest Rate**	**Maturity Date**	**Balance 12/31/20**
CERB Loan 157	$1,000,000	1.000%	01/01/2025	$ 329,764
CERB Loan 208	$1,000,000	4.000%	01/31/2030	$ 714,286
County Loan	$ 262,500	3.000%	06/30/2024	$ 85,239
WSDOT Rail Loan	$ 465,605	--	07/01/2023	$ 139,681
2016 Loader Loan	$ 455,553	2.430%	07/01/2021	$ 55,965
			Total Notes Payable	**$1,324,935**

The annual debt service payments for direct borrowings are as follows:

Year Ending December 31	Principal	Interest
2021	258,963	34,916
2022	204,264	30,339
2023	205,555	26,191
2024	160,310	22,018
2025	138,700	17,143
2026-2030	357,143	42,857
Total	**$1,324,935**	**$173,463**

D. Other Long-Term Obligations:

The Columbia River Channel Improvement Project is a bi-state project which is supported by port sponsors from the States of Oregon and Washington. Over the past decade, the Washington Ports of Kalama, Longview, and Vancouver, have cooperated with the U.S. Army Corps of Engineers and the Ports of Portland and St. Helens, regarding improvements to the Columbia River Federal Navigation Channel. This has included, among other activities a reconnaissance study, a feasibility study under the auspices of the Columbia River Improvement Project, The Dredged Material Management Plan and associated environmental impact statements for both the maintenance of the existing channel and the plans to increase the channel depth from 40 to 43 feet.

The Ports entered into the Washington Ports Agreement in 1999 for the purpose of participating as non-federal sponsors for the Channel Improvement Project. The Ports expanded the Agreement by amendments on October 17, 2001, on February 19, 2002, on March 15, 2002, and January 30, 2004.

The Washington and Oregon ports entered into the "Intergovernmental Agreement Among Lower Columbia River Ports for Columbia River Channel Deepening and Maintenance" with the U.S. Army Corps of Engineers for the Channel Improvement Project on June 21, 2004. The Project Cooperation Agreement (PCA) identifies disposal, mitigation and restoration sites needed for the Channel Improvement Project. The State of Washington appropriated $27.7 million for the Washington sponsor's share of project costs. The Oregon-Washington Ports Agreement allocates costs of the Channel Improvement Project. All costs incurred, with the exception for port-owned beneficial use sites, will be shared 50/50 between the states. The Washington ports share of the costs is shared equally between the three Washington ports. At the completion of the Columbia River Channel Improvement Project a final accounting of the project will occur to ensure that the non-federal sponsors have equally contributed to the project, met their obligations to U.S. Army Corps of Engineers, and equalization will occur between the States of Washington and Oregon. Having reached substantial completion, on December 31, 2020, the Port has accrued cost of $244,335, and will start amortization on the straight-line method over 20 years when the U.S. Army Corps of Engineers completed the project.

The deepening portion of the 103 mile navigation channel was completed in November 2010. There are three remaining disposal sites to be acquired. Disposal sites are reported as capital contributions for financial statement purposes and are carried at one-third of value by the Ports of Kalama, Longview and Vancouver.

Changes in Long-Term Liabilities

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Restated Beginning Balance 01/01/2020	Additions	Reductions	Ending Balance 12/31/2020	Due Within One Year
L.T.G.O. Bonds:					
L.T.G.O. Bonds	$7,210,000	$ -	$7,210,000	$ -	-
Premiums	63,816	-	63,816	-	-
Discounts	(34,539)	-	(34,539)	-	-
L.T.G.O. Bonds, Direct Placement	-	8,565,000	1,550,000	7,015,000	1,420,000
Total L.T.G.O. Bonds	**$7,239,277**	**$8,565,000**	**$8,789,277**	**$7,015,000**	**$1,420,000**
Revenue Bonds	2,120,000	-	2,120,000	-	-
Notes Payable, Direct Borrowing (Note 12)	1,652,559	-	327,624	1,324,935	258,963
Leases Payable* (Note 11)	82,435	-	44,705	37,730	37,730
Other Long-Term Debt	370,875	-	126,540	244,335	-
Employee Leave Benefits	721,650	84,204	-	805,854	-
Total OPEB Liability (Note 9)	2,109,058	893,592	-	3,002,650	19,475
Pollution Remediation Obligation (Note 14)	12,818,650	4,543,350	-	17,362,000	-
Net Pension Liability (Note 7)	1,107,657	123,143	-	1,230,800	-
Total Long-Term Liabilities	**$28,222,161**	**$14,209,289**	**$11,408,146**	**$31,023,304**	**$1,736,168**

*Lease Payable beginning balance has been restated due to the implementation of GASB 87. See Note 1E, Recent Accounting Pronouncements, for further discussion of implementation.

