

PORT OF SHELTON

Shelton, Washington

ANNUAL FINANCIAL REPORT

December 31, 2021

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See accountant's compilation report.

(i)

ANNUAL REPORT CERTIFICATION

Port of Shelton

MCAG No. 1746

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 21 West Sanderson Way, Shelton, WA 98584
Official Website Address www.portofshelton.com
Official E-mail Address info@portofshelton.com
Official Phone Number (360) 426-1151

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Wendy E. Smith, Executive Director
Contact Phone Number (360) 426-1151
Contact E-mail Address wendys@portofshelton.com

I certify 25th 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 Shelton
Shelton, Washington

Management is responsible for the accompanying financial statement of the Port of Shelton, 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 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 21 through 27 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 Shelton.





Vancouver, Washington

May 25, 2022

(2)

P.O. Box 66028
Vancouver, WA 98666

(360) 694-2460
FAX (360) 694-1359
E-mail: jan@jtfancher.com



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

Beginning Cash and Investments

308	Assigned Beginning Cash and Investments	4,870,742
388 / 588	Net Adjustments	--

Revenues

310	Taxes	807,224
320	Licenses and Permits	--
330	Intergovernmental Revenues	725,164
340	Charges for Goods and Services	1,767,658
350	Fines and Penalties	--
360	Miscellaneous Revenues	<u>10,609</u>

Total Revenues 3,310,655

Expenditures

540	Transportation	<u>1,810,014</u>
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Total Expenditures 1,810,014

Excess Revenues over Expenditures 1,500,641

Other Increases in Fund Resources

391-393, 596	Debt Proceeds	17,647
397	Transfers-In	--
385	Special or Extraordinary Items	--
381, 382, 389, 395, 398	Other Resources	<u>2,296,087</u>

Total Other Increases in Fund Resources 2,313,734

Other Decreases in Fund Resources

594-595	Capital Expenditures	1,252,355
591-593, 599	Debt Service	303,202
585	Special or Extraordinary Items	--
581, 582, 589	Other Uses	<u>216,949</u>

Total Other Decreases in Fund Resources 1,772,506

Increase in Cash and Investments 2,041,869

Ending Cash and Investments

50821	Nonspendable	--
50831	Restricted	--
50841	Committed	--
50851	Assigned	6,912,611
50891	Unassigned	<u>--</u>

Total Ending Cash and Investments 6,912,611

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

PORT OF SHELTON
NOTES TO FINANCIAL STATEMENT
December 31, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Port of Shelton (Port) was incorporated in 1948 and operates under the laws of the State of Washington applicable to a Port district.

Reporting Entity

The Port is located in Mason County, Washington and its territory covers less than the entire county. The Port is a special purpose local government that provides industrial and commercial property rentals and airport facilities 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.

See accountant's compilation report.

PORT OF SHELTON
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. Capital Assets

Capital assets, including major repairs, are assets with an initial individual cost of \$3,000 or more and an estimated useful life in excess of one (1) year. Capital assets and inventory are recorded as capital expenditures when purchased. See Note 10, Capital Assets, Capital Assets - Impaired and Subsequent Events.

E. 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 leave, which accrues on the employee's anniversary date, may be accumulated up to eighty (80) hours and is payable upon separation, retirement or death.

The Port allows up to seven hundred twenty (720) hours 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.

The total compensated absences balance was \$45,872 at December 31, 2021. See *Schedule of Liabilities* (Schedule 09).

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

G. Restricted and Committed Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments are reported as restricted or committed when it is subject to restrictions on use imposed by external parties or due to internal commitments established by 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 \$0 and \$0, respectively.

See accountant's compilation report.

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

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

<u>Type of Deposit or Investment</u>	<u>Port's Own Deposits and Investments Total</u>
Bank Deposits	\$ 1,162,800
Heritage Bank Public Now Invest	832,864
Local Government Investment Pool (LGIP)	4,916,947
Total	\$ 6,912,611

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 \$1,156,908 held at Heritage Bank and \$5,892 temporarily held at the Mason County Treasurer's Office, for a total carrying value of \$1,162,800 at December 31, 2021, of which \$1,162,800 was assigned.

