Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Port of Ridgefield

For the period January 1, 2021 through December 31, 2021

Published August 15, 2022

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Office of the Washington State Auditor
Pat McCarthy

August 15, 2022

Board of Commissioners
Port of Ridgefield
Ridgefield, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the Port of Ridgefield's financial statements and compliance with federal laws and regulations.

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

Sincerely,

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

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Port of Ridgefield
January 1, 2021 through December 31, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the Port of Ridgefield are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Port.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Port's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
20.205	Highway Planning and Construction Cluster – Highway Planning and Construction

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The Port did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

PORT OF RIDGEFIELD WASHINGTON
P.O. BOX 55
111 WEST DIVISION STREET
RIDGEFIELD WA 98642

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Port of Ridgefield
January 1, 2021 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2020 – December 31, 2020	**Report Ref. No.:** 45990	**Finding Ref. No.:** 2020-001	**CFDA Number(s):** 20.205
Federal Program Name and Granting Agency: Highway Planning and Construction, Department of Federal Highway Administration, Transportation		**Pass-Through Agency Name:** Washington Department of Transportation	

Finding Caption: The Port lacked adequate internal controls for ensuring compliance with federal procurement and suspension and debarment requirements.

Background: During fiscal year 2020, the Port spent $6,553,286 in Highway Planning and Construction grant funding. The Port used this grant funding for its Railroad Overpass project. During that period, the Port had a written procurement policy, however, it did not include federal requirement thresholds, and it was less restrictive than federal thresholds for the procurement of public works. Additionally, the Port's controls were ineffective for ensuring that all contracted parties that were paid with program funds, were not suspended or debarred.

Status of Corrective Action: (check one)

☒ Fully Corrected ☐ Partially Corrected ☐ Not Corrected ☐ Finding is considered no longer valid

Corrective Action Taken: *Based on this prior audit issue, the port has implemented controls to ensure that these necessary procedures are followed going forward. The Port Commission adopted official port policies on April 13th, 2022, and on page 30 added this language:*

Upon receiving a federal grant, contract, or award, the Port shall institute the appropriate standards, requirements, and controls for the project. These include but are not limited to:

- *Procurement standards found in 2 CFR sections 200.317 through 200.326.*
- *Purchase threshold standards found in 2 CFR 200.88.*
- ***Suspension and debarment standards** found in 48 CFR Section 9.405-2 and 2 CFR part 180.*

These regulatory standards change over time, so port staff shall identify the most current Federal contract standards at the start of each federal grant, contract, or award and ensure that they are complied with throughout the project.

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 Ridgefield
January 1, 2021 through December 31, 2021

Board of Commissioners
Port of Ridgefield
Ridgefield, 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 Ridgefield, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated August 2, 2022.

REPORT ON 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) as a basis for designing 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 above 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 or significant deficiencies may exist that were not identified.

REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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

August 2, 2022

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Port of Ridgefield
January 1, 2021 through December 31, 2021

Board of Commissioners
Port of Ridgefield
Ridgefield, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of the Port of Ridgefield, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Port's major federal programs for the year ended December 31, 2021. The Port's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States*;* and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Port's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Port's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Port's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

August 2, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Ridgefield
January 1, 2021 through December 31, 2021

Board of Commissioners
Port of Ridgefield
Ridgefield, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of the Port of Ridgefield, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Ridgefield, as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2022 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 the effectiveness of the Port's 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

August 2, 2022

FINANCIAL SECTION

Port of Ridgefield
January 1, 2021 through December 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021
Statement of Revenues, Expenses and Changes in Fund Net Position – 2021
Statement of Cash Flows – 2021
Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability (Asset) – PERS 1, PERS 2/3 – 2021
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2021
Notes to the Required Supplemental Information – Pension – 2021
Schedule of Changes in Total Liability and Related Ratios and Notes – Other Post-Employment Benefits – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

We offer readers this narrative overview and analysis of the Port of Ridgefield's financial activities for the fiscal years ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements which immediately follow this discussion.

Overview of the financial statements

The Port's financial statements include two components: 1) the Port's basic financial statements, and 2) the notes to the financial statements. This discussion and analysis are intended to serve as an introduction to the Port's basic financial statements.

Condensed financial position information
The statement of net position presents information concerning the Port's assets, deferred outflows, liabilities, deferred inflows and net position. Net position is the difference between assets and deferred outflows and liabilities and deferred inflows. Increases or decreases in net position may indicate, over time, if either the financial position of the Port is improving or deteriorating.

The following condensed financial information provides an overview of the Port's financial position for the years ended December 31, 2021 and 2020.

STATEMENT OF NET POSITION

December 31, 2021 and 2020

	2021	2020
Assets:		
Current and other assets	$ 14,425,223	$ 15,092,192
Capital assests, net	33,690,711	27,036,862
Total Assets	48,115,934	42,129,054
Deferred Outflows of Resources	87,323	65,843
Liabilities:		
Other liabilities	542,341	1,839,029
Long-term liabilities	12,455,820	10,025,972
Total Liabilities	12,998,161	11,865,001
Deferred Inflows of Resources	7,658,691	6,398,321
Net Position:		
Net invested in capital assets	26,644,843	22,730,048
Restricted	1,050,720	485,000
Unrestricted	(149,158)	716,527
Total Net Position	$ 27,546,405	$ 23,931,575

Cash and cash equivalents (including restricted) at December 31, 2021, represent 8.2% of total assets, versus 8.6% in 2020. This decrease in percent of total assets is due to an overall increase in total assets of $6 million while cash and cash equivalents increased only $138 thousand. The decrease of $667 thousand current and other assets in 2021 was due to the Port using some of their current and other assets to fund their increase in capital assets in 2021.

At December 31, 2021, long-term liabilities increased by $2.4 million over 2020. This represents a combination of additional loans taken out for needed infrastructure improvements and a decrease in bonds payable as the result of planned debt service payments.

Other liabilities at December 31, 2021, reflect a decrease of $1.3 million over 2020. This is related to a decrease in accounts payable due to construction activities and current portions of long-term debt coming due.

The 2021 net position of the Port is $27.5 million, an increase of $3.6 million or 15% over 2020. This is a result of an increase in capital assets.

At December 31, 2021, The Port's investment in capital assets (land, structure and facilities, equipment and construction in progress) less any related debt is $26.6 million or an increase of 17%. This increase is due to construction of Wisdom Ridge industrial space and the ongoing construction of a railway overpass which is being funded primarily by grants, both Federal and State.

The restricted component of net position at December 31, 2021, has increased by $565,720 from 2020 due to the pension asset.

In 2021, the Port presented a negative unrestricted net position of $149 thousand compared to $717 thousand at the end of 2020. Unrestricted net position represents the amount that may be used to meet the Port's ongoing non-capital obligations. 2021 decreased 121% over 2020 due to using existing reserves to fund capital assets.

<u>Summary of operations and changes in net position</u>

The statement of revenues, expenses and changes in fund net position shows how the Port's net position changed during the most recent fiscal year. These changes are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some revenues and expenses reported in this statement will only affect future period cash flows (e.g. uncollected receivables). The following is a condensed version of the Statement of Changes in Net Position for the Port:

STATEMENT OF
CHANGE IN NET POSITION

		2021		2020
Revenues				
Operating Revenues	$	855,649	$	769,356
Nonoperating Revenues				
Taxes Levied		709,060		654,588
Interest Earned		6,501		21,759
Other Revenues		23,699		14,974
Gain (Loss) on Disposal of Assets		(75,994)		(33,772)
Total Revenues		1,518,915		1,426,905
Expenses				
Operating Expenses		1,635,446		1,434,929
Nonoperating Expenses				
Interest and Fiscal Charges		183,409		134,155
Remediation Obligation Adjustment		91,051		92,786
Other Non-Operating Expenses		17,456		17,848
Total Expenses		1,927,362		1,679,718
Excess (Deficiency) Before Contributions and Special Items		(408,447)		(252,813)
Capital Contributions		4,023,277		8,882,798
Change in Net Position		3,614,830		8,629,985
Net Position - Beginning		23,931,575		15,301,590
Net Position - Ending	$	27,546,405	$	23,931,575

Total operating revenues for the Port in 2021 was $856 thousand. This represents an increase of 11% in 2021 over 2020. These increases are due to higher property lease and rental revenue. In 2021 this includes the addition of a new lease to lease revenue.

