



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Port of Whitman County

For the period January 1, 2021 through December 31, 2022

*Published February 1, 2024*

Report No. 1034137



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

February 1, 2024

Board of Commissioners  
Port of Whitman County  
Colfax, Washington

**Report on Financial Statements**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## INDEPENDENT AUDITOR'S REPORT

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

#### **Port of Whitman County January 1, 2021 through December 31, 2022**

Board of Commissioners  
Port of Whitman County  
Colfax, 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 Whitman County, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated January 24, 2024.

We issued an unmodified opinion on the fair presentation of the Port's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the Port using accounting practices prescribed by state law and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits 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 opinions 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

## **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*. However, we noted certain matters that we have reported to the management of the Port in a separate special investigation report dated June 13, 2022.

## **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.

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

Pat McCarthy, State Auditor

Olympia, WA

January 24, 2024

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Port of Whitman County January 1, 2021 through December 31, 2022**

Board of Commissioners  
Port of Whitman County  
Colfax, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Unmodified and Adverse Opinions**

We have audited the financial statements of the Port of Whitman County, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, as listed in the financial section of our report.

### **Unmodified Opinion on the Regulatory Basis of Accounting (BARS Manual)**

As described in Note 1, the Port has prepared these financial statements to meet the financial reporting requirements of state law and accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash and investments of the Port of Whitman County, and its changes in cash and investments, for the years ended December 31, 2022 and 2021, on the basis of accounting described in Note 1.

### **Adverse Opinion on U.S. GAAP**

The financial statements referred to above were not intended to, and in our opinion, they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Port of Whitman County, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards*. 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 unmodified and adverse opinions.

## **Matter Giving Rise to Adverse Opinion on U.S. GAAP**

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the financial statements are prepared by the Port in accordance with state law using accounting practices prescribed by the BARS Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

## **Matters of Emphasis**

As discussed in Note 11 to the financial statements, in 2022, the Port adopted new accounting guidance for lease reporting as required by the BARS Manual. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible 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 are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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
- We are required to 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.

## Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port's financial statements. The Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS Manual. These schedules are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 on our consideration of the Port's internal control over financial reporting and on the 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.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

January 24, 2024

## **FINANCIAL SECTION**

### **Port of Whitman County January 1, 2021 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

Fund Resources and Uses Arising from Cash Transactions – 2022  
Fund Resources and Uses Arising from Cash Transactions – 2021  
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2022  
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Notes to the Financial Statements – 2022  
Notes to the Financial Statements – 2021

#### **SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Liabilities – 2022  
Schedule of Liabilities – 2021

**Port of Whitman County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	8,687,096
388 / 588	Net Adjustments	7,068

**Revenues**

310	Taxes	1,138,500
320	Licenses and Permits	-
330	Intergovernmental Revenues	2,722,093
340	Charges for Goods and Services	3,734,439
350	Fines and Penalties	-
360	Miscellaneous Revenues	425,977
Total Revenues:		8,021,009

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	2,747,471
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		2,747,471
Excess (Deficiency) Revenues over Expenditures:		5,273,538

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	892,177
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	978,106
Total Other Increases in Fund Resources:		1,870,283

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	5,466,255
591-593, 599	Debt Service	221,595
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	85,041
Total Other Decreases in Fund Resources:		5,772,891

**Increase (Decrease) in Cash and Investments: 1,370,930**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	10,065,094
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<b>10,065,094</b>

**Port of Whitman County**  
**Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

**Beginning Cash and Investments**

308	Beginning Cash and Investments	8,240,240
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	1,310,936
320	Licenses and Permits	-
330	Intergovernmental Revenues	1,116,081
340	Charges for Goods and Services	3,147,058
350	Fines and Penalties	-
360	Miscellaneous Revenues	309,684
Total Revenues:		5,883,759

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	2,057,932
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		2,057,932
Excess (Deficiency) Revenues over Expenditures:		3,825,827

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	461,885
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	507,120
Total Other Increases in Fund Resources:		969,005

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	4,177,008
591-593, 599	Debt Service	160,938
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	10,031
Total Other Decreases in Fund Resources:		4,347,977

**Increase (Decrease) in Cash and Investments: 446,855**

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	-
50841	Committed	-
50851	Assigned	8,687,096
50891	Unassigned	-
Total Ending Cash and Investments		8,687,096

**Port of Whitman County**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2022**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	281,077	281,077
388 & 588	Net Adjustments	-	-
310-390	Additions	385,256	385,256
510-590	Deductions	371,445	371,445
	Net Increase (Decrease) in Cash and Investments:	13,811	13,811
508	Ending Cash and Investments	294,888	294,888

*The accompanying notes are an integral part of this statement.*

**Port of Whitman County**  
**Fiduciary Fund Resources and Uses Arising from Cash Transactions**  
**For the Year Ended December 31, 2021**

		<b>Total for All Funds (Memo Only)</b>	<b>Custodial</b>
308	Beginning Cash and Investments	271,388	271,388
388 & 588	Net Adjustments	-	-
310-390	Additions	308,952	308,952
510-590	Deductions	299,263	299,263
	Net Increase (Decrease) in Cash and Investments:	9,689	9,689
508	Ending Cash and Investments	281,077	281,077

*The accompanying notes are an integral part of this statement.*

**Port of Whitman County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2022**

**Note 1 - Summary of Significant Accounting Policies**

The Port of Whitman County (Port) was incorporated on November 20, 1958 and operates under the laws of the state of Washington applicable to a port district. The Port is a special purpose local government and provides industrial and economic development to the general public and is supported primarily through user charges.

