

**PORT DISTRICT OF  
CHELAN COUNTY, WASHINGTON**

**Financial Statements**

**(Cash Basis)**

**December 31, 2021**

**I N D E X**

Fund Resources & Uses.....	1
Notes to Financial Statements .....	2-9
Supplementary Information	
Schedule of Liabilities .....	10
Schedule of State Financial Assistance .....	11
Schedule of Expenditures of Federal Awards .....	12
Notes to the Schedule of Expenditures of Federal Awards.....	13

Port District of Chelan County, Washington  
Fund Resources and Uses Arising from Cash Transactions  
For the Year Ended December 31, 2021

Beginning Cash and Investments		
3085100	Assigned	\$ -
3089100	Unassigned	36,715
	Total Cash and Investments	<u>36,715</u>
Revenues		
3111000	Property Tax	3,256,136
3316600	U.S. Environmental Protection Agency Grant	85,628
3340420	Department of Commerce Grants	145,476
3370000	Local Grants, Entitlements and Other Payments	-
3446000	Airports and Ports Services	5,767
3611000	Investment Earnings	921
3694000	Settlements	1,474,130
3699100	Miscellaneous Other	109,039
	Total Revenues	<u>5,077,097</u>
Expenditures		
5460030	Supplies	416
5460040	Services	266,863
	Total Expenditures	<u>267,279</u>
	Excess (Deficiency) Revenues over Expenses	4,809,818
Other Increases		
3911000	General Obligation Bonds Issued	-
	Total Other Increases	<u>-</u>
Other Decreases		
5850000	Special Items - Investment in Joint Venture	2,271,559
5914670	Debt Repayment - Airports and Ports	177,167
5924680	Interest and Other Debt Service Cost	56,711
5944660	Capital Expenditures/Expenses	641,712
	Other Decreases	<u>3,147,149</u>
	Increase (Decrease) in Cash and Investments	1,662,669
Ending Cash and Investments		
5085100	Assigned	-
5089100	Unassigned	1,699,384
	Total Ending Cash and Investments	<u>\$ 1,699,384</u>

## Port District of Chelan County, Washington Notes to Financial Statements

### Note 1 - Summary of Significant Accounting Policies

The Port of Chelan County (Port) was established in 1958 and operates under the laws of the state of Washington applicable to port districts. The Port is a special purpose local government entity and provides industrial park, airport, tourism and economic development services to the general public, and is supported through user charges and tax revenues.

The Port is governed by an elected three member commission.

The Port 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 4 - Joint Venture).
- 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.

## **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 2, *Deposits and Investments*.

## **D. Capital Assets**

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets and inventory are recorded as capital expenditures when purchased.

## **E. Long-Term Debt**

See Note 5, *Long-Term Debt*

## **F. 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 the Board of Commissioners. When expenditures that meet restrictions are incurred, the Port intends to use the most restricted resources first. The Port had no Restricted or Committed cash at December 31, 2021.

### **Note 2 - Deposits and Investments**

It is the Port's policy to invest all temporary cash surpluses.

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port 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'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 or its agent in the government's name.

Investments are reported at original cost. At December 31, 2021, Port cash and investments of \$1,699,384 were held in checking or savings accounts.

### **Note 3 - Property Tax**

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

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

The Port's regular levy for the year 2021 was \$0.2281354926 per \$1,000 on an assessed valuation of \$14,378,511,484 or a total regular levy \$3,280,248.

**Note 4 - Joint Venture – Chelan Douglas Regional Port Authority**

The Port of Chelan County and Port of Douglas County (Ports) operate jointly as Chelan Douglas Regional Port Authority (Port Authority). The Port Authority was formed by resolution effective January 1, 2020, for the purpose of functionally consolidating both Ports' operations, and as an ownership and operational entity for Pangborn Memorial Airport. The Joint Venture is governed by a six-member board composed of the three Commissioners from each Port District.

The Ports are obligated to remit all revenues to support the Port Authority's operations, capital acquisitions and debt service. Upon potential dissolution of the joint venture, the assets and liabilities would be distributed to the Ports according to the initial contributions, then according to a ratio based on free cash flow from each Port, as defined in the Interlocal Agreement.

