Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Grant County Port District No. 1

(Port of Quincy)

For the period January 1, 2023 through December 31, 2023

Published May 9, 2024

Report No. 1034616

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

May 9, 2024

Board of Commissioners
Port of Quincy
Quincy, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

Independent Auditor's 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* 4

Independent Auditor's Report on the Financial Statements 6

Financial Section 9

About the State Auditor's Office 46

INDEPENDENT AUDITOR'S REPORT

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

Port of Quincy
January 1, 2023 through December 31, 2023

Board of Commissioners
Port of Quincy
Quincy, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Port of Quincy, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated April 3, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

April 3, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Quincy
January 1, 2023 through December 31, 2023

Board of Commissioners
Port of Quincy
Quincy, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Port of Quincy, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Port of Quincy, as of December 31, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2024 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

April 3, 2024

FINANCIAL SECTION

Port of Quincy
January 1, 2023 through December 31, 2023

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2023

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2023
Statement of Revenues, Expenses and Changes in Net Position – 2023
Statement of Cash Flows – 2023
Notes to Financial Statements – 2023

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2023
Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2023

Introduction

The following is Port District No. 1 of Grant County's (Port of Quincy) (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar year ended December 31, 2023. The discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Port and to identify any significant changes in financial position. Information contained in the MD&A has been prepared by Port management and should be read in conjunction with the financial statements and the notes. The notes to financial statements are essential to a full understanding of the data contained in the financial statements.

Overview of the Financial Statements

The Port falls under the financial reporting requirements of Governmental Accounting Standards Board (GASB). The Port is comprised of a single enterprise fund.

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

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

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

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

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

Financial Report

Financial Position:

The statement of net position presents the financial position of the Port as of December 31, 2023. The statement includes all the Port's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. As described earlier, the net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, deferred outflows, liabilities, deferred inflows, and net position follows:

	December 31,	
	2023	2022
Current and Other Assets	$ 5,576,594	$ 5,933,503
Capital Assets	14,553,799	15,019,568
Total Assets	20,130,393	20,953,071
Deferred Outflows of Resources	128,381	147,483
Current Liabilities	1,149,051	1,184,890
Long-Term Liabilities	13,307,597	14,806,743
Total Liabilities	14,456,648	15,991,633
Deferred Inflows of Resources	550,730	657,843
Net Position:		
Net Investment in Capital Assets	472,612	(485,401)
Restricted	665,260	615,896
Unrestricted	4,113,524	4,320,583
Total Net Position	$ 5,251,396	$ 4,451,078

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

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

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating Revenues:		
Property Lease/Rental Operation	$ 577,007	$ 812,804
Golf Course	624,298	595,225
Intermodal Park	22,023	3,016
Quincy Valley Business and Conference Center	75,000	66,305
Port Protective Services	284,758	-
Bishop Recreation Area	1,334	1,354
Total Operating Revenues	1,584,420	1,478,704
Nonoperating Revenues:		
Grant Funds	626,047	512,508
Ad Valorem Tax Levy and Leasehold Tax	914,575	901,114
Gain (Loss) on Disposition of Assets	696,185	758,430
Other	279,452	94,328
Total Nonoperating Revenue	2,516,259	2,266,380
Total Revenues	4,100,679	3,745,084
Expenses:		
Operating Expenses	2,275,392	2,348,885
Nonoperating Expenses	1,024,969	916,305
Total Expenses	3,300,361	3,265,190
Increase (Decrease) in Net Position	800,318	479,894
Net Position - Beginning of Year	4,451,078	3,971,184
Net Position - End of Year	$ 5,251,396	$ 4,451,078

Financial Highlights

The assets and deferred outflows of the Port exceeded its liabilities and deferred inflows at the close of each calendar year by $5,251,396 and $4,451,078 for 2023 and 2022, respectively.

The net asset value per share in the Grant County Pool recovered from .939 at the end of 2022 to .963 on December 31, 2023.

The majority of movement in assets and liabilities in 2023 was due to the purchase and sale of capital assets, which resulted in additional debt upon acquisition, but substantial reduction in debt by using sale proceeds for principal payments.

Land was purchased in February using the remaining $1.7 million on the issuance of LTGO Bond, 2022.

In November the Port sold land and buildings located in Industrial Park 4 for just under $3.5 million, then in December of 2023 and January of 2024 used $2.7 million of the proceeds to pay down debt.

The Port continues to invest in properties which it feels allow for long-term growth.

To further its goal of continuing economic expansion within its boundaries, the Port adopted a resolution in May of 2023 to authorize the issuance of a multi-year levy to provide for the development and redevelopment of lands. That levy was budgeted at $3,350,000 for collection in 2024. If the levy produces revenue in excess of the requirements to complete the expansion, the excess must be used solely for the retirement of general obligation bonded indebtedness.

The intermodal yard lease revenue experienced another substantial decrease due to the continued delays at the Seattle and Tacoma ports which prevents containers moving in and out of the yard. These delays affected revenue as the yard is leased on a gross receipts basis. This downturn in operating revenue was offset by the Port's newest endeavor, Port Protective Services (PPS).

The Port authorized the PPS in February of 2023 to offset the under policing of the District and surrounding rural areas, which results in a significant increase in property crimes. The development of the PPS is necessary and critical to the residents of the District as well as to establishing and developing a system of industrial development within the District, without which the Port will be unable to attract and maintain economic development. PPS grossed $284,758 in its first year of operations.