Nonoperating revenues in 2021 increased to $663 thousand from $658 thousand in 2020. This increase is comprised of higher tax levies received partially offset by a loss on a sale of asset and decrease in interest earned due to low cash investments.

Total operating expenses for 2021 and 2020 respectively were, $1,635,446 and $1,434,929. The $201 thousand (14%) increase from 2020 to 2021 is in the property lease and rental, primarily related to the IT3 Innovation center.

The Port presents operating losses over the past two years. During 2021 and 2020 the Port intentionally used reserves from property sales to invest in developments.

<u>Notes to the basic financial statements</u>

The notes provide additional information that is essential to a full understanding of the data provided and are an integral part of the Port's financial statements.

Capital Asset and Debt Administration

Capital assets

The Port's investment in capital assets as of December 31, 2021 was $33,690,711 (net of accumulated depreciation). The Port's investment in capital assets includes land; buildings; improvements (other than buildings); machinery and equipment; and construction in progress. The total increase in the Port's investment in capital assets for 2021 was 25%. The Port has increased Construction in progress by $6.9 million in 2021. This is a result of three projects; the rail overpass, telecommunications and the Wisdom Ridge Industrial Park. The decrease shown in Buildings and Improvements is a result of routine straight-line depreciation. The intangible right to use asset is for equipment coming from leasing activity.

CAPITAL ASSETS, NET

December 31, 2021, and 2020

	2021	2020
Land	$ 3,224,210	$ 3,224,210
Right of Way	679,414	679,414
Buildings and Improvements	9,171,349	9,409,968
Machinery and Equipment	129,927	143,102
Construction in progress	20,481,961	13,573,237
Intangible - Right to use asset: Machinery and Equipment	3,850	6,931
	$ 33,690,711	$ 27,036,862

Additional information on the Port's capital assets can be found in Note 4 of this report.

Long-term debt

As of December 31, 2021, the total bonds outstanding were $6,416,363. This is an increase of $2.3 million, an increase due to additional revenue bonds obtained, combined with a decrease from routine bond debt payments.

Additional information on the Port's long-term debt can be found in Note 7 of this report.

Economic Outlook and Currently Known Facts

In 2021, the Port completed construction of approximately 42,000 square feet of industrial flex-space. The project includes two metal buildings on a 3.5ac parcel of the Port's Wisdom Ridge Industrial Park located in Ridgefield on South 11th street. As of March 2022, 75% of the space has been leased and there is significant interest in the remaining space.

In 2022, the Port will market several parcels of commercial property at Discovery Ridge. The Port Commission authorized the sale of one acre (two lots) in 2019 and will offer the remaining seven lots (six acres total) for sale or lease. Alternatively, the Port may elect to develop one or more parcels. Physical improvement of the Port property includes construction of an internal road/driveway, including stubbing utilities to all lots adjacent to the internal roads and landscaping adjacent to required sidewalks. For budgeting purposes, the Port is not projecting vertical construction in 2022. Any additional development at Discovery Ridge would be financed as a standalone project.

Also scheduled to begin in 2022, is construction of a first phase of a proposed fiber optic "backbone" loop in the Discovery Corridor. The Port is beginning to build dark fiber optic infrastructure to promote economic development in the Port of Ridgefield District. A publicly owned dark fiber loop will reduce time-to-market deployment of private sector high-speed fiber connection and service. The loop will lower up-front capital needs for service providers and allow service providers to better compete to serve end users. Budget impact for 2022 is estimated at approximately $1.26 million funded with state CERB grant/loan package; 50% grant, 50% loan.

Requests for Information

This financial report is designed to provide a general overview of the Port's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Accounting Manager, PO Box 55, 111 West Division, Ridgefield, WA 98642.

PORT OF RIDGEFIELD

STATEMENT OF NET POSITION

December 31, 2021

Assets		2021
Current Assets		
Cash & Cash Equivalents	$	2,827,859
Cash Restricted for Customer Deposits		16,100
Accounts Receivables - net of allowance for doubtful accounts		39,701
Property Taxes Receivable		13,005
Due from Other Governments		339,457
Leases Receivable - Current		413,870
Prepaid Expenses		209,235
Asset Held for Sale		2,044,187
Total Current Assets		5,903,414
Noncurrent Assets		
Cash Restricted		1,109,103
Leases Receivable		6,646,986
Investment in Joint Venture		200,000
Capital Assets, not being depreciated/amortized		24,385,585
Capital Assets, being depreciated/amortized (net)		9,305,126
Net Pension Asset		565,720
Total Noncurrent Assets		42,212,520
Total Assets		48,115,934
Deferred Outflows of Resources		
Amounts related to OPEB		2,414
Amounts related to pensions		84,909
Total Deferred Outflows of Resources		87,323
Liabilities		
Current Liabilities		
Accounts Payable		404,134
Accrued Payroll Liabilities		55,834
Leases Payable - Current		3,655
Customer Deposits		16,100
Unearned Revenue		66,273
Accrued Compensated Absences		7,695
Direct Borrowing Interagency Loans - Current		76,857
Bonds Payable - Current		445,509
Other Post Employment Benefit Payable (OPEB) - Current		4,828
Total Current Liabilities		1,080,885
Noncurrent Liabilities		
Leases Payable		978
Accrued Compensated Absences		69,251
Pollution Remediation Obligation		97,900
Direct Borrowing Interagency Loans		5,160,567
Bonds Payable		5,970,854
Other Post Employment Benefit Payable (OPEB)		563,735
Net Pension Liability		53,991
Total Noncurrent Liabilities		11,917,276
Total Liabilities		12,998,161
Deferred Inflows of Resources		
Amounts related to leases		7,060,857
Amounts related to pensions		597,834
Total Deferred Inflows of Resources		7,658,691
Net Position		
Net Investment in Capital Assets		26,644,843
Restricted		1,050,720
Unrestricted		(149,158)
Total Net Position	$	27,546,405

The accompanying notes are an integral part of this statement

PORT OF RIDGEFIELD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For Year Ended December 31, 2021

		2021
Operating Revenues		
Property Lease & Rental	$	766,179
Boat Launch Operations		89,470
Total Operating Revenues		855,649
Operating Expenses		
Property Lease & Rental		625,045
Boat Launch Operations		28,314
General and Administrative Costs		727,213
Depreciation & Amortization		254,874
Total Operating Expenses		1,635,446
Operating Loss		(779,797)
Nonoperating Revenues (Expenses)		
Investment Interest Earned		6,501
Ad Valorem Taxes Levied for General Purposes		709,060
Other Nonoperating Revenues		23,699
Gain (Loss) on Disposal of Assets		(75,994)
Interest and Fiscal Charges		(183,409)
Remediation Activity Adjustment		(91,051)
Other Nonoperating Expenses		(17,456)
Total Nonoperating Revenues (Expenses)		371,350
Income (Loss) before Contributions		(408,447)
Capital Contributions		4,023,277
Increase (decrease) in Net Position		3,614,830
Net Position - Beginning of Period		23,931,575
Net Position - End of Period	$	27,546,405

