



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements Audit Report

## Port of Port Angeles

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

*Published December 18, 2023*

Report No. 1033774



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

December 18, 2023

Board of Commissioners  
Port of Port Angeles  
Port Angeles, Washington

**Report on Financial Statements**

Please find attached our report on the Port of Port Angeles 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](mailto:webmaster@sao.wa.gov).*

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## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### Port of Port Angeles January 1, 2022 through December 31, 2022

#### **2022-001 The Port's internal controls over financial statement preparation were inadequate for ensuring accurate liability reporting.**

##### *Background*

The Port's governing body and management are responsible for designing, implementing, and maintaining internal controls that provide reasonable assurance financial reporting is accurate and complete.

The Port prepares its financial statements in accordance with the cash-basis *Budgeting, Accounting and Reporting System* (BARS) Manual. The BARS Manual requires the Port to report all outstanding liabilities on the supplementary Schedule of Liabilities, which provides information about the Port's future obligations. The BARS Manual also requires the Port to disclose liability information in the notes to the financial statements.

Environmental remediation results from accidents or improper use of an asset, or might be inherent for the type of assets used. Environmental remediation liabilities include obligations to pay for activities for pre-cleanup, cleanup, oversight or enforcement of laws, and post-remediation monitoring related to contamination. The Port must disclose its environmental liabilities on the Schedule of Liabilities and in the notes to the financial statements if the amount can be reasonably estimated and it is probable that the Port will be obligated to pay them.

Our audit found material weaknesses in the Port's internal controls over financial reporting that hindered its ability to produce reliable supplementary schedules. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding.

##### *Description of Condition*

The Port did not have an effective process in place to ensure staff identified, evaluated and reported all outstanding liabilities on the Schedule of Liabilities and in the notes to financial statements, as the BARS Manual requires. Port staff did not adequately research the liability reporting requirements and did not know the environmental remediation liability should be included. We consider this control deficiency to be a material weakness.

### *Cause of Condition*

In fiscal year 2022, the Port transitioned from reporting under generally accepted accounting principles (GAAP) to cash basis. Port staff did not sufficiently research the BARS Manual to learn everything that needed to be included in the Schedule of Liabilities and note disclosures, and management did not design control systems to address the environmental remediation liabilities in the Port's financial reporting.

### *Effect of Condition*

The financial statements the Port submitted for audit contained the following misstatements on the 2022 Schedule of Liabilities:

- Beginning environmental remediation liability balance was understated by \$258,654.
- Additions were understated by \$3,272,000.
- Reductions were understated by \$258,654.
- Ending environmental remediation liability balance was understated by \$3,272,000.

Additionally, the notes to the financial statements did not include the required disclosures about the liability. We also identified less significant errors in the financial statements, notes, and schedules provided for audit.

The Port corrected all identified errors.

### *Recommendation*

We recommend the Port:

- Provide ongoing training to staff responsible for accounting and financial reporting to ensure that the Port's financial statements are accurate and comply with reporting requirements
- Ensure someone who understands the reporting requirements performs an independent and appropriately detailed review of the financial statements, notes, and supplementary schedules to ensure the prepared information is complete and accurate

### ***Port's Response***

*The Port agrees with the Auditor's finding. Fiscal year 2022 was a transition year from accrual reporting to cash basis reporting and the environmental liability schedule was inadvertently left off the cash basis report. The Port had fully analyzed and documented our estimated environmental liability and immediately added it once its absence from the cash basis statement was noted. Safeguards have been put in place to ensure this issue does not reoccur in the future.*

### ***Auditor's Remarks***

We appreciate the Port's commitment to resolving the issues noted and will follow up during the next audit.

### ***Applicable Laws and Regulations***

*Government Auditing Standards*, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200, Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

The *Budgeting, Accounting and Reporting System (BARS) Manual*, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

## 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 Port Angeles January 1, 2022 through December 31, 2022**

Board of Commissioners  
Port of Port Angeles  
Port Angeles, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Port Angeles, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated December 12, 2023.

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

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

In planning and performing our 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

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

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

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001 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*.

## **PORT'S RESPONSE TO FINDINGS**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Port's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The Port's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.