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

The carrying amount of the Port's investments was \$832,864 held at Heritage Bank Public Now Invest and \$4,916,947 held at LGIP for a total carrying value of \$5,749,811 at December 31, 2021, of which \$5,749,811 was assigned.

The total carrying amount of cash deposits and investments was \$6,912,611 at December 31, 2021, of which \$6,912,611 was assigned.

See accountant's compilation report.

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

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

Investments, Continued

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 May 15, 2002, the Port Commission passed Resolution 02-04, appointing one of its members to be the Port Treasurer. The Port Treasurer maintains the accounts of the Port at Heritage Bank in Shelton, Washington, a certified Public Depository Institution and the LGIP in Olympia, Washington, a State of Washington qualified external investment pool, managed and operated by the Washington State Treasurer. The Port invests its surplus cash according to a Policy adopted by the Commission in Resolution 02-05 dated May 15, 2002, that uses three criteria to determine what investments are appropriate. The three criteria, in order of importance are; safety of principal, liquidity of the investment and overall return on investment. Investment earnings are reported in each investment's respective total.

NOTE 3 - PROPERTY TAX:

The Mason County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed to the Port at the start of the month following collection by the Mason County Treasurer.

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

The Port's regular levy for the year 2021 was \$0.2789599 per \$1,000 on an assessed valuation of \$2,889,395,028 for a total regular levy of \$806,026.

See accountant's compilation report.

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

NOTE 4 - LONG-TERM DEBT:

The Port issues General Obligation (G.O.) bonds to finance the acquisition and construction of capital assets. The Port is also liable for subordinated interagency Washington State Community Economic Revitalization Board (CERB) loans and Washington State Department of Health loans. See Note 1F, 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. bonds and subordinated interagency loans at December 31, 2021 are as follows:

Year ending December 31	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 277,985	\$ 30,268	\$ 308,253
2023	288,273	19,557	307,830
2024	153,565	11,674	165,239
2025	106,925	6,733	113,658
2026	22,225	4,308	26,533
2027 - 2031	115,779	16,885	132,664
2032 - 2036	123,941	8,723	132,664
2037 - 2041	<u>51,991</u>	<u>1,074</u>	<u>53,065</u>
Totals	\$ <u>1,140,684</u>	\$ <u>99,222</u>	\$ <u>1,239,906</u>

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 nine (9) active plan members and four (4) retired plan members as of December 31, 2021. As of December 31, 2021, the Port's total OPEB liability was \$572,389 as calculated using the alternative measurement method. The Port contributed \$10,868 to the plan for the year ended December 31, 2021. See *Schedule of Liabilities* (Schedule 09).

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

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.

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	\$28,291	0.004874%	\$ 46,382
PERS 2/3	\$46,171	0.003798%	(\$485,041)

NOTE 7 - RISK MANAGEMENT:

Port of Shelton 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.

See accountant's compilation report.

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

NOTE 7 - RISK MANAGEMENT, CONTINUED:

The Enduris' program provides for various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes: General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment Practices liability; Property coverage, which includes: Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement program. Pollution coverage is provided on a "claims made" coverage form. All other coverage is provided on an "occurrence" coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that are applicable to them. In certain cases the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits and member deductibles/co-pays by coverage type.

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽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⁾

- (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.

See accountant's compilation report.

PORT OF SHELTON
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⁾
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
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.

See accountant's compilation report.

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

NOTE 7 - RISK MANAGEMENT, CONTINUED:

- (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.

NOTE 8 - COVID-19 PANDEMIC:

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business gatherings, travel and in-person interactions. To help control the spread of the virus in our community, the Port adhered to all federal, state and local proclamations, and the Port has been open to the public, with restrictions, on a reduced capacity flow since then. The Port recommended employees who could work remotely to do so and essential employees reporting to work to practice appropriate social distancing measures. The Port continues to monitor the situation for any operational or financial effects and is ready to respond appropriately as needed. The Port continues to operate all major functions, has remained economically stable and continues to adapt to the changing conditions. The length of time these measures will be in place and the full extent of the direct or indirect financial impact on the Port is unknown at this time.

See accountant's compilation report.