The accompanying notes are an integral part of this statement

PORT OF RIDGEFIELD

STATEMENT OF CASH FLOWS

For Year Ended December 31, 2021

		2021
Cash flows from operating activities		
Cash received from customers	$	854,596
Cash payment for goods and services		(577,670)
Cash payments to employees		(1,036,198)
Cash received from the sale of assets held for sale		197,996
Other receipts		23,699
Other payments made		(142,466)
Net cash provided (used) by operating activities		(680,043)
Cash flows from noncapital financing activities		
State/Federal remediation recoveries received		2,050,651
Pollution remediation payments		(173,906)
Proceeds from unrestricted property taxes		715,147
Net cash provided by noncapital financing activities		2,591,892
Cash flows from capital and related financing activities		
Capital grants received		4,023,277
Payment on bonds		(327,336)
Payments on leases		(3,275)
Disbursements for purchase of capital assets		(8,076,952)
Proceeds from capital related debt		2,969,839
Interest and fiscal charges paid		(183,409)
Net cash used for capital and related financing activities		(1,597,856)
Cash flows from investing activities		
Receipts of interest and dividends		6,502
Net cash provided (used) by investing activities		6,502
Net increase (decrease) in cash and cash equivalents		320,495
Cash and cash equivalents - January 1		3,632,567
Cash and cash equivalents - December 31	$	3,953,062
Reconciliation to statement of net position		
Cash and cash equivalents - unrestricted		2,827,859
Cash and cash equivalents - restricted		1,109,103
Cash and cash equivalents - restricted for customer deposits		16,100
Cash and cash equivalents - December 31	$	3,953,062

The accompanying notes are an integral part of this statement

PORT OF RIDGEFIELD
STATEMENT OF CASH FLOWS
For Year Ended December 31, 2021

Reconciliation of operating income (loss) to net cash provided (used) by operating activities		2021
Operating income (loss)	$	(779,797)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization		254,874
Change in assets and liabilities:		
Decrease (increase) in accounts receivable		(38,821)
Decrease (increase) in lease receivable		19,426
Increase (decrease) in customer deposits		18,342
Increase (decrease) in accounts payable		(15,878)
Decrease (increase) in prepaid items		(12,311)
Increase (decrease) in other payables		2,782
Increase (decrease) in pension accounts		(221,927)
Decrease (increase) in OPEB accounts		14,038
Decrease (increase) in assets held for sale		197,996
Other items		(118,767)
Total adjustments		99,754
Net cash provided (used) by operating activities	$	(680,043)
Noncash Transactions		
Accounts payable change financing capital acquisitions		(1,080,233)

The accompanying notes are an integral part of this statement

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Ridgefield (Port) was created in 1940 by a vote of the citizens of the Port District. The Port's size was expanded in 1980 to its present boundaries. The Port 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 financial statements of the Port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The Port is a special purpose government that provides boat launch and industrial and commercial property rentals to tenants and the general public and is supported by rents, user charges and the property tax levy. The Port has the capacity to provide marine terminal services in the future.

An elected three-member board governs the Port. As required by generally accepted accounting principles (GAAP), management has considered all potential component units in defining the reporting entity. The Port has no component units.

B. Basis of Accounting and Reporting

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port uses the *Budgeting, Accounting and Reporting System for GAAP basis entities* in the State of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with Port activity are included on the statement of net position. The Port's reported total net position is segregated into 1) net investment in capital assets 2) restricted and 3) unrestricted net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in total net position. The Port discloses changes in cash flows by a separate statement that presents their 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 accounted for in the appropriate fund.

The Port distinguishes between operating revenues and expenses from nonoperating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a Port's principal ongoing operations. The Port's business operating revenues are derived from its boat launch and property leasing lines of business. Operating expenses include the direct expenses of operating these lines of business and the general and administrative expenses of the Port as a whole, including, but not limited to, the cost of executive management, administration, marketing, accounting, finance, insurance, taxes paid, and direct and indirect costs of the Port Commission itself. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Items included as nonoperating revenue and expense are property and other tax receipts, bond interest expense, environmental remediation grant revenue and remediation expenses, and election expenses (related to services provided for ballot preparation).

The remediation activity adjustment on the Statement of Revenues, Expenses and Changes in Fund Net Position represents the modification to the expected cash flow estimate for changes in the Remediation Obligation. This is a result of annually refining the estimate of its remediation obligation liability as additional information becomes available or as the Port reaches additional recognition benchmarks as defined by GASB 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. Environmental cost recoveries from the state are received on a cost reimbursement basis and are recorded as a reduction of remediation expenses when earned. Remediation expenses, as incurred, flow through the statement of net position as a reduction of Remediation Obligation. Environmental cleanup costs consist of consulting, contractors, and employees directly involved with the remediation process. Indirect costs associated with remediation efforts are included in general and administrative expenses.

C. 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
All investments are stated at fair value in accordance with generally accepted accounting principles. Interest is recognized in non-operating revenues as earned. Changes in the fair value of investments are also included in non-operating revenues (expenses). Unrealized gains and losses are recognized on the books as of the statement of net position's date.

3. Receivables
Taxes receivable consist of property taxes and related interest and penalties (See Note 3). Because such taxes are considered liens on property, no reserve for doubtful accounts has been established. Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

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. Accounts receivable that are written off are charged directly against earnings when they are determined by the proper Port official to be uncollectible. Use of this method does not result in a material difference from the reserve method required by generally accepted accounting principles.

4. Inventories
The Port maintains a small inventory of office supplies and maintenance parts. The amounts held in inventory are immaterial to the financial statements as a whole. Parts and supplies are expensed as purchased and no inventory of these items is maintained.

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

6. Leases Receivable
Leases receivable consist of discounted amounts owed under a contract that conveys the right to use the Port's non financial assets. The Port records the interest earnings from the leases, within the Statement of Revenues, Expenses, and Changes in Net Position as operating revenue, Property Lease & Rental.

7. Capital Assets and Depreciation/Amortization (See Note 4)
Major expenses for capital assets, including major repairs that increase the useful lives of capital assets are capitalized, if the purchase price exceeds $5,000. Maintenance, repairs and minor renewals are accounted for as expenses when incurred. Capital assets are stated at historical cost. Donated capital assets are reported at acquisition value. Depreciation of capital assets is computed using the straight-line method, based on estimated useful lives. Depreciation expense is charged to operations to allocate the costs of capital assets over their estimated useful lives. Standard useful lives defined by the Port are:

Buildings, Structures and Improvements	10-50 years

Marina Equipment	10 years
Vehicles	5-20 years
Computer Equipment/Software	5-12 years
Other Equipment	10-15 years

The Port acquired certain assets with funding provided by federal and state financial assistance programs. Depending upon the terms of the agreements involved, the funding governmental unit could retain an 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.

Intangible assets are defined as easements, water rights, patents, trademarks, computer software and right to use assets. A right to use asset is the Port's right to use an underlying asset within a lease agreement as defined by GASB Statement No. 87.

8. Compensated Absences
Compensated absences are absences for which employees will be paid, such as vacation. The Port records unpaid leave for compensated absences as an expense and liability when incurred. Accrued vacation pay is payable upon an employee taking a vacation or upon resignation, retirement or death.

Employee absences are funded from current revenues when taken. Unused vacation balances may be carried over to the next year. Costs are expensed when incurred and unused vacation time is accrued at year-end. The Port does not record accumulated unused sick leave. Sick leave is forfeited upon termination.

The accumulation of compensated absences and maximum limits are subject to Port policy based on year's of service.

9. Long-Term Debt (See Note 7)

10. Net Pension Liability, (See Note 5)
For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset only.

11. Total Other Post Employment (OPEB) Liability (See Note 10)

12. Deferred Outflows of Resources and Deferred Inflows of Resources
A Deferred Outflows of Resources is a consumption of net position that are applicable to future periods. Deferred Inflow of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement

of net position. The Port recognizes Deferred Outflows and Deferred Inflows related to pension liability, OPEB liability and lease receivables.