During 2021, the Port of Chelan County contributed \$2,271,559 toward operations.

**Note 5 - Long-Term Debt**

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

The debt service requirements for general obligation bonds, revenue bonds and notes payable are as follows:

Year ending December 31,	Principal	Interest	Total
2022	\$ 259,085	\$ 84,360	\$ 343,445
2023	264,845	78,598	343,443
2024	222,239	72,677	294,916
2025	228,326	66,590	294,916
2026	234,582	60,333	294,915
2027-2031	1,273,072	201,503	1,474,575
2032-2035	810,168	45,137	855,305
Total	<u>\$ 3,292,317</u>	<u>\$ 609,198</u>	<u>\$ 3,901,515</u>

**Note 6 - Risk Management**

Port of Chelan 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

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
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
Sublimit <sup>(5)</sup> :				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000

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



Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays <sup>(1)</sup>
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- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Member's may elect to "buy-up" the level of coverage from \$5,000 to \$1 million.
- (8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a \$25,000 limit per member.

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

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

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

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

**Note 7 - 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 have remained unchanged. Management continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. To date, the Port has not experienced any direct financial impacts due to the pandemic.

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 is unknown at this time.

## **Note 8 - Other Disclosures**

### **Contingency**

The Port participates in a number of federal, state and locally assisted programs. The grants the Port receives under these programs are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Management believes that such disallowances, if any, will be immaterial.

Port District of Chelan County, Washington  
Schedule of Liabilities  
For the Year Ended December 31, 2021

I.D. NO.	Description	Maturity/ Payment Due Date	Beginning Balance 1/1/2021	Additions	Reductions	Ending Balance Debt 12/31/21
<b>General Obligation Debt/Liabilities</b>						
251.41	Cashmere Mill Site Buildings Bond	12/01/35	\$ 2,713,415	\$ -	\$ 151,587	\$ 2,561,828
263.83	CERB Loan - Construction of CTC	01/26/23	145,588	-	48,529	97,059
263.83	CERB Loan - Sunset Hwy Improvements	01/25/30	685,889	-	52,459	633,430
	<b>Total General Obligation Debt/Liabilities</b>		<b>3,544,892</b>	<b>-</b>	<b>252,575</b>	<b>3,292,317</b>
<b>Revenue and Other Debt/Liabilities</b>						
	<b>Total Revenue and Other Debt/Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Liabilities</b>		<b>\$ 3,544,892</b>	<b>\$ -</b>	<b>\$ 252,575</b>	<b>\$ 3,292,317</b>

Port District of Chelan County, Washington  
 Schedule of State Financial Assistance  
 For the Year Ended December 31, 2021

State Agency BARS Account	Program Title	Identification #	Amount
#3340420 Washington State Department of Commerce	Associate Development Organization Program	S20-75106-004	\$ 44,465
#3340420 Washington State Department of Commerce	Working Washington, Small Business Emergency Grant Program	21-00021-003	\$ 1,011
#3340420 Washington State Department of Commerce	Associate Development Organization Disaster Relief Response	N/A	\$ 100,000
<b>Total State Financial Assistance</b>			<b>\$ 145,476</b>

Port District of Chelan County, Washington  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended December 31, 2021

CFDA #	COVID-19 Expenditures	Federal Agency Name	Federal Program Name	Pass-Thru Agency Name	Other Award I.D. Number	R&D	Total	Passed Through to Subrecipients	Footnote Ref.	
66.818	No	US Environmental Protection Agency	Brownfields Multipurpose		BF-01J86501-0		\$ 85,628	\$ 85,628	1, 2	
<b>Total Expenditures of Federal Awards</b>								<b>\$ 85,628</b>	<b>\$ 85,628</b>	

Port District of Chelan County, Washington  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

**Note 1 - Basis of Accounting**

This Schedule is prepared on the same basis of accounting as the Port's financial statements. The Port uses the cash basis of accounting.

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

**Note 2 - Federal De Minimis Indirect Cost Rate**

The Port has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.