The Port of Whitman County reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from Generally Accepted Accounting Principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements (see Note 3 – *Component Unit(s), Joint Ventures, and Related Parties*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

Proprietary Fund Types:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.



**Fiduciary Fund Types:**

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

**Custodial Funds**

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

**B. Basis of Accounting and Measurement Focus**

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

**C. Cash and Investments**

See Note 5 - Deposits and Investments.

**D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Capital assets and inventory are recorded as capital expenditures when purchased.

**E. Compensated Absences**

Vacation leave may be accumulated for up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated for up to 960 hours. Upon separation or retirement employees with more than six years of service receive payment for specified amounts of unused sick leave. Payments are recognized as expenditures when paid.

**F. Long-Term Debt**

See Note 6 - Long-term Debt.

**G. Restricted and Committed Portion of Ending Cash and Investments**

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the Port of Whitman County intends to use the most restricted resources first.

As of December 31, 2022, there were no restrictions and commitments on Ending Cash and Investments balances.

**Note 2 - Budget Compliance**

The Port adopts annual appropriated budgets for the operations fund. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance Over/(Under)
Operations Fund:			
Operating Expense	1,407,700	1,380,731	(26,969)
Administrative Expense	1,564,500	1,345,085	(219,415)
Non-Operating Expense	81,000	68,102	(12,898)
Capital Expense	13,147,248	5,548,742	(7,598,506)
Other Debt Service	288,234	177,694	(110,540)
Operating Reserve	743,050	0	(743,050)
<b>Total Operations Fund</b>	<b>17,231,732</b>	<b>8,520,353</b>	<b>(8,711,379)</b>

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Port of Whitman County's legislative body.

The Port of Whitman County commissioners approved one resolution amending the 2022 budget on March 24, 2022. It was discovered after the 2022 budget was adopted that there was a miscalculation in the Capital Expense budget appropriation in the operations fund. The budget amendment increased the Capital Expense budget appropriation from \$9,029,670 to \$13,147,248. This increase primarily consisted of a \$4,907,500 increase for the dock rehabilitation and replacement project and the Snake River Trail rehabilitation project at Boyer Park and Marina. The large variance of the Capital Expense budget appropriation compared to actual is primarily attributable to the timing of project completions.

### **Note 3 – Component Units, Joint Ventures, and Related Parties**

The Port of Whitman County Commissioners are appointed to boards and committees where, in part, they can be responsible for fiscal decisions made for those entities.

#### **A. Joint Ventures**

1. On January 9, 2020, The Port of Whitman County entered into 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 exception of the Port of Whitman County, which has a Commissioner serve on the Executive Council. The Port of Whitman County acts as Manager.

The Port's equity interest in the LLC was \$200,000 on December 31, 2022. 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.

In 2022, the LLC's operating budget was \$460,000, reported \$940,232 in operating income, and remitted \$478,656 to and received \$213,875 from the Port of Whitman County.

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.

2. On March 10, 2008, the Port of Whitman County entered into an interlocal agreement with three counties for the purpose of creating the PCC Rail Authority, an intergovernmental entity with authority to provide for the refurbishment of the Palouse River and Coulee City rail line system, a state-owned short line system consisting of approximately 300 miles of track operating within Grant County, Lincoln County, and Whitman County. The Rail Authority is governed by a board consisting of four members, in which each board member is appointed by each of the four parties. The Rail Authority has been successful in applying for state and federal appropriations as well as grants. The Rail Authority continues to seek grant funding and legislative support to provide upgrades to the PCC Railroad System that have been identified and prioritized by the Washington State Department of Transportation (WSDOT) and deemed critical to the system's long-term functionality.

All funds are managed by WSDOT. Additional information can be found at <https://wsdot.wa.gov>.

## **B. Related Parties**

1. *One Palouse (formerly the Palouse Knowledge Corridor)* – was created by The Latah County Economic Development Council, Southeast Washington Economic Development Association and the two regional universities, University of Idaho and Washington State University as a forum to plan for the growth of and promote the intellectual and creative capital associated with these land-grant, research universities and the high-tech industries in the Palouse. One of the Port's commissioners currently serves as a representative on One Palouse's executive board.

The Port entered into an Economic Development Agreement with One Palouse, agreeing to grant \$25,000 to One Palouse in 2022 and 2023 to be utilized for economic development and to promote the local region as one community.

2. *Pacific Northwest Waterways Association (PNWA)* – is a collaboration of ports, businesses and public agencies who combine their economic and political strength in support of navigation, energy, trade, and economic development throughout the Pacific Northwest. One of the Port's commissioners currently serves on the PNWA Executive Committee.

The Port pays annual dues, and in 2022 the dues totaled \$7,215. Additionally, the Port contributed \$20,000 to PNWA for the Columbia Snake River System 2022 Campaign.

3. *Washington Public Ports Association (WPPA)* – is a coordinating agency for port district commissions in Washington State. WPPA was formed in 1961 and promotes the interests of the port community through effective government relations, ongoing education, and advocacy programs.