13. Restricted Component of Net Position

The balances of the restricted net position are as follows:

Operating Reserve Fund	$	395,000
Maintenance Reserve Fund		90,000
Net Pension Asset		565,720
	$	1,050,720

NOTE 2 – CASH AND CASH EQUIVALENTS

Deposits
The Port of Ridgefield Treasurer is the custodian for all Port funds. The Treasurer maintains the accounts of the Port at Banner Bank and Columbia Credit Union. The Port's deposits are covered by federal depository insurance and are held at institutions approved by the State of Washington as public depositaries. The deposits are further insured under the Washington State's Public Deposit Protection Act.

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Port does not have a policy regarding custodial credit risk related to deposits. However, none of the Port's deposits are exposed to custodial credit risk.

The Port Treasurer was holding a total of $3,953,062 in cash and cash equivalents at December 31, 2021.

Investments
As required by state law, all 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 negotiable certificates of deposit with Washington State banks and savings and loan institutions. All temporary investments are stated at fair value.

The Port invests its surplus cash according to a policy adopted by the Commission in Resolution 00-89 on June 28, 2000, and amended by Resolution 02-115, that uses three criteria to determine what investments are appropriate. The three criteria, in order of importance, are: safety of principal; liquidity of the investment; and overall return on investment. The Port Treasurer uses a strategy of investing surplus funds in a mix of investment instruments, including: short and intermediate term bonds of the U.S. Government or its Agencies that may be held to maturity, certificates of deposit at regulated Washington banks, and mutual funds of U.S. Government Securities managed by professional fund managers.

The Port had money market investments in the amounts of $1,274,440 at December 31, 2021. These money market investments are classified as cash equivalents and measured at amortized cost.

NOTE 3 – PROPERTY TAXES

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

	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 percent of market value
October 31	Second installment is due

Property taxes are recorded as a receivable and revenue when levied. 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. 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 2021 was $0.16 per $1,000 on an assessed valuation of $4,385,599,390 for a total regular levy of $709,060.

NOTE 4 –CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2021, was as follows:

	Beginning Balance 1/1/2021	Increases	Decreases	Ending Balance 12/31/2021
Capital assets, not being depreciated:				
Land	$ 3,224,210	$ -	$ -	$ 3,224,210
Right of way	679,414	-	-	679,414
Construction in progress	13,573,237	6,908,724	-	20,481,961
Total capital assets, not being depreciated	17,476,861	6,908,724	-	24,385,585
Capital assets, being depreciated:				
Buildings and Improvements	10,948,937	-	-	10,948,937
Machinery and Equipment	313,170	-	19,938	293,232
Total capital assets being depreciated	11,262,107	-	19,938	11,242,169
Less accumulated depreciation for:				
Buildings and Improvements	1,538,969	238,619	-	1,777,588
Machinery and Equipment	170,068	13,175	19,938	163,305
Total accumulated depreciation	1,709,037	251,794	19,938	1,940,893
Total capital assets, being depreciated, net	9,553,070	(251,794)	-	9,301,276
Right to use assets, being amortized:				
Right to use asset				
Machinery and Equipment	15,401	-	-	15,401
Total right to use assets being depreciated	15,401	-	-	15,401
Less accumulated amortization for:				
Intangible - Right to use asset				
Machinery and Equipment	8,470	3,081	-	11,551
Total accumulated amortization	8,470	3,081	-	11,551
Total right to use assets, being depreciated, net	6,931	(3,081)	-	3,850
Total capital assets, net	$ 27,036,862	$ 6,653,849	$ -	$ 33,690,711

Construction Commitments

The projects and the remaining commitments for those projects as of December 31, 2021 are as follows:

Project	Remaining Commitment
Wisdom Ridge	$ 1,575,000
Broadband - Phase 1	1,262,000
	$ 2,837,000

These projects will be funded through cash on hand, federal grants, state grants, and loans and other private financing.

NOTE 5 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2021:

Aggregate Pension Amounts - All Plans	
Pension liabilities	$ 53,991
Pension assets	565,720
Deferred outflows of resources	84,909
Deferred inflows of resources	597,834
Pension expense/expenditures	(130,926)

State Sponsored Pension Plans

Substantially all Port 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 annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee**
January – June 2021		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	**12.97%**	**6.00%**
July – December 2021		
PERS Plan 1	10.07%	6.00%
Administrative Fee	0.18%	
Total	**10.25%**	**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</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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2**
January – June 2021		
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%**
July – December 2021		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	**10.25%**	**6.36%**

The Port's actual PERS plan contributions were $34,116 to PERS Plan 1 and $56,882 to PERS Plan 2/3 for the year ended December 31, 2021.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with a valuation date of June 30, 2020. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2021. Plan liabilities were rolled forward from June 30, 2020, to June 30, 2021, 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-2010 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 of 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 their lifetime.

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.

- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 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, 2021 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's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	$ 91,976	$ 53,991	$ 20,863
PERS 2/3	(161,163)	(565,720)	(898,873)

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, 2021, the Port reported its proportionate share of the net pension liabilities (assets) as follows

Plan	Liability (or Asset)
PERS 1	$ 53,991
PERS 2/3	(565,720)

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

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.00400%	0.00442%	0.00042%
PERS 2/3	0.00518%	0.00568%	0.00050%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2021 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.

Pension Expense
For the year ended December 31, 2021, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	$ 2,711
PERS 2/3	(133,638)
TOTAL	(130,926)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (59,912)
Contributions subsequent to the measurement date	16,769	-
TOTAL	$ 16,769	$ (59,912)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 27,476	$ (6,935)
Net difference between projected and actual investment earnings on pension plan investments	-	(472,809)
Changes of assumptions	827	(40,175)
Changes in proportion and differences between contributions and proportionate share of contributions	11,230	(18,003)
Contributions subsequent to the measurement date	28,607	-
TOTAL	$ 68,140	$ (537,922)

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 27,476	$ (6,935)
Net difference between projected and actual investment earnings on pension plan investments	-	(532,721)
Changes of assumptions	827	(40,175)
Changes in proportion and differences between contributions and proportionate share of contributions	11,230	(18,003)
Contributions subsequent to the measurement date	45,376	-
TOTAL	84,909	(597,834)

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. 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
2022	$ (15,871)	$ (130,991)
2023	(14,543)	(122,496)
2024	(13,751)	(116,828)
2025	(15,747)	(125,735)
2026	-	(3,191)
Thereafter	-	852

NOTE 6 – RISK MANAGEMENT

The Port is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance. The Port maintains insurance against most normal hazards for commercial automobile, property loss and general liability.

The Port of Ridgefield is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Liability:				
Comprehensive General Liability	Per Occurrence	$1 million	$20 million	$1,000 - $100,000

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)
Automobile Liability	Per Occurrence	$1 million	$20 million	$1,000 - $100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	$1 million	$20 million $20 million	$1,000 - $100,000
Terrorism Liability(2)	Per Occurrence Pool Aggregate	$500,000 $1 million	$0 Fully funded by Pool	$1,000 - $100,000
Employment Practices Liability	Per Occurrence Member Aggregate	$1 million	$20 million $20 million	20% Copay(3)

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible
(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
(3) Members pay a 20% co-pay of costs up to a maximum of $100,000. By meeting established guidelines, the co-pay may be waived.