## PURPOSE OF THIS REPORT

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

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

December 12, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Port of Port Angeles January 1, 2022 through December 31, 2022**

Board of Commissioners  
Port of Port Angeles  
Port Angeles, Washington

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

### **Unmodified and Adverse Opinions**

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

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

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

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

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

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

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

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

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

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

## **Matters of Emphasis**

As discussed in Note 1 to the financial statements, the Port elected to change its method of accounting from generally accepted accounting principles to a special purpose framework during the year ended December 31, 2022. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the BARS Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's financial statements. The Schedule of Liabilities is presented for purposes of additional analysis, as required by the prescribed BARS Manual. This schedule is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to

prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of the Port's internal control over financial reporting and on the tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

December 12, 2023

## **FINANCIAL SECTION**

### **Port of Port Angeles January 1, 2022 through December 31, 2022**

#### **FINANCIAL STATEMENTS**

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

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

Schedule of Liabilities – 2022

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

**Beginning Cash and Investments**

308	Beginning Cash and Investments	16,099,407
388 / 588	Net Adjustments	-

**Revenues**

310	Taxes	1,657,134
320	Licenses and Permits	-
330	Intergovernmental Revenues	1,127,155
340	Charges for Goods and Services	10,470,674
350	Fines and Penalties	-
360	Miscellaneous Revenues	(3,891)
Total Revenues:		<u>13,251,072</u>

**Expenditures**

510	General Government	-
520	Public Safety	-
530	Utilities	-
540	Transportation	8,779,801
550	Natural/Economic Environment	-
560	Social Services	-
570	Culture and Recreation	-
Total Expenditures:		<u>8,779,801</u>
Excess (Deficiency) Revenues over Expenditures:		4,471,271

**Other Increases in Fund Resources**

391-393, 596	Debt Proceeds	-
397	Transfers-In	-
385	Special or Extraordinary Items	-
381, 382, 389, 395, 398	Other Resources	1,569,212
Total Other Increases in Fund Resources:		<u>1,569,212</u>

**Other Decreases in Fund Resources**

594-595	Capital Expenditures	2,577,988
591-593, 599	Debt Service	457,923
597	Transfers-Out	-
585	Special or Extraordinary Items	-
581, 582, 589	Other Uses	807,734
Total Other Decreases in Fund Resources:		<u>3,843,645</u>

**Increase (Decrease) in Cash and Investments:** 2,196,838

**Ending Cash and Investments**

50821	Nonspendable	-
50831	Restricted	371,576
50841	Committed	-
50851	Assigned	17,924,668
50891	Unassigned	-
<b>Total Ending Cash and Investments</b>		<u><b>18,296,244</b></u>

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

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

		<u>Custodial</u>
308	Beginning Cash and Investments	54,584
388 & 588	Net Adjustments	-
310-390	Additions	56,520
510-590	Deductions	<u>54,585</u>
	Net Increase (Decrease) in Cash and Investments:	1,935
508	Ending Cash and Investments	56,521

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



**Port of Port Angeles  
Notes to Financial Statements  
For the Year End December 31, 2022**

**1. Summary of significant accounting policies**

The Port of Port Angeles was incorporated in 1923 and operates under the laws of the state of Washington applicable to a port district. The Port is a special purpose local government and has geographic boundaries coextensive with Clallam County, Washington and its home office is situated on the Port Angeles harbor.

The Port is independent from Clallam County government and is administered by a three-member Board of Commissioners elected by Clallam County voters. The Commission delegates administrative authority to an Executive Director to manage operations of the Port. Clallam County does levy and collect taxes on behalf of the Port. Clallam County provides no funding to the Port. Additionally, Clallam County does not hold title to any of the Port's assets, nor does it have any right to the Port's surpluses.

The Port provides docks and wharves for waterborne commerce as well as marina and airport facilities. The Port also owns and manages significant industrial properties.

The Industrial Development Corporation (IDC), a public corporation, is authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance industrial development within the corporate boundaries of the Port. Revenue bonds issued by the Corporation are payable from revenues derived as a result of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than industrial facilities for which they are used.

The IDC is governed by the Port's three-member Port Commission. The IDC's account balances and transactions are included as a blended unit within the Port's financial statements. Separate financial statements of the individual component unit discussed above can be obtained from the Port administrative offices at 338 West First Street in Port Angeles, WA.

As of 2022, the Port has moved from a GAAP financial reporting system to a Cash Basis financial reporting system for Audit purposes.

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.
- 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:

## 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.

## Enterprise Funds

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

## Custodial Funds

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

### B. Basis of Accounting and Measurement Focus

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

In accordance with state law the Port also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

### 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 five years. Capital assets and inventory are recorded as capital expenditures when purchased.