The Port pays annual dues, and in 2022 the dues totaled \$5,733. One of the Port’s commissioners served as the 2022 president of WPPA’s executive committee.

4. *Inland Ports and Navigation Group (IPNG)* – is comprised of ports, farm organizations, river pilots, transportation companies, terminals and water resources stakeholders who work to balance economic prosperity with environmental stewardship. They strive to protect inland navigation, hydropower, and irrigation on the Columbia Snake River System, while supporting a healthy environment and robust fish runs in the Northwest. IPNG is a subset of the Pacific Northwest Waterways Association (PNWA). The Port pays annual dues, and in 2022 the dues totaled \$9,000.

#### **Note 4 – COVID-19 Pandemic**

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Port was awarded \$22,000 in grants from the Federal Aviation Administration American Rescue Plan Act in 2021. The allowable uses of the grant funds are for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. The Port exhausted these grant funds in 2022.

The Port was awarded \$1,734,921 in grant funding from the Washington State Community Economic Revitalization Board in 2021, passed through from the American Rescue Plan Act State and Local Fiscal Recovery Funds. The allowable uses of the grant funds are for costs related to the design and construction of fiber optic cable to an open-access colocation facility and including a mid-mile between the towns of Malden and Pine City, as well as last-mile connections to the homes in the project area. In 2022 the Port was awarded an additional \$433,730 in match grant funds to be used for similar costs that are not reimbursable by the previous grant funds by the Washington State Broadband Office, also passed through from the American Rescue Plan Act State and Local Fiscal Recovery Funds.

The Port was awarded \$1,062,000 in grant funding from the Washington State Broadband Office in 2022, passed through from the American Rescue Plan Act State and Local Fiscal Recovery Funds. The allowable uses of the grant funds are for costs related to the design and construction of fiber optic cable to

each home in the town of Diamond, as well as the construction of a mid-mile from the Port's existing backbone fiber in Diamond to connect each home in the town of Steptoe, as well as all homes along the mid-mile path.

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

## Note 5 – Deposits and Investments

Investments are reported at amortized cost. Deposits and investments by type on December 31, 2022, are as follows:

Type of deposit or investment	Port of Whitman County's own deposits and investments	Deposits and investments held by the Port of Whitman County as custodian for other local governments, individuals, or private organizations	Total
Local Government Investment Pool	7,974,696	172,136	8,146,832
County Deposit	2,072,446	122,752	2,195,198
Columbia Bank Incidental Fund	1,000	0	1,000
Columbia Bank Warrant Account	16,952	0	16,952
<b>Total</b>	<b>10,065,094</b>	<b>294,888</b>	<b>10,359,982</b>

It is the Port of Whitman County's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

### Investments in Whitman County Investment Pool

The Port of Whitman County is a voluntary participant in the Whitman County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Port of Whitman County reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The Whitman County Investment Pool does not impose liquidity fees or redemption gates on participant withdrawals.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port of Whitman County would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Port of Whitman County's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a

multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered or held by the Port of Whitman County or its agent in the government's name.

## Note 6 – Long-Term Debt

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Port of Whitman County and summarizes the Port of Whitman County's debt transactions for the year ended December 31, 2022.

The debt service requirements for general obligation bonds, revenue bonds, and intergovernmental loans are as follows:

Year	Principal	Interest	Total
2023	\$ 322,659	\$ 54,555	\$ 377,214
2024	\$ 164,328	\$ 41,553	\$ 205,881
2025	\$ 166,374	\$ 38,717	\$ 205,091
2026	\$ 168,501	\$ 35,801	\$ 204,302
2027	\$ 142,372	\$ 32,800	\$ 175,172
2028-2032	\$ 642,979	\$ 122,622	\$ 765,601
2033-2037	\$ 470,916	\$ 65,697	\$ 536,613
2038-2042	\$ 371,320	\$ 20,164	\$ 391,484
<b>TOTAL</b>	<b>\$ 2,449,449</b>	<b>\$ 411,909</b>	<b>\$ 2,861,359</b>

## Note 7 – Other Postemployment Benefits

The Port of Whitman County is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees, and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port had 9 active plan members and 1 retired plan member as of December 31, 2022. As of December 31, 2022, the Port's total OPEB liability was \$322,641 as calculated using the alternative measurement method. The Port contributed \$2,332 to the plan for the year ended December 31, 2022.

## Note 8 – Pension Plans

### A. State-Sponsored Pension Plans

Substantially all Port of Whitman County’s full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employees’ Retirement System (PERS) Plan 1 and Plans 2/3.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2022 (the measurement date of the plans), the Port of Whitman County’s proportionate share of the collective net pension liabilities (assets), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	25,387	0.004142%	115,328
PERS 2/3	43,521	0.005417%	(200,905)

Only the net pension liabilities are reported on the Schedule 09.

## Note 9 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by Port of Whitman County. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port of Whitman County’s regular levy for the year 2022 was \$0.244636520468 per \$1,000 on an assessed valuation of \$4,696,331,430 for a total regular levy of \$1,148,894.18.

## Note 10 – Risk Management

### A. Property and Liability

Port of Whitman County is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks,



jointly purchase insurance or reinsurance, and 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, 2022, there were 527 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 policy. Pollution and Cyber coverage are provided on a claims made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that 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 <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	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 <sup>(3)</sup>

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
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(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. By meeting established guidelines, the co-pay may be waived.