With a modest increase in rates, Colockum Ridge Golf Course once again surpassed all expectations with an increase in gross revenue of $29,073 in 2023 after a record-breaking increases for the previous two years. The Quincy Business and Event Center had a modest revenue increase of $8,695 from 2022.

With the Port monitoring variations from actual to budget in its expenses and adjusting operations accordingly, a reduction in operating expenses of $73,493 from the prior year was achieved.

Nonoperating revenue and expenses remained consistent. The Port's tax levy revenue continues to steadily increase due to the growing tax base resulting from the economic development within the Port. The assessed value of the Port increased by $794,105,041 during the latest assessment period.

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

Year Levy Assessed	Year Levy Collected	Assessed Valuation	Levy Rate	Levy Amount
2013	2014	2,339,479,122	0.000271300	634,701
2014	2015	2,906,241,025	0.000233064	677,340
2015	2016	3,351,322,014	0.000211546	708,960
2016	2017	3,541,287,027	0.000208733	739,184
2017	2018	4,176,765,224	0.000186191	777,677
2018	2019	4,606,631,953	0.000172631	795,249
2019	2020	5,251,469,679	0.000159675	838,529
2020	2021	5,383,577,888	0.000159358	857,916
2021	2022	6,756,779,786	0.000131710	889,933
2022	2023	7,490,537,099	0.000121100	907,103
2023	2024	8,284,642,140	0.000112457	931,670

Tax Levy: Over the years, the Port has worked to minimize the Port's regular operating tax levy. The legal limit for port districts to levy is 0.45000 per $1,000. As noted above, the Port levy collected in 2022 was 0.131710 per $1,000, and 0.12110 for collection in 2023. As the assessed valuation continues to climb it exerts downward pressure on the rate and the Port expects that trend to continue.

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

The Port continues to develop and expand its industrial parks to encourage economic development opportunities for the Quincy Valley. The Port has expanded its development in the George, Washington area, with a purchase of 137 acres and immediately began plans for infrastructure improvements. In addition, the Port purchased farm units 347 and 348 just south of the City of Quincy. The Port maintains constant vigilance for opportunities to expand its rail and transportation industry within Industrial Park 4 and is exploring the option of extending its rail eastward.

With the push for expansion comes the struggle for adequate power and water to facilitate that growth. The Port continues to work with the PUD, the Bureau of Reclamation, and other agencies to secure adequate power and water.

This push for expansion causes fluctuations in revenues and expenses from year to year, as those are dependent on the phase that projects are in. A completed project may result in higher operating revenue, or it may be sold and that equates into higher non-operating revenue. As parks are developed non-operating expenses increase, sometimes dramatically depending on project size.

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

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

Capital Assets: The most significant outlay for capital during 2023 was the purchase of Farm Units 347 and 348. Industrial Park 4 saw the expansion of its container yard, and a tractor and boom lift were purchased. See Note 3 to the financial statements – Capital Assets and Depreciation.

Long-Term Debt: In January of 2022 the Port issued a Limited Tax General Obligation Bond, 2022 (Taxable) with an amount not to exceed $6,000,000. $4,284,719 in proceeds were received in 2022 with the remaining $1,715,281 taken early in 2023. The Port paid all scheduled payments of debt, and also used sale proceeds to make additional principal payments. Currently the Port has two LTGO bonds held by Washington Trust Bank, a bond with the United States Department of Agriculture (USDA), and a note with De Lage Landen Financial Services, Inc. Notes with Community Economic Revitalization Board (CERB) and John Deere Financial were paid off in 2023. See Note 5 to the financial statements – Long-Term Debt.

Intermodal Industrial Park: A private party operates the site as a "hook and haul" program, where loaded refrigerated truck containers on chassis are staged on site. The Port has completed additional infrastructure to facilitate more container traffic but delays at the Ports of Seattle and Tacoma have hampered growth.

Colockum Ridge Golf Course: The Port continues to own and operate the golf course and 2023 resulted in the highest grossing year since it was acquired. While the golf course has not been a profitable endeavor, the Port strives to keep the facility open to provide the community and future industrial development with recreational opportunities. The course is also being used by the Quincy School District's golf team, and several local tournaments are held each year. The Port approved raising fees in 2023 in effort to minimize the loss.

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

Bishop Recreation Area: The Port is looking into developing a trailhead and campsites and is working with the Department of Fish and Wildlife and the Bureau of Reclamation. Water issues are slowing the development of this property.

Economic Development: The Port responds to multiple requests regarding available property within the district. Informal discussions were underway at year end with parties interested in the expanded Industrial Park 5.

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

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

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

PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and Cash Equivalents	$ 57,304
Investment in Grant County Pool	3,930,093
Interest Receivable	4,500
Taxes Receivable	8,670
Accounts Receivable	126,460
Grants Receivable	115,110
Inventory	17,247
Prepaid Expenses	170,237
Leases Receivable	143,248
Notes Receivable	45,194
Other Current Assets	1,107
Total Current Assets	4,619,170
NONCURRENT ASSETS	
Leases Receivable	310,507
Notes Receivable	502,725
Net Pension Asset	144,192
Land	10,802,496
Capital Assets Being Depreciated:	
Property, Plant, and Equipment	14,400,941
Less: Accumulated Depreciation	(10,649,638)
Total Noncurrent Assets, Net	15,511,223
Total Assets	20,130,393
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	128,381
Total Assets and Deferred Outflows of Resources	$ 20,258,774

See accompanying Notes to Financial Statements.

PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2023

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Accounts Payable	$ 32,766
Accrued Expenses	129,966
Retirement Plan Payable	3,109
Interest Payable	87,184
Unearned Revenue	6,847
Line of Credit - Washington Trust Bank	25,218
Lease Deposits	12,550
Current Maturities of Long-Term Debt	851,411
Total Current Liabilities	1,149,051
NONCURRENT LIABILITIES	
Compensated Absences	15,662
Long-Term Debt (Net of Current Maturities)	13,229,776
Net Pension Liability	62,159
Total Noncurrent Liabilities	13,307,597
Total Liabilities	14,456,648
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Leases	443,417
Deferred Inflows Related to Pensions	107,313
Total Deferred Inflows of Resources	550,730
NET POSITION	
Net Investment in Capital Assets	472,612
Restricted for Pensions	165,260
Restricted for Debt Convenant	500,000
Unrestricted	4,113,524
Total Net Position	5,251,396
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 20,258,774

See accompanying Notes to Financial Statements.

PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2023

OPERATING REVENUES	
Property Lease/Rental Operation	$ 577,007
Golf Course	624,298
Intermodal Park	22,023
Quincy Business and Event Center	75,000
Port Protective Services	284,758
Bishop Recreation Area	1,334
Total Operating Revenues	1,584,420
OPERATING EXPENSES	
Depreciation	275,380
Wages	795,292
Professional Fees	161,591
Repairs and Maintenance	202,659
Employee Benefits	91,595
Pension Expense	(4,533)
Insurance	169,193
Taxes	114,972
Janitorial Services	8,550
Utilities	80,434
Legal Fees	70,309
Inventory Costs	74,530
Dues and Subscriptions	38,032
Rent	5,376
Operating Supplies	25,862
Fertilizers and Chemicals	31,297
Fuel	43,736
Fees and Permits	4,648
Inspections	2,602
Custom Hire	7,781
Advertising and Promotion	9,152
Bank Charges	14,962
Telephone	5,125
Office Supplies	11,436
Security	1,122
Travel and meals	5,715
Irrigation Water	23,203
Meetings and Conferences	474
Education	4,897
Total Operating Expenses	2,275,392
LOSS FROM OPERATIONS (Balance Carried Forward)	(690,972)

See accompanying Notes to Financial Statements.

PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
YEAR ENDED DECEMBER 31, 2023

LOSS FROM OPERATIONS (Balance Brought Forward)	$ (690,972)
NONOPERATING REVENUES (EXPENSES)	
Ad Valorem Tax Levy and Leasehold Tax	914,575
Election expense	(6,626)
Loan Fees	(1,000)
Gain on Sale of Capital Assets	696,185
Grant Funds	626,047
Interest Expense	(689,004)
Interest Income	160,662
Net Increase (Decrease) in the Fair Value of Investments	118,209
Infrastructure Expense	(327,772)
Miscellaneous Expenses	(42)
Miscellaneous Income	581
Weed District Assessment	(525)
Total Nonoperating Revenues, Net	1,491,290
INCREASE IN NET POSITION	800,318
NET POSITION - BEGINNING OF YEAR	4,451,078
NET POSITION - END OF YEAR	$ 5,251,396

See accompanying Notes to Financial Statements.

PORT DISTRICT NO. 1 OF GRANT COUNTY (PORT OF QUINCY)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers and Leases	$ 1,348,855
Cash Paid to Employees	(921,857)
Cash Paid to Suppliers	(1,148,358)
Other Receipts (Payments)	(14,740)
Net Cash Used by Operating Activities	(736,100)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Draws (Payments) on Line of Credit	25,218
Borrowings from Capital Debt	1,715,281
Purchases of Capital Assets	(2,603,336)
Principal Paid on Capital Debt	(3,139,063)
Interest Paid on Capital Debt	(675,903)
Payments Received on Notes Receivable	383,499
Proceeds from Disposition of Assets	3,489,910
Net Cash Used by Capital and Related Financing Activities	(804,394)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest, Dividends and Change in Fair Value of Investments	281,037
Investment in Grant County Pool	181,369
Net Cash Provided by Investing Activities	462,406
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Noncapital Taxes Received	911,627
Nonoperating Income	523,885
Nonoperating Expenses	(335,965)
Net Cash Provided by Noncapital Financing Activities	1,099,547
NET INCREASE IN CASH AND CASH EQUIVALENTS	21,459
Cash and Cash Equivalents - Beginning of Year	35,845
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 57,304

See accompanying Notes to Financial Statements.

RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH USED BY OPERATING ACTIVITIES		
Loss from Operations	$	(690,972)
Adjustments to Reconcile Loss from Operations to Net Cash Used by Operating Activities:		
Depreciation		275,380
Effects of Changes in Operating Assets and Liabilities:		
Accounts and Taxes Receivable		(85,810)
Inventory		(5,316)
Pension Activities		(56,521)
Prepaid Expenses and Other Assets		(20,846)
Accounts Payable		(25,485)
Accrued Expenses and Retirement Plan Payable		23,225
Lease Activities		(15,405)
Lease Deposit		(134,350)
Net Cash Used by Operating Activities	$	(736,100)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES		
Net Increase in the Fair Value of Investments Reflected in Investing Activities	$	118,209

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL ACTIVITIES

Fully depreciatied assets with a historical cost of $431,546 were retired during the year.