### E. Compensated Absences

Vacation leave may be accumulated up to 2 times the employees' yearly accrual and is payable upon separation or retirement. Sick leave may be accumulated indefinitely. Upon separation or retirement employees get 75% of the balance paid into their VEBA account. Payments are recognized as expenditures when paid.

### F. Long-Term Debt

See Note 4 – Long-term Debt (Formerly Debt Service Requirements)<sup>3</sup>

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

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

Restrictions and commitments of Ending Cash and Investments consist of \$428,097.

<b>Restricted Assets</b>	<b>Dec 31, 2022</b>
Cash & Investments (Harbor Group Account)	\$ 70,683
Cash & Investments (Environmental Reserve)	154,323
Customer Deposits & Prepaids	202,153
Contractor's Retainage	938
<b>Total</b>	<b>\$ 428,097</b>

## 2. Deposits and Investments

Investments are reported at fair value. Deposits and investment by type at December 31, 2022.

<b>Deposits &amp; Investments at Fair Value</b>	<b>Port's own deposits and investments</b>	<b>Investments held by the Port as custodian for other local governments, individuals, or private organizations</b>	<b>Total</b>
<b>Assigned: Cash &amp; Cash Equivalent</b>			
Cash Operations: Financial Institution Deposits	\$ 590,472	\$ -	\$ 590,472
Investments:			
Financial Institution Deposits	1,914,391	-	1,914,391
WA State Local Gvnt Invmt Pool (LGIP)	1,532,115	-	1,532,115
Investments	9,817,810	-	9,817,810
Financial Instruments (CDs, etc.)	4,036,130	-	4,036,130
<b>Assigned Cash &amp; Cash Equivalents</b>	<b>17,890,918</b>	<b>-</b>	<b>17,890,918</b>
<b>Restricted: Cash &amp; Cash Equivalent</b>			
Custodial Account - Harbor Group	14,162	56,520	70,683
Environmental Reserve Money Market	154,323	-	154,323
Customer Deposits & Prepaids, Contractor Retainage	203,091	-	203,091
<b>Restricted Cash &amp; Cash Equivalents</b>	<b>371,576</b>	<b>56,520</b>	<b>428,097</b>
<b>Total Cash &amp; Cash Equivalents</b>	<b>18,262,494</b>	<b>56,520</b>	<b>18,319,015</b>
<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>\$ 18,262,494</b>	<b>\$ 56,520</b>	<b>\$ 18,319,015</b>

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

The Port's deposits and certificates of deposit are entirely 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.

The Port is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals.

### Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port 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 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.

### 3. Property Taxes

The Clallam County Treasurer acts as an agent to collect property taxes levied for all taxing authorities within the county. The Port District has the same boundaries as Clallam County. Collections are distributed after the end of each month.

The Port’s regular levy for the year 2022 was \$0.1370518721 per \$1,000 on an assessed valuation of \$11,968,469,197 for a total regular levy of \$1,640,301.

### 4. Long-Term Debt

Long-term liabilities activity for the year ended December 31, 2022, was as follows:

#### General Obligation Debt & Loans

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, 2022.

The debt service requirements for general obligation debt & loans are as follows:

Year	Principal	Interest	Total
2023	406,929	126,172	533,101
2024	464,947	63,865	528,812
2025	476,679	53,508	530,187
2026	121,558	42,938	164,496
2027	123,989	40,507	164,496
2028-2032	658,151	164,330	822,481
2033-2037	726,652	95,829	822,481
2038-2042	516,541	22,576	539,117
<b>Total</b>	<b>\$ 3,495,446</b>	<b>\$ 609,725</b>	<b>\$ 4,105,171</b>

On April 1, 2006, the Port issued \$4,995,000 of Limited Tax General Obligation bonds with coupon rates between 4.00% and 4.75%. Proceeds from these bonds partially funded a major renovation of the Port Angeles Boat Haven. This renovation was completed in 2008. Proceeds were also used to refund bonds that were used for approximately 25 projects in the 1993-1998 Capital Improvement Plan. These bonds were refinanced on October 26, 2015, with the 2015 Refunding LTGO bonds (see below).

On October 26, 2015, the Port issued \$3,251,350 of Limited Tax General Obligation bonds with a coupon rate of 2.29%. Proceeds were used to refund (refinance) 2006 LTGO bonds (the 2006 bonds were used to fund a major renovation of the Port Angeles Boat Haven and to refund bonds that were used for approximately 25 projects in the 1993-1998 Capital Improvement Plan). The 2015 refunding resulted in present value savings of approximately \$300,000.