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

NOTE 9 - ENVIRONMENTAL AND CERTAIN ASSET RETIREMENT LIABILITIES:

Pollution Remediation

On April 23, 2014, the Port received written notification dated April 17, 2014 from the Department of Ecology (DOE) that one of the Port's properties in Johns Prairie (JP) was subject to a clean-up process resulting from a former Port tenant. On August 24, 2014, the Port entered into a Voluntary Clean-up Program with DOE for this site. The Port has had the site tested for potential contaminants in 2014, 2015 and 2018. The Port has been working with DOE and has provided the results of the tests to DOE. The Port requested a No Further Action (NFA) letter on the site. DOE asked for an additional investigation of this site prior to issuing a NFA letter. The Port worked with CDM Smith, Inc., an environmental firm, to assist in providing the additional information being requested by DOE. On October 16, 2018, the Port passed Resolution 18-09, Emergency Action for clean-up of the existing site at JP to move forward with the proper disposal of contaminated soils. Previously, the Port incurred approximately \$10,000 of investigation costs for this site. In working with DOE in 2018, the Port estimated total remaining clean-up costs to be \$260,232, of which \$123,232 was incurred in 2018 and \$105,384 was incurred in 2019, leaving an estimated balance of \$31,616. Of the remaining estimated \$31,616, the Port incurred \$3,089 in 2020, and no further expenses are estimated to occur at this time. Based on the completion of the additional field work in 2019, the Port's environmental firm prepared a final investigation and clean-up report that was submitted to DOE. No further actions are in process at this time and the ending liability balance on *Schedule of Liabilities* (Schedule 09) was closed out at December 31, 2020.

In the spring of 2020, the DOE notified the Port via email to advise the Port that the DOE had issued an Immediate Action Letter against one of the Port's tenants to perform, due to a complaint investigation. The tenant worked directly with DOE to resolve the issues identified. The Port did not take part in any action or participate in any clean-up at this site.

The Port continues to monitor various Port sites with prior or existing environmental concerns including sites with restrictive covenants. In accordance with pollution remediation guidelines, the Port is working on various pollution remediation projects.

NOTE 10 - OTHER DISCLOSURES:

Capital Assets

During 2021, the Port incurred the various transactions affecting its capital assets, including the following:

In 2021, the Port completed the Sanderson Field (SF) pavement overlay and taxiway lighting project, primarily funded by Federal Aviation Administration (FAA) and Washington State Department of Transportation (WSDOT) grants. See Note 10, Grants.

In January of 2021, the Port purchased a 3,600 square foot building and a 7,840 square foot hangar building from a long-term tenant for \$370,000 plus closing expenses. Subsequently, the Port entered into a lease agreement on the hangar building with a new tenant in 2021 and the office building in 2022. See Note 1D, Capital Assets and Note 10, Subsequent Events.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Capital Assets - Impaired

In April of 2021, a SF tenant occupied building, in excess of 30,000 square feet, burned down, making the space a total loss and is considered permanently impaired. In addition to the impairment of the main building, one additional building (15,000 square feet) closely associated with the main building is considered temporarily impaired due to loss of electricity and the impact of the fire and a second associated building (1,440 square feet) was also impaired and will eventually be demolished. To-date the main building has been demolished and the damage from the firefighting has been cleaned up and removed. Results of the investigation were inconclusive as to the source of the fire. The Port continues to work with their insurance company to replace the main building, repair or demolish the two additional buildings and to receive the loss revenue on all three structures. The Port has hired a third-party engineering firm to review the replacement costs. The current estimated replacement costs, including demolition and code requirements range from the insurance company's initial replacement cost at \$3,880,052 with an actual cost value (ACV) of \$2,515,983 to the Port's outside engineering firm's current estimated replacement costs of \$6,940,192. The three buildings involved are long-lived assets that were fully depreciated at the time the Port converted to cash basis in 2015. The future cash flows will be fully restored upon completion of the replacement of the main building and the repairs to one of the additional buildings.