### Property <sup>(2)</sup>:

Buildings and Contents	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000

### Sublimit <sup>(5)</sup>:

Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$250,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence	\$250,000	\$100 million per occurrence  \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence	\$500,000	\$600 million/Pool aggregate	\$0
	APIP Per Occurrence		\$1.1 billion/ per occurrence APIP program	
	APIP Aggregate		\$1.4 billion/ APIP program aggregate	

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles; \$250,000 for Emergency Vehicles valued >\$750,000	\$1 billion	\$250 - \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$40 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	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 \$1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (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. Members may elect to "buy-up" the level of coverage from \$5,000 to \$2 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.

#### **B. Unemployment Insurance**

The Port of Whitman County is self-insured through the Washington State Employment Security Department on a reimbursement basis for unemployment claims. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established at this time as utilization is very low and the potential liability is not considered to be material to the financial statements.

#### **Note 11 – Leases (Lessees)**

During the year ended December 31, 2022, the Port adopted guidance for the presentation and disclosure of leases, as required by the BARS manual. This requirement resulted in the addition of a lease liability reported on the Schedule of Liabilities.

The Port leases land from the Town of Oakesdale for \$300 per year under a lease agreement that began in August of 2012 and will end in July of 2032, after which the Port has the option to renew the lease for one additional term of 20 years provided that this option is exercised by the Port in writing more than 90 days prior to the end of the original term. Payments are made annually.

The total amount paid for leases in 2022 was \$300. As of December 31, 2022, the future minimum lease payments are as follows:

Year ended December 31	Total
2023	\$300
2024	\$300
2025	\$300
2026	\$300
2027	\$300
2028-2032	\$1,500
2033-2037	\$1,500
2038-2042	\$1,500
2043-2047	\$1,500
2048-2051	\$1,200
Total	\$8,700

## Note 12 – Telecommunication Services

The Port of Whitman County owns a fiber network that is still being constructed as of December 31, 2022. The Port operates under the dark fiber model, wherein it builds infrastructure and leases dark fiber to for-profit entities that are licensed Internet Service Providers in the state of Washington, as well as to two state universities, a nonprofit entity, and a tribal government.

The Port's revenues, expenditures, and capital investment related to telecommunication services for the year ended December 31, 2022, are as follows:

	Telecommunication Services	Amount
Revenues:	Fiber Leasing	\$1,471,737
	Installation Charges	\$270,532
	Other	\$130,812
Expenses:	Administration and General	\$791,956
	Repairs and Maintenance	\$48,497
	Interconnection Access	\$9,000
Capital Outlay:	Current	\$1,024,564
	Cumulative Since Beginning Telecommunication Services	\$28,147,510

## **Note 13 – Other Disclosures**

### A. Sale of Capital Assets

On May 13, 2022, the Port of Whitman County sold land at Pullman Industrial Park in Pullman, WA to PRM, LLC for \$345,000.

In January 2022, the Port of Whitman County sold fiber assets in Colfax, WA to St. John Telephone for \$579,107.

### B. Interlocal Agreements

1. In 1970 the Port of Whitman County joined the Cities of Pullman and Moscow in their efforts to support the Pullman-Moscow Airport. The Pullman-Moscow Regional Airport Cooperation Agreement consisted of the City of Pullman, the City of Moscow, the Port of Whitman County, and Latah County. The duration of the agreement continues indefinitely subject to termination at any time upon the unanimous agreement of the parties except that the Port of Whitman County and Latah County may withdraw at the end of any calendar year with ninety days written notice prior to the end of the year. At the end of 2007, the Port of Whitman County gave notice to withdraw participation from the governing board of the Pullman-Moscow Airport effective January 1, 2008. The Port of Whitman County approved continued support of the airport operations with its annual \$20,750 contribution.
2. In 2009 a cooperation agreement was made to fund the Airport Fire Flow Project for the Pullman-Moscow airport. The participants were the City of Pullman, the City of Moscow, the Port of Whitman County, Latah County, and Washington State University. The funding for this project was arranged by the City of Pullman and the Port of Whitman County will have a 20-year commitment of \$15,750 per year toward retiring the debt.
3. In March 2021, the Port entered an Indefeasible Right of Use (IRU) agreement with Ziply Fiber for the construction and use of fiber to areas of Whitman County including Rosalia, Tekoa, Oakesdale, Garfield, and Palouse. The term of the agreement is 20 years and the total IRU Fee paid by the Port was \$1,594,441.
4. On May 1, 2021, the Port entered an Interlocal Cooperation Agreement with the Port of Lewiston, Idaho granting an exclusive license to the Port of Lewiston for fiber connectivity. The term of the agreement is 20 years and a one-time license fee of \$115,000 was paid to the Port of Whitman County.
5. On July 1, 2021, the Port entered an Interlocal Cooperation Agreement with Whitman County for improvements to Wilma Drive at the Port of Wilma. The Port and the County committed to equally sharing the cost of the project in excess of grant funds and the County agreed to a maximum of \$675,000 for funding the project. The project was completed in May 2022.
6. On September 19, 2022, the Port entered an Interlocal Agreement with the Port of Skagit County loaning 25 percent of one employee's working hours to perform duties assigned by the Port of Skagit County through December 31, 2022. In return, the Port of Skagit County agreed to reimburse the Port of Whitman County 25 percent of the total hourly cost of compensation for that employee.

