

PORT OF BROWNSVILLE

Bremerton, Washington

ANNUAL FINANCIAL REPORT

December 31, 2021

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See accountant's compilation report.

(1)

ANNUAL REPORT CERTIFICATION

Port of Brownsville

MCAG No. 1730

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended December 31, 2021

GOVERNMENT INFORMATION:

Official Mailing Address 9790 Ogle Rd NE, Bremerton, WA 98311
Official Website Address www.portofbrownsville.org
Official E-mail Address joe@portofbrownsville.org
Official Phone Number (360) 692-5498

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Shaun Nye, Port Commissioner/Treasurer
Contact Phone Number (360) 692-5498
Contact E-mail Address joe@portofbrownsville.org

I certify 29th day of May, 2022, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Audit Contact or Preparer Signature: 

Jan T. Fancher, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

A Professional Limited Liability Company

To the Board of Commissioners
Port of Brownsville
Bremerton, Washington

Management is responsible for the accompanying financial statement of the Port of Brownsville, which comprises the statement of fund resources and uses arising from cash transactions for the year ended December 31, 2021, and the related notes to the financial statement in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. I have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statement nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on this financial statement.

I draw attention to Note 1, Basis of Accounting and Reporting of the financial statement, which describes the basis of accounting. The financial statement is prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information, including the prescribed certification statement and supplemental information including supplementary schedules and prescribed reporting requirements on pages 1 and 16 through 21 are not a required part of the basic financial statement and notes to the financial statement, but are supplementary information prescribed by the Washington State Auditor. This information is the representation of management. The information was subject to my compilation engagement, however, I have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide an assurance on such supplementary information.

I am not independent with respect to the Port of Brownsville.



Vancouver, Washington

May 29, 2022

(2)

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PORT OF BROWNSVILLE
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2021

Beginning Cash and Investments

308	Beginning Cash and Investments	1,022,674
388 / 588	Net Adjustments	--

Revenues

310	Taxes	419,822
320	Licenses and Permits	--
330	Intergovernmental Revenues	30,118
340	Charges for Goods and Services	1,561,062
350	Fines and Penalties	--
360	Miscellaneous Revenues	<u>11,260</u>

Total Revenues 2,022,262

Expenditures

540	Transportation	<u>1,767,251</u>
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Total Expenditures 1,767,251

Excess Revenues over Expenditures 255,011

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	<u>128,704</u>

Total Other Increases in Fund Resources 128,704

Other Decreases in Fund Resources

594-595	Capital Expenditures	45,669
591-593, 599	Debt Service	279,557
585	Special or Extraordinary Items	--
581, 582, 589	Other Uses	<u>121,732</u>

Total Other Decreases in Fund Resources 446,958

Decrease in Cash and Investments (63,243)

Ending Cash and Investments

50821	Nonspendable	--
50831	Restricted	240,598
50841	Committed	--
50851	Assigned	718,833
50891	Unassigned	<u>--</u>

Total Ending Cash and Investments 959,431

See accountant's compilation report.
The accompanying notes are an integral part of this financial statement.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Port of Brownsville (Port) was incorporated on April 7, 1920 and operates under the laws of the State of Washington applicable to a Port district.

Reporting Entity

The Port is located in Bremerton, Washington and its territory covers less than the entire county. The Port is a special purpose local government that provides marina facilities, pavilion, park and commercial buildings to the general public and is supported by user charges and taxes from a property tax levy. The Port may acquire and improve land for sale or lease for industrial or commercial purposes. The Port is governed by an elected three-member board.

Basis of Accounting and Reporting

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 statement.
- 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 statement as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances for proprietary 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. The Port has one fund. The following fund type is used:

PROPRIETARY FUND TYPE

Enterprise Fund

This fund accounts for operations that provide goods or services to the general public and are supported primarily through user charges.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

B. Basis of Accounting and Measurement Focus

The Port's financial statement is 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. Inventory - Fuel

The Port sells gas, diesel, propane, oil and absorbents (fuel). Fuel revenues are recognized when fuel is sold. Fuel expenditures are recognized when fuel is purchased.