Property (2):				
Buildings and Contents	Per Occurrence	$250,000	$800 million	$1,000 - $250,000
Mobile Equipment	Per Occurrence	$250,000	$800 million	$1,000 - $250,000
Boiler and Machinery (3)	Per Occurrence	Varies	$100 million	Varies
Business Interruption (BI)/ Extra Expense(EE) (4)	Per Occurrence	$250,000	$100 million (BI)/ $50 million (EE)	$1,000 - $250,000
Sublimit (5):				
Flood	Per Occurrence	$250,000	$50 million (shared by Pool members)	$1,000 - $250,000
Earthquake	Per Occurrence	5%; $500,000 maximum	$10 million (shared by Pool members)	$1,000 - $250,000
Terrorism Primary	Per Occurrence Pool Aggregate	$250,000	$100 million/ Pool member $200 million	$1,000 - $250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	$500,000	$600 million/Pool member $1.2 billion/APIP $1.4 billion/APIP	$0
Automobile Physical Damage(6)	Per Occurrence	$25,000; $100,000 for Emergency Vehicles	$800 million	$250 - $1,000
Crime Blanket (7)	Per Occurrence	$50,000	$1 million	$1,000
Named Position (8)	Per Occurrence	$50,000	$1 million	$1,000
Cyber (9)	Each Claim APIP Aggregate	$100,000	$2 million $25 million	20% Copay
Identity Fraud Expense Reimbursement (10)	Member Aggregate	$0	$25,000	$0

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
(2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over $250,000 to the limit of $800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays (1)

(3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
(4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to $500,000 of coverage with a $2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
(5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
(6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
(7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of $2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from $5,000 to $1 million.
(8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between $5,000 and $1 million.
(9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between $50,000 and $100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is $2 million, with various declared sub-limits.
(10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a $25,000 limit per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

NOTE 7 – LONG-TERM DEBT

A. Direct Borrowing Loans

The Port has direct borrowing interagency loans to finance remediation activity. It has received these loans from the State Department of Ecology (DOE) for construction of capital projects and remediation associated with the Lake River Site. These loans are payable from the revenues of the Port and are unsecured. If the Port is late on a scheduled payment a late charge of 1% per month will be charged by the DOE starting on the date the debt become past due and continuing until the debt is paid in full. In the event of default, the principal and interest may be declared due and become payable immediately, with any repayments not immediately made incurring late charges. Upon default, any funds due to the Port may be withheld by DOE. Any property acquired under the agreement will be used as partial repayment, with the liability owed reduced by the fair value of the property taken as partial payment. The Port will be compensated for all satisfactory work completed.

The Port also has direct borrowing loans through the Community Economic Revitalization Board (CERB) for the construction of capital projects. These loans are payable from the revenues of the Port and are unsecured. If the Port is late on a scheduled payment CERB may declare the remaining balance of the loan, both principle and accrued interest, immediately due and payable.

Direct borrowing loans payable outstanding at year-end are as follows:

Name of Issuance	Issuance Date	Maturity Date	Interest Rate	Original Amount	12/31/21 Debt Outstanding	Installment Amount
Loan L1400017	7/1/2014	7/1/2070	0%	$ 450,000	$ 450,000	$3K, deferred
Loan L1300009	8/9/2012	7/1/2066	0%	2,950,223	2,876,467	$37K, deferred
Loan L1200004	8/9/2012	7/1/2065	0%	1,000,000	987,500	$12K, deferred
CERB Loan S19-790A0-186	1/7/2020	1/31/2041	2%	436,314	733,029	$45K, deferred
CERB Loan S19-96401-012	1/7/2020	1/31/2041	2%	117,304	190,428	$12K, deferred
Total Direct Borrowing Loans					$ 5,237,424	

Annual debt service requirements to maturity for direct borrowing loans payable as of December 31, 2021 are as follows:

	Principal	Interest	Total Requirements
2022	$ 76,857	$ 29,668	$ 106,525
2023	88,605	17,920	106,525
2024	89,390	17,135	106,525
2025	95,815	16,335	112,150
2026	96,632	15,519	112,151
2027-2031	495,984	64,767	560,751
2032-2036	518,983	41,768	560,751
2037-2041	544,375	16,375	560,750
2042-2046	275,015	-	275,015
2047-2051	275,015	-	275,015
2052-2056	275,015	-	275,015
2057-2061	275,015	-	275,015
2062-2066	1,916,972	-	1,916,972
2067-2070	213,750	-	213,750
	$ 5,237,424	$ 219,487	$ 5,456,911

B. **Private Placement Bonds**

The Port issues revenue bonds for capital project purposes. Revenue bonds are secured by the lease revenues generated by the property. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. The bonds were approved created by resolution, adopted by the commissioners, and financed from tax levies. All of the bonds currently outstanding are Private Placement.

The 2014 LTGO Bonds are secured by the fully faith and credit of the Port. The Bonds may be prepaid in whole or in part without penalty on any payment date with 10 days prior notice to the Bank. The Bank will charge a 3% fee on any amounts prepaid during the first bond year; a 2% fee on any amounts paid during the second bond year; and a 1% fee on any amounts prepaid during the third, fourth and fifth bond years. Any prepayment amount paid after bond year five shall be made without a fee, penalty, additional interest or charges. A partial prepayment shall not result in a change to the level semiannual payment amounts (except for the final payment as necessary) but will result in an earlier retirement of the bonds.

The 2016 Revenue Bonds are secured by lease revenue. The bonds may be prepaid with the following financial consequences:

Years	Prepayment Price (Percentage of Principal)
Through January 15, 2019	105%
January 16, 2019 through January 15, 2020	104%
January 16, 2020 through January 15, 2021	103%
January 16, 2021 through January 15, 2022	102%
January 16, 2022 through January 15, 2023	101%
January 16, 2023 and thereafter	100%

The 2021 Revenue Bonds are secured by lease revenue. The bonds may be prepaid with the following financial consequences:

Years	Prepayment Price (Percentage of Principal)
March 1, 2022 through February 28, 2023	105%
March 1, 2023 through February 28, 2024	104%
March 1, 2024 through February 28, 2025	103%
March 1, 2025 through February 28, 2026	102%
March 1, 2026 through February 28, 2027	101%
March 1, 2027 and thereafter	100%

Private Placement Bonds outstanding at December 31, 2021, are as follows:

Name of Issuance	Original Issue Amount	Issuance Date	Maturity Date	Interest Rate	Debt Outstanding
2014 LTGO Bonds	750,000	12/1/2014	12/1/2034	Adjusted every five years, 3.4% at 12/31/14	542,399
Total General Obligation Bonds	$ 750,000				$ 542,399
2016 Revenue Bonds	4,500,000	12/1/2016	7/15/2031	2.99%	3,277,662
2021A Revenue Bonds	1,900,000	3/1/2021	3/1/2036	3.20%	1,897,298
2021B Renveue Bonds	700,000	3/1/2021	3/1/2036	3.20%	699,004
Total Revenue Bonds	$ 7,100,000				$ 5,873,964

Annual debt service requirements to maturity for general obligation bonds at December 31, 2021, are as follows:

	Principal	Interest	Total Requirement
2022	$ 34,028	$ 18,111	$ 52,139
2023	35,195	16,944	52,139
2024	36,402	15,737	52,139
2025	37,650	14,489	52,139
2026	38,941	13,198	52,139
2027-2031	215,673	45,022	260,695
2032-2034	144,510	11,907	156,417
	$ 542,399	$ 135,408	$ 677,807

Annual debt service requirements to maturity for revenue bonds at December 31, 2021, are as follows:

	Principal	Interest	Total Requirement
2022	$ 411,481	$ 155,041	$ 566,522
2023	462,000	162,103	624,103
2024	476,336	147,768	624,104
2025	491,116	132,987	624,103
2026	506,356	117,748	624,104
2027-2031	2,612,575	343,867	2,956,442
2032 -2036	914,100	64,733	978,833
	$ 5,873,964	$ 1,124,247	$ 6,998,211

The Port's legal limit of indebtedness for general obligation debt is .375% of assessed property value without a vote and .75% with a vote of the taxpayers. At December 31, 2021, the non-voted and voted remaining capacity was $19,425,807 and $38,851,614.