The initial estimate of the loss revenue for the three impaired structures has been determined to be approximately \$14,146 per month, included leasehold excise tax, totaling \$113,170 as of December 31, 2021. The monthly loss revenue will continue until the construction of the replacement building has been completed and the two other structures are either repaired or demolished. The Port has received advance fire loss payments of \$2,014,983 for the building, net of the \$1,000 deductible and \$0 for the loss revenue as of December 31, 2021. The Port's insurance policy covers both the replacement of the building, the building repairs and the loss revenue, less the \$1,000 deductible. While the fire loss is large, current professional accounting guidance reflects that a building fire loss does not rise to the definition of extraordinary, and as such is not being reported as such. See Note 1D, Capital Assets and Note 10, Construction Commitments and Subsequent Events.

Grants

In 2019, the FAA and WSDOT awarded the Port grants for the construction of a SF airport runway pavement overlay and taxiway lighting project. The entire project was estimated to be approximately \$3,469,647, of which portions of the project will be funded from 100% discretionary FAA funds without a match requirement and a portion of the project will be funded from FAA Airport Improvement Program (AIP) funding with 90% coverage and from a WSDOT grant with a 5% match up to a \$150,000 cap. The construction was completed in 2021. The final reimbursement requests were received from WSDOT in 2020 due to a funding cap and from FAA in 2021 when the grants were closed out. See Note 10, Capital Assets, Contingencies and Litigation and *Schedule of Expenditures of Federal Awards* (Schedule 16).

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Grants, Continued

In 2017, CERB notified the Port that they had been approved for a Committed Private Partner Program grant/loan for a public facilities project consisting of a \$300,000 loan, \$300,000 grant and a \$150,000 Port match, for a total project cost of \$750,000 for a tenant at JP consisting of a roof and infrastructure improvements. The Port executed a contract with CERB on August 28, 2017 and the Port has four (4) years to complete the work. By December 31, 2017, the Port completed the match and loan portion of the project and started working on the grant portion of the project. The Port incurred \$153,314 of eligible expenditures through 2020, under the grant portion and was reimbursed by CERB. In 2020, the Port worked with the CERB staff to take an amended scope of work to the CERB board for a change in address and additional time to complete the contract at JP. In 2021, the CERB board approved the amended scope of work. The Port incurred \$146,686 of eligible expenditures in 2021, which has been reimbursed by CERB, bringing the total reimbursed amount under the grant to \$300,000, leaving a remaining balance of \$0 available under the grant. The final report was filed and the grant was closed out in 2021. See Note 10, Contingencies and Litigation, *Schedule of Liabilities* (Schedule 09) and *Schedule of State Financial Assistance* (Schedule 15).

In 2018, CERB notified the Port that they had been approved for a Committed Private Partner Program grant/loan for the construction of a 30,000 square foot building for an existing tenant, consisting of a \$1,500,000 loan, a \$500,000 grant and a \$500,000 Port match for a total project cost of \$2,500,000. The Port has been working with the tenant on building and site requirements and has incurred initial design costs in 2021. See Note 10, Contingencies and Litigation, Construction Commitments and Subsequent Events.

On May 19, 2020, the Port and the Port's General Counsel submitted to the FAA a signed FAA CARES Act Agreement between the FAA and the Port of Shelton, which provides for airport related grant funding of up to \$30,000 for future airport related projects. See Note 10, 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 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.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Contingencies and Litigation, Continued

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.

Contingencies and Litigation - FAA and WSDOT Recoverable Grants

The Port received a recoverable grant via the receipt of SF and its associated land when it had been decommissioned after World War II. Various usage requirements run with the airport. Any sale of any portion of SF would first have to obtain approval by the FAA and WSDOT, and then potentially from 90% to 100% of the sale proceeds may be required to be remitted back to the FAA and WSDOT. The Port continues to invest in SF. The FAA and WSDOT continue to provide grants for a portion of the SF improvements. The period of recoverability of the donated land to the Port is for the lifetime of SF. The minimum recoverability exposure is the entire SF, indefinitely. A current value of SF has not been determined.

The Port has received multiple recoverable grants from the FAA AIP for multiple years, which average 90% of \$150,000 a year. The grants have included the design, planning, engineering and construction of various airport assets. The FAA has also awarded 100% discretionary grants to the Port over the years for larger projects that do not have a Port or WSDOT match.

The FAA grant assurances are as follows; "The terms, conditions and assurances of their grant agreements shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances."