E. Capital Assets

Capital assets, including major repairs, are assets with an initial individual cost of \$2,000 or more and an estimated useful life in excess of one (1) year. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation leave, eligible sick leave and associated payroll taxes. Payments are recognized as expenditures when paid.

Vacation pay, which is earned ratably on each pay period, may be accumulated up to three hundred sixty (360) hours and is payable upon separation, retirement or death. Accumulated hours over three hundred sixty (360) at year-end may be paid to the employee each January, if not carried over to the next year.

Sick leave accrues at the rate of eight (8) hours per month, ninety-six (96) hours per year for full-time regular employees. Sick leave accrues for part-time regular employees in an amount proportionate to the time the employee is in pay status during the month to that of a full-time employee. Part-time seasonal or summer help accrues one (1) hour of sick leave for every forty (40) hours worked in an amount proportionate to the employee is in pay status.

The Port does not restrict the accumulation of sick leave. At the time of termination of employment (either voluntarily or involuntarily) any unused sick leave is forfeited and employees are not entitled to any pay in lieu of unused sick leave. Upon retirement, an employee shall receive pay for 25% of their accumulated sick leave provided that the employee has a minimum of five (5) years of continuous service with the Port and meet all the requirements to be eligible for retirement under the Public Employees' Retirement System.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

F. Compensated Absences, Continued

The total compensated absences balance was \$20,382 at December 31, 2021. See *Schedule of Liabilities* (Schedule 09).

G. Long-Term Debt - See Note 4, Long-Term Debt.

H. Restricted and Committed Portion of Cash and Investments

Beginning and Ending Cash and Investments is 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. Restrictions and Commitments of Ending Cash and Investments consist of \$240,598 and \$0, respectively.

NOTE 2 - DEPOSITS AND INVESTMENTS:

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

Type of Deposit or Investment	Port's Own Deposits and Investments Total
Bank Deposits	\$ 281,330
Timberland Bank Savings	496,796
Local Government Investment Pool (LGIP)	181,305
Total	\$ 959,431

It is the Port's policy to invest all temporary cash surpluses. The interest on these investments is recorded in the Port's General Fund. The investments in the LGIP are classified as cash equivalents. Within the investment accounts, the Port internally maintains segregated subaccounts to reflect any balances in restricted, committed, assigned and unassigned accounts. All deposits and investments are insured, registered or held by the Port or its agent in the government's name. See Note 1C, Cash and Investments.

Deposits

The carrying amount of the Port's cash deposits with financial institutions was \$277,851 held at Timberland Bank, a \$2,689 deposit in transit to Timberland Bank, \$490 held at the Kitsap County Treasurer (KCT), \$0 held in the Port's Kitsap Bank's Bank Merchant Services account, and \$300 of petty cash for gas dock and office tills on hand at the Port for total deposits at December 31, 2021 of \$281,330.

See accountant's compilation report.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

Deposits, Continued

The Kitsap Bank's Merchant Services account processes the Port's payments that it receives via credit card payments by customers. Upon processing, the payments are automatically deposited into the Port's General Fund cash account at Timberland Bank. Of the total carrying value of deposits of \$281,330 at December 31, 2021, \$0 and \$281,330 was restricted and assigned, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the 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 are mostly covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Investments

In March of 2021, the Port passed Resolution 21-02, providing the authorization to invest in the LGIP and wired \$181,190 to the LGIP for the Port's long-term investment of their General Obligation (G.O.) and Revenue Bond reserves, respectively.

The carrying amount of the Port's investments was \$678,101 held at Timberland Bank and the LGIP of which \$240,598 and \$437,503 was restricted and assigned, respectively.