NOTE 13 – CONTINGENCIES & 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 (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 requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Port management believes that such disallowances, if any, will be immaterial.

NOTE 14 – POLLUTION REMEDIATION OBLIGATION

The Port has identified two sites that require characterization and remediation and for several years has been engaged in litigation with the Port's insurers to establish coverage of $200 million that will pay all future defense counsel, investigation and remediation costs. The litigation was resolved in the Port's favor in 2017, all legal appeals have been exhausted, and the insurer has acknowledged its obligation. A brief description of the sites follows.

Treated Wood Products (TWP) Site. In 1998, the State Department of Ecology and International Paper discovered contamination on approximately three acres of Port property located near its maintenance facility area (MFA) on 10 International Way. This site is referred to by Ecology as the "treated wood products (TWP)" site and contains contaminates such as creosote, diesel and other wood preservative chemicals. In 2017, a remedial investigation and feasibility study was completed and submitted to the Department of Ecology for determination between the remediation method preferred by International Paper and the Port's preferred method. Ecology has yet to issue an agreed order and no allocation of responsibility for site cleanup has been determined. In May 2020, the Department of Ecology issued a draft cleanup action plan for the TWP site. The draft cleanup action plan outlines the selected cleanup alternative. Based on this draft plan, the Port has recorded a pollution remediation obligation on this site in the amount of $8,962,000. This amount was calculated using the expected cash flow technique which measures the obligation as the sum of probability weighted amounts in a range of possible amounts. A pollution remediation receivable in the same amount has been recorded since full recovery is realizable from a combination of the amount to be paid by International Paper and the Port's insurer.

Total Petroleum Hydrocarbons (TPH) Site. In 1991, the Port discovered contamination relating to underground and above ground storage tanks as well as pipelines under two of its dock structures and in the ground behind the docks. This site is referred to by the Department of Ecology as the "total petroleum hydrocarbons (TPH) site and contains contaminates such as diesel, gasoline and Bunker C oil. Kapstone Paper and Packaging, Georgia Pacific, Chevron, Wilson Oil and the Port have been identified as potentially liable parties (PLPs) by the Department of Ecology under the Model Toxics Control Act (MTCA). In February 2019, the Port, Chevron and Georgia Pacific entered into an agreed order with Ecology. Under the agreed order, the PLPs must complete an Interim Action to remove exposed pipelines, a Remedial Investigation (RI), a Feasibility Study (FS) and a Preliminary Draft Cleanup Action Plan (DCAP) to enable Ecology to select a cleanup alternative for the TPH site.

In 2019, the Port entered into a Joint Defense, Participation, and Cost Sharing Agreement with all of the named PLP's to share costs and other resources in connection with the TPH site with the exception of the Interim Action. This agreement establishes percentage of responsibility as follows: Chevron 40%; Kapstone 24%; Port 18%; Georgia-Pacific 10%; and Wilson Oil 8%. The Interim Action to remove the exposed abandoned fuel pipelines under the Berth 1 and 2 dock structures will be the sole responsibility of the Port and is not part of the shared costs of the agreement. The Interim Action to remove the exposed abandoned fuel pipelines was completed during 2019.

The Port has recorded a pollution remediation obligation for the remedial investigation, feasibility study and ultimate cleanup outlay in the amount of $8,400,000. This amount was calculated using the expected cash flow technique which measures the obligation as the sum of probability weighted amounts in a range of possible amounts. This is an estimate only and potential for change exists resulting from price increases or decreases, technology or changes in applicable laws or regulations. The estimates and assumptions will be re-evaluated on an annual basis. A pollution remediation receivable in the same amount has been recorded since full recovery is realizable from a combination of the amounts to be paid by the other potential responsible parties and the Port's insurer.

NOTE 15 – RESTRICTED COMPONENT OF NET POSITION

The Port's Statement of Net Position reports $11,156 of restricted component of net position. This amount is restricted by enabling legislation through the Industrial Development Corporation of the Port of Longview.