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Summary

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

Reporting Entity

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

On March 26, 1982, a resolution was adopted to approve and authorize the creation of the Industrial Development Corporation of Port District No. 1 of Grant County, Washington (IDC). That corporation was established to act on behalf of the Port to issue nonrecourse revenue bonds for the purpose of financing the costs of qualified industrial development facilities. The IDC is managed by a Board of Directors composed of the members from time to time of the Commission of the Port. There was no financial activity in the IDC for the year ended December 31, 2023. The asset of this corporation, which is a bank account with a balance of $4,205, has been included in these financial statements.

Basis of Accounting and Reporting

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

Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Port discloses changes in cash flows by a separate statement that presents its operating, investing, and cash flows from capital, noncapital, and related financing activities.

The Port's statements are reported using the economic resources measurement focus and the full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred regardless of the timing of cash flows. Capital asset purchases are capitalized, and long-term liabilities are recorded.

The Port distinguishes between operating revenues and expenses and nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for rental of property owned by the Port. The Port also recognizes the income from Colockum Ridge

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Golf Course, Intermodal Park, Quincy Business and Event Center (QBEC), Port Protective Services (PPS), and Bishop Recreation Area as operating revenue. Operating expenses for the Port include administrative expenses, depreciation on capital assets, repairs and maintenance of property, real estate taxes, and other property-related costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2023, the treasurer was holding $3,930,093, valued at amortized cost, in short-term residual investments of surplus cash. The fair value of this amount, $3,930,093, is classified on the statement of net position as investments. See Note 7 to the financial statements – Deposits and Investments.

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

Investments

See Note 7 to the financial statements – Deposits and Investments.

Receivables

Accounts receivable consist of amounts owed from private individuals or organizations for rents, leases, goods and services, and may include amounts for which billings have not yet been prepared. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables, based on a review of all outstanding amounts on a monthly basis. The Port determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

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

Leases receivable consist of amounts recorded in compliance with GASB 87, Leases. The Port has recorded these amounts as detailed in Note 6 – Leases.

Interest receivable consists of amounts earned on investments, notes, and leases receivable at the end of the year.

Prepaids

Prepaid expense includes payment for insurance and other miscellaneous services extending to future accounting periods.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

Compensated Absences

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

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

Other Accrued Expenses

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

Long-Term Debt

See Note 5 to the financial statements – Long-Term Debt.

Net Position Classification

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Sometimes the Port will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pensions

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

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset and the related deferred outflows and deferred inflows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues

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

Grants

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

Unearned Revenue

This account includes amounts recognized as receivables but not revenues because the revenue recognition criteria have not been met.

Estimates and Assumptions

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

Concentrations of Credit Risk

The Company performs credit evaluations of its customers and subcontractors and may require surety bonds. Liens are filed, when permissible, on construction contracts where collection problems are anticipated. As of December 31, 2023, accounts receivable are due from customers not concentrated in a particular industry.

Inventory

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

Deferred Inflows of Resources

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

Deferred Outflows of Resources

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

Leases

Leases are contracts that convey control of a right to use the Port's land, buildings, or portions of buildings over a period of time that exceeds one year. For leases with a maximum possible term of 12 months or less at the commencement, revenue is recognized based on the provisions of the lease contract. For all other leases, the Port recognizes a lease receivable and a deferred inflow of resources in the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line method.

Key estimates and judgements related to leases include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Port uses the rate implicit in the lease as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

See Note 6 to the financial statements – Leases for more information.

Implementation of New Governmental Accounting Standards Board Pronouncements

On January 1, 2023 the Port implemented GASB 96, Subscription-Based Information Technology Arrangements.

NOTE 2 PROPERTY TAXES

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

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

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow of resources and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

NOTE 2 PROPERTY TAXES (CONTINUED)

The Port is permitted by law to levy up to $0.45000 per $1,000 of assessed valuation for general governmental services. The Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The Port may also levy taxes at a lower rate.

The Port's regular levy for 2023 was $0.1211 per $1,000 on an assessed valuation of $7,490,537,099 for a total regular levy $907,103.

NOTE 3 CAPITAL ASSETS AND DEPRECIATION

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

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

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

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

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

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

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

NOTE 3 CAPITAL ASSETS AND DEPRECIATION (CONTINUED)

Capital assets activity for the year ended December 31, 2023 was as follows:

	Beginning Balance 1/1/2023	Increases	Decreases	Ending Balance 12/31/2023
Capital Assets Not Being Depreciated:				
Land	$ 8,665,385	$ 2,196,292	$ (59,181)	$ 10,802,496
Construction in Progress	5,759		(5,759)	-
Total Capital Assets, Not Being Depreciated	8,671,144	2,196,292	(64,940)	10,802,496
Capital Assets Being Depreciated:				
Buildings	5,115,478	6,917	(2,916,542)	2,205,853
Improvements Other than Buildings	9,540,489	305,256	(352,852)	9,492,893
Machinery and Equipment	2,710,215	100,631	(108,651)	2,702,195
Total Capital Assets Being Depreciated	17,366,182	412,804	(3,378,045)	14,400,941
Less Accumulated Depreciation for:				
Buildings	(780,391)	(113,942)	181,997	(712,336)
Improvements Other than Buildings	(8,467,539)	(79,828)	352,852	(8,194,515)
Machinery and Equipment	(1,769,828)	(81,610)	108,651	(1,742,787)
Total Accumulated Depreciation	(11,017,758)	(275,380)	643,500	(10,649,638)
Total Capital Assets Being Depreciated, Net of Depreciation	6,348,424	137,424	(2,734,545)	3,751,303
Capital Assets, Net	$ 15,019,568	$ 2,333,716	$ (2,799,485)	$ 14,553,799