On July 26, 2018, the Port was awarded a 20-year \$765,000 Loan, @ 2.00% fixed interest rate, from the Washington State Community Economic Revitalization Board (CERB). The loan is to aid the Port in financing the cost of the Marine Trades Center Washdown Facility. Loan proceeds are disbursed on a cost reimbursement basis and are contingent on continued adherence to loan award requirements. Loan repayment will begin in January 2021 and will continue annually thereafter.

On January 17, 2019, the Port was awarded an additional Washington State Community Economic Revitalization Board loan for the Log Yard Cofferdam Barge Facility Improvements. The Log Yard cofferdam is a vertical bulkhead that allows for transload of logs to and from barge vessels. The \$1,020,000 loan has a 20-year term and a 2.0% fixed interest rate with proceeds issued on a cost reimbursement basis. The Port is required to pay 50% of expenditures which equates to a total project cost of approximately \$2.0 million.

On April 6, 2020, the Port was awarded a \$750,000 2% fixed interest rate, 20-year loan, from the Washington State Department of Transportation, Community Aviation Revitalization Board (CARB). The CARB loan proceeds were used for the William R. Fairchild International Airport Utility Expansion, which facilitates future hangar development.

The bonds referenced above are subject to federal tax arbitrage regulations. The Port is required to comply with certain requirements of the Internal Revenue Code of 1986, after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the requirement to comply with arbitrage rebate requirements to the extent applicable to the Bonds. The Port's outstanding bond issues qualified for the small issuer exemption with respect to arbitrage rebate. The Port has covenanted in the Bond Resolution to comply with those applicable requirements.

## **5. OPEB Plans**

The Port implemented OPEB reporting in 2019. The Port is a participating employer in the state's Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port had 35 active plan members and 24 retired plan members as of December 31, 2022. As of December 31, 2022, the Port's total OPEB liability was \$2,503,817 as calculated using the alternative measurement method. The Port contributed \$386,492 to the plan for the year ended December 31, 2022.

## **6. Pension Plans**

### **State Sponsored Pension Plans**

Substantially all Port of Port Angeles 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 PERS plan 1 and PERS plan 2/3.

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

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

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

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

	Employer Contributions	Allocation %	Liability (Asset)
<u>PERS 1</u>	\$99,903	.018307%	\$509,734
<u>PERS 2/3</u>	\$169,152	.023822%	\$(883,506)

## 7. Leases

The Port is currently leasing 2 copiers paid monthly and a postage machine that is billed quarterly. The total amount paid for leases in 2022 was \$7,517. As of December 31, 2022, the future lease payments are as follows:

Year ended December 31	Total
2023	\$5,545
2024	\$5,545
2025	\$5,545
2026	\$5,545
2027	\$5,545
2028-2032	\$1,186
Total	\$28,911

## 8. Passenger facility charges

In 1993, the Commission of the Port of Port Angeles authorized Port management to proceed with application to the Federal Aviation Administration (FAA) for the right to impose passenger facility charges (PFCs) on enplaned passengers at the Port's airport facility. The PFCs generate revenue to be used by the Port for projects eligible under the federal legislation permitting the imposition of PFCs. PFCs collected by the Port are recognized as revenue in the period which they are collected. The Port reinstated PFCs of \$3.00 per passenger, effective September 1, 1996; extension of PFC #3 collections was approved in 1997 for \$105,000; PFC #4 collections was approved in 1998 for \$122,650; PFC #5 collections was approved in 2000 for \$211,683; PFC #6 collections was approved in 2003 for \$313,484; and PFC #7 collections was approved in 2008 for \$191,838; PFC #8 collections was approved in 2012 for \$161,209.

## 9. Risk Management

The Port maintains commercial insurance coverage against most normal hazards:

Type of Coverage	Limit	Aggregate Limit	Deductible	Comments
General Liability	\$1,000,000	\$3,000,000	\$5,000	
Commercial Auto Liability	\$1,000,000	N/A	None	
Excess Liability	\$49,000,000	N/A	None	Over 1 <sup>st</sup> \$1 million of Loss