NOTE 16- MAJOR CUSTOMERS

The Port had two major customers in 2020 that represented individually more than 10% of total operating revenues for the year. The total billings for these two customers in 2020 equaled $26,017,031. Receivables outstanding from those corporations totaled $2,977,024.

NOTE 17 - INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF LONGVIEW

The Industrial Development Corporation of the Port of Longview, a public corporation, is authorized to facilitate the issuance of tax-exempt non-recourse 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 are issued.

There were no outstanding bonds during the year ended December 31, 2020. The Industrial Development Corporation did not authorize issuance of any bonds during the year ended December 31, 2020.

Funds in the Industrial Corporation at December 31, 2020 totaled $11,156. They are included on the Statement of Net Position as Restricted Assets.

NOTE 18 – JOINT VENTURE

Southwest Washington Regional Airport Board:

The cities of Longview and Kelso along with Cowlitz County and the Port of Longview entered into an agreement in February, 2012 to establish an Airport Board (Board) to jointly fund and manage the operations, maintenance, improvement and regulation of the Southwest Washington Regional Airport. Prior to the agreement the airport had been owned and operated by the City of Kelso. This agreement took effect in January, 2013 with noncapital assets and liabilities transferred to the Board which consists of a member from each entity and an at large member to be appointed by majority vote of the other members.

The Board formulates its preliminary annual budget and submits it to each participating jurisdiction prior to August 1 of each year. Estimated expenses for maintenance and operations, repairs and replacements to existing facilities, capital projects, and debt service are netted against estimated airport operating revenues to determine the amount of annual subsidy required by the participating jurisdictions. Each jurisdiction is responsible for 25% of the estimated subsidy. Payments made to the airport by the Port in 2020 were $76,000.

This agreement may be terminated at any time upon the approval by a super-majority of the entities. All assets and liabilities acquired by the Board would remain the property of the airport and be used for airport maintenance and operations consistent with FAA's Revenue Use Policy. In the event the airport ceases to operate, any assets or liabilities remaining from such property acquired after the commencement of this agreement, and after the full satisfaction of all federal obligations, grant repayments to the FAA, and satisfaction of FAA's Revenue Use Policy, would be distributed to the parties in the same proportion as the financial contribution of the parties for its acquisition.

As of December 31, 2020, the Port's ongoing financial responsibility is minimal. In addition, the airport has no outstanding long-term obligations and is not accumulating significant resources or experiencing fiscal stress that would cause additional material financial benefit or burden on the Port in the future. The airport does not issue stand-alone financial statements.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The Port recorded a prior period adjustment in the amount of $110,213 for property rental revenue recorded in 2019 that was lease revenue for January 2020. The revenue reported in 2019 should have been recorded as unearned revenue in 2019.

NOTE 19 – COVID-19

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

To help control the spread of the virus in our community, the port administrative office were closed through June 25, 2021. The port has asked employees who can work remotely to do so, essential employees reporting to work are practicing appropriate social distancing measures. The Port continues to maintain service levels to our customers and tenants, and port terminals remain fully operational. Ports play a critical role in our nation's supply chain and maintaining the movement of cargo is essential to our local, national and world-wide economy.

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

Schedule of Proportionate Share of Net Pension Liability
As of June 30, 2020
Last 10 Fiscal Years*

PERS 1	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.024132%	0.022024%	0.023426%	0.023692%	0.026275%	0.025462%
Employer's proportionate share of the net pension liability	$851,990	$846,901	$1,046,213	$1,124,204	$1,411,091	$1,331,899
Employer's covered payroll	$3,531,672	$2,987,469	$3,012,833	$2,895,809	$2,837,010	$2,729,234
Employer's proportionate share of the net pension liability as a percentage of covered payroll	24.12%	28.35%	34.73%	38.82%	49.74%	48.79%
Plan fiduciary net position as a percentage of the total pension liability	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%

PERS 2/3	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.029619%	0.026845%	0.028592%	0.028820%	0.027833%	0.029056%
Employer's proportionate share of the net pension liability	$378,810	$260,756	$488,183	$1,001,357	$1,401,370	$1,038,187
Employer's covered payroll	$3,455,088	$2,917,783	$2,945,557	$2,825,479	$2,600,075	$2,577,680
Employer's proportionate share of the net pension liability as a percentage of covered payroll	10.96%	8.94%	16.57%	35.44%	53.90%	40.28%
Plan fiduciary net position as a percentage of the total pension liability	97.22%	97.77%	95.77%	90.97%	85.82%	89.20%

Notes to Schedules:
*Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.
*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, Par. 5.)