7. In January 2022, the Port entered into a Fiber System and Indefeasible Right of Use (IRU) Purchase and Sale agreement with St. John Telephone Inc., for the sale of fiber to St. John Telephone. Additionally, this agreement grants the right of use of fiber in Lamont to St. John Telephone, and it grants the right of use some of the sold fiber to the Port. The term of the agreement is 20 years and the total Purchase Price and IRU Fee paid to the Port was \$500,000.

#### C. Grain Car Operating Agreement

In March 2003, the Port of Whitman County entered into an agreement with the Washington State Department of Transportation, the Palouse River and Coulee City Railroad, and the Palouse Rail Shippers Association. This is a 5-year agreement between the parties and has renewal options. The State of Washington owns the 29 grain cars that the railroad operates and maintains, and the shippers utilize these cars for grain transportation. The Port agrees to manage the revolving agency fund to develop a reserve to replace the cars in the future. This fund collects the revenues from the use of the cars and pays the expenses incurred in operating them.

#### D. Grants and Loans

1. On August 22, 2022, the Port executed a grant agreement from the Department of Commerce-Community Economic Revitalization Board in the amount of \$1,734,921 for a Fiber to the Home project in Pine City and Malden. Funding for this project is appropriated from the Coronavirus Capital Projects Fund (CCPF). On November 29, 2022, the Port received an award of \$433,730 in matching grant funding. Contract execution is expected in 2023, and closure of both grants is expected in 2023.
2. On June 24, 2022, the Port executed a grant agreement from the Federal Aviation Administration in the amount of \$600,000 for an Airport Improvement Program project, and on August 1, 2022, the Port executed a grant agreement from the Federal Aviation Administration in the amount of \$96,066 for a Bipartisan Infrastructure Law project. Both of these projects are for construction costs of the rehabilitation of the runway at the Port of Whitman Business Air Center. Additionally, the Port executed a grant agreement from the Washington State Department of Transportation on June 22, 2022, in the amount of \$38,670 for construction costs not reimbursed by the two grants from the Federal Aviation Administration. The grants are expected to close in 2023.
3. On September 15, 2022, the Port executed a grant agreement from the State of Washington Department of Ecology in the amount of \$10,000 for the development of the Whitman County Brownfield Knowledge Base that will include known and potential brownfield properties as well as related demographic and economic information. The grant is expected to close in 2023.
4. On September 15, 2022, the Port executed a grant agreement from the Washington State Broadband Office in the amount of \$1,062,000 for a Fiber to the Home project in Diamond and Steptoe. Funding for this project is appropriated from the Coronavirus Capital Projects Fund (CCPF). On February 27, 2023, the Port received an award of \$250,000 in additional Public Facilities Tax (.09) funding from the Whitman County Commissioners. The grant and the additional funding from the County are expected to close in 2023.

5. On September 24, 2022, the Port executed a grant agreement from the Department of Commerce-Community Economic Revitalization Board in the amount of \$50,000 for a Biological Systems and Mechanical and Materials Engineering Tech Transfer Building Study. The disbursement of funds and grant closure are expected in 2023.

#### E. Investigation

In May 2021, the Port notified the State Auditor's Office of known or suspected losses of public funds in accordance with RCW 43.09.185. The State Auditor's Office concluded its investigation in June 2022.

#### F. Subsequent Events

1. In January 2023, the Port sold a building and the 3.224 acres of land that it occupies in Pullman, WA to ADDIUM, Inc. for \$3,100,000.
2. In March 2023, the Port was informed that Washington State Department of Transportation plans to terminate its agreement with the Port of Whitman County, Palouse River and Coulee City Railroad, and Palouse Rail Shippers Association. The termination of this agreement will result in the remaining balance of the Port's grain train revolving fund being forwarded to Washington State Department of Transportation by July 2023.
3. In May 2023, the Petrichor Broadband, LLC Executive Council authorized a \$75,000 distribution of each member Port's capital contribution. The Port of Whitman County's total capital contribution during formation of Petrichor Broadband, LLC was a \$200,000 in-kind contribution.

#### G. Prior Period Adjustments

Accounts Payable refunds received in 2022 with expenditures paid in 2020 totaled \$15,092.

In December 2021, the Port received \$8,022 from the Washington State Department of Revenue as a refund of leasehold tax collected from one of the Port's fiber customers and paid to the Department of Revenue over multiple years, as the Department of Revenue had been separately assessing and collecting leasehold tax from the customer during that period. The \$8,022 was refunded by the Port to the customer in January 2022.



**Port of Whitman County**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2021**

**Note 1 - Summary of Significant Accounting Policies**

The Port of Whitman County (Port) was incorporated on November 20, 1958, and operates under the laws of the state of Washington applicable to a port district. The Port is a special purpose local government that provides industrial and economic development to the general public and is supported primarily through user charges.

The Port of Whitman County reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements (see Note 3 – *Component Unit(s), Joint Ventures, and Related Parties*).
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary and fiduciary funds are presented using classifications that are different from the ending net position classifications in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements, except for fiduciary funds, which are presented by fund types. The total column is presented as "memo only" because any interfund activities are not eliminated. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest, and related costs on general long-term debt.

## FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as a custodian on behalf of others.

### Custodial Funds

These funds are used to account for assets that the government holds on behalf of others in a custodial capacity.

### B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received, and expenditures are recognized when paid.

### C. Cash and Investments

See Note 5 - Deposits and Investments.

### D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Capital assets and inventory are recorded as capital expenditures when purchased.

### E. Compensated Absences

Vacation leave may be accumulated for up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated for up to 960 hours. Upon separation or retirement employees with more than six years of service receive payment for specified amounts of unused sick leave. Payments are recognized as expenditures when paid.

### F. Long-Term Debt

See Note 6 - Long-Term Debt.

### G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by resolution. When expenditures that meet restrictions are incurred, the Port of Whitman County intends to use the most restricted resources first.

As of December 31, 2021, there were no restrictions and commitments on Ending Cash and Investments balances.

## **Note 2 - Budget Compliance**

The Port adopts annual appropriated budgets for the general fund. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year-end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance Over/(Under)
General Fund:			
Operating Expense	1,324,750	1,178,549	(146,201)
Administrative Expense	1,075,500	879,383	(196,117)
Non-Operating Expense	77,000	20,931	(56,069)
Capital Expense	8,996,900	4,187,040	(4,809,860)
Other Debt Service	181,164	140,007	(41,157)
Operating Reserve	600,063	0	(600,063)
<b>Total General Fund</b>	<b>12,255,377</b>	<b>6,405,909</b>	<b>(5,849,467)</b>

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Port of Whitman County's legislative body.

### **Note 3 – Joint Venture**

On January 9, 2020, The Port of Whitman County entered into 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.

In 2021, the LLC's operating budget was \$379,000, reported \$429,793 in operating income, and remitted \$447,669 to and received \$192,987 from the Port of Whitman County.

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.

#### Note 4 – COVID-19 Pandemic

In February 2020, the Governor of the state of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Port proactively implemented safety measures, and operations continued with most staff working remotely in 2021. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed.

The Port was awarded \$22,000 in grants from the Federal Aviation Administration American Rescue Plan Act in 2021. The allowable uses of the grant funds are for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments.

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

#### Note 5 – Deposits and Investments

Investments are reported at amortized cost. Deposits and investments by type on December 31, 2021, are as follows:

Type of deposit or investment	Port of Whitman County's own deposits and investments	Deposits and investments held by the Port of Whitman County as custodian for other local governments, individuals, or private organizations	Total
Local Government Investment Pool	8,046,908	169,451	8,216,359
County Deposit	639,188	111,626	750,814
Columbia Bank Incidental Fund	1,000	0	1,000
<b>Total</b>	<b>8,687,096</b>	<b>281,077</b>	<b>8,968,173</b>

It is the Port of Whitman County's policy to invest all temporary cash surpluses. The interest on these investments is prorated to the various funds.

#### Investments in Whitman County Investment Pool

The Port of Whitman County is a voluntary participant in the Whitman County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Port of Whitman County reports its investment in the pool at amortized cost, which is the same as the value of the pool per share. The Whitman County Investment Pool does not impose liquidity fees or redemption gates on participant withdrawals.

#### Custodial Credit Risk

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

All investments are insured, registered, or held by the Port of Whitman County or its agent in the government's name.

### **Note 6 – Long-Term Debt**

The accompanying Schedule of Liabilities provides more details of the outstanding debt and liabilities of the Port of Whitman County and summarizes the Port of Whitman County's debt transactions for the year ended December 31, 2021.

The debt service requirements for general obligation bonds, revenue bonds, and intergovernmental loans are as follows:

Year	Principal	Interest	Total
2022	\$ 177,694	\$ 43,900	\$ 221,593
2023	\$ 166,583	\$ 27,987	\$ 194,571
2024	\$ 168,223	\$ 25,558	\$ 193,781
2025	\$ 169,927	\$ 23,064	\$ 192,992
2026	\$ 171,701	\$ 20,501	\$ 192,202
2027- 2031	\$ 474,745	\$ 69,098	\$ 543,843
2032 - 2036	\$ 257,197	\$ 32,020	\$ 289,218
2037 - 2041	\$ 148,894	\$ 8,312	\$ 157,206
<b>TOTAL</b>	<b>\$1,734,964</b>	<b>\$ 250,442</b>	<b>\$1,985,405</b>

## **Note 7 – Other Postemployment Benefits**

The Port of Whitman County is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees, and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port had 7 active plan members and 1 retired plan member as of December 31, 2021. As of December 31, 2021, the Port's total OPEB liability was \$344,318 as calculated using the alternative measurement method. The Port contributed \$9,854 to the plan for the year ended December 31, 2021.

## **Note 8 – Pension Plans**

### A. State-Sponsored Pension Plans

Substantially all Port of Whitman County's full-time and qualifying part-time employees participate in the following statewide retirement systems administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans: Public Employees' Retirement System (PERS) Plan 1 and Plans 2/3.