Type of Coverage	Limit	Aggregate Limit	Deductible	Comments
Airport Liability	\$20,000,000	\$20,000,000	None	Aggregate applies to Products/Completed, Operations and Personal & Advertising Injury and the Extended Coverage Endorsement
Commercial Property – All Other Perils	\$1,000,000,000	N/A	\$25,000	
Commercial Property – Flood	\$50,000,000	\$50,000,000	\$100,000 or \$250,000	Deductible depends on Flood Zone
Commercial Property – Earthquake	\$5,000,000	\$5,000,000	5% with a minimum \$100,000	
Commercial Property – Boiler & Machinery - Equipment Breakdown	\$100,000,000	N/A	\$10,000 - \$350,000	Deductible amount based on size of equip, HP, KW/KVA/Amps, or square footage
Cyber – Info Security & Privacy Liability	3 <sup>rd</sup> party limit of \$2,000,000	\$2,000,000	\$50,000	Aggregate for all coverages combined but sub-limited to all Cyber classifications below:
Cyber – Privacy Notification	3 <sup>rd</sup> party limit of \$500,000	\$500,000	\$50,000	Limit is \$1,000,000 if use Beazley vendor services
Cyber – Website Media Content Liability	3 <sup>rd</sup> party limit of \$2,000,000	\$2,000,000	\$50,000	
Cyber – Penalties for Regulatory Defense and Penalties	3 <sup>rd</sup> Party Limit of \$2,000,000	\$2,000,000	\$50,000	
Cyber – Extortion	\$2,000,000	\$2,000,000	\$50,000	First Party Computer Security
Cyber – Data Protection Loss and Business Interruption Loss	\$2,000,000	\$2,000,000	\$50,000	First Party Computer Security
Public Officials' Liability	\$5,000,000	\$5,000,000	\$25,000	
Blanket Fidelity Bond – Crime (Discovery Form)	\$2,000,000	N/A	\$2,500 per claim	Covers all employees, including commissioners, to include Faithful Performance of Duty
Hull & Machinery for owned Watercraft	\$15,000 to \$80,000	N/A	\$1,000 to \$2,500	Per Schedule of owned watercraft; varies based on value of boat
Protection & Indemnity for owned Watercraft	\$1,000,000	N/A	\$5,000	For owned watercraft
Storage Tank Pollution Liability	\$1,000,000	\$1,000,000	\$10,000	

Type of Coverage	Limit	Aggregate Limit	Deductible	Comments
Foreign Liability	\$1,000,000	\$2,000,000	\$500 to \$1,000	Covers Foreign General, Auto and Employers Liability

The Port provides medical, vision, dental, life, and long-term disability insurance coverage for ILWU Local 27 and non-represented employees through standard plans offered through the State of Washington and for Teamsters Local 589 employees through the Teamsters Welfare Trust. The Port does not administer any of these plans.

The Port has not entered into any insurance settlements in the last three years, which exceeded insurance coverage.

## 10. Pollution Remediation (Environmental)

### Marine Trades Area

Before the 1920s, the site contained several small wood mills. From the 1920s to 1989, uses included bulk fuel plants, fuel pipelines, log storage, logging truck repair, retail grain supply store, undersea cable saline cure tanks, ship repair, and railroad lines. Chevron, ARCO (Atlantic Richfield Company), Shell and other companies operated or supplied bulk fuel plants. Over the years, fuel pipelines were built and abandoned or removed on parts of the site.

In 2005, the Port along with Chevron entered into an agreed order with the Department of Ecology (DE 5738) to conduct a site investigation to define the extent of contamination at the property. ARCO agreed to fund a share of the work under the agreed order. Based on what was known at the time, the site included the Marine Trades Area (MTA), former Pettit Oil site (Chevron as the liable party), and K-Ply properties. As a result of the site investigation, it was determined that two separate plumes of contamination with separate and distinct sources existed within the MTA. An amendment to the agreed order was issued on June 26, 2013 that separated the western area of contamination as the MTA site (including former Pettit Oil site). The contamination in the eastern area of the site, which was the K-Ply mill site, was addressed in a new, separate agreed order with Department of Ecology (DE 9546).

In August 2013, the Final Remedial Investigation/Feasibility Study was accepted by Ecology. Then in December 2013, a Draft Cleanup Action Plan (DCAP) was submitted to Ecology. Ecology provided their comments in the form of the Ecology Draft DCAP to the MTA Group in February 2018. The MTA Group and Ecology are currently working together to finalize the DCAP in mid-2022.