NOTE 4 PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2023:

Aggregate Pension Amounts - All Plans		
Pension Liabilities	$	(62,159)
Pension Assets		144,192
Deferred Outflows of Resources		128,381
Deferred Inflows of Resources		(107,313)
Pension Expense/Expenditures		(8,774)

State Sponsored Pension Plans

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

NOTE 4 PENSION PLANS (CONTINUED)

and amends, laws pertaining to the creation and administration of all public retirement systems.

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of local governments; and higher education employees not participating in higher education retirement programs.

PERS is composed of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3 and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although employees can be a member of only Plan 2 or Plan 3, the defined benefits of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of Plan 2/3 may legally be used to pay the defined benefits of any Plan 2 or Plan 3 members or beneficiaries.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. PERS Plan 1 retirement benefits are actuarially reduced fi a survivor benefit is chosen. Members retiring from active status prior to the age of 65 may also receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include an optional cost-of-living adjustment (COLA). PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary adopted by the Pension Funding Council and is subject to change by the legislature. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

NOTE 4 PENSION PLANS (CONTINUED)

PERS Plan 1 Actual Contribution Rates:		Employer	Employee
January-June			
PERS Plan 1		6.36%	6.00%
PERS Plan 1 UAAL		3.85%	
Administrative Fee		0.18%	
	Total	10.39%	6.00%
July-August			
PERS Plan 1		6.36%	6.00%
PERS Plan 1 UAAL		2.85%	
Administrative Fee		0.18%	
	Total	9.39%	6.00%
September-December			
PERS Plan 1		6.36%	6.00%
PERS Plan 1 UAAL		2.97%	
Administrative Fee		0.20%	
	Total	9.53%	6.00%

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the member's AFC times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other PERS Plan 2/3 benefits include a COLA based on the CPI, capped at 3% annually. PERS 2 members are vested after completing five years of eligible service. Plan
3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contributions upon separation. Members have multiple withdrawal options, including purchase of an annuity. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The rates are adopted by the Pension Funding Council, and are subject to change by the Legislature. The employer rate includes a component to address the PERS Plan 1 Unfunded Actuarial Accrued Liability (UAAL).

NOTE 4 PENSION PLANS (CONTINUED)

As established by Chapter 41.34 RCW, Plan 3 defined contribution rates are set at a minimum of 5% and a maximum of 15%. PERS Plan 3 members choose their contribution rate from six options when joining membership and can change rates only when changing employers. Employers do not contribute to the defined contribution benefits.

The PERS Plan 2/3 defined benefit required contribution rates (expressed as a percentage of covered payroll) for 2023 were as follows:

PERS Plan 2/3 Actual Contribution Rates:		Employer 2/3	Employee 2/3
January-June			
PERS Plan 2/3		6.36%	6.36%
PERS Plan 1 UAAL		3.85%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
	Total	10.39%	6.36%
July-August			
PERS Plan 2/3		6.36%	6.36%
PERS Plan 1 UAAL		2.85%	
Administrative Fee		0.18%	
Employee PERS Plan 3			Varies
	Total	9.39%	6.36%
September - December			
PERS Plan 2/3		6.36%	6.36%
PERS Plan 1 UAAL		2.97%	
Administrative Fee		0.20%	
Employee PERS Plan 3			Varies
	Total	9.53%	6.36%

The Port's actual PERS plan contributions were $16,621 to PERS Plan 1 and $31,127 to PERS Plan 2/3 for the year ended December 31, 2023.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022, to June 30, 2023, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

NOTE 4 PENSION PLANS (CONTINUED)

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by service-based salary increase.
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2021 Actuarial Valuation Report (AVR).

Discount Rate
The discount rate used to measure the total pension liability for all DRS plans was 7.0%.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0% was used to determine the total liability.

Long-Term Expected Rate of Return
The long-term expected rate of return on the DRS pension plan investments of 7.0% was determined using a building-block-method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class
The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021. The inflation component used to create the table is 2.2% and represents the WSIB's most recent long-term estimate of broad economic inflation.

NOTE 4 PENSION PLANS (CONTINUED)

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
Total Allocation	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what The Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Plan	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	$ 86,841	$ 62,159	$ 40,617
PERS 2/3	156,826	(144,192)	(391,496)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2023, the Port reported its proportionate share of the net pension liabilities and assets as follows:

Plan	Liability (Asset)
PERS 1	$ 62,159
PERS 2/3	(144,192)

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

Plan	Proportionate Share 6/30/2022	Proportionate Share 6/30/2023	Change in Proportion
PERS 1	0.002469%	0.002723%	0.000254%
PERS 2/3	0.003212%	0.003518%	0.000306%

NOTE 4 PENSION PLANS (CONTINUED)

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LOEFF 1.