The total carrying amount of deposits and investments was \$959,431 at December 31, 2021 of which \$240,598 and \$718,833 was restricted and assigned, respectively.

The Port is a voluntary participant in the LGIP, 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.

The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

As required by state law, all investments of Port funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State Banks or savings and loan institutions.

On August 12, 2020, the Port Commission passed Resolution 20-06, appointing one of its members to be the Port Treasurer. The Port Treasurer maintains the accounts of the Port at

See accountant's compilation report.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

Investments, Continued

Timberland Bank in Silverdale, Washington, a certified Public Depository Institution. The Port invests its surplus cash according to a Policy adopted by the commission in Resolution 20-07, dated October 14, 2020, that uses three criteria to determine what investments are appropriate. The three criteria, in order of importance are; preservation of principal, liquidity and return on investment. Investment earnings are reported in each investment's respective total.

NOTE 3 - PROPERTY TAX:

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

Collections are distributed monthly to the Port by the KCT. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port may levy up to 45 cents per \$1,000 of assessed valuation for general Port purposes.

The Port's regular levy for 2021 was \$0.207111 per \$1,000 on a total assessed valuation of \$2,027,005,104 for a total regular levy of \$419,817.

NOTE 4 - LONG-TERM DEBT:

The Port issues G.O. bonds and Revenue bonds to finance the acquisition and construction of capital assets. See Note 1G, Long-Term Debt.

The accompanying *Schedule of Liabilities* (Schedule 09) provides more details of the outstanding debt and liabilities of the Port and summarizes the Port's debt transactions for the year ended December 31, 2021.

The debt service requirements for G.O. and Revenue bonds at December 31, 2021 are as follows:

Year ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 175,000	\$ 104,608	\$ 279,608
2023	175,000	99,108	274,108
2024	225,000	93,482	318,482
2025	240,000	85,807	325,807
2026	245,000	77,545	322,545
2027 - 2031	1,410,000	244,800	1,654,800
2032 - 2036	<u>375,000</u>	<u>46,200</u>	<u>421,200</u>
Totals	\$ <u>2,845,000</u>	\$ <u>751,550</u>	\$ <u>3,596,550</u>

See accountant's compilation report.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 5 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) - OPEB PLANS:

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 six (6) active plan members and zero (0) retired plan members as of December 31, 2021. As of December 31, 2021, the Port's total OPEB liability was \$203,881 as calculated using the alternative measurement method. The Port contributed \$34,447 to the plan for the year ended December 31, 2021. See *Schedule of Liabilities* (Schedule 09).

NOTE 6 - PENSION PLANS:

State Sponsored Pension Plans

Substantially all Port full-time and qualifying part-time employees participate in the Public Employees' Retirement System (PERS), a statewide retirement system administered by the Washington State Department of Retirement Systems (DRS), under cost-sharing, multiple-employer public employee defined benefit retirement plans.

The State Legislatures 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 obtained by writing to:

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

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

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
 December 31, 2021

NOTE 6 - PENSION PLANS, CONTINUED:

State Sponsored Pension Plans, Continued

At June 30, 2021 (the measurement date of the plans), the Port's proportionate share of the collective net pension liabilities, as reported on the *Schedule of Liabilities* (Schedule 09), was as follows:

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$13,104	0.001759%	\$ 21,482
PERS 2/3	\$21,343	0.002253%	(\$224,435)

NOTE 7 - RISK MANAGEMENT:

Port of Brownsville 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.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 7 - RISK MANAGEMENT, CONTINUED:

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Liability:				
Comprehensive General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 - \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 - \$100,000
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	\$0 Fully funded by Pool	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾
Property ⁽²⁾:				
Buildings and Contents	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$250,000	\$800 million	\$1,000 - \$250,000
Boiler and Machinery ⁽³⁾	Per Occurrence	Varies	\$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE) ⁽⁴⁾	Per Occurrence	\$250,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁵⁾:				
Flood	Per Occurrence	\$250,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5%; \$500,000 maximum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million/ Pool member \$200 million	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/Pool member \$1.2 billion/APIP \$1.4 billion/APIP	\$0
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket ⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000