At this time, the Port doesn't have sufficient information to reasonably estimate the liability related to potential cleanup of the site. During 2022 the Port paid \$2,022 for the clean-up

### K-Ply Site

The Port submitted a Draft Public Review RI/FS and Draft CAP to Ecology in November 2014. On May 19, 2015, the Port entered into an agreement order with Ecology (No. DE 11302), that required the implementation of the CAP. The cleanup of the K Ply site began in August of 2015 but was halted in November 2015 due to heavy rain. The cleanup and back filling of the site was completed in May of 2016. In 2017, Ecology approved the Construction Completion Report and the Port recorded an environmental covenant at the site. Currently the Port is conducting semi-annual groundwater monitoring at the site with quarterly status reports to Ecology. The next milestone will be in the five-year soil sampling and Ecology site review in 2021 and 2022.

At this time, the Port doesn't have sufficient information to reasonably estimate the liability related to potential cleanup of the site. During 2022 the Port paid \$36,128 for the clean-up.



### Western Harbor Area Site

The Port owns or formerly owned properties where Fibreboard Corporation and Merrill & Ring operated facilities and released hazardous substances that have become sources of contamination. The Port owns and operates the Boat Haven marina where hazardous substances have been identified. Under a Port Management Agreement, the Port also leases and manages state-owned aquatic lands at the site to facilitate Port operations.

Historically, several mills and timber-related industries released wood debris (logs, large and small wood pieces, and pulp-like materials) in the harbor. Additionally, hazardous substances, including metals and dioxin, have resulted in areas of sediment contamination in the nearshore which create chemical plumes spreading throughout the western harbor. The sources of contamination occurred from multiple potentially liable parties (PLPs):

- Georgia Pacific, through a series of mergers and acquisitions is the successor of interest to the owner or operator of a paper mill that released or disposed of hazardous substances. They also leased aquatic lands to facilitate operations.
- Nippon Paper Industries USA is the former owner and operator of a paper mill and lagoon which is connected by a channel to the harbor. Nippon also leased aquatic lands for its operations. Nippon was sold to McKinley Paper in March 2017.
- Merrill & Ring was the owner and operator of a lumber mill facility and conducted operations on its property and on property leased from the Port. Merrill & Ring also leased aquatic lands for its operations.
- City of Port Angeles has operated eleven combined sewer overflow (CSO) discharge points that discharged untreated wastewater and stormwater directly into the harbor.
- Owens Corning, through a series of acquisitions and restructurings, is the successor of interest to the Fibreboard Corporation which owned and operated a mill that released or disposed of hazardous substances. They also leased aquatic lands to facilitate operations.

On May 28, 2013, the Port, along with Georgia Pacific, Nippon Paper, Merrill & Ring and the City of Port Angeles entered into agreed order DE 9781 with the Washington State Department of Ecology (Ecology). The agreed order requires investigation of sediments and identification of ongoing upland sources of contamination that have the potential to result in sediment recontamination at levels greater than prospective sediment cleanup standards.

On April 14, 2013, the Port entered into an agreement with other potentially liable persons (PLPs) as identified by Washington Department of Ecology under the Washington Model Toxics Control Act (MTCA) to form the Western Port Angeles Harbor Group (the "Group"). This agreement created a process for funding the costs of work incurred after February 26, 2013, pursuant to an Agreed Order DE 9781 for a Remedial Investigation/Feasibility Study (RI/FS) in the Western Port Angeles Harbor site. The work includes an environmental assessment, testing, consulting, and other professional services with respect to environmental evaluation, management and remedy selection (but not actual remediation). In the summer of 2013, the group began the Remedial Investigation of the Western Harbor.

Each participant is responsible for an equal 25% share of Group costs (Nippon and Merrill & Ring are considered as one participant for funding). All costs paid by the participants under the agreement are subject to reallocation in a subsequent proceeding. The Group account is administered by the Port of Port Angeles, which is acting as the Group cashier. All funds contributed to the Group account are classified as restricted funds. The Port holds the other participants funds in a custodial capacity. The Port records its share of the costs as a transfer to a restricted fund and recognizes an expense when the invoice is presented for payment.

The Port of Port Angeles, as Group Cashier, is responsible for (i) managing the Group Account ; (ii) sending out assessments to each Participant for its share of Group Remedial Costs; (iii) sending out a current ledger of the Group Account to each Participant prior to each vote on further assessments of Group