The State Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems, a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Also, the DRS CAFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

At June 30, 2021 (the measurement date of the plans), the Port of Whitman County's proportionate share of the collective net pension liabilities, as reported on the Schedule of Liabilities, was as follows:

Plan	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	27,665	0.003714%	45,357
PERS 2/3	45,156	0.004767%	(474,870)

## Note 9 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by Port of Whitman County. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port of Whitman County's regular levy for the year 2021 was \$0.2879673943 per \$1,000 on an assessed valuation of \$4,583,734,088 for a total regular levy of \$1,319,965.96.

## Note 10 – Risk Management

### A. Property and Liability

Port of Whitman County is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and 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 <sup>(1)</sup>
<b>Liability:</b>				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability <sup>(2)</sup>	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 <sup>(3)</sup>

(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 <sup>(2)</sup>:**

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 <sup>(3)</sup>	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$250,000	\$50 million	\$1,000 - \$250,000



Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
			(shared by Pool members)	
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
<b>Automobile Physical Damage<sup>(6)</sup></b>	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
<b>Crime Blanket<sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Named Position<sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 million	\$1,000
<b>Cyber<sup>(9)</sup></b>	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
<b>Identity Fraud Expense Reimbursement<sup>(10)</sup></b>	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 a 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.
- (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.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
<p>(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.</p> <p>(6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detailed vehicle schedule.</p> <p>(7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>				

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 which 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.

#### B. Unemployment Insurance

The Port of Whitman County is self-insured through the Washington State Employment Security Department on a reimbursement basis for unemployment claims. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established at this time as utilization is very low and the potential liability is not considered to be material to the financial statements.

## Note 11 – Other Disclosures

### A. Change in Accounting Principle- Addition of a Custodial Fund for Retail Sales Tax

On July 1, 2021, the Washington State Department of Revenue issued Excise Tax Advisory 3226.2021 requiring the collection of retail sales tax on leases of dark fiber. The Port calculated the amount that would have been collected from its customers in July and paid that amount, \$3,240.85, directly to the Department of Revenue. As of August 2021, the Port collects retail sales tax and disburses it to the Department of Revenue on a quarterly basis. Retail Sales Tax is now reported in a Custodial Fund.

### B. Sale of Land

On March 23, 2021, the Port of Whitman County sold land at Locust Grove Industrial Park (Pullman Industrial Park West) in Pullman, WA to Ether Five LLC for \$458,671.

### C. Interlocal Agreements

1. In 1970 the Port of Whitman County joined the Cities of Pullman and Moscow in their efforts to support the Pullman-Moscow Airport. The Pullman-Moscow Regional Airport Cooperation Agreement consisted of the City of Pullman, the City of Moscow, the Port of Whitman County, and Latah County. The duration of the agreement continues indefinitely subject to termination at any time upon the unanimous agreement of the parties except that the Port of Whitman County and Latah County may withdraw at the end of any calendar year with ninety days written notice prior to the end of the year. At the end of 2007, the Port of Whitman County gave notice to withdraw participation from the governing board of the Pullman-Moscow Airport effective January 1, 2008. The Port of Whitman County approved continued support of the airport operations with its annual \$20,750 contribution.
2. In 2009 a cooperation agreement was made to fund the Airport Fire Flow Project for the Pullman-Moscow airport. The participants were the City of Pullman, the City of Moscow, the Port of Whitman County, Latah County, and Washington State University. The funding for this project was arranged by the City of Pullman and the Port of Whitman County will have a 20-year commitment of \$15,750 per year toward retiring the debt.
3. In March 2021, the Port entered an Indefeasible Right of Use (IRU) agreement with Ziply Fiber for the construction and use of fiber to areas of Whitman County including Rosalia, Tekoa, Oakesdale, Garfield, and Palouse. The term of the agreement is 20 years and the total IRU Fee paid by the Port was \$1,594,441.
4. On May 1, 2021, the Port entered an Interlocal Cooperation Agreement with the Port of Lewiston, Idaho granting an exclusive license to the Port of Lewiston for fiber connectivity. The term of the agreement is 20 years and a one-time license fee of \$115,000 was paid to the Port of Whitman County.
5. On July 1, 2021, the Port entered an Interlocal Cooperation Agreement with Whitman County for improvements to Wilma Drive at the Port of Wilma. The Port and the County committed to equally sharing the cost of the project in excess of grant funds and the County agreed to a maximum of \$675,000 for funding the project. The project is expected to finish in May 2022.

#### D. Grain Car Operating Agreement

In March 2003, the Port of Whitman County entered into an agreement with the Washington State Department of Transportation, the Palouse River and Coulee City Railroad, and the Palouse Rail Shippers Association. This is a 5-year agreement between the parties and has renewal options. The State of Washington owns the 29 grain cars that the railroad operates and maintains and the shippers utilize these cars for grain transportation. The Port agrees to manage the revolving agency fund to develop a reserve to replace the cars in the future. This fund collects the revenues from the use of the cars and pays the expenses incurred in operating them.

#### E. Grants and Loans

1. On March 8, 2021, the Port executed an agreement from the Department of Commerce-Community Economic Revitalization Board in the amount of \$1,000,000 (\$250,000 grant / \$750,000 loan) for a Wilma Road Improvement Project. The disbursement of funds and grant closure are expected in 2022.
2. On April 19, 2021, the Port executed a grant agreement from the Federal Aviation Administration in the amount of \$171,585 for an Airport Improvement Program project for Phase 1 (design) of the rehabilitation of the runway at the Port of Whitman Business Air Center. The grant is scheduled to close in April 2022.
3. On July 1, 2021, the Port executed a grant agreement from the Washington State Recreation and Conservation Office in the amount of \$1,000,000 for a Dock Replacement and Repair project at Boyer Park and Marina. The disbursement of funds is expected in 2022 and 2023 and grant closure is expected in 2023.
4. On July 1, 2021, the Port executed a grant agreement from the Department of Ecology in the amount of \$200,000 for an Adaptive Reuse of the WSU College Avenue Steam Plant study project. The disbursement of funds and grant closure are expected in 2022.
5. On July 14, 2021, the Port received an initial offer of financial aid for a grant from the Department of Commerce- Community Economic Revitalization Board in the amount of \$1,734,921 for a Fiber to the Home project in Pine City/Malden. Funding for this project is appropriated from the Coronavirus Capital Projects Fund (CCPF). Washington State must submit a plan for these funds to the US Department of Treasury. CERB will NOT execute a contract for this project, prior to Washington State receiving approval for the submitted plan from the US Department of Treasury. Contract execution is expected in 2022.
6. On October 27, 2021, the Port executed an Airport Rescue Grant agreement from the Federal Aviation Administration in the amount of \$22,000. The disbursement of funds and grant closure are expected in 2022.

#### F. Investigation

In May 2021, the Port notified the State Auditor's Office of known or suspected losses of public funds in accordance with RCW 43.09.185. The State Auditor's Office is performing an investigation.

#### G. Subsequent Events

1. In January 2022, the Port of Whitman County sold fiber assets in Colfax, WA to St. John telephone for \$579,106.77.
2. On February 22, 2022, the Port received notice of a grant award from the Washington State Broadband Office in the amount of \$1,062,000 for a Whitman County Broadband Project in Diamond and Steptoe, WA. It is expected that the grant contract will be executed in 2022 and grant contributions will be received in 2022-2024.
3. On April 6, 2022, the Port executed a purchase and sale agreement for the sale of land commonly known as Lot 9, Port of Whitman County Industrial Park Subdivision No. 2, Pullman, Washington to PRM LLC for \$345,000.
4. The Port is negotiating a mutual Indefeasible Right to Use agreement with St. John Telephone Inc., for dark fiber open network access for a Fiber to the Home project in Diamond and Steptoe, WA.

**Port of Whitman County  
Schedule of Liabilities  
For the Year Ended December 31, 2022**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.85	2009 City of Pullman airport	1/31/2028	84,898	-	9,810	75,088
263.83	2015 WSDOT RRB-1118	7/1/2026	141,704	-	28,341	113,363
263.83	2013 CERB C2013-226 (S13-047)	1/31/2035	368,420	-	26,316	342,104
263.83	2005 CERB C2005-170	7/1/2026	210,029	-	41,174	168,855
263.83	2010 CERB B2010-004 (S12-028)	9/28/2031	354,145	-	35,415	318,730
263.83	2020 CERB FTTH S18-96401-003	1/31/2041	575,765	424,234	36,638	963,361
263.83	2022 CERB S20-790A9-190	1/31/2042	-	467,944	-	467,944
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,734,961</b>	<b>892,178</b>	<b>177,694</b>	<b>2,449,445</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absence Liability		107,000	-	41,620	65,380
264.30	Net Pension Liability		45,357	69,971	-	115,328
264.40	OPEB Liability		344,318	-	21,677	322,641
263.57	Town of Oakesdale Land Lease Liability	8/1/2051	9,000	-	300	8,700
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>505,675</b>	<b>69,971</b>	<b>63,597</b>	<b>512,049</b>
<b>Total Liabilities:</b>			<b>2,240,636</b>	<b>962,149</b>	<b>241,291</b>	<b>2,961,494</b>

**Port of Whitman County  
Schedule of Liabilities  
For the Year Ended December 31, 2021**

<b>ID. No.</b>	<b>Description</b>	<b>Due Date</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b>General Obligation Debt/Liabilities</b>						
263.85	2009 City of Pullman airport	1/31/2028	94,067	-	9,169	84,898
263.83	2015 WSDOT RRB-1118	7/1/2026	170,045	-	28,341	141,704
263.83	2013 CERB C2013-226 (S13-047)	1/31/2035	394,736	-	26,316	368,420
263.83	2005 CERB C2005-170	7/1/2026	250,795	-	40,766	210,029
263.83	2010 CERB B2010-004 (S12-028)	9/28/2031	389,560	-	35,415	354,145
263.83	2020 CERB FTTH S18-96401-003	1/31/2014	113,880	461,885	-	575,765
<b>Total General Obligation Debt/Liabilities:</b>			<b>1,413,083</b>	<b>461,885</b>	<b>140,007</b>	<b>1,734,961</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
259.12	Compensated Absence Liability		85,468	21,532	-	107,000
264.30	Net Pension Liability		182,697	-	137,340	45,357
264.40	OPEB Liability		395,416	-	51,098	344,318
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>663,581</b>	<b>21,532</b>	<b>188,438</b>	<b>496,675</b>
<b>Total Liabilities:</b>			<b>2,076,664</b>	<b>483,417</b>	<b>328,445</b>	<b>2,231,636</b>

## ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, [www.sao.wa.gov](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

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