- (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.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 7 - RISK MANAGEMENT, CONTINUED:

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Cyber ⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement ⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
- (2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over \$250,000 to the limit of \$800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
- (3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
- (4) Business Interruption/ Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
- (5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
- (7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of \$2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from \$5,000 to \$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.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 8 - OTHER DISCLOSURES:

Grants

Over the years, the Port was a recipient of a Washington State Parks and Recreation Commission grant, which was a federal flow-through grant from U.S. Fish and Wildlife under the Clean Vessel Act for a boat sewage disposal facility. The Port completed the capital portion of the grant previously and is eligible to participate in the maintenance reimbursement portion of the grant for the life of the asset, which provides for 75% of the cost of the maintenance of the Port's floating restrooms, pumpout system and the pumpout boat. The Port incurred \$27,449 of eligible reimbursable grant expenditures in 2021. See Note 8, Contingencies and Litigation, Subsequent Events and *Schedule of Expenditures of Federal Awards* (Schedule 16).

In 2021, the Recreation and Conservation Office (RCO) entered into a grant agreement with the Port for an \$86,025 grant with a \$28,675 Port match, for a total project cost of \$114,700 to install two (2) pay stations with associated utilities to support motorized boating. See Note 8, Contingencies and Litigation and Subsequent Events.

Grant expenditures include amounts owing to the Port for eligible expenditures incurred in 2021.

Contingencies and Litigation

The Port has been in ongoing discussions with a Port tenant to address various rent and Leasehold Excise Tax issues. See Note 8, Subsequent Events.

The Port has received information from a regulatory agency in the form of Project and Calculator Notes and a Puget Sound Nearshore Conservation Calculator. Both documents appear to be preliminary and relate to the Port's maintenance activities. The Conservation Calculator notes total points for Conservation Credits/Debits as -856. Further review and development of this information will be needed to assess what this means in terms of potential cost, if any, to the Port. The outcome of this matter is uncertain. See Note 8, Subsequent Events.

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

The Port acquired certain assets with funding provided by federal and state financial assistance programs. Depending upon the terms of the agreements involved, the funding governmental unit could retain an equity interest in these assets resulting in the assets reverting back to the agency if the assets are not used for their intended purposes. 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.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2020

NOTE 8 - OTHER DISCLOSURES, CONTINUED:

Contingencies and Litigation, Continued

Contingencies and Litigation - U.S. Fish and Wildlife Service, Department of the Interior, Clean Vessel Act. Recoverable Grants

Over the years, the Port has received multiple recoverable grants for the design, construction and maintenance of the marina floating restrooms, portable pumpout system and pumpout boat from the U.S. Fish and Wildlife Service, Department of the Interior, Clean Vessel Act, federal pass through grants via Washington State Parks and Recreation Commission. These grants are contingent on the marina floating restrooms, portable pumpout system and pumpout boat remaining in operation, over water, for twenty (20) years. The grants provide for a repayment of the grant proceeds should the asset be utilized in a non-authorized manner. The Port continues to receive annually a 75% reimbursement for the maintenance of these assets. The annual maintenance portion of these grants are included in Intergovernmental Revenues grant funds for each year received. See Note 8, Grants and *Schedule of Expenditures of Federal Awards* (Schedule 16) for each year for the amounts of the grants incurred.

Contingencies and Litigation - State of WA Recreation and Conservation Office (RCO) Recoverable Grant

The Port received a \$653,616 recoverable grant from RCO for the marina boat launch and associated improvements, which was completed in 2019. The project funded with an RCO grant must remain dedicated to the use as originally funded for as long as defined in the project agreement. RCO requires a long-term obligation to maintain the project area. Non-compliance with the long-term obligations for a RCO grant may jeopardize an organization's ability to obtain future RCO grants. RCO requires that grant recipients replace the lost value of the project when changes or conversions of use take place.