The Port has received FAA aviation grant funds through 2021. As such, the current period of recoverability extends through 2041 with the exception for the real property, which has no time limit. The FAA grants were included in Intergovernmental Revenues grant funds for each year received. A complete list of recoverable grants is maintained by the Port. See *Schedule of Expenditures of Federal Awards* (Schedule 16) for each year for the amounts of FAA grants incurred.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Contingencies and Litigation, Continued

Contingencies and Litigation - FAA and WSDOT Recoverable Grants, Continued

The Port has received multiple recoverable grants from the WSDOT Aviation Airport Aid Program over the years. The grants primarily have been structured to be a 5% match to the airport grants from the FAA's AIP. The WSDOT grants require that the airport remain open for the expected life of twenty (20) years; otherwise, 100% of the grant funding must be returned within thirty (30) days of closure, sale, or discontinuance of service. The Port has received WSDOT aviation grant funds through 2021. As such, the current period of recoverability extends through 2041. The WSDOT grants were included in Intergovernmental Revenues grant funds for each year received. The majority of the grants from WSDOT have been 5% of the FAA \$150,000 a year AIP grants. A complete list of recoverable grants is maintained by the Port. See *Schedule of State Financial Assistance* (Schedule 15) for each year for the amounts of WSDOT grants incurred.

Contingencies and Litigation - CERB Committed Private Partner Program Recoverable Grants

In 2017, the Port received a \$300,000 loan and a \$300,000 recoverable grant from CERB for a Committed Private Partner Program grant/loan for a public facilities project for a JP tenant and a \$160,000 loan and a \$160,000 recoverable grant from CERB for a Committed Private Partner Program grant/loan for a public facilities project for a JP tenant. The CERB terms state that in the event that the Port fails to perform the work or otherwise carry out its duties under these contracts in accordance with state laws, federal laws, and/or the provisions of these contracts, the Board reserves the right to recapture funds in an amount to compensate the Board for the noncompliance in addition to any other remedies available at law or in equity.

The minimum recoverability exposure of these CERB grants/loans are \$600,000 and \$320,000, respectively, once all of the loan and grant reimbursements have been received plus additional amounts, including interest through 2044, six (6) years after the last repayment date of July 31, 2038. See *Schedule of Liabilities* (Schedule 09) and *Schedule of State Financial Assistance* (Schedule 15).

In 2018, CERB awarded a \$1,500,000 loan and a \$500,000 recoverable grant to the Port for a Committed Private Partner Program grant/loan for a public facilities project for a JP tenant. In 2021, the Port has incurred eligible expenditures that will be applied towards their \$500,000 match requirement and will incur eligible expenditures to apply towards the loan and grant portions in 2022. The minimum recovery exposure of this CERB grant/loan are \$2,000,000, once all of the loan and grant reimbursements have been received, plus additional amounts, including interest, through six (6) years after the estimated last repayment date. The last repayment date will be determined upon the completion of the loan and grant reimbursement process. See Note 10, Grants, Construction Commitments and Subsequent Events.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Stewardship, Compliance and Accountability

The Port is in compliance with all finance-related legal and contractual provisions.

Significant Commitments or Obligations

Construction Commitments

The Port has active construction projects as of December 31, 2021. The projects include:

<u>Project</u>	<u>Spent To-Date</u>	<u>Remaining Commitment</u>
Sanderson Field		
SF hangars environmental and water	\$ 37,319	\$ 18,396
SF building 1 structure fire *	134,581	6,805,611
SF equipment shed **	<u>9,037</u>	<u>45,008</u>
Total Sanderson Field	<u>180,937</u>	<u>6,869,015</u>
Johns Prairie		
JP shed exterior walls and improvements	17,341	368,438
JP building #3 roof coat	389,787	22,027
JP new building expansion ***	35,267	2,464,733
JP septic repair	<u>8,771</u>	<u>30,435</u>
Total Johns Prairie	<u>451,166</u>	<u>2,885,633</u>
Total Construction Commitments	\$ <u>632,103</u>	\$ <u>9,754,648</u>

* Reimbursable by Port insurance company, less \$1,000 deductible. Current estimated replacement costs by Port's outside engineering firm are \$6,940,192.