Pension Expense

For the year ended December 31, 2023, the Port recognized pension expense as follows:

Plan	Pension Expense
PERS 1	$ 7,589
PERS 2/3	(16,363)
Total	$ (8,774)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2023, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(7,012)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	8,887	-
Total	$ 8,887	$ (7,012)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,372	$ (1,611)
Net difference between projected and actual investment earnings on pension plan investments	-	(54,340)
Changes of assumptions	60,537	(13,195)
Changes in proportion and differences between contributions and proportionate share of contributions	11,236	(31,155)
Contributions subsequent to the measurement date	18,350	-
Total	$119,495	$ (100,301)

NOTE 4 PENSION PLANS (CONTINUED)

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,372	$ (1,611)
Net difference between projected and actual investment earnings on pension plan investments	-	(61,352)
Changes of assumptions	60,537	(13,195)
Changes in proportion and differences between contributions and proportionate share of contributions	11,236	(31,155)
Contributions subsequent to the measurement date	27,237	-
Total	$128,382	$ (107,313)

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1
2023	$ (4,771)
2024	(5,999)
2025	3,699
2026	59
2027	-
Thereafter	-
Total	$ (7,012)

Year Ended December 31:	PERS 2/3
2023	$ (26,975)
2024	(40,407)
2025	41,275
2026	13,796
2027	13,837
Thereafter	(682)
Total	$ 844

NOTE 5 CHANGES IN LONG-TERM LIABILITIES AND LONG-TERM DEBT

Changes in long-term liabilities:

During the year ended December 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2023	Additions	Reductions	Ending Balance 12/31/2023	Due Within One Year
General Obligation Bonds:					
LTGO Bond, 2005 (Taxable)	$ 2,882,072		$ 78,735	$ 2,803,337	$ 81,794
LTGO Bond, 2022 (Taxable)	4,284,719	1,715,281	228,373	5,771,627	200,375
LTGO and Refunding Bond, 2020 (Taxable)	7,674,460		2,512,932	5,161,528	224,547
Total LTGO Bonds	14,841,251	1,715,281	2,820,040	13,736,492	506,716
CERB Loan	154,754		154,754	-	-
John Deere Financial Equipment L	51,098		51,098	-	-
DLL Financial Equipment Loan	457,866		113,171	344,695	344,695
Compensated Absences	27,858	56,056	41,462	42,452	15,662
Net Pension Liability	68,746		6,587	62,159	-
Total Long-Term Liabilities	$ 15,601,573	$ 1,771,337	$ 3,187,112	$ 14,185,798	$ 867,073

Long-term debt:

The Port issues general obligation bonds to finance the purchase of land and/or buildings and the acquisition or construction of infrastructure and buildings. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund general obligation bonds. General obligation bonds have been issued for business-type activities and are being repaid from the applicable resources. The Port is also liable for notes that were entered into for the purchase of equipment and construction of infrastructure. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources.

General obligation bonds currently outstanding are as follows:

Purpose	Maturity Range	Interest Rate	Original Amount	Amount of Installment
Consolidate Interim Loans to Improve Industrial Park 4	July 2045	4.25%	$ 3,800,000	$ 100,206
Capital Acquisitions	June 2043	4.00%	$ 6,000,000	$ 214,653
Debt Consolidation and Capital Acquisitions	June 2040	4.00%	$ 8,500,000	$ 214,393

NOTE 5 CHANGES IN LONG-TERM LIABILITIES AND LONG-TERM DEBT (CONTINUED)

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

Year Ending December 31,	Principal	Interest	Total
2024	$ 506,716	$ 553,609	$ 1,060,325
2025	526,523	533,802	1,060,325
2026	548,131	512,194	1,060,325
2027	570,625	489,699	1,060,324
2028	593,205	467,120	1,060,325
2029-2033	3,355,667	1,945,957	5,301,624
2034-2038	4,103,393	1,198,232	5,301,625
2039-2043	3,248,460	371,611	3,620,071
2044-2048	283,772	12,101	295,873
Total	$ 13,736,492	$ 6,084,325	$ 19,820,817

The annual debt service requirements to maturity for debt from direct borrowings and direct placements are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	$ 344,695	$ 2,106	$ 346,801
2025	-	-	-
2026	-	-	-
2027	-	-	-
Total	$ 344,695	$ 2,106	$ 346,801

NOTE 6 LEASES

A. Lessor Activity, subject to GASB 87 reporting:

As of December 31, 2023 the Port leases out certain facilities and real property under long-term lease agreements as follows:

Lease Type	Start Date	Initial Term	Extensions	Rate	Lease Receivable
Land & Buildings	11/2022	3 years	3 years	$3,355 per month (1)	$ 161,117
Land	05/1989	50 years	30 years	$2,382 per year	73,457
Land	03/1986	50 years	30 years	$930 per year	27,406
Land	07/2021	1 year	4 years	$996 per month (2)	28,676
Land	02/2022	2 years	-	$25,035 semi-annually	49,606
Intermodal Yard	01/2021	5 years	-	$1,000 per month base rent	23,849
Building	01/2023	1 year	2 years	$400 per month	8,682
Land	02/2023	3 years	-	$20,611 semi-annually	80,962
					$ 453,755

(1) 5% increase each option period
(2) Annual CPI indexed increase

NOTE 6 LEASES (CONTINUED)

In 2023 the Port reported the following revenues related to leases:

Long-term	$ 156,309
Variable payments	114,763
Total lease revenue	$ 271,072
Interest income related to leases	$ 24,365

As of December 31, 2023, future lease receivable principal and interest payments are:

Year Ending December 31,	Principal	Interest	Total
2024	$ 143,248	$ 20,977	$ 164,225
2025	98,161	15,718	113,879
2026	40,390	11,521	51,911
2027	40,307	7,762	48,069
2028	38,694	3,456	42,150
2029-2033	8,633	7,927	16,560
2034-2038	9,424	7,136	16,560
2039-2043	10,289	6,271	16,560
2044-2048	11,232	5,328	16,560
2049-2053	12,262	4,298	16,560
2054-2058	13,386	3,174	16,560
2059-2063	14,614	1,946	16,560
2064-2068	13,115	655	13,770
2069-2073	-	-	-
Total	$ 453,755	$ 96,169	$ 549,924

B. Lessee Activity, excluded from GASB 87 reporting:

The following, while excluded from GASB 87 lease requirements, are commitments of the Port:

The Port leases an airport from the City of Quincy. The lease expires on December 31, 2044. Future minimum lease payments are expected to be $1 annually.

The Port entered into an indefinite land lease with BNSF Railway Company effective January 15, 2013. Rent is to be made in advance, beginning at $1,800 for 2013 and increasing annually by 3 percent ($2,419 for 2023). This amount is being reimbursed back to the Port from Custom Apple Packers, Inc., the lessee of the property.

The Port entered into an indefinite land lease with BNSF Railway Company effective September 15, 2015. Rent is to be made in advance, beginning at $2,333 for 2015 and increasing annually by 3 percent ($2,955 for 2023). This amount is being reimbursed back to the Port from Double Diamond, Inc., the lessee of the property.

NOTE 7 DEPOSITS AND INVESTMENTS

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

Investments
The Port is a participant in the Grant County Investment Pool, an external investment pool operated by the Country Treasurer. The Pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Port reports its investment in the Pool at the fair value amount, which is the same as the value of the pool per share. The responsibility for managing the pool resides with the County Treasurer. The Pool is established from the RCW 36.29 which authorizes the County Treasurer to invest the funds of participants. The Grant County investment policy is established by the Finance Committee. The county external investment pool does not have a credit rating and had a weighted average maturity of 1.92 years as of December 31, 2023.

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

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

At December 31, 2023, the Port had the following investments measured at fair value:

Investments by Fair Value Level	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Grant County Investment Pool	$ 3,930,093	$ 3,930,093	$ -	$ -
Total Investments by Fair Value Level	$ 3,930,093	$ 3,930,093	$ -	$ -

Custodial credit risk is the risk that in the event of a failure of the counterparty, the Port will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Port's total position of $3,930,093 in Grant County Investment Pool, the total amount is exposed to custodial credit risk because the investments are held by the Port's treasurer, which is also the counterparty in those particular securities. The Port does not have a formal policy for custodial credit risk.

NOTE 8 RISK MANAGEMENT

The Port is a member of the Cities Insurance Association of Washington (CIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1998, when 34 cities in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of November 30, 2023, membership includes 196 members in the program.

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

The program acquires reinsurance through their administrator, Clear Risk Solutions. Liability coverage is purchased to a group aggregate limit of $50,000,000 with a self-insured retention (SIR) of $750,000. Members are responsible for a $1,000 to $50,000 deductible for each claim (can vary by member), while the program is responsible for the $750,000 SIR. Since the program is a cooperative program, there is joint liability among the participating members toward the sharing of the $750,000 SIR, in addition to the deductible. The program also purchases a Stop Loss Policy as another layer of protection to its membership, with an attachment point of $8,347,047, which is fully funded in its annual budget.

Property insurance is subject to a per-occurrence SIR of $750,000. Members are responsible for a $1,000 deductible for each claim (some members deductible may vary). The program bears the $750,000 SIR, in addition to the deductible.

Crime insurance is subject to a per occurrence SIR of $25,000. Members are responsible for a $1,000 deductible for each claim (some member deductibles vary). The program bears the $25,000 SIR, in addition to the deductible.

Equipment Breakdown insurance is subject to a per-occurrence deductible of $2,500 (cities and special districts) and $500 (fire districts), which may vary per member, with the exception of Pumps & Motors, which is $10,000. Members are responsible for the deductible amount of each claim. There is no program SIR on this coverage, with the exception of Pumps & Motors, which is $15,000 and is covered by CIAW.

Cyber liability insurance is subject to a per-occurrence SIR of $50,000. Members are responsible for a $10,000 deductible for each claim, while the program is responsible for the remaining $40,000 SIR.

Members contract to remain in the program for a minimum of one year and must give notice before December 1 to terminate participation the following December 1. The Interlocal Agreement is renewed automatically each year. In the event of termination, a member is still

NOTE 8 RISK MANAGEMENT (CONTINUED)

responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program has no employees. Claims are filed by members/brokers with Clear Risk Solutions, who has been contracted to perform program administration, underwriting, claims adjustment and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending December 1, 2023, were $3,172,936.78.

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

The amounts of settlements have not exceeded insurance coverage over the past three years, within the boundaries of the program.

NOTE 9 COMMITMENTS AND CONTINGENCIES

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

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

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

In 2021, the Port received a recoverable grant for improvements to the Quincy municipal airport in the amount of up to $32,107. This grant was increased to a maximum payable amount of $282,722. $276,987 was included in nonoperating revenue grant funds as of year ended December 31, 2022. This grant is contingent on the airport remaining open for 20 years after the grant was received or the funds are required to be returned within 30 days of closure, sale, or discontinued use. There is no liability recorded for the contingency.