Schedule of Employer Contributions
As of December 31, 2020
Last 10 Fiscal Years*

PERS 1	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Statutorily or contractually required contributions	$171,861	$168,127	$160,290	$145,804	$141,953	$139,444
Contributions in relation to the statutorily or contractually required contributions	(171,861)	(168,127)	(160,290)	(145,804)	(141,953)	(139,444)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0
Covered employer payroll	$3,461,122	$3,283,422	$3,062,246	$2,882,129	$2,769,304	$2,936,555
Contributions as a percentage of covered payroll	4.97%	5.12%	5.23%	5.06%	5.13%	4.75%

PERS 2/3	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Statutorily or contractually required contributions	$268,162	$247,701	$224,305	$193,202	$162,669	$153,420
Contributions in relation to the statutorily or contractually required contributions	(268,162)	(247,701)	(224,305)	(193,202)	(162,669)	(153,420)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0
Covered employer payroll	$3,385,876	$3,211,071	$2,991,114	$2,815,361	$2,611,072	$2,739,187
Contributions as a percentage of covered payroll	7.92%	7.71%	7.50%	6.86%	6.23%	5.60%

Notes to Schedules:
*Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.
*Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, Par. 5)
*Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 contributions that fund the PERS 1 UAAL. Contributions do not include employee-paid member contributions (GASB 82, Par. 8)

Schedule of Employer Contributions
Nongovernmental Pension Plans
Statutorily or Contractually Required Contributions
As of December 31, 2020
Last 10 Fiscal Years*

Entity	Pension Plan	2020	2019	2018	2017	2016
Oregon-Washington Carpenters – Employers Trust Fund	47P	$124,291	$113,018	$109,415	$118,437	$94,922
Oregon-Washington Carpenters – Employers Trust Fund	47AP Non-accruing	81,878	97,864	89,285	56,223	38,457
Electrical Trust Funds	District 9 Pension	26,850	19,004	21,856	24,527	20,229
Electrical Trust Funds	Edison Pension	54,784	36,161	41,891	50,304	41,426
Electrical Trust Funds	NEBF	10,576	7,063	8,301	9,602	8,232
AGC-IUOE Local 701 Trust Funds	AGC-IUOE Pension	33,303	28,452	28,021	27,568	27,108
Northwest Laborers-Employers Trust Fund	NW Laborers Pension	115,271	104,416	102,502	95,032	81,810
Oregon and SW Painters Pension Plan	39P	10,608	9,594	11,602	13,474	10,300
Plumbers & Pipefitters National Pension Fund	National Pension (PPNPF)	8,324	10,894	11,105	10,844	8,754
WA State Plumbing & Pipefitting Industry Trust Funds	UA Supplemental Pension	7,734	7,352	3,752	3,776	3,214
WA State Plumbing & Pipefitting Industry Trust Funds	WA St Pension	17,408	22,782	23,223	23,372	18,307
National Automatic Sprinkler Industry	NASI	13,189	12,890	7,936	6,121	10,991
National Automatic Sprinkler Industry	Sprinkler Industry Supplemental	14,023	13,599	7,291	9,025	16,376

Notes to Schedule:
*Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.

Post Retirement Health Care Program
Schedule of Changes in Total OPEB Liability and Related Ratios
For the year ended June 30, 2020
Last 10 Fiscal Years*

TOTAL OPEB LIABILITY	**2020**	**2019**	**2018**
Service Cost	$73,783	$82,024	$91,674
Interest	75,801	86,353	79,267
Changes in Experience Data and Assumptions	778,506	(195,770)	(121,711)
Benefit Payments	(34,498)	(25,470)	(19,414)
Net Change in Total OPEB Liability	**($893,592)**	**($52,863)**	**$29,816**
Total OPEB Liability - Beginning	2,109,058	2,161,921	2,132,105
Total OPEB Liability - Ending	**$3,002,650**	**$2,109,058**	**$2,161,921**
Covered Employee Payroll	$3,650,203	$3,313,171	$3,119,160
Total OPEB Liability as a % of Covered Payroll	82.26%	63.66%	69.31%

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.
*Covered employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan (GASB 75, Par. 246)
*The PEBB OPEB plan does not have assets in trusts or equivalent arrangements and is funded on a pay-as-you-go basis.
*Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, salary projections, and participation percentages.

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.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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