** Partially reimbursable by a \$30k FAA CARES Act grant.

*** Funded by approved \$1.5m CERB loan, \$0.5m CERB grant and \$0.5m Port match.

The remaining construction commitments not designated above will be funded from Port funds. See Note 10, Capital Assets - Impaired, Contingencies and Litigation, Grants and Subsequent Events.

Subsequent Events

The Port has evaluated events through May 25, 2022, which is the date the financial statements were available to be issued.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Subsequent Events, Continued

In January of 2022, the Port finalized a purchase and sale agreement for a 11,500 square foot warehouse and a 5,600 square foot utility building located at SF from a long-term tenant for \$500,000 plus closing expenses. The Port paid \$150,000 down upon closing and the seller is carrying the contract over ten (10) years at 3% interest per annum.

The Port signed a three (3) month lease, with no extensions, with one (1) occupant of a portion of the 11,500 square foot building, expiring March 31, 2022. The Port received an order for a Writ of Restitution to formally evict the occupant due to the expiration of the lease.

In early 2022, the Port signed a land lease for 0.54 acres with a new tenant who intends to build a 60' x 80' private hangar by February of 2024.

In March of 2021, the Port leased 1.10 acres to a new tenant. Their lease called out the tenant construction of an 80' x 110' hangar for the design, manufacturing, testing and distribution of sky diving equipment, storage of aircraft and associated sky diving related equipment plus office space. This construction began in April of 2022 and is anticipated to be completed by June of 2022.

In March of 2022, the Port Commission and an existing SF tenant terminated its lease agreement and signed a new lease with a new company, both with the same principals. The existing tenant transferred surety to the new company to cover the new company's surety requirements and the excess surety was refunded to the existing tenant. The entity changes followed the loss of a major portion of their business at that location due to a significant fire loss on April 13, 2021.

The Port continues to negotiate and work with their insurance company and their outside engineering firm hired to review the replacement costs to replace the SF building that was lost to fire in 2021 and to reimburse the Port for loss revenue. The Port's additional loss revenue for 2022 to-date is \$70,731, bringing the total loss revenue from May 2021 to-date to \$183,901 that has been submitted to their insurance company. The Port has received an additional insurance advance of \$1,000 in 2022, bringing the total advance fire loss payments to-date to \$2,015,983 for the building and \$0 for the loss revenue. Once the replacement costs have been negotiated, the Port can begin the next phase of pre-construction engineering and going out to bid, estimated to occur in the fall of 2022. The Port anticipates completion of the building construction in 2023. See Note 10, Capital Assets, Capital Assets - Impaired, Contingencies and Litigation and Construction Commitments.

The Port is currently working with an engineering and design company on the CERB Committed Private Partner Program that was awarded in 2018 for construction of a new \$2,500,000 building for a JP tenant. The CERB award consists of a \$1,500,000 low interest loan, a \$500,000 grant and a Port match of \$500,000. Costs incurred to-date are allocated to the Port's match. Grant and loan reimbursement requests will be submitted in 2022 and 2023. The Port anticipates that the construction will be completed by the beginning of 2023. See Note 10, Grants, Contingencies and Litigation and Construction Commitments.

See accountant's compilation report.

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

NOTE 10 - OTHER DISCLOSURES, CONTINUED:

Subsequent Events, Continued

The Port was awarded \$30,000 from the FAA CARES Act in 2020. The port plans to utilize the funds towards an equipment shed building to house SF maintenance equipment. The shed is on order and should be completed the summer of 2022. See Note 10, Grants and Construction Commitments.

In 2022, the Port submitted a FAA grant application for engineering services for the SF airport taxiway overlay and electrical project. This project will undergo engineering and pre-construction in 2022 to go out to bid later in 2022 for construction late in 2022 or 2023. The Port submitted their matching application to WSDOT Aviation for their 5% matching funds for this same project.

In 2022, the Port completed the lease of a 3,600 square foot building acquired with a 2021 property purchase. See Note 10, Capital Assets.

The Port has various active construction projects at December 31, 2021 that are expected to be completed in 2022 and 2023. See Note 10, Grants and Construction Commitments for a listing of remaining committed amounts totaling \$9,754,648.