Bond Covenants:

The Port's bond covenants require the District to maintain certain reserve accounts. The Port established a Debt Service Reserve Fund with $393,778 from the first bond draw.

Additionally, the 2016 bond covenants required a $395,000 transfer from Port reserves to cover any operating deficiencies. Further, the 2016 bond covenants require the maintenance reserve fund to be funded with transfers from the revenue fund totaling $90,000 over a five-year period.

The 2021 bond covenants require the Port to have a policy of retaining cash reserves of $1,000,000 as a minimum fund balance. The Port also established a Debt Service Reserve Fund for the 2021 bonds in the amount of $234,000 from the first bond draw.

At December 31, 2021, the balances in these accounts were as follows:

		12/31/2021
2016 Debt Service Reserve Fund	$	393,778
2016 Operating Reserve Fund		395,000
2016 Maintenance Reserve Fund		90,000
2021 Debt Service Reserve Fund - WRBP		234,000
	$	1,112,778

The 2016 Revenue bond resolution requires that net revenues of the District at least equal 110% of debt service of the Bond. The Port's debt service coverage ratio was 145% at December 31, 2021.

The 2021 revenue bond covenant requires that net revenues of the District at least equal 125% of debt service of the Bond. There was no debt payment requirement in 2021 and this covenant requirement will be reviewed annually starting in 2022.

C. Changes in Long-Term Liabilities

During the year ended December 31, 2021, the following changes occurred in long-term liabilities:

	1/1/21	Additions	Reductions	12/31/21	Due Within One Year
General obligation bonds payable	$ 574,996	-	$ 32,597	$ 542,399	$ 34,028
Revenue bonds	3,568,703	2,600,000	294,739	5,873,964	411,481
Total Private Placement bonds payable	4,143,699	2,600,000	327,336	6,416,363	445,509
Direct borrowing loans	4,953,840	369,839	86,255	5,237,424	76,857
Other postemployment benefits	554,164	18,505	4,106	568,563	4,828
Compensated absences	60,497	23,334	6,885	76,946	7,695
Lease liability	7,908	-	3,275	4,633	3,655
Pension liability	207,365	-	153,374	53,991	-
Pollution remediation obligation	98,499	-	599	97,900	-
Total long-term liabilities	$ 10,025,972	$ 3,011,678	$ 581,830	$ 12,455,820	$ 538,544

NOTE 8 – CONTINGENCIES AND LITIGATION

The Port has recorded in its financial statements all legally enforceable material liabilities. In the opinion of management, the Port's insurance policies are adequate to pay all known or pending claims.

The Port participates in a business environment that contains many governmental rules and regulations. The imposition of new regulations can pose significant financial risk and uncertainty to the Port. Examples include:

- Changes in environmental regulations that increase Port response costs and or reduce the net usable land owned by the Port
- Changes in local zoning and development codes that control and restrict land use and development density
- Adverse land use decisions
- Increased system development charges, transportation impact fees, utility fees, taxes and levies
- Changes in accounting standards, and other policies, procedures and reporting requirements and associated fees
- Changes in regulations that increase Port development and operating costs such as prevailing wage, building codes, climate change, insurance requirements, etc.

- Regulatory ambiguity and interagency conflicts, permitting and regulatory agency staff reductions and reduced levels of service
- Changes in Port investment policies and strategies

The Port also participates in a number of federal and state assisted programs. The grants the Port receives under these programs 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. Management believes that such disallowances, if any, will be immaterial.

The Port is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. It is the opinion of Port management and the Counsel that any losses which may ultimately be incurred as a result of the suits and claims is either not material or is not susceptible to reasonable estimation at this time.

NOTE 9 – POLLUTION REMEDIATION OBLIGATIONS

The remediation of the Lake River (Pacific Wood Treating or PWT) site within the Port District of Ridgefield, Washington is required by the United States Environmental Protection Agency (EPA) pursuant to its authority under the Resource Conservation and Recovery Act of 1976. The EPA transferred oversight of the cleanup to the State Department of Ecology under the Model Toxics Control Act, Ch 70.105D RCW. The Port is one of several parties named or considered a potentially responsible party.

A budget for cleanup costs has been prepared by the Port's environmental engineer. This budget is the basis for the estimates for the year ending December 31, 2021, in the amount of $3,263,300. This is measured at current value.

On November 5, 2013, Consent Decree Number 13-2-03830-1 (Consent Decree) was filed in Clark County, Washington. The Consent Decree is an agreement between the Port and Ecology as to what actions it will take to complete remedial activities at the site. The remedial activities included dredging sediments in Lake River and Carty Lake and capping the Port's Railroad Avenue property. The Port's Railroad Avenue property was capped in 2013.

The Port started the dredging work in Lake River and Carty Lake in 2014 and completed the work in 2015. There is ongoing monitoring and reporting associated with this work and these ongoing costs have been included in the December 31, 2021, estimate.

On December 8, 2014, the Port entered into Agreed Order DE 11057 (Agreed Order) with Ecology. The Agreed Order required the Port to sample properties adjacent to the Lake River Site for wood treating chemicals associated with the former PWT operations. This is considered the "Off-Property" portion of the PWT site. The Agreed Order required the Port to complete a remedial investigation and feasibility study (RI/FS) for the Off-Property Portion. Investigation work was completed in 2015. Elevated concentrations of constituents associated with wood treating chemicals were discovered. Ecology determined that remediation of properties adjacent to the Lake River Site was necessary. The Port and Ecology determined that 29 properties required remediation. In 2016, twenty properties were remediated. The remaining nine properties were remediated in 2017.

In 2016, Ecology determined that the full extent of Off-Property impacts had not been fully characterized. The sampling area was initially expanded to the east and north, and sampling was completed in this "Phase 2" area in 2017. Based on the Phase 2 results, further characterization in a "Phase 3" area (north of Maple Street) was required. Sampling was completed in 2020 and a final RI/FS was submitted in 2021 and draft CAP were submitted to Ecology in 2020. Included in the December 31, 2021 estimate is a range of probable remediation costs for cleaning up the additional properties in the expanded (Phase 2 and 3) sampling areas. Variability in the estimate is associated with the fact that the cost estimates are based on the FS that has not yet been approved by Ecology. The range of estimates was determined by applying contingency factors between zero to 30 percent to the draft FS cost estimate.

Groundwater, sediment, and upland cap monitoring costs have very little variability. The Port was required to complete groundwater monitoring in 2016, in 2018, in 2020, in 2021, and is required to conduct monitoring again in 2023 and 2024. If groundwater conditions remain the same in 2021, the Port will advocate for a reduced groundwater monitoring sampling frequency starting in 2024. Costs for ongoing groundwater monitoring have been included in the December 31, 2021, estimate. Costs for required Carty Lake (in 2024) and Lake River (in 2025) sediment monitoring are included, as well as costs for the required yearly LRIS upland cap monitoring.

This estimated liability was prepared using the Expected Cash Flow Technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. This is an estimate only and potential for change exists resulting from price increases or reductions, technology or changes in applicable laws or regulations. The estimates and assumptions will be re-evaluated on an annual basis.

The State of Washington is considered a potentially responsible party (PRP) under GASB 49. The State entered into binding agreements with Pacific Wood Treating Company (former tenant) that allowed or permitted release of runoff water onto state owned property. Through December 2010, the State has contributed 65% of the total cleanup costs. The State contributed 90% for the 2011 and 2012 grant/loan agreements. For the most recent grant/loan agreements, the State has committed to contribute 97%. The State's total contributive share is not yet realized or realizable. Therefore, the liability recognized on the Statement of Net Assets is reduced by the expected recoveries. The Port's estimated share of the Pollution Remediation Obligation is $97,899 at December 31, 2021.