Remedial Costs; (iv) making deposits; (v) signing checks for the payment of Group Remedial Costs; (vi) sending default notices for non-payment; and (vii) such other duties as the Participants may delegate. The Group agreement does not create a partnership or joint venture and/or a principal and agent relationship between or among the Participants or their representatives, because the purposes and actions of the Group are specifically limited to payment of authorized costs pursuant to Agreed Order DE 9781. The Group Agreement will automatically terminate upon receipt of a certification by Ecology that the “work” under Agreed Order DE 9781 has been satisfactorily completed. The Agreed Order identifies a completion date of the work as December 2014. Ecology approved the extension based on a series of technical data submissions and review periods. These technical data submissions took the form of a “White Paper” submitted to the Ecology by the Group in May 2014. This White Paper provided an overview of the Groups understanding of cleanup levels, remediation levels and sediment management areas. Since 2014 Ecology has reviewed and provided comments on the White Paper that corresponds with the public release of the Ecology Final North Olympic Peninsula Regional Background Report in February 2016 and Sediment Cleanup User’s Manual II in March 2016. Ecology provided final comments on the White Paper in August 2017 and the Group submitted the Draft RI/FS to Ecology in April 2018. The RI/FS was approved by Ecology in 2020 and an amendment to the Harbor Agreed Order for the submittal of a Draft Cleanup Action Plan (DCAP) was finalized in December 2020. It is anticipated that Ecology will approve the CAP in 2022.

In August 2013, the Port received notification of Natural Resource Damages Claim being sought by Port Angeles Harbor Natural Resource Trustee Council (Trustees). The Trustees are the National Oceanic and Atmospheric Administration (NOAA) of the U.S. Department of Commerce, the United States Fish and Wildlife Service of the U.S. Department of Interior (USFWS), the Washington Department of Ecology (Ecology), the Lower Elwha Klallam Tribe, the Port Gamble S’Klallam Tribe, and the Jamestown S’Klallam Tribe. On May 1, 2014, the Port received a proposed natural resource damage assessment from the Trustees. Their assessment provided a range of damages for the entire harbor (approximately 2,100 acres) from 508 to 1,323 discounted service acre years (DSAYs). The Port as one member of the Western Port Angeles Harbor Group (Group) evaluated the Trustees claim.

In early 2021 the Port and other members of the WPAHG, except for the City of Port Angeles, negotiated a settlement and Consent Decree with the Trustees for restoration of injuries to natural resources. The City negotiated a separate NRD settlement. Implementation of a NRD settlement along with the Harbor cleanup have important synergies. The documents related to this settlement consist of Consent Decree between federal government and the members of the WPAHG, except for the City of Port Angeles and the Damage Assessment and Restoration Plan. Per the 2021 Consent Decree the Port and the other parties each paid \$1.7 million for a total payment of \$8.5 Million. Each party transferred their share (\$1.7 million) to Port controlled bank account. Once the Consent Decree was entered by the court the Port transmitted payment of the \$8.5 million settlement to the Trustees from the Port’s Harbor bank account in 2021. In exchange for payment of \$8.5 million, Federal, State, and Tribal Trustees provide a covenant not to sue and contribution protection to the Port and the other Settling Defendants for potential NRD claims for the entire Port Angeles Harbor, including the area near the former Rayonier Mill. The Trustees agreed to prioritize restoration projects that will provide direct benefits to natural resources in Port Angeles Harbor.

The Port recorded \$750,000 as pollution remediation liability on the Schedule of Liabilities. During 2022 the Port paid \$158,313 for the clean-up.

#### Former Kardlock Facility

The Port owns the property at 220 Marine Drive known at the Former Kardlock Facility. This site is located to the east of Tumwater Creek, and approximately 1,000 feet inland (south) of the Port Angeles Harbor. The adjacent property to the north is a Pettit Oil facility (a former Chevron bulk plant) that is part of the

larger Marine Trades Area petroleum cleanup site. The property is currently utilized for parking and was formerly occupied by a Shell Oil bulk plant on its central and western portions and a Pettit Oil Kardlock station on its eastern portion. Approximately six aboveground storage tanks (ASTs) and an associated refueling rack and pump house owned by Shell were removed from the center of the property in 1984. It is assumed that the bulk terminal handled gasoline, diesel fuel, and other common petroleum products. Five additional gasoline and diesel underground storage tanks (USTs) and related fueling equipment were removed from the east side of the property by Pettit Oil in 1999. Pettit Oil also removed approximately 2,400 tons of petroleum contaminated soil from the property as part of tank removal; however, some diesel range organics (DRO) contamination remained in soil to the north of the former USTs. A limited number of soil borings were also advanced in the alleyway between the Marine Trades Area Pettit Oil property and the Shell Oil bulk plant, as well as on the bulk plant property, by Shannon & Wilson as part of the Marine Trades Area investigation in 1995. One permanent monitoring well, MW 5, was also installed on the property. This investigation identified gasoline range organics (GRO) contamination in soil and groundwater at one monitoring well along the northern boundary of the Shell Oil bulk plant, in the presumed downgradient direction from the former ASTs. The contamination from the Shell Oil bulk plant was not considered to have comingled with downgradient contamination emanating from the other Marine Trades Area facilities, so was not included in the Marine Trades Area site.