Contingencies and Litigation - Past Due Payments in Arrears

At December 31, 2021, five (5) tenants are more than ninety (90) days in arrears in their moorage payments for approximately \$13,408. Their total outstanding rent at December 31, 2021 is \$15,491. The Port is pursuing various collection actions. See Note 8, Subsequent Events.

Subsequent Events

The Port has evaluated events through May 29, 2022, which is the date the financial statements were available to be issued.

Effective January 1, 2022, per the Port's 2022 tariff, the Port implemented three (3) monthly dedicated fees assessed on marina slip usage for the 2017 Revenue Bond repayment, new technology and for security cameras.

PORT OF BROWNSVILLE
NOTES TO FINANCIAL STATEMENT, CONTINUED
December 31, 2021

NOTE 8 - OTHER DISCLOSURES, CONTINUED:

Subsequent Events, Continued

In 2022, the Port submitted a revision to RCO for approval to modify the scope of work for the RCO grant for the installation of two (2) marina pay stations and associated utilities. The modification relocates one pay station to a different area in the marina. Upon approval of the change in scope, the Port anticipates completion of the project by the end of 2022. See Note 8, Grants.

In 2022, the Port has applied for reimbursement for \$18,525 from the Department of Natural Resources, which is 90% of the eligible costs incurred for the disposal of three (3) vessels.

The Port has contacted various regulatory agencies in regard to the communication received in 2021 and has not received any further communications from them. See Note 8, Contingencies and Litigation.

The Port has continued ongoing discussions with a Port tenant to address various rent and Leasehold Excise Tax issues. See Note 8, Contingencies and Litigation.

The Port has entered into a contract for \$53,015 to repair the main pier pilings to address the main pier structure with an estimated completion date of fall of 2022.

In 2022, the Port has entered into a contract for \$35,335 to repair the North Breakwater anchor chains with an anticipated completion date of fall of 2022.

At May 29, 2022, four (4) tenants are more than ninety (90) days in arrears in their moorage payments for approximately \$17,243. Their total outstanding rent at May 29, 2022 is approximately \$17,243. The Port is pursuing various collection actions. See Note 8, Contingencies and Litigation.

SUPPLEMENTARY SCHEDULES

REVENUES/EXPENDITURES/EXPENSES

For the Year Ended December 31, 2021

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1730	401	General	3083100	Restricted Cash and Investments - Beginning	240,403
1730	401	General	3085100	Assigned Cash and Investments - Beginning	782,271
1730	401	General	3111000	Property Tax	419,822
1730	401	General	3331500	Federal Indirect Grant from Department of Interior	27,977
1730	401	General	3370000	Local Grants, Entitlements and Other Payments	2,141
1730	401	General	3445000	Sales of Fuel	413,018
1730	401	General	3446000	Airports and Ports Services	1,148,044
1730	401	General	3611000	Investment Earnings	759
1730	401	General	3614000	Other Interest	7
1730	401	General	3699100	Miscellaneous Other, Operating	10,494
1730	401	General	3821000	Refundable Deposits	14,708
1730	401	General	3829000	Immaterial Fiduciary Collections	113,996
1730	401	General	5460010	Airports and Ports - Salaries	366,767
1730	401	General	5460020	Airports and Ports - Benefits	160,419
1730	401	General	5460030	Airports and Ports - Supplies	458,788
1730	401	General	5460040	Airports and Ports - Services	781,277
1730	401	General	5821000	Refund of Deposits	6,607
1730	401	General	5829000	Immaterial Fiduciary Remittance	115,125
1730	401	General	5914670	Debt Repayment - Airports and Ports	170,000
1730	401	General	5924680	Interest and Other Debt Service Cost - Airports and Ports	109,557
1730	401	General	5944660	Capital Expenditures/Expenses - Airports and Ports	45,669
1730	401	General	5083100	Restricted Cash and Investments - Ending	240,598
1730	401	General	5085100	Assigned Cash and Investments - Ending	718,833

See accountant's compilation report.

SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2021

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	Limited Tax General Obligation Bonds for Marina Dock Replacement, ISSUED 06/27/2012	12/01/2031	1,800,000	--	--	1,800,000
251.11	Limited Tax General Obligation Bonds for Marina Dock Replacement, ISSUED 10/22/2013	12/01/2023	220,000	--	120,000	100,000
Total General Obligations			2,020,000	--	120,000	1,900,000
Revenue Obligations						
252.11	General Revenue Bonds for Boat Harbor Facilities Capital Improvements, ISSUED 04/28/2017	12/01/2036	995,000	--	50,000	945,000
259.12	Compensated Absences		16,894	3,488	--	20,382
264.30	Pension Liabilities		94,726	--	73,244	21,482
264.40	OPEB Liabilities		53,480	150,401	--	203,881
Total Revenue Obligations			1,160,100	153,889	123,244	1,190,745
Total Liabilities			3,180,100	153,889	243,244	3,090,745

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
U.S. Fish and Wildlife Service, Interior, Department of the (via WA State Parks and Recreation Commission)	Clean Vessel Act	15.616	CV #719-330	27,449	--	27,449	--	1.2.3
Total CFDA 15.616				27,449	--	27,449	--	
Total Federal Awards Expended				27,449	--	27,449	--	

The Accompanying Notes To The Schedule of Expenditures of Federal Awards Are An Integral Part of This Schedule.

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 statement. The Port uses the cash basis of accounting where revenues are recognized when cash is received and expenditures are recognized when paid. Capital asset purchases including major repairs are expensed when paid. Long-term liabilities are accounted for on the *Schedule of Liabilities* (Schedule 09).

Note 2 - Federal Indirect Cost Rate

The Port has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The amount expended includes \$0 claimed as an indirect cost recovery using an approved indirect cost rate of 0.0 percent.

Note 3 - Program Costs

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

Labor Relations Consultant(s)
For the Year Ended December 31, 2021

Has your government engaged labor relations consultants? ___Yes X No

If yes, please provide the following information for each consultant:

Name of firm:
Name of consultant:
Business address:
Amount paid to consultant during fiscal year:
Terms and conditions, as applicable, including: Rates (e.g., hourly, etc.) Maximum compensation allowed Duration of services Services provided

Risk Management

For the Year Ended December 31, 2021

Self-Insurance Program Manager: Shaun Nye, Port Commissioner/Treasurer

Manager Phone: (360) 692-5498

Manager Email: joe@portofbrownsville.org

No Does the local government self-insure for any class of risk, including property and liability, health and welfare, unemployment compensation, workers' compensation and other risk and obligation? (yes/no)

If the answer to any of the above questions is yes, then answer the rest of the form in relation to the government's self-insured risks.

If NOT, STOP, the local government does not need to complete the rest of this Schedule. Copy the table below as needed.

	Self-insurance program title or type of peril where risk is covered by formal self-insurance:				
	<i>Program/Peril 1</i>	<i>Program/Peril 2</i>	<i>Program/Peril 3</i>	<i>Program/Peril 4</i>	<i>Program/Peril 5</i>
Self-Insurance as a <i>formal</i> program?					
If yes, do other governments participate?					
If yes, please list participating governments.					
Self-Insure as part of a joint program?					
Does a Third-Party Administer manage claims?					
Has program had a claims audit in last three years?					
Are program resources sufficient to cover expenses?					
Does an actuary estimate program liability?					
Number of claims paid during the period?					
Total amount of paid claims during the period?					
Total amount of recoveries during the period?					

Provide any other information necessary to explain answers to the Schedule 21 questions above.