		12/31/2021
Total Remediation Expected Obligation	$	3,263,300
Estimated Recoveries from State of Washington		3,165,401
Port of Ridgefield's Remediation Obligation	$	97,900

Ecology has committed to finance the Port's share of remediation through a series of advances called biennial loan agreements. The most recent agreement contains a loan of a maximum of $450,000, zero percent interest and a 45-year loan term with payments starting in July 1, 2025. The balance on the loan at December 31, 2021 is $450,000. See Note 7A for more information.

A substantial part of the Port's operating costs relates to the management of the environmental cleanup project. In 2021, none of the Port's operating costs were eligible for grant reimbursement.

NOTE 10 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2021:

Aggregate OPEB amounts - All Plans		
		2021
OPEB Liabilities	$	568,563
Deferred outflows of resources		2,414
OPEB Expense		18,319

OPEB Plan Description

The Port administers a Post-Retirement Health Care Program under a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. This plan is administered by the Health Care Authority (HCA) 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, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability. Benefits are offered to retirees at a subsidized rate.

The benefits are provided in accordance with a substantive plan, in which the plan terms are understood by the employers and plan member, but not formalized in a contract or plan document. The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong.

At December 31, 2021, there were eleven active employees and one inactive employee receiving benefits or entitled to receive benefits.

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Assumptions and Other Input

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The Port's total OPEB liability of $568,563 was measured as of June 30, 2021 with a valuation date of June 30, 2021. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age actuarial cost method and the recognized immediately amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified at December 31, 2021:

Discount rate - Beginning of Measurement Year	2.21%
Discount Rate - End of Measurement Year	2.16%
Projected Salary Changes	3.5% + service based increases
Healthcare Trend Rates	Initial rate ranges from about 2%-11%, reaching an ultimate rate of approximately 4.3% in 2075
Inflation Rate	2.75%
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index.

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. The Washington State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Age setback of one year was used. 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.

Specific assumptions are as follows:

It was assumed that two thirds of members will select a Uniform Medical Plan (UMP) and one third will select a Kaiser Permanente (KP) plan. The specific assumptions are as follows:

- UMP pre and post Medicare costs and premiums are equal to the Uniform Medical Plan.
- The KP pre-Medicare costs and premiums are 50/50 blend of KP classic and KP value.
- The KP post-Medicare costs and premiums are equal to KP Medicare.

The estimated retirement service for each active cohort was based on the average entry age of 35, with a maximum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility. Assumptions for retirement, disability, termination and mortality are based on the 2017 Actuarial Valuation Report. For simplicity, all employees were assumed to be retirement eligible at age 55. To further simplify, the valuation relies on retirement rates for member with less than 30 years of services and assumed a 100% rate of retirement at age seventy.

Each cohort is assumed to be a 50/50 male/female split. It was further assumed that eligible spouses are the same age as the primary member.

Dental benefits are not included when including the Total OPEB Liability, as dental benefits represent less than 3 percent of the accrued benefit obligations under the 2018 PEBB OPEB AVR.

Sensitivity Rates

The following presents the total OPEB liability of the Port calculated using the current healthcare 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%) that the current rate.

As of December 31, 2021:

Health Care Trend Rate Sensitivity

1% Decrease	Current Health Care Trend Rate	1% Increase
$ 484,225	$ 568,563	$ 673,721

The following presents the total OPEB liability of the (entity type) at December 31, 2021, calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16%) or 1-percentage point higher (3.16%) than the current rate.

Discount Rate Sensitivity

1% Decrease	Current Discount Rate	1% Increase
$ 661,699	$ 568,563	$ 492,414

Changes in the Total OPEB Liability

At the measurement date June 30, 2021, the changes in the total OPEB liability are as follows:

Service cost	$	23,243
Interest Cost		12,714
Changes in assumptions		(17,277)
Benefit payments		(4,281)
Net change in total OPEB liability		14,399
Total OPEB liability - beginning		554,164
Total OPEB liability - ending	$	568,563

The Port reported $18,319 as OPEB expense for the calendar year 2021.

At December 31, 2021, the Port reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of $2,414. This will be recognized as reduction of the OPEB liability in the period ending December 31, 2022.

NOTE 11 – LEASES

At December 31, 2021, the Port has four lease receivables in which it is acting as Lessor.

In October 2013, the Port entered into a five-year lease with two five-year extension terms. The Port is assuming that the second five-year extensions will not be exercised. In 2018, the first option was exercised, as assumed by the Port. The present value assumed to be implicit in the lease was 3.0%.

In May 2016, the Port also entered a 10-year lease that became effective July 1, 2017. The lease has a five-year renewal option that extends the lease to June 30, 2032. The Port assumed that this lease option would be exercised. The present value implicit in the lease was 6.9%. This lease revenue secures the revenue bonds.

In January 2019, the Port also entered in to a 5-year lease. The lease has a five-year renewal option with six five-year extension terms. The Port assumes that this lease option will be exercised. The present value implicit in the lease is 4.88%.

In July 2021, the Port entered in to a 5-year lease. The lease has a five-year renewal option with two five-year extension terms. The Port assumes that this lease option will be exercised. The present value implicit in the lease is 4.88%.

In 2021 the Port recognized lease revenue of $343,562 and interest revenue of $421,544. This revenue is all reported as operating revenue, Property Lease and Rental.

In 2020 the Port developed a Rent Deferral Program for the specific purpose of helping its business tenants deal with the impacts of the COVID-19 pandemic. This program resulted in the delayed lease income of $19,424, all of which was recognized in 2021.

The Port's schedule of future payments included in the measurement of the lease receivable at December 31, 2021, is as follows:

Lease Receivables

	Principal	Interest	Total Requirements
2022	413,870	435,653	849,523
2023	451,232	409,441	860,673
2024	452,853	382,065	834,918
2025	524,651	349,709	874,360
2026	560,002	314,363	874,365
2027-2031	3,594,125	933,237	4,527,362
2032-2036	974,038	98,586	1,072,624
2037-2041	18,993	20,242	39,235
2042-2046	25,313	15,021	40,334
2047-2051	33,367	8,097	41,464
2052-2053	12,412	833	13,245
	$ 7,060,856	$ 2,967,247	$ 10,028,103

At December 31, 2021, the Port has one lease payable in which it is acting as Lessee for office equipment. The Port's schedule of future payments included in the measurement of the lease payable is as follows:

Lease Payables

	Principal	Interest	Total Requirements
2022	3,655	330	3,985
2023	978	18	996
	$ 4,633	$ 348	$ 4,982

NOTE 12 – ASSET RETIREMENT OBLIGATION

An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset that has a substantial cost to a government. An ARO is recognized when the liability is incurred and reasonably estimable. Incurrence of a liability requires both an internal obligating event and an external obligating event resulting from normal operations. An internal obligating event includes acquiring or placing a capital asset into operation. An external obligating event requires federal, state, or local laws or regulations, a binding contract, or issuance of a court judgement requiring specific actions to retire an asset.

As of December, 31, 2021, the Port owns, operates, and maintains 18 wells having average estimated useful lives remaining of 30 years that the Port does not foresee decommissioning into the foreseeable future. However, in the unlikely event that the Port were to decommission these wells there are specific decommissioning requirements within the Washington Administrative code (WAC) 173-160-381. The potential decommissioning costs are not a substantial cost to the government in quantitative or qualitative terms. The Port is aware of the WAC requirements and the impact of these one-time decommissioning costs. An Asset Retirement Obligation will be assessed and recorded should future events warrant a change.

NOTE 13 – COVID-19 PANDEMIC

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

The Port's offices were open to the public in 2021 following COVID-19 safely protocols and the day to day operations of the Port were largely unaffected by the pandemic in 2021.