SUPPLEMENTARY SCHEDULES

REVENUES/EXPENDITURES/EXPENSES

For the Year Ended December 31, 2021

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1746	401	General	3085100	Assigned Cash and Investments - Beginning	4,870,742
1746	401	General	3111000	Property Tax	807,224
1746	401	General	3312000	Federal Direct Grant from Department of Transportation	567,322
1746	401	General	3340420	State Grant from Department of Commerce	146,686
1746	401	General	3370000	Local Grants, Entitlements and Other Payments	11,156
1746	401	General	3446000	Airports and Ports Services	1,767,658
1746	401	General	3611000	Investment Earnings	4,499
1746	401	General	3614000	Other Interest	3,863
1746	401	General	3699100	Miscellaneous Other, Operating	2,247
1746	401	General	3821000	Refundable Deposits	74,272
1746	401	General	3829000	Immaterial Fiduciary Collections	206,832
1746	401	General	3917000	Other Note/Contracts/Line of Credits	17,647
1746	401	General	3952000	Compensation for Loss/Impairment of Capital Assets	2,014,983
1746	401	General	5460010	Airports and Ports - Salaries	674,707
1746	401	General	5460020	Airports and Ports - Benefits	333,404
1746	401	General	5460030	Airports and Ports - Supplies	166,661
1746	401	General	5460040	Airports and Ports - Services	635,242
1746	401	General	5821000	Refund of Deposits	4,954
1746	401	General	5829000	Immaterial Fiduciary Remittance	211,995
1746	401	General	5914670	Debt Repayment - Airports and Ports	262,700
1746	401	General	5924680	Interest and Other Debt Service Cost - Airports and Ports	40,502
1746	401	General	5944660	Capital Expenditures/Expenses - Airports and Ports	1,252,355
1746	401	General	5085100	Assigned Cash and Investments - Ending	6,912,611

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	Tax Exempt Serial Bonds Series A for Buildings and Infrastructure, ISSUED 09/15/2003	03/01/2021	35,000	--	35,000	--
251.11	General Government Deferred Serial Bonds Series C for Buildings and Infrastructure, ISSUED 09/15/2003	03/01/2023	350,000	--	85,000	265,000
251.11	Tax Exempt Serial Bonds for Buildings and Infrastructure, ISSUED 08/15/2005	03/01/2025	390,000	--	70,000	320,000
263.85	WA State Department of Health, Replace AC Waterline, Transferred from DWSRF on 06/30/2018, ISSUED 09/14/2004	08/01/2024	28,634	--	7,159	21,475
263.85	WA State Department of Health, Replace AC Waterline, Transferred from DWSRF on 06/30/2018, ISSUED 09/14/2004	08/01/2024	179,114	--	44,778	134,336
263.85	CERB/JP Roof and Infrastructure, ISSUED 08/28/2017	01/31/2038	274,589	--	13,401	261,188
263.85	CERB/JP Infrastructure, ISSUED 05/18/2017	01/31/2038	146,047	--	7,362	138,685
Total General Obligations			1,403,384	--	262,700	1,140,684
Revenue Obligations						
259.12	Compensated Absences		39,968	5,904	--	45,872
264.30	Pension Liabilities		185,127	--	138,745	46,382
264.40	OPEB Liabilities		513,485	58,904	--	572,389
Total Revenue Obligations			738,580	64,808	138,745	664,643
Total Liabilities			2,141,964	64,808	401,445	1,805,327

See accountant's compilation report.

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2021

Grantor	Program Title	Identification Number	Amount
State Grant from Department of Commerce	Community Economic Revitalization Board Committed Partnership Grant/Loan Program	S17-790A0-121	146,686
		Sub-total	146,686
		Grand total	146,686

See accountant's compilation report.

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		
Federal Aviation Administration, Transportation, Department of	Airport Improvement Program and COVID-19 Airports Programs	20.106	3-53-0069-016-2019	--	169,806	169,806	--	1.2.3
Total CFDA 20.106				--	169,806	169,806	--	
Total Federal Awards Expended				--	169,806	169,806	--	

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: Wendy E. Smith, Executive Director

Manager Phone: (360) 426-1151

Manager Email: wendys@portofshelton.com

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.

	<u>Self-insurance program title or type of peril where risk is covered by formal self-insurance:</u>				
	<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.