Because of the past activities at the site the Port conducted soil and groundwater sampling at the property in March of 2016. The results of these sampling detailed separate areas of soil and groundwater petroleum contamination at the former Shell Oil bulk plant location and the former Pettit Oil Kardlock location.

Following final review of 2016 sampling data, the Port notified Ecology and Ecology listed the property as two distinctive cleanup sites (Former Shell Oil Bulk Plant - 220 Tumwater Truck Route Site and the Former Pettit Oil - 220 Tumwater Truck Route Site. Ecology listed the initial PLP's as the Port and Shell. In May of 2018, the Port and Shell conducted additional site investigation sampling at the site to further delineate the extent and magnitude of contamination. The reporting detailing the findings of this investigation was completed in the fall of 2018 and the Port and Shell completed a funding agreement for the Former Shell Oil Bulk Plant site in 2019. In 2020 the Port submitted draft interim action cleanup plans to Ecology for review and the development of Agreed Orders for both sites. Ecology is currently reviewing these documents.

The Port recorded \$1,093,000 as pollution remediation liability on the Schedule of Liabilities. During 2022 the Port paid \$108 for the clean-up.

#### Terminal 5, 6, and 7 Uplands

The Port of Port Angeles (Port) proposes to make improvements at the Port owned and operated Intermodal Handling and Transfer Facility (IHTF), also known as Port Log Yard. The IHTF is a 30-acre waterfront yard used for the log and wood fiber handling, sorting and staging. This multimodal facility is dependent on direct access to water-bound export and import of cargo. The facility is located on the waterfront in Port Angeles, WA at 1301 Marine Drive.

Proposed improvements planned for 2026 include resurfacing or repaving a majority of the yard, structural and maintenance improvements to the facility's barge dock and installation of stormwater treatment. The proposed improvements would improve operational efficiency by providing a smooth level surface for yard activity, ensure the multimodal connection through the barge dock is maintained and improve stormwater quality leaving the site.

This project will be funded with a federal MARAD grant and the Port is currently working through the design and permitting process. Federal grant funds will only be obligated after permitting is complete and will be construction of improvements in 2026.

The Port recorded \$1,129,000 as pollution remediation liability on the Schedule of Liabilities. During 2022 the Port paid \$63,949 for the clean-up.

Program Wide Costs

The Port has contracted with a legal firm for discussion and resolution with the insurance companies. The Port recorded \$300,000 as pollution remediation liability on the Schedule of Liabilities. During 2022 the Port paid \$173,039 for the legal expenses.

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

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
<b>General Obligation Debt/Liabilities</b>						
251.11	2015 Ref LTGO bond	12/1/2025	1,384,420	-	334,251	1,050,169
263.83	WA State Dept of Commerce CERB Loan - MTA Washdown Facility	1/31/2040	738,650	-	32,339	706,311
263.83	WA State Dept of Commerce CERB Loan - LY Cofferdam	1/31/2041	70,530	-	-	70,530
263.83	WA State Dept of Transportation CARB Loan - FIA Utility Expansion	1/1/2041	750,000	-	31,032	718,968
<b>Total General Obligation Debt/Liabilities:</b>			<b>2,943,600</b>	<b>-</b>	<b>397,622</b>	<b>2,545,978</b>
<b>Revenue and Other (non G.O.) Debt/Liabilities</b>						
264.30	Pension Liability		207,390	509,734	207,390	509,734
264.40	OPEB Liability		2,890,163	-	386,346	2,503,817
259.12	Compensated Absences		464,004	638,534	715,009	387,529
263.57	Lease Liability		5,889	30,539	7,517	28,911
263.93	Environmental Remed Liability		258,564	3,272,000	258,564	3,272,000
<b>Total Revenue and Other (non G.O.) Debt/Liabilities:</b>			<b>3,826,010</b>	<b>4,450,807</b>	<b>1,574,826</b>	<b>6,701,991</b>
<b>Total Liabilities:</b>			<b>6,769,610</b>	<b>4,450,807</b>	<b>1,972,448</b>	<b>9,247,969</b>

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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.

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