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

NOTE 14 – OTHER DISCLOSURES

A. Major Receivables

The Port has certain lease agreements with entities where revenue generated individually represented 10% or more of the Port's total property lease and rental revenue. For the year-ending December 31, 2021, the two leases account for 96.10% combined and individually 77.90% and 18.20%. There are no receivable balances in arrears for these two lease agreements for 2021.

B. Industrial Development Corporation of the Port of Ridgefield

The Industrial Development Corporation of the Port of Ridgefield, a public corporation, was authorized in 2001 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. The Industrial Development Corporation did not authorize issuance of any bonds during the year ended December 31, 2021..

C. Stewardship, Compliance and Accountability

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

D. Joint Venture

The Port entered in to an interlocal agreement with five other Ports for the purpose of creating Petrichor Broadband, LLC (the LLC), an organization for the provision of open access wholesale telecommunication facilities to unserved or underserved areas within the member communities. The LLC is governed by the Executive Council, a governing body comprised of the Executive Director of each LLC member, with the Port of Whitman County acting as Manager.

The Port's equity interest in the LLC was $200,000 on December 31, 2021. Additional capital may be requested by the Manager, and then approved by the members, to reasonably meet the expenses of the

LLC in the future. Net profit or net loss for any fiscal year of the LLC shall be allocated among the initial members in accordance with their respective percentage interests.

Complete financial statements for the LLC can be obtained from the administrative office of the Port of Whitman County at 302 N Mill St, Colfax, WA 99111.

E. Commitment Note

The Port has entered into an agreement to transfer ownership of the Overpass Project, upon completion, to another governmental entity. The expense of this transfer will be recorded when all eligibility requirements of the transfer are complete. Because the Port is responsible for all rights and obligation until the eligibility requirements are met for transfer, the Port reports this Overpass Project as Construction in Progress (CIP). As of December 31, 2021 the Port has recorded $14,076,742 as the CIP. The Port intends to transfer ownership of the land that the Overpass is built on once construction is complete. This land is recorded at $3,054,362.17, net of depreciation.

Port of Ridgefield

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 1

As of June 30

Last Eight Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.004421%	$ 53,991	$ 633,106	8.53%	88.74%
2020	0.003997%	141,116	585,959	24.08%	68.64%
2019	0.004658%	179,117	605,609	29.58%	67.12%
2018	0.005225%	233,350	645,746	36.14%	63.22%
2017	0.005691%	270,042	670,059	40.30%	61.24%
2016	0.005833%	313,260	644,013	48.64%	57.03%
2015	0.005270%	275,670	522,924	52.72%	59.10%
2014	0.006313%	318,020	628,680	50.59%	61.19%

Port of Ridgefield

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Proportionate Share of the Net Pension Liability (Asset)

PERS 2/3

As of June 30

Last Eight Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Covered payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.005679%	$ (565,720)	$ 633,106	-89.36%	120.29%
2020	0.005180%	66,249	585,959	11.31%	97.22%
2019	0.006017%	58,446	605,609	9.65%	97.77%
2018	0.005853%	99,935	613,377	16.29%	95.77%
2017	0.005869%	203,920	606,631	33.62%	90.97%
2016	0.005973%	300,736	581,202	51.74%	85.82%
2015	0.005305%	189,551	470,634	40.28%	89.20%
2014	0.006598%	133,369	570,226	23.39%	93.29%

Port of Ridgefield

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Employer Contributions

PERS 1

As of December 31

Last Eight Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 34,116	$ (34,116)	$ -	$ 798,761	4.27%
2020	29,970	(29,970)	-	622,872	4.81%
2019	29,510	(29,510)	-	593,193	4.97%
2018	32,643	(32,643)	-	646,478	5.05%
2017	36,031	(36,031)	-	647,806	5.56%
2016	33,574	(33,574)	-	628,578	5.34%
2015	28,388	(28,388)	-	569,917	4.98%
2014	25,851	(25,851)	-	578,150	4.47%

Port of Ridgefield

REQUIRED SUPPLEMENTARY INFORMATION - State Sponsored Plans

Schedule of Employer Contributions

PERS 2/3

As of December 31

Last Eight Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2021	$ 56,882	$ (56,882)	$ -	$ 798,761	7.12%
2020	49,224	(49,224)	-	622,872	7.90%
2019	45,554	(45,554)	-	593,193	7.68%
2018	48,143	(48,143)	-	646,478	7.45%
2017	39,735	(39,735)	-	584,377	6.80%
2016	35,017	(35,017)	-	567,465	6.17%
2015	28,726	(28,726)	-	526,011	5.46%
2014	25,609	(25,609)	-	521,421	4.91%

Port of Ridgefield

Notes to Required Supplemental Information - Pension

As of December 31

Last Eight Years

Note 1: Information Provided

GASB 68 was implemented for the year ended December 31, 2014, therefore there is no data available for years prior to 2014. Eventually, the schedules will show ten years of data.

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

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

From this Date	Through this Date	Rate	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	6/30/2021	12.97%	
7/1/2021	current	10.25%	*

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

From this Date	Through this Date	Rate	
9/1/2013	6/30/2015	9.21%	
7/1/2015	6/30/2017	11.18%	
7/1/2017	8/31/2018	12.70%	
9/1/2018	6/30/2019	12.83%	
7/1/2019	8/31/2020	12.86%	
9/1/2020	6/30/2021	12.97%	
7/1/2021	current	10.25%	*

* Employer contribution rate includes an administrative expense rate of 0.18%

Port of Ridgefield

REQUIRED SUPPLEMENTARY INFORMATION - Other Post Employment Benefits

Schedule of Changes in Total Liability and Related Ratios

For the Year ended June 30

Last Four Fiscal Years

Total OPEB liability	2021	2020	2019	2018
Service cost	$ 23,243	$ 17,236	$ 19,301	20,695
Interest	12,714	15,949	22,936	21,050
Changes of assumptions or other inputs	(17,277)	84,526	(170,274)	(27,976)
Benefit payments	(4,281)	(3,955)	(9,754)	(5,683)
Net change in total OPEB liability	14,399	113,756	(137,791)	8,086
Total OPEB liability beginning	554,164	440,408	578,199	570,113
Total OPEB liability ending	$ 568,563	$ 554,164	$ 440,408	578,199
Covered employee payroll	853,349	700,899	615,213	707,020
Total OPEB liability as a percentage of covered employee payroll	66.63%	79.06%	71.59%	81.78%

Notes to schedule

1. Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

2. The Port implemented GASB 75 in 2018, therefore no data is presented before then. Eventually, ten years of data will be presented.

3. There are no assets accumulated in a trust that meets the criteria of GASB 75, to pay related benefits.

Port of Ridgefield
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Economic Development Cluster								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF	Economic Adjustment Assistance	11.307	ED21HDQ3070 055	-	258,937	258,937	-	123
			Total Economic Development Cluster:	**-**	**258,937**	**258,937**	-	
Highway Planning and Construction Cluster								
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Highway Planning and Construction	20.205	HSR-STPR-STPD-HLP-1085(004)	2,932,881	-	2,932,881	-	123
			Total Highway Planning and Construction Cluster:	**2,932,881**	**-**	**2,932,881**	-	
FEDERAL RAILROAD ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Department of Transportation)	Railroad Development	20.314	FR-STE-0014-17	494,488	-	494,488	-	123
			Total Federal Awards Expended:	**3,427,369**	**258,937**	**3,686,306**	**-**	

The accompanying notes are an integral part of this schedule.

Port of Ridgefield

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Port of Ridgefield's financial statements. The Port of Ridgefield uses US GAAP to prepare financial statements.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Port of Ridgefield's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The Port of Ridgefield has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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.

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