In December of 2022 the Port accepted a grant of $353,000 from the Strategic Infrastructure Program. Those funds will be used for the Water Main Extension Project in Industrial Park 5. That project will be completed in 2024.

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

In December 2022 the Port signed an agreement to pay up to $250,000 for the provision of Emergency Medical Services within the district. That agreement was extended to 2024.

In August of 2023 the Port received a Summons for a Complaint for Violations of the Public Records Act arising from a public records request from August of 2022. The Port believes that the complaint is unfounded and anticipates dismissal with no monetary damages awarded to the complainant. There is no liability recorded for the contingency.

In December of 2023 the Port entered into two Purchase and Sale Agreements to grant easements located in Industrial Park 4 for $11,027 and $9,639.

In December of 2023 the Port committed to pay off the remaining balance of the stacker loan with DLL Financial. The balance of $344,695 was paid in January of 2024.

NOTE 10 CONSTRUCTION COMMITMENTS

At year end the Port's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Industrial Park 5 - Water Main Extension	$ 311,058	$ 218,942

NOTE 11 DIRECTORY OF OFFICIALS

Elected

Commissioners

		Length of Term	Expiration
District #1	Curt A. Morris	6 Years	December 2025
District #2	Patric F. Connelly	6 Years	December 2023
District #3	Brian Kuest	6 Years	December 2027

Appointed

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

Mailing Address

Port District
101 F Street SW
Quincy, Washington 98848

NOTE 12 SUBSEQUENT EVENTS

In January 2024 the Port entered into an agreement for Rail Planning Services/Grant Support not to exceed $49,500 for 2024.

The Port has a $500,000 line of credit ($25,218 open balance on December 31, 2023) with Washington Trust Bank that expires on January 17, 2024. In January of 2024 the line was extended to February 16, 2024, and the Port entered into discussion with the bank to renew the line of credit.

In January of 2024 the Port entered into an agreement for a Comprehensive Plan Update for $83,050.

In February of 2024 the Port signed an interlocal agreement for Legal Services Concerning the Diversion of Aviation Fuel Tax and committed $1,000 for legal services.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1									
Employer's proportion of the net pension liability (asset)	0.002723%	0.002469%	0.002814%	0.003155%	0.003229%	0.004608%	0.003363%	0.003059%	0.003987%
Employer's proportionate share of the net pension liability	$ 62,159	$ 68,746	$ 34,366	$ 111,389	$ 124,167	$ 205,795	$ 159,577	$ 164,283	$ 208,557
Employer's covered employee payroll	$ 502,032	$ 399,327	$ 373,377	$ 394,561	$ 381,497	$ 616,432	$ 364,089	$ 308,714	$ 406,486
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	12.38%	17.22%	9.20%	28.23%	32.55%	33.38%	43.83%	53.22%	51.31%
Plan fiduciary net position as a percentage of the total pension liability	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%
PERS Plan 2/3									
Employer's proportion of the net pension liability (asset)	0.003518%	0.003212%	0.002850%	0.002952%	0.003072%	0.004762%	0.003244%	0.002789%	0.003940%
Employer's proportionate share of the net pension liability (asset)	$ (144,192)	$ (119,126)	$ (283,906)	$ 37,754	$ 29,840	$ 81,307	$ 112,713	$ 140,424	$ 140,779
Employer's covered employee payroll	$ 502,032	$ 399,327	$ 342,496	$ 344,617	$ 332,904	$ 564,424	$ 318,089	$ 262,713	$ 360,486
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	-28.72%	-29.83%	-82.89%	10.96%	8.96%	14.41%	35.43%	53.45%	39.05%
Plan fiduciary net position as a percentage of the total pension liability	107.02%	106.73%	120.29%	97.22%	97.77%	95.77%	90.97%	82.50%	59.20%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
PERS Plan 1									
Statutorily or contractually required contributions	$ 16,621	$ 18,199	$ 17,329	$ 22,339	$ 22,951	$ 31,152	$ 23,652	$ 17,014	$ 17,426
Contributions in relation to the statutorily or contractually required contributions	(16,621)	(18,199)	(17,329)	(22,339)	(22,951)	(31,152)	(23,652)	(17,014)	(17,426)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employer payroll	$ 528,908	$ 453,792	$ 375,606	$ 390,453	$ 387,161	$ 617,834	$ 420,888	$ 296,612	$ 360,239
Contributions as a percentage of covered employee payroll	3.14%	4.01%	4.61%	5.72%	5.93%	5.04%	5.62%	5.74%	4.84%
PERS Plan 2/3									
Statutorily or contractually required contributions	$ 31,127	$ 30,798	$ 26,678	$ 26,429	$ 25,905	$ 37,249	$ 25,151	$ 15,613	$ 16,667
Contributions in relation to the statutorily or contractually required contributions	(31,127)	(30,798)	(26,678)	(26,429)	(25,905)	(37,249)	(25,151)	(15,613)	(16,667)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered employer payroll	$ 528,908	$ 453,792	$ 375,606	$ 334,544	337,752	565,257	374,358	250,612	314,239
Contributions as a percentage of covered employee payroll	5.89%	6.79%	7.10%	7.90%	7.67%	6.59%	6.72%	6.23%	5.30%

Notes:

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

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov