



Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Vancouver

For the period January 1, 2020 through December 31, 2020

Published April 8, 2021

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

April 8, 2021

Board of Commissioners
Port of Vancouver
Vancouver, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

Americans with Disabilities

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INDEPENDENT AUDITOR'S REPORT

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

Port of Vancouver January 1, 2020 through December 31, 2020

Board of Commissioners
Port of Vancouver
Vancouver, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Vancouver, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated April 1, 2021.

As discussed in Note 19 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of the Port's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

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



Pat McCarthy

State Auditor

Olympia, WA

April 1, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Port of Vancouver January 1, 2020 through December 31, 2020

Board of Commissioners
Port of Vancouver
Vancouver, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Port of Vancouver, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed on page 9.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the Port's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port of Vancouver, as of December 31, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 19 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the Port is unknown. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements as a whole. The debt covenant information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2021 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.



Pat McCarthy
State Auditor
Olympia, WA

April 1, 2021

FINANCIAL SECTION

Port of Vancouver January 1, 2020 through December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020

Statement of Revenues, Expenses and Changes in Fund Net Position – 2020

Statement of Cash Flows – 2020

Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2020

Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2020

Schedule of Employer Contributions – Non-governmental Plans – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Debt Covenant Information – 2020

PORT OF VANCOUVER
Management's Discussion and Analysis
December 31, 2020

Introduction

As management of the Port of Vancouver (port), we offer readers of the port's financial statements this narrative overview and analysis of the financial activities of the port for the fiscal year ended December 31, 2020, with selected comparative information for the year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the financial statements which immediately follow this discussion.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the port's financial statements. The port's financial statements include two components: 1) the port's basic financial statements, and 2) the notes to the financial statements.

The notes provide additional information that is essential to a full understanding of the data provided in the port's financial statements. The notes to the financial statements can be found following the financial statements of this report.

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Fund Net Position tells us whether the port's financial position has improved as a result of the year's activities. The Statement of Net Position provides information on all of the port's assets, liabilities and deferred inflows and outflows, with the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is called net position. Over time, increases or decreases in net position may serve as an indicator of whether the financial position of the port is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Fund Net Position show how the port's net position changed during the year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows (Accrual Basis).

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The port uses only one fund, an enterprise fund, which is a type of proprietary fund. An enterprise fund reports business type activities.

Financial Analysis

Condensed Financial Position Information

The *Statement of Net Position* reflects the port's financial position at year end. Financial position is represented by the difference between assets owned, deferred outflows, liabilities owed at a specific point in time, and deferred inflows. The difference between the two is reflected as net position. As previously noted, changes in net position over time can be an indicator of the port's financial position.

Financial Highlights

- Total assets of the port and deferred outflows exceeded its liabilities and deferred inflows by \$301.797 million (reported as total net position). Total net position increased by \$7.986 million in comparison with the prior year, primarily due to the increase of \$2.556 million in current assets and capital assets net of accumulated depreciation decreased by \$1.198 million and a decrease in total liabilities of \$4.816 million and \$815 thousand decrease in deferred inflows resulting from the extinguishment of debt related to completed construction projects and a decrease of deferred inflows related to the pensions and 2020 bond refunding.
- Total current and restricted assets increased by \$2.556 million from 2019.
- Current liabilities decreased by \$726 thousand from the prior year.

The following condensed financial information provides an overview of the port's financial position for the fiscal years ended December 31.

NET POSITION		
	2020	2019
Assets:		
Current and restricted assets	\$ 35,465,005	\$ 32,908,534
Capital assets, net	\$ 401,130,297	\$ 402,328,467
Other noncurrent assets	\$ 25,363,248	\$ 25,377,477
Total Assets	\$ 461,958,550	\$ 460,614,478
Deferred Outflows of Resources:		
Deferred Charge on Refunding	\$ 2,336,051	\$ 1,432,800
Deferred Outflows - Pensions	\$ 893,277	\$ 786,286
Total Deferred Outflows of Resources	\$ 3,229,328	\$ 2,219,086
Liabilities:		
Current liabilities	\$ 15,185,838	\$ 15,911,991
Noncurrent liabilities	\$ 144,298,940	\$ 148,338,368
Net pension liabilities	\$ 2,713,321	\$ 2,763,884
Total Liabilities	\$ 162,198,099	\$ 167,014,243
Deferred Inflows of Resources:		
Deferred Inflows - Pensions	\$ 963,308	\$ 1,750,528
Deferred Inflows - Refunding	\$ 229,437	\$ 258,116
Total Deferred Outflows of Resources	\$ 1,192,745	\$ 2,008,644
Net Position:		
Net Invested in capital assets	\$ 284,565,561	\$ 280,490,928
Restricted	\$ 672,653	\$ 641,073
Unrestricted	\$ 16,558,820	\$ 12,678,676
Total Net Position	\$ 301,797,034	\$ 293,810,677

Summary of Operations and Changes in Net Position

The *Statement of Revenues, Expenses, and Changes in Fund Net Position* presents how the port's net position changed during the current and previous fiscal year as a result of operations. The port employs an accounting method that records revenue and expenses when they are incurred, regardless of when cash is exchanged. Thus, some revenues and expenses reported in this statement may affect future period cash flows (e.g. uncollected receivables).

Revenues:

- The port's diversified commodity mix continued to produce significant revenues which enabled the port to experience an increase in 2020, while marine revenues reached \$35.721 million, a change of 20.77 percent or \$6.143 million over 2019, other revenue sources combined to result in a \$4.107 thousand increase (16.06 percent) over the previous year.
- The port experienced stable occupancy of its industrial leasehold facilities. Lease occupancy was 99.86 percent at year end. 2020 lease revenue was \$10.389 million, an increase of 2.34 percent over 2019.

Expenses:

- 2020 total operating expenses, before depreciation, increased by \$3.140 million (8.98 percent) over 2019 operating expenses. This increase in expense was primarily due to increased costs associated with revenue generating opportunities. Operating income, after depreciation, was -\$382 thousand at December 31, 2020 as compared to -\$4.200 million at December 31, 2019. Depreciation expense decreased 2.93 percent over the previous year.

Non-Operating:

- 2020 total nonoperating revenue (expenses) increased by \$2.007 million over 2019, primarily due to increased environmental remediation expense and gain on the sale of assets.

The table summarizes the operations for fiscal years ending December 31.

CHANGE IN NET POSITION		
	2020	2019
REVENUES		
Operating Revenues:		
Marine terminal operations	\$ 35,720,946	\$ 29,578,178
Property lease/rental operations	10,388,889	10,151,125
Facilities sales and service	3,332,219	3,321,217
Security sales and service	800,885	644,551
General and administrative	116,693	89,295
Nonoperating Revenues:		
Ad valorem tax revenues	11,965,480	10,018,157
Interest income	212,738	709,838
Federal and State Grants	2,750,959	554,100
Other nonoperating revenues	278,467	80,749
Total Revenues	\$ 65,567,276	\$ 55,147,210
EXPENSES		
Operating Expenses:		
Marine terminal operations	\$ 15,219,853	\$ 13,060,144
Facilities	10,680,939	10,083,491
Security	2,440,805	2,238,203
General and administrative	9,752,662	9,572,655
Depreciation	12,647,624	13,029,459
Nonoperating Expenses:		
Interest expense	4,631,830	4,842,087
Gain / Loss on disposal of assets	160,709	(463,815)
Environmental remediation	1,737,237	439,963
Other nonoperating expenses	339,752	213,688
Total Expenses	\$ 57,611,411	\$ 53,015,875
Capital contribution	\$ 30,492	1,331,245
Change in net position	7,986,357	3,462,580
Total net position - beginning	293,810,677	290,348,097
Total net position - ending	\$ 301,797,034	\$ 293,810,677

Capital Asset and Debt Administration

Capital Assets

The port's investment in total capital assets as of December 31, 2020 totaled \$401.130 million (net of accumulated depreciation). The port's investment in capital assets includes land, buildings, improvements (other than buildings), machinery and equipment, construction in progress, and intangible asset. The total decrease in the port's investment in capital assets for the current year was \$1.198 million or -0.30 percent.

Major capital asset events during 2020 included the following:

The port completed: Waterfront Ground Stabilization project (\$5.436 million), Building 2601 Electrical Upgrade project (\$448 thousand), Terminal 2 Pavement Replacement project (\$428 thousand) and Wi-Fi Camera System project (\$402 thousand).

Additional information on the port's capital assets activity may be found in Note 4 in the notes to the financial statements.

Long-term Debt

At December 31, 2020, debt outstanding totaled \$141.161 million. Of this amount, \$30.331 million comprised of general obligation debt, \$25 million represented special revenue bonds secured by a letter of credit, \$85.566 million represented the 2016, 2017 and 2018 Series Revenue Bonds secured by a net revenue pledge and \$265 thousand in notes payables outstanding.

Additional information on the port's long-term debt can be found in Note 9 in the notes to the financial statements.

Economic Factors and 2020 Budget

Economic Factors

- The Port of Vancouver USA is reporting that in spite of the COVID-19 pandemic, it managed to maintain its business operations and increase revenue from 2019 totals. In 2020, the port had its highest returns in its 108-year history, with revenue of \$50.360 million, a 15.02 percent increase over revenues in the previous year. In 2019 the port's total tonnage was 8.285 million metric tons with total tonnage dipping a bit in 2020 to 7.368 million metric tons. Strategic investments and a diverse portfolio of commodities have positioned the port as a leader in the global marketplace.
- These strategies, along with the port's proficiency in bulk and break bulk cargoes, positioned the port to utilize their best assets, including the ability to handle large-sized shipments, such as wind energy components, by deploying two port-owned Liebherr cranes. The port also offers acres of laydown space for storage, a highly-skilled work force and excellent transportation connections, including road, rail and river access.
- Additionally, by diversifying commodities, the port is not reliant on any one industry and is able to have a continuous flow of business even during times of economic disruption. The port weathered the storm of COVID-19 in 2020 with its diverse tonnage and cargo mix, reflecting trends in the national and global market for materials essential to many industries and these materials primarily make up the bulk of products that move through the Port of Vancouver.
- In 2020, the Port of Vancouver USA moved over 5.399 million metric tons of grain, over 2,500 wind energy components and nearly 90,000 automobiles, with a record number of 3,350 autos received on a single vessel in October.
- Grain exports remained essentially flat with a slight increase in wheat exports of 1.95 percent over the 2019 totals. Soybean volumes retracted in the first half of 2020 but increased in the back half of the year.
- Overall import volumes in 2020 fell by 330,000 metric tons – a 23.97 percent decrease from 2019 – mainly due to a decrease in steel slab and fertilizer. Steel import tariffs and decreased oil demand have hurt slab imports. Fertilizer imports via Vancouver could no longer compete with domestic

production. The primary feedstock to produce urea fertilizer is natural gas which the US now produces in abundance.

- Export volumes were relatively flat at 6.317 million metric tons in 2020, a decrease by less than 10 percent, with scrap metal exports increasing by 21 percent. With these numbers, the Port of Vancouver is currently operating at 86 percent exports and 14 percent imports.
- The port reports that the number of vessels that came through in 2020 was 360, compared with 397 in 2019. For 2020, the decrease in ship calls can be associated with year-over-year decreases in dry bulk volumes. But there also exists a long-term trend on the Columbia River system in which vessels carry more cargo per trip, therefore reducing the number of vessel calls, while possibly leaving overall throughput volumes unaffected.
- The port saw 63,310 railcars that moved across port-owned track, as compared with the 2019 numbers, which were 69,632. In 2020, almost 70 percent of the port's rail volume was destined for the port's grain tenant, which moved 5.409 million metric tons of product in 2020 – still the third highest total in the past five years.
- Industrial occupancy at the port continues to exceed 99 percent.
- The port's 50-plus tenants offer a wide range of products and services including metals and machinery, food processing, plastics moldings and electronics recycling. Tenant businesses employ thousands of people and contribute significantly to the local economy and tax base.
- For the tenth year in a row, the port continued its commitment to renewable energy through the purchase of Renewable Energy Credits (RECs) equal to 100 percent of its purchased electricity. The port also continues its innovative stormwater management with biofiltration technology that enables the port to meet regulatory requirements to control zinc, oil and other runoff contaminants. Other efforts include floating treatment wetlands in the port's Terminal 4 stormwater retention pond to assist in reducing copper and zinc.
- The Terminal 1 Project is also continuing to move forward. Construction of the AC by Marriott is underway with the ground floor complete and work beginning on the second floor. The hotel is on schedule to open in the fall of 2022.
- Renovations of Vancouver Landing are also underway with seismic work completed and work proceeding on the overall renovations. It is expected this work will be finished in March or April of 2021.
- Plans are complete and a call for bids for the first phase of the extension of the Renaissance Trail are expected be announced shortly after the renovations to the landing are completed.
- The port continues to work with another private developer on the back blocks of Terminal 1 with plans for a mixed-use set of towers including residential, commercial office and retail space. The port hopes to have a lease with this developer sometime in 2021.

2021 Budget

- The port's 2021 operating revenues are forecasted at \$39.375 million, which is a decrease from 2020 actual revenues of \$50.360 million. This decrease is attributed to fluctuations in the economy and global market. 2021 operating expenses are forecasted at \$32.659 million, a decrease over actual 2020 operating expenses of \$38.091 million.
- The port's 2021 capital budget reflects the port's continuing commitment to promoting regional economic activity through the investment of over \$8.939 million in the economic development and expansion and renewal of port facilities. In 2021 the port will perform tenant improvements, continue advancing a multi-year investment in the port's Waterfront development and perform significant maintenance related improvements to existing port facilities. Financing for the 2021 capital program will come from current revenues, tax levy revenue, grants, and other contributions.

Requests for Information

This financial report is designed and intended to provide a general overview of the Port of Vancouver's financial position. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port of Vancouver, Auditor, 3103 NW Lower River Road, Vancouver, WA 98660 or www.portvanusa.com.

PORT OF VANCOUVER USA
STATEMENT OF NET POSITION
For the Year Ended December 31, 2020

ASSETS

Current Assets

Cash and cash equivalents (Note 1)	\$ 21,019,584
Restricted cash and cash equivalents (Note 1)	1,627,520
Investments (Note 2)	4,825,985
Total Cash and Investments	<u>27,473,089</u>

Other Current Assets

Accounts receivable - trade (net)	4,054,460
Grants receivable	1,937,733
Taxes receivable	166,973
Inventory	849,776
Prepaid benefits	166,199
Prepaid expenses	248,053
Prepaid insurance	568,722
Total Other Current Assets	<u>7,991,916</u>
Total Current Assets	<u>35,465,005</u>

Noncurrent Assets

Capital Assets Not Being Depreciated (Note 4)

Land and land rights	154,099,981
Construction in progress	13,876,526
Total Capital Assets Not Being Depreciated	<u>167,976,507</u>

Capital Assets Being Depreciated (Note 4)

Buildings and structures	117,732,990
Machinery and equipment	26,299,182
Improvements	276,545,428
Intangible asset (Note 4)	183,938
Total Capital Assets Being Depreciated	<u>420,761,538</u>
Accumulated Depreciation	<u>(187,607,748)</u>
Total Net Capital Assets	<u>401,130,297</u>

Other Noncurrent Assets

Minimum lease payments-revenue bonds (Note 9)	25,000,000
Prepaid bond insurance	363,248
Total Other Noncurrent Assets	<u>25,363,248</u>

TOTAL ASSETS

\$ 461,958,550

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charge on Refunding (Note 9)	2,336,051
Deferred Outflows - Pensions (Note 6)	893,277
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,229,328</u>

PORT OF VANCOUVER USA
STATEMENT OF NET POSITION
For the Year Ended December 31, 2020

<u>LIABILITIES</u>	
Current Liabilities	
Accounts payable	\$ 5,672,613
Payroll payable	845,140
Taxes payable	523,812
Retainage	155,650
Payable from restricted assets (customer deposits)	943,731
Current portion of GO Bonds (Note 9)	4,735,000
Current portion of Revenue Bonds (Note 9)	1,975,000
Current portion of other long-term obligations (Note 9)	10,377
Bond interest payable	324,515
Total Current Liabilities	<u>15,185,838</u>
Noncurrent Liabilities	
Employee leave benefits	1,556,892
General obligation bonds - net (Note 9)	25,595,793
Revenue bond -net (Note 9)	83,590,624
Special revenue bond (Note 9)	25,000,000
Note payable - net (Note 9)	254,530
Environmental remediation (Note 13)	7,691,344
Unearned Revenue	609,757
Total Net Pension Liability	2,713,321
Total Noncurrent Liabilities	<u>147,012,261</u>
TOTAL LIABILITIES	<u>\$ 162,198,099</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows - Pension	\$ 963,308
Total Deferred Inflows - Refunding	229,437
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,192,745</u>
<u>NET POSITION</u>	
Total net investment in capital assets	284,565,561
Restricted (Note 12)	672,653
Unrestricted	16,558,820
TOTAL NET POSITION	<u>\$ 301,797,034</u>

PORT OF VANCOUVER USA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2020

OPERATING REVENUES

Marine terminal/operations	\$ 35,720,946
Property lease/rental operations	10,388,889
Facilities sales and service	3,332,219
Security sales and service	800,885
General and administrative	116,693
Total Operating Revenues	<u>50,359,632</u>

OPERATING EXPENSES

Marine terminal/operations	15,219,853
Facilities	10,680,939
Security	2,440,805
General and administrative	9,752,662
Total before depreciation	<u>38,094,259</u>
Depreciation	12,647,624
Total Operating Expenses	<u>50,741,883</u>
Operating Income(Loss)	<u>\$ (382,251)</u>

NONOPERATING REVENUES (EXPENSES)

Ad valorem tax revenues	\$ 11,965,480
Interest income	212,738
Federal and state grants	2,750,959
Other revenues	71,030
Repair and replacement revenue	31,580
Miscellaneous taxes	6,000
Gain(Loss) on disposal of assets	(160,709)
Environmental remediation	(1,737,237)
Columbia River Channel Improvement expense	169,857
Interest expense	(4,631,830)
Other expense	(339,752)
Total Nonoperating Revenues (Expenses)	<u>8,338,116</u>
Income(Loss) before other revenues, expenses, gains, losses, and transfers	<u>7,955,865</u>

Capital Contribution	30,492
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Increase (decrease) in net position	7,986,357
Net Position as of January 1	293,810,677
Net Position as of December 31	<u><u>\$ 301,797,034</u></u>

PORT OF VANCOUVER USA
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 49,598,434
Payments to suppliers	(25,221,203)
Payments to employees	(13,248,295)
Other receipts (payments)	(69,810)
Net cash provided (used) by operating activities	<u>11,059,126</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Payments for environmental remediation	(623,612)
Net cash provided by noncapital financing activities	<u>(623,612)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from restricted property taxes	5,637,416
Proceeds from unrestricted property taxes	6,310,042
Proceeds from grants and contributions	846,906
Payments for acquisition, construction and improvement of capital assets	(11,617,990)
Payments for bonds principal	(5,240,000)
Payments for bonds Interest	(5,720,961)
Proceeds from contributed capital	30,492
Payments for note payable principal	(1,465,254)
Payments for note payable interest	(31,605)
Proceeds from bond administration	6,000
Net cash used for capital and related financing activities	<u>(11,244,954)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received (paid) from sales (purchases) of investment	(2,330,884)
Interest and dividends	222,595
Net cash provided by investing activities	<u>(2,108,289)</u>

Net increase (decrease) in cash and cash equivalents	<u>(2,917,729)</u>
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Cash and cash equivalents and January 1	25,564,833
Cash and cash equivalents at December 31	<u>\$ 22,647,104</u>

Reconcile operating income to net cash provided by operating activities

Net operating income (loss)	\$ (382,251)
Adjustments:	
Depreciation	12,647,624
Change in assets and liabilities:	
Accounts receivable	(1,314,549)
Inventory	(80,464)
Unearned revenues	518,255
Other operating receivables	117,706
Accounts payable	13,444
Prepaid expenses	67,223
Taxes payable	61,019
Accrued liabilities	(519,072)
Nonoperating revenues (expenses)	(69,810)
Total adjustments	<u>(1,206,247)</u>
Net cash provided by operating activities	<u>\$ 11,059,126</u>

PORT OF VANCOUVER
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Vancouver (port) was incorporated in 1912 and operates under the laws of the state of Washington applicable to a public port district as a municipal corporation under the provisions of Chapter 53 of the Revised Code of Washington (RCW). The financial statements of the port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments.

A. Reporting Entity

The port is located in Clark County, Washington, and comprises territory less than the entire county, which is divided into three port districts. The port is governed by a three-member Board of Commissioners (commission) elected by port voters. The commission possesses final decision-making authority and is held primarily accountable for decisions. The commission appoints management, which is responsible for the day-to-day operations of the port. Management is held accountable to the commission. The commission and appointed management possess the ability to significantly influence operations, including authority to review and approve budgets, sign contracts as the contracting authority, approve the hiring and retention of key managerial personnel, exercise control over facilities and properties, and determine the outcome or disposition of matters affecting the port's customers. The port is independent from Clark County, which levies and collects taxes on behalf of the district. The port is a primary government and does not have any component units.

The RCW authorizes the port to provide and charge rentals, tariffs and other fees for docks, wharves and similar harbor facilities, including associated storage and traffic handling facilities for waterborne commerce. The port may also provide freight and passenger terminals and transfer and storage facilities for other modes of transportation, including air, rail and motor vehicles. The port may acquire and improve land for sale or lease for industrial or commercial purposes and may create industrial development districts.

The powers of eminent domain and ad valorem taxation upon the real and personal property within the district are also within the scope of port districts.

B. Basis of Accounting and Reporting

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

Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity, are included on their statements of net position (or balance sheets). Their reported fund position is segregated into net investment in capital assets, restricted and unrestricted components of net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The port discloses changes in cash flows by a separate statement that presents their operating, noncapital financing, capital and related financing and investing activities.

The port uses the full-accrual basis of accounting where revenues are recognized when earned, and expenses are recognized when incurred. Capital asset purchases are capitalized, and long-term liabilities are accounted for in the appropriate fund.

The port distinguishes between operating revenues and expenses from nonoperating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the port's principal ongoing operations. Terminal services and property rental revenues are charges for use of the port's facilities and are reported as operating revenue.

Operating expenses for the port include the costs of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Ad valorem tax levy revenues, interest income, grant reimbursements and other revenues generated from non-operating sources are classified as non-operating revenue.

C. Use of Estimates

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

D. Assets, Liabilities and Net Position

1. Cash and Cash Equivalents

It is the port's policy to invest all temporary cash surpluses. At December 31, 2020, the treasurer was holding \$22,647,104 in short-term residual investments of surplus cash. The amount was classified on the statement of net position as cash and cash equivalents.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balance maintained in 2020 was approximately \$5,323,887.

For purposes of the statement of cash flows, the port considers short-term, highly liquid investments (including restricted assets) with maturity of three months or less from the purchase date to be cash equivalents.

2. Investments – See (Note 2, Deposits and Investments)

3. Receivables

Taxes receivable consist of property taxes and related interest and penalties (See Note 3). Accrued interest receivable consists of amounts earned on investments, notes and contracts at the end of the year.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

Receivables have been recorded net of estimated uncollectible amounts. Because property taxes and special assessments are considered liens on property, no estimated uncollectible amounts are established. Estimated uncollectible amounts for trade receivables are \$2,346,376.

Allowance for Uncollectable consists of the estimated amounts of customer accounts, notes and contracts that may never be collected.

Note Receivables consist of short and long-term customer trade obligations related to lease payments and right-of-way acquisitions.

4. Amounts Due to and from Other Governments

These accounts include amounts due to or from other governments for grants, entitlements and temporary loans, taxes and charges for services.

5. Inventories

Reported inventory is rail material purchased for the general rail system maintenance and environmental mitigation bank credits. Rail material inventory is valued at cost and will be used for rail system maintenance and phased rail construction based on engineering design and part specification over the next several years. Environmental mitigation bank credits will be used in future land developments.

The port maintains a small inventory of office supplies and maintenance parts. Parts and supplies are expensed as purchased and no inventory of these items is maintained.

6. Restricted Assets and Liabilities

These accounts contain resources for construction, debt service and in accordance with certain agreements or policies. The current portion of related liabilities is shown as *Payables from Current Restricted Assets*. The restricted assets are composed of the following:

Customer Deposits	943,731
R&R Fund	672,653
FSA	11,135
	<u>\$ 1,627,520</u>

Only customer deposits are shown with a related liability. See (Note 13 – Restricted Component of Net Position)

7. Compensated Absences

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the port accrues a liability for compensated absences.

As of January 1, 2008, the port implemented a paid time off (PTO) policy for eligible administrative and union employees. The PTO policy takes the place of accounting for sick and vacation leave separately. PTO is accrued monthly based on years of service. PTO can be accrued to a maximum of 600 hours. Employees will receive remuneration upon resignation, separation or retirement for all PTO hours accumulated at their current rate of pay.

In recognition of the evolving impacts of the coronavirus (COVID-19) outbreak, and issuance of the Declaration of Emergency by the Port of Vancouver on Thursday, March 26, 2020, the port temporarily modifies the PTO accumulation limit for PTO eligible staff. The port intends to promote health, safety, and security for our employees while mitigating risks during this time of the emerging public health threat. The intent of this PTO Accumulation Extension Policy is to allow staff to work through this COVID-19 pandemic and not lose any PTO benefit while continuing to work. Effective April 1, 2020 the PTO accumulation limit will change from 600 hours to 700 hours. On September 1, 2021 all PTO balances in excess of 600 hours will be returned to 600 hours and employees will no longer be able to accrue hours beyond the 600 hours limit. In the event of a hardship or an unforeseeable emergency, Port of Vancouver will allow PTO eligible employees to cash out a portion of their accrued but unused PTO balance. This policy is intended to provide employees with the ability to utilize accrued PTO time in cases of extreme hardship.

As of January 1, 2018, employers in Washington must provide nearly all of their employees with paid sick leave. Under the law, employees must accrue paid sick leave at a minimum rate of one hour for every 40 hours worked. This includes part-time and seasonal workers. Paid sick leave must be paid to employees at their normal hourly compensation. Employees are entitled to use accrued paid sick leave beginning on the 90th calendar day after the start of their employment. Unused paid sick leave of 40 hours or less must be carried over to the following year. Employers are allowed to provide employees with more generous carry over and accrual policies.

8. Unearned Revenues

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

9. Deferred Compensation Plans

The port offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all port employees, permits them to defer a portion of their salary until future years. The plan is fully funded and held in an outside trust.

The port has established a plan for non-represented employees in accordance with Internal Revenue Code Section 401(a). The port contributes to each eligible employee's 401(a) account based on tenure. A minimum contribution of \$500 up to a maximum of \$1,100 will be made annually. In addition, the port matches employee 457 plan deferrals dollar for dollar to a fixed maximum of \$2,200 based on length of service.

A 401(a) Supplemental Employer Contribution Savings Plan is provided to key employees. The Board of Commissioners has discretionary authority to make determinations as to eligibility and benefits under the plan. The participants' accrued benefits shall be fully vested providing they remain in continuous service for the term of the agreement or until they leave under a qualifying event. If participants terminate under a non-qualifying event, they forfeit all accrued benefits.

10. Capital Assets (See Note 4)

11. Long-term Debt (See Note 9)

12. Deferred Inflows and Outflows of Resources

The port reports a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources until then. The port classified deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price amortized over the shorter of the life of the refunded or refunding debt as deferred outflows of resources.

13. Pensions

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

NOTE 2 - DEPOSITS AND INVESTMENTS

Treasury Function

The port commission adopted Resolution 06-03 appointing its own port treasurer. The treasurer is responsible for the management and investment decisions of the port's deposits and investment accounts. The port commission adopted an investment policy pursuant to its Resolution 8-03, that directs the port to invest funds in a manner which provide maximum security with the highest investment return while meeting the daily cash flow demands of the port and conforming to all state and local statutes governing the investment of public funds. The port's investment policy sets forth 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. The port's investment policy establishes guidelines on types of investments, the maximum holding of any one type of investment, diversification of investments and maximum maturity of its investments both on an individual security type basis and for the entire investment portfolio.

A. Deposits

The carrying amount of the port's deposits \$3,810,842 and the bank balances were \$4,277,877.

Custodial credit risk is the risk that in the event of the failure of a depository financial institution, the port would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The port's deposits are deposited in qualified depositories as required by state statute. The port's deposits are mostly covered by federal depository insurance coverage (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC) and therefore do not have custodial risk. The port has not experienced any losses in its deposit accounts.

B. Investments

Investments, are stated at fair value, based on quoted market prices in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in the fair-value of investment is recognized as an increase or decrease to the investment assets and investment income.

Interest income on investments is recognized in non-operating revenue as earned. Changes in fair value of investments are recognized on the Statements of Revenues, Expenses, and Changes in Net Position.

State of Washington under Chapter 39.59 RCW limits the investment of public funds by local governments to the following authorized instruments: (i) bonds of the State or any local government in the State, (ii) general obligation bonds of any other state or local government thereof which have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency, (iii) registered warrants of a local government in the same county as the local government making the investment, (iv) obligations of the U.S. government, its agencies and wholly owned corporations, or obligations issued or guaranteed by supranational institutions, provided, that at the time of investment, the United States government must be the largest shareholder of such institution, (v) obligations of the Federal Home Loan Bank, Fannie Mae and other government-sponsored enterprises whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system, (vi) bankers' acceptances purchased in the secondary market, (vii) commercial paper purchased in the secondary market, subject to State Investment Board policies, and (viii) corporate notes purchased in the secondary market, subject to State Investment Board policies.

Risks

Investments are subject to the following risks:

Interest Rate Risk – Interest rate risk is the risk the port may face should interest rate variances affect the fair value of investments. Through the port's investment policy, the port manages its exposure to fair market value losses arising from increasing interest rates by laddering its investments by maturity, establishing maturity limits for individual investments and maturity limits for its investment portfolio as a whole. In addition to the extent possible, the port attempts to match its investments with anticipated cash flow requirements.

The table below identify the type of investments, concentration of investments in any one issuer, and maturities of the port investment portfolio:

As of December 31, 2020		Maturities (in Years)				
Investment Type	Fair Value	Less than 1	1 to 3	3 to 5	More than 5	Portfolio
Federal Farm Credit Bank	\$ 750,223	\$ -	\$ 499,995	\$ 250,228	\$ -	3.17%
Federal Home Loan Bank	1,012,940	500,280	512,660	-	-	4.28%
Federal Home Loan Mortgage Corporation	500,025	-	-	500,025	-	2.11%
Federal National Mortgage Association	1,500,790	1,002,870	-	497,920	-	6.34%
WA State Municipal Bonds	1,062,007	261,015	800,992	-	-	4.49%
WA State Local Government Investment Pool *	18,836,262	18,836,262	-	-	-	79.60%
Total Investments	\$ 23,662,247	\$ 20,600,427	\$ 1,813,647	\$ 1,248,173	\$ -	100.00%
Percentage of Total Portfolio		87.06%	7.66%	5.27%	0.00%	100.00%

* The fair value of the investments in the Washington State Local Government Investment Pool are same as the amortized cost of the pool. With the exception of amounts in the WA State Local Government Investment Pool, which are considered Cash and Cash Equivalents, all other amounts are included within Investments.

In addition to the interest rate risk disclosed above, the port includes investments with fair value highly sensitive to interest rate changes.

Credit Risk – Credit risk is the risk that an issuer of an investment or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Washington State Local Investment Pool is an unrated 2a-7 like pool, as defined by the Government Accounting Standards Board. State statute and the port's investment policy establishes the type of investments and the credit quality rating the port can invest in.

The table below identifies credit quality ratings for the port's investment portfolio:

As of December 31, 2020		Moody's/S&P Equivalent Credit Ratings				
Investment Type	Fair Value	Aaa-Aa1/ AAA-AA+	Aa2/AA	Aa3/AA-	A1/A+	Not Rated
Federal Farm Credit Bank	\$ 750,223	\$ 750,223	\$ -	\$ -	\$ -	\$ -
Federal Home Loan Bank	1,012,940	1,012,940	-	-	-	-
Federal Home Loan Mortgage Corporation	500,025	500,025	-	-	-	-
Federal National Mortgage Association	1,500,790	1,500,790	-	-	-	-
WA State Municipal Bonds	1,062,007	533,977	-	-	528,030	-
WA State Local Government Investment Pool *	18,836,262	-	-	-	-	18,836,262
Total Investments	\$ 23,662,247	\$ 4,297,955	\$ -	\$ -	\$ 528,030	\$ 18,836,262

* The fair value of the investments in the Washington State Local Government Investment Pool are same as the amortized cost of the pool shares.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of a counterparty to an investment transaction the port will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. To minimize this risk, the port's investment policy requires that all security transactions, except the Washington State Local Government Investment Pool are settled "delivery verses payment" basis. This means that payment is made simultaneously with the receipt of the security. These securities are delivered to the port's custodial safekeeping bank, Key Bank. With the exception of the Washington State Local Government Investment Pool, the port's investments are registered, or held by Port of Vancouver or its agent in the Port of Vancouver's name by the custodial safekeeping bank.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributable to the magnitude of an investment of a single issuer. The port's investment policy establishes limits on the portfolios maximum holding by type of security and per issue.

Investments in Local Government Invest Pool (LGIP)

The port is a voluntary participant in the Local Government Investment Pool, an external investment pool operated by the Washington State Treasurer. The pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with RCW 43.250.

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 of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

Investments Measured at Fair Value

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

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

The table below identifies the port's investments measured at fair value and amortized cost:

	As of December 31, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Federal Farm Credit Bank	\$ 750,223	\$ -	\$ 750,223	\$ -
Federal Home Loan Bank	1,012,940	-	1,012,940	-
Federal Home Loan Mortgage Corporation	500,025	-	500,025	-
Federal National Mortgage Association	1,500,790	-	1,500,790	-
WA State Municipal Bonds	1,062,007	-	1,062,007	-
Total Investments measured at fair-value	\$ 4,825,985	\$ -	\$ 4,825,985	\$ -
Investments measured at amortized costs				
WA State Local Government Investment Pool (LGIP)	\$ 18,836,262			
Total Investments measured at amortized costs	\$ 18,836,262			
Total Investments	\$ 23,662,247			

With the exception of amounts in WA State Local Government Investment Pool, which are considered Cash and Cash Equivalents, all other amounts are included within Investments.

C. Summary of Deposit and Investment Balances

The table below reconciles the port's deposits and investment balances:

As of December 31, 2020		Total
Deposits with Private Financial Institution		\$ 3,810,842
Deposits with WA State Local Government Investment Pool (LGIP)		18,836,262
Non-Pooled Investments		4,825,985
Total Deposits and Investments		\$ 27,473,089
Deposits-Current		
Cash and Cash Equivalents	\$	21,019,584
Restricted Cash and Cash Equivalents		1,627,520
Total Deposits		\$ 22,647,104
Investments-Current		
Short-term Investments	\$	4,825,985
Total Investments		\$ 4,825,985
Total Deposits and Investments		\$ 27,473,089

NOTE 3 – PROPERTY TAXES

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

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

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

The port may levy up to \$0.45 per \$1,000 of assessed valuation for general governmental services. The Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The port may also levy taxes at a lower rate.

The port's regular levy for 2020 was \$0.14453 per \$1,000 on an assessed valuation of \$43,593,692,267 or a total regular levy of \$6,300,724. The port also levied an additional \$0.12977 per \$1,000 for the repayment of general obligation bonds for a total additional levy of \$5,657,067. For 2020, the port collected 99.10% of ad valorem taxes levied.

NOTE 4 - CAPITAL ASSETS

- A. Major expenses (defined by the port as those in excess of \$5,000) for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. All capital assets are valued at

historical cost (or estimated historical cost, where historical cost is not known/or estimated market value for donated assets).

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

Interest on funds used during construction, less interest earned on related interest-bearing investments if the asset is financed with the proceeds from externally restricted tax-exempt proceeds, is capitalized as part of the cost of the asset. This process is intended to remove the cost of financing construction activity from the comparative statements of revenues, expenses and changes in net assets, and to treat such cost in the same manner as construction labor and material costs. The port had no capitalized interest in 2020.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight-line method. Buildings and improvements are assigned lives of 5 to 50 years; equipment 3 to 10 years; and furniture and fixtures 3 to 5 years.

In accordance with generally accepted accounting principles for regulated businesses, the port has a deferred intangible asset of \$183,938 as of December 31, 2020. The initial cost of \$29,818 in 2004; \$20,427 in 2015 and \$172,848 in 2019 were for the easement of three disposal sites for the Columbia River Channel Improvement Project. The costs are amortized on the straight-line method over 20 years.

Capital assets activity for the year ended December 31, 2020 was as follows:

Capital Assets Activities	Beginning Balance 01/01/2020	Increases	Decreases	Ending Balance 12/31/2020
<i>Capital assets, not being depreciated:</i>				
Land	148,359,012	5,740,968	-	154,099,981
Construction in progress	9,876,411	13,535,737	9,535,622	13,876,526
Total capital assets, not being depreciated	\$158,235,423	\$19,276,705	\$9,535,622	\$167,976,507
<i>Capital assets, being depreciated:</i>				
Buildings	118,855,460	861,809	1,984,279	117,732,990
Improvements other than buildings	274,983,481	1,848,742	286,795	276,545,428
Machinery and equipment	25,294,029	1,110,372	105,220	26,299,182
Intangible	195,093	-	11,155	183,938
Total capital assets being depreciated	\$419,328,063	\$3,820,923	\$2,387,449	\$420,761,538
<i>Less accumulated depreciation for:</i>				
Buildings	35,967,169	2,382,212	45,600	38,303,780
Improvements other than buildings	120,639,687	8,939,647	113,523	129,465,811
Machinery and equipment	18,628,163	1,314,028	104,034	19,838,157
Total accumulated depreciation	\$175,235,019	\$12,635,887	\$263,157	\$187,607,748
Total net capital assets	\$402,328,467	\$10,461,740	\$11,659,913	\$401,130,297

NOTE 5 - Construction and Other Significant Commitments

The port has active construction projects as of December 31, 2020. At year-end the port's commitments with contractors are as follows:

Project	Contract Amount	Spent to Date	Remaining Commitment
Building 2655 Roof Repair	\$ 90,000	\$ 4,913	\$ 85,087
Gutter & Downspout Replacements	\$ 121,204	\$ -	\$ 121,204
Berth Repairs	\$ 245,002	\$ -	\$ 245,002
High Tank Replacement Phase 3	\$ 627,265	\$ 332,024	\$ 295,241
Columbia Gateway Screening Berm	\$ 308,689	\$ 198,151	\$ 110,538
Terminal 1 Vancouver Landing Structural Renovation	\$ 2,464,304	\$ 1,754,800	\$ 709,504
	\$ 3,856,464	\$ 2,289,888	\$ 1,566,576

Terminal 1 Vancouver Landing Structural Renovation project is an improvement project associated with the Terminal 1 Development. The port has submitted to the Washington Department of Commerce for reimbursement at year-end \$1,754,800 for this project. This project is fully funded by state funds through a grant with the Washington Department of Commerce.

NOTE 6 – PENSION PLANS

The following table represents the aggregate pension amounts for all plans for the year 2020:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ (2,713,321)
Pension assets	\$ -
Deferred outflows of resources	\$ 893,277
Deferred inflows of resources	\$ (963,308)
Pension expense/expenditures	\$ 84,567

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98504-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January - August 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%
September - December 2020		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Total	12.97%	6.00%

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI),

capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January - August 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.86%	7.90%
September - December 2020		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.87%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.97%	7.90%

The port actual PERS plan contributions were \$388,310 to PERS Plan 1 and \$641,029 to PERS Plan 2/3 for the year ended December 31, 2020.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2020 with a valuation date of June 30, 2019. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Experience Study* and the *2019 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020. Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation

- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were developed using the Society of Actuaries' Pub. H-2020 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were changes in methods and assumptions since the last valuation.

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at leg.wa.gov/osa.
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See leg.wa.gov/osa for more information on this method changes.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of Net Pension Liability/(Asset)

The table below presents the port's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 2,313,077	\$ 1,846,684	\$ 1,439,942
PERS 2/3	\$ 5,392,450	\$ 866,637	\$ (2,860,372)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2020, the port reported a total pension liability of \$2,713,321 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 1,846,684
PERS2/3	\$ 866,637

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

	Proportionate Share 6/31/19	Proportionate Share 6/31/20	Change in Proportion
PERS 1	0.0542%	0.0523%	-0.0019%
PERS 2/3	0.0700%	0.0678%	-0.0022%

The collective net pension liability (asset) was measured as of June 30, 2020, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2019, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2020, the port recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 12,655
PERS 2/3	\$ 71,912

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (10,282)
Changes of assumptions	\$ -	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 197,810	\$ -
TOTAL	\$ 197,810	\$ (10,282)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 310,244	\$ (108,610)
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (44,013)
Changes of assumptions	\$ 12,343	\$ (591,988)
Changes in proportion and differences between contributions and proportionate share of contributions	\$ 48,758	\$ (208,415)
Contributions subsequent to the measurement date	\$ 324,121	\$ -
TOTAL	\$ 695,466	\$ (953,026)

Deferred outflows of resources related to pensions resulting from the port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended 12/31	PERS 1
2021	\$ (46,658)
2022	\$ (1,468)
2023	\$ 14,237
2024	\$ 23,607
2025	
Thereafter	
Total	\$ (10,281)
Year Ended 12/31	PERS 2/3
2021	\$ (387,109)
2022	\$ (113,464)
2023	\$ (12,103)
2024	\$ 40,101
2025	\$ (58,554)
Thereafter	\$ (50,553)
Total	\$ (581,681)

NOTE 7 - PENSION PLANS - NONGOVERNMENTAL PLANS (PENSIONS PROVIDED THROUGH CERTAIN MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLANS)

Some port employees may be provided with pensions through a cost-sharing, multiple-employer defined benefit pension plan that, (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions to both employees of state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The port has

six union sponsored pension plans meeting these criteria. As of December 31, 2020, the nongovernmental plans are composed of the following:

Name of Pension Plan	Entity	Cost-Sharing	Financial Report	Benefit Type	# of Covered Employees	Benefit Terms	Contribution Requirements	Balance of Payables *	Expiration Date
47P	Oregon-Washington Carpenters-Employers Trust Fund	Yes	Yes	Pension	4 Carpenters	Collective-bargaining agreement	4.73 multiple by hours worked	\$ 2,450.14	5/31/2021
47AP Non-accruing pension	Oregon-Washington Carpenters-Employers Trust Fund	Yes	Yes	Non-Accruing Pension	4 Carpenters	Collective-bargaining agreement	3.08 multiple by hours worked	\$ 1,595.44	5/31/2021
47PNA- Non-accruing pension	Oregon-Washington Carpenters-Employers Trust Fund	Yes	Yes	Non-Accruing Pension	4 Carpenters	Collective-bargaining agreement	.40 multiple by hours worked	\$ 207.20	5/31/2021
47PNAO	Oregon-Washington Carpenters-Employers Trust Fund	Yes	Yes	Non-Accruing Pension	4 Carpenters	Collective-bargaining agreement	.66 multiple by hours worked	\$ 341.88	5/31/2021
Dist 9 ER	Electrical Trust Funds	Yes	No	Pension	3 Electricians	Collective-bargaining agreement	4.19, 3.92 multiple by hours worked	\$ 1,875.26	12/31/2020
Edison Pension	Electrical Trust Funds	Yes	No	Pension	3 Electricians	Collective-bargaining agreement	8.45, 8.20 multiple by hours worked	\$ 3,873.00	12/31/2020
NEBF	Electrical Trust Funds	Yes	Yes	Pension	3 Electricians	Collective-bargaining agreement	.03 multiple by hours worked	\$ 724.18	12/31/2020
Pension	NW Laborers-Employers Trust Fund	Yes	Yes	Pension	10 NW Laborers	Collective-bargaining agreement	4.79 multiple by hours worked	\$ 8,032.83	5/31/2021
Pension	AGC-IUOE Local 701 Trust Funds	Yes	Yes	Pension	6 Operating Engineers	Collective-bargaining agreement	5.40 multiple by hours worked	\$ 5,194.80	12/31/2020
Local 290 Pension	UA Local Union 290 Plumbing and Pipefitting Industry	Yes	Yes	Pension	1 Plumber	Collective-bargaining agreement	12.74 multiple by hours worked	\$ 2,140.32	3/31/2021
National Pension	UA Local Union 290 Plumbing and Pipefitting Industry	Yes	Yes	Pension	1 Plumber	Collective-bargaining agreement	1.61 multiple by hours worked	\$ 270.48	3/31/2021
NASI Pension Fund	National Automatic Sprinkler Industry	Yes	No	Pension	2 Sprinkler Fitters	Collective-bargaining agreement	6.80 multiple by hours worked	\$ 2,318.80	3/31/2021
Sprinkler Industry Supplemental Pension	National Automatic Sprinkler Industry	Yes	No	Pension	2 Sprinkler Fitters	Collective-bargaining agreement	7.23 multiple by hours worked	\$ 2,465.43	3/31/2021

* The amounts were earned by 12/31/2020, and payables are due in January 2021. Required contributions to the pension plans are related to past services performed per union contracts.

NOTE 8 – RISK MANAGEMENT

The port is exposed to various risks of loss related to torts; damage to, theft of and destruction of assets or cargo; natural disasters; and employee injuries. To limit exposure, the port purchases property, liability and related insurance coverage annually through a commercial insurance broker which provides coverage against most normal hazards. In comparison to prior years, there were no significant changes in the type and coverage of insurance policies purchased by the port in 2020. Settlement claims have not exceeded commercial insurance coverage in any of the past three years.

The port participates in the State of Washington Labor and Industries workman's compensation program. However, management has elected to become self-insured through the Washington State Employment Security Department on a reimbursement basis. Unemployment claims are processed by the Washington State Employment Security Department. No reserve for self-insurance has been established as the potential liability is not considered to be material to the financial statements.

NOTE 9 – LONG-TERM DEBT

A. Long-Term Debt

The port issues general obligation and revenue bonds to finance the purchase, and construction of capital assets. Bonded indebtedness has also been entered into in 2011, 2012, 2019 and 2020 to advance refund several general obligation bonds. General obligation bonds have been issued for both general government and business-type activities and are being repaid from the applicable resources. The revenue bonds are being repaid by net revenues of the port. The Port of Vancouver is also liable for notes that were entered into for the construction of rail infrastructure right-away acquisition, legal settlement, and channel deepening. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources

Unamortized debt issue costs are recorded as deferred charges and bonds are displayed net of premium, discount or deferred amount on refunding. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs, discounts, and deferred amounts on refunding. The port is also liable for a right-of-way settlement agreement for the West Vancouver Freight Access Project.

The port has pledged future net revenues, as defined by bond documents, to repay \$ 84,970,000 in revenue bonds issued in 2016, 2017, and 2018. Proceeds from the bonds provided financing for specific capital projects as outlined in the bond documents. The bonds are payable solely from net revenues and are payable through 2048. The revenue bonds contain coverage requirements related to maintaining adequate net revenues to support debt service. Annual principal and interest payments on the bonds are expected to require less than 40 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$142,069,727. Principal and interest paid for the current year and total net revenues were \$5,305,505 and \$17,982,312 respectively.

B. Refunded Debt

In October of 2020, the port issued \$18,665,000 of general obligation refunding bonds whose proceeds along with the port's contribution of \$292,097 were used to provide resources to purchase U.S. Government and State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on \$17,360,000 of refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,315,750. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 8 years by \$671,500 and resulted in an economic gain of \$663,578.

C. General Obligation Bonds

General Obligation bonds currently outstanding are as follows:

Obligation	Original Issue	Interest Rate	Maturity	Balance 12/31/2020
2011	5,600,000	2.0%-4.0%	2021	650,000
2012 Series A	5,905,000	2.0%-4.0%	2022	1,495,000
2012 Series B	29,745,000	0.380%-3.614%	2022	5,200,000
2019	5,625,000	2.49%	2028	4,135,000
2020	18,665,000	0.625%-1.720%	2028	18,665,000
Total GO Bonds before current portion				\$ 30,145,000
Current portion				4,735,000
Discount				-
Premium				185,793
Total long-term GO bonds, net				<u>\$ 25,595,793</u>

The 2019 Bonds contain a provision that in the event of default as defined by the refunding bond documents, the interest rate on the refunding bonds will increase by 3%.

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

Year Ending December 31 2020	Principal	Interest
2021	3,945,000	467,869
2022	3,450,000	324,161
2023	3,065,000	219,100
2024	3,040,000	199,177
2025	3,070,000	171,817
2026-2028	9,440,000	294,862
Total	\$ 26,010,000	\$ 1,676,985

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

Year Ending December 31 2020	Principal	Interest
2021	790,000	102,962
2022	1,580,000	83,291
2023	245,000	43,949
2024	295,000	37,848
2025	295,000	30,503
2026-2028	930,000	46,937
Total	\$ 4,135,000	\$ 345,488

D. Revenue Bonds

Revenue Bonds currently outstanding are as follows:

Obligation	Original Issue	Interest Rate	Maturity	Balance 12/31/2020
2016 Revenue Bonds	40,000,000	1.325%-4.010%	2046	37,240,000
2017 Revenue Bonds	30,000,000	2.001%-4.693%	2047	28,765,000
2018A Revenue Bonds	14,885,000	2.850% - 4.250%	2044	14,505,000
2018B Revenue Bonds	4,460,000	5.000%	2048	4,460,000
Total Revenue Bonds before current portion				\$ 84,970,000
Current portion				1,975,000
Premium				595,624
Total long-term Revenue Bonds, net				\$ 83,590,624

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

Year Ending December 31 2020	Principal	Interest
2021	1,975,000	3,323,353
2022	2,030,000	3,276,441
2023	2,075,000	3,224,734
2024	2,135,000	3,167,545
2025	2,200,000	3,106,030
2026-2030	12,065,000	14,445,104
2031-2035	14,420,000	12,089,273
2036-2040	17,590,000	8,911,506
2041-2045	21,615,000	4,898,563
2046-2048	8,865,000	657,178
Total	\$ 84,970,000	\$ 57,099,727

E. Special Revenue Bonds

Port Resolution 9-2009 provided for the issuance of refunding revenue bonds of the port in the principal amount of \$25,000,000. A lease agreement provides for unconditional payment of rent equal to the debt service of the special revenue bonds. The bonds are not general obligations of the port, are payable solely from the pledged revenues of the lease and do not constitute a lien on the unpledged revenues of the port. The special revenue bonds are supported by direct payment of irrevocable bank letters of credit.

The outstanding special revenue bonds are adjustable tender bonds subject to purchase on demand of the holder at a price equal to the principal plus accrued interest under certain notification requirements. Interest rates on these bonds are adjustable.

The special revenue bonds currently outstanding are as follows:

Obligation	Original Issue	Interest Rate	Maturity	Balance 12/31/2020
Series 2009	\$ 25,000,000	Adjustable	2029	\$ 25,000,000

F. Line of Credit

The port has entered into a credit facility agreement with KeyBank National Association in connection with the issuance and sale of its Taxable Revenue Bonds, Series 2013 to provide the Port with a line of credit with a maximum commitment amount of \$35,000,000. This agreement is secured by a net revenue pledge as defined by the agreement. As of December 31, 2020, there was no outstanding balance on the line of credit.

The Line of Credit will bear an interest rate equal to the sum of the LIBOR Rate for that LIBOR Interest Calculation Period applicable for said advances plus 57 basis points (0.57%), 0.71% at December 31, 2020. The port has agreed to pay the Series 2013 Credit Facility Provider an unused commitment fee in the amount of 20 basis points per annum (0.20%) on the unused portion of the Line of Credit.

This agreement matures on September 24, 2021, unless extended by mutual consent of the Port and the Series 2013 Credit Facility Provider.

G. Notes Payable

- a. The State of Washington, Department of Transportation is authorized and empowered under RCW 47.76A to provide financial assistance to cities, counties, ports and railroads for the purposes of acquiring, rebuilding, rehabilitating, or improving rail lines necessary to maintain essential rail services. The port and the State of Washington negotiated a loan to a not to exceed amount of \$250,000 to construct a rail spur consisting of 542 track feet of rail, two #9 turnouts, sub-ballast, and other materials necessary to provide rail service to the FarWest Steel facility. Total expenditures related to this project are \$103,770. This agreement allows the State, at its sole option, to require immediate repayment of the outstanding loan should the financed project be sold conveyed, transferred or removed in part or in whole during the loan repayment period. The agreement also allows for the termination of this agreement in the event either party fails to perform their obligations under this agreement.

Date	Obligation
7/1/2021	10,377
7/1/2022	10,377
Total	\$ 20,754

- b. The Washington and Oregon ports entered into the "Intergovernmental Agreement Among Lower Columbia River Ports for Columbia River Channel Deepening and Maintenance" with the U.S. Army Corps of Engineers for the Channel Improvement Project on June 21, 2004. The Project Cooperation Agreement identifies disposal, mitigation and restoration sites needed for the Channel Improvement Project. The State of Washington appropriated \$27.7 million for the Washington sponsor's share of project costs. The Oregon-Washington Ports Agreement allocates costs of the Channel Improvement Project. All costs incurred, with the exception for port-owned beneficial use sites, will be shared 50/50 between the states. The Washington ports share of the costs is shared equally between the three Washington ports. At the completion of the Columbia River Channel Improvement Project a final accounting of the project will occur to ensure that the non-federal sponsors have equally contributed to the project, met their obligations to U.S. Army Corps of Engineers, and equalization will occur between the States of Washington and Oregon. Having reached substantial completion, on December 31, 2020, the port has accrued cost of \$244,153, and will start amortization on the straight-line method over 20 years when the U.S. Army Corps of Engineers has completed the project. See (Note 16, Columbia River Channel Improvement Project)

NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance 01/01/2020	Additions	Reductions	Ending Balance 12/31/2020	Due within One Year
G.O. Bonds	\$ 28,540,000	\$ 18,665,000	\$ 21,195,000	26,010,000	\$ 3,945,000
G.O. Bond Direct Borrowing & Direct Replacement	\$ 4,905,000		\$ 770,000	4,135,000	\$ 790,000
Discounts/premiums	310,166	-	124,373	185,793	119,990
Special Revenue Bond	25,000,000	-	-	25,000,000	-
Revenue Bond	86,910,000	-	1,940,000	84,970,000	1,975,000
Discounts/premiums	616,896	-	21,272	595,624	21,272
Total Bonds Payable	146,282,062	18,665,000	24,050,645	140,896,417	6,851,262
Notes Payable	1,730,160	-	1,465,253	264,907	10,377
Environmental Remediation	6,577,719	1,593,302	479,677	7,691,344	-
Compensated Absences	1,276,937	279,955		1,556,892	-
Pension Obligations	2,763,884	-	50,563	2,713,321	-
Total long-term liabilities	\$ 158,630,762	\$ 20,538,257	\$ 26,046,138	\$ 153,122,881	\$ 6,861,639

NOTE 11 – LEASE COMMITMENTS**Property Leases**

The port leases industrial properties on a long-term basis and are reported as property rentals. The following is a schedule of future minimum rental income under non-cancelable leases having an initial term in excess of one year:

Year	Forecast
2021	9,679,177
2022	9,375,588
2023	8,754,060
2024	7,341,571
2025	6,484,763
2026-2030	21,787,134
Total minimum future rents	<u>\$ 63,422,293</u>

NOTE 12 – RESTRICTED COMPONENT OF NET POSITION

The port's statement of net position reports \$1,627,520 of restricted net assets. (See Note 1, D-6)

Repair & Replacement Fund - EVRAZ: To cover potential dock damage resulting from EVRAZ Inc, NA. Operations and use of the Terminal Storage Area, EVRAZ agrees to pay an additional \$0.25 per MT, to be held by the port in a separate account, to be used by the port to pay for repairs to the Terminal Storage Area. In the event the fund amount is insufficient to cover the costs of repairs, EVRAZ shall be responsible for additional costs of repair as specified under the port's Terminal Use Agreement. EVRAZ's contributions shall continue until the fund reaches a balance of \$600,000. Contributions to the fund shall resume at such time as the fund amount falls below \$600,000 and will continue until the amount is replenished.

Repair & Replacement Fund - CIP: The Covenants, Conditions, and Restrictions for Centennial Industrial Park requires all property owners/tenants located within the boundaries of the Centennial Industrial Park to pay the port a storm water impact fee. The storm water impact fee will equal the City of Vancouver's storm water impact fee. 70% of the fee collected is retained by the port in a separate account to be used for annual operations, maintenance, repairs and capital improvements of the Centennial Industrial Park enhanced storm water treatment system.

NOTE 13 - POLLUTION REMEDIATION OBLIGATION**TCE**

Soil and shallow ground water samples taken in 1997 during the Mill Plain extension project showed concentrations of trichloroethylene (TCE) which exceeded Department of Ecology's (Ecology) ground water and industrial soil cleanup levels. Chlorinated solvent-related contamination was subsequently discovered at the Cadet Manufacturing facility located north of the former Swan site. Both Cadet and Swan formerly used chlorinated solvents, primarily trichloroethylene (TCE), to degrease metal parts which leached into the ground.

Ecology named the port as a potentially responsible party (PRP) under the Model Toxics Control Act (MTCA). In 1998 and 2001 the port entered into agreed orders with Ecology. Under the agreed orders, the port must investigate and remediate TCE and other chlorinated solvent contamination associated with the former Swan site.

In 1999, Cadet was named as a PRP and subsequently entered into an agreed order with Ecology under the MTCA. At the same time, the port filed a contribution claim against Cadet, the corporate successor to Swan, for all costs expended by the port for the Swan cleanup. In February 2006, the port reached an agreement with Cadet to settle the lawsuit. Under this agreement, the port purchased the Cadet site and

assumed full responsibility for the remedial activities contained in the agreed order between Cadet and Ecology. Effective May 1, 2008, the port and Ecology negotiated a combined agreed order (07-TC-S-DE5189) for both the Swan and Cadet sites. No significant changes to Ecology's requirement were made with this revision.

Currently, the TCE cleanup is in the final measurement benchmark established by GASB 49: "Remediation design and implementation, through and including operation and maintenance, and post remediation monitoring." At this stage, the port is required to continue to refine its estimate of its liability as additional information becomes available.

In June 2009, the port completed construction of its new Groundwater Cleanup Facility to expedite the completion of the remediation of TCE and other solvents in the groundwater. Using a process known as "air stripping," the facility pumps contaminated water from the aquifer, and filters it through various tanks before the air stripping removes contaminants from the water and discharging the clean water.

The Yakama Nation is a tribal government with a role in the investigation and cleanup of environmental contamination under both federal law (CERCLA) and state law (MTCA). Following the publication of the remedial investigation reports and feasibility study for public notice and comment, the Yakama Nation expressed its interest in resources impacted by the site, and its desire to participate in the development of the proposed remedial action for the site. In February 2015, the tribe requested that the port enter into a funding and participation agreement (FPA) that would enable the Yakama Nation to be involved in the development and implementation of remedial actions. The Yakama Nation informed the port that if the port declined to enter into an FPA, the tribe would participate in the development and implementation of remedial actions at the site anyway, and seek recovery of its costs through appropriate means, including but not limited to litigation. The port and the Yakama Nation negotiated a reasonable and appropriate FPA.

A budget for remediation costs has been prepared by the port's environmental engineer. This budget is the basis for estimates for the year ending December 31, 2020. There are no other responsible parties and no estimated recoveries reducing this liability as of December 31, 2020.

This estimated liability for TCE was prepared using the expected cash flow technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. This is an estimate only and potential for change exists resulting from price increases or reductions, technology or changes in applicable laws or regulations. Time assumptions for TCE tasks varying between 5 and 30 years have been assigned estimated values and probability weighted to arrive at expected costs. The estimates and assumptions will be reevaluated as material events occur. The total expected cost for TCE tasks at December 31, 2020 is \$4,673,990.

Terminal 5 Sediment Clean-up

Sediment sampling identified areas of elevated polychlorinated biphenyls (PCBs) and polycyclic aromatic hydrocarbons (PAHs) in subsurface sediments near the Berth 17 dock. The sediment contamination impacts the Port's ability to maintenance dredge the berth and operational use of the Terminal as a marine cargo facility. Operational use is anticipated to require more time, cost, and process with the agencies to address contamination considerations and risks.

In 2009, the Port purchased the former Alcoa Vancouver property to support industrial use and economic development. The site is now known as Terminal 5 and includes Berth 17. Under a Consent Decree with Ecology, Alcoa has responsibility for cleanup of the site including contaminated Columbia River sediments. In 2018, the port collected sediment samples to support inclusion of Berth 17 into the port's maintenance dredge program. The port submitted the sediment results to Ecology. In August 2020, Ecology determined that the port as property owner is a PLP.

The Yakama Nation is a tribal government with a role in the investigation and cleanup of environmental contamination under both federal law (CERCLA) and state law (MTCA). Following the publication of the

remedial investigation reports and feasibility study for public notice and comment, the Yakama Nation expressed its interest in resources impacted by the site, and its desire to participate in the development of the proposed remedial action for the site. In January 2021, the tribe requested that the port enter into a funding and participation agreement (FPA) that would enable the Yakama Nation to be involved in the development and implementation of remedial actions. The Yakama Nation informed the port that if the port declined to enter an FPA, the tribe would participate in the development and implementation of remedial actions at the site anyway, and seek recovery of its costs through appropriate means, including but not limited to litigation. The port and the Yakama Nation are currently negotiating a reasonable and appropriate FPA.

A budget for remediation costs has been prepared by the port's contracted environmental engineer. This budget is the basis for estimates for the year ending December 31, 2020. Other responsible parties and estimated recoveries reducing this liability are not estimable as of December 31, 2020.

This estimated liability for sediment contamination was prepared using the expected cash flow technique, which measures the liability as the sum of probability weighted amounts in a range of possible estimated amounts. This is an estimate only and potential for change exists resulting from price increases or reductions, technology or changes in applicable laws or regulations, and the port's acceptance of a regulatory or contractual obligation for additional work. Time assumptions for sediment cleanup tasks varying between 5 and 30 years have been assigned estimated values and probability weighted to arrive at expected costs. The estimates and assumptions will be reevaluated as material events occur. The total expected cost for sediment contamination at Terminal 5 Berth 17 tasks at December 31, 2020 is \$1,593,302.

Other Sites

This estimated environmental remediation obligation also includes long-term monitoring costs at additional sites: Fort Vancouver Plywood, Brazier, ASI and Terminal 5 (formerly the Alcoa/Evergreen sites). These sites have been in a monitoring status for many years as required by the Department of Ecology. There are no indications of additional future regulatory requirements, no other responsible parties, or potential cost recoveries. Groundwater monitoring costs have very little variability and costs are projected for the next 15 years. Total expected costs for these sites are \$1,424,052. In May 2016, the port performed subsurface investigations at the terminal one. The result indicated some localized areas of shallow soil contamination (1-8 feet below ground surface) that exceed the state cleanup levels for petroleum hydrocarbons and some heavy metals. The investigations also indicate localized areas of groundwater contamination that exceed state cleanup levels for petroleum hydrocarbons, naphthalene and some heavy metals. Estimated costs for cleanup can be determined once future development impacts to the site are determined.

The total environmental remediation obligation for all sites is disclosed on the Statement of Net Position at \$7,691,344. Adjustment shown on the statement of Revenues, Expenses and Changes in Fund Net Position represents the modification to the expected cash flow estimate for changes in the remediation obligation. This is a result of annually refining the estimate of the port's remediation obligation liability as additional information becomes available. Remediation expenses, as incurred, flow through the statement of net position as a reduction of the environmental remediation obligation.

NOTE 14 – ACCOUNTING AND REPORTING CHANGES

In 2020, the port implemented the Governmental Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The port adopted this guidance in the current year and provided the required disclosures. The adoption of this guidance did not impact the net position and changes in net position.

NOTE 15 – CONTINGENCIES AND LITIGATION

The port has recorded in its financial statements all material liabilities and in the opinion of management, the port (insurance policies and/or self-insurance reserves) are adequate to pay all known or pending claims.

As discussed in Note 9 Long-Term Debt, the port is contingently liable for repayment of refunded debt.

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

NOTE 16 – COLUMBIA RIVER CHANNEL IMPROVEMENT PROJECT

The Columbia River Channel Improvement Project is a bi-state project supported by port sponsors from the States of Oregon and Washington. Over the past decade, The Washington Ports of Kalama, Longview, and Vancouver, have cooperated with the U.S. Army Corps of Engineers and the ports of Portland and St. Helens, regarding improvements to the Columbia River Federal Navigation Channel. This has included, among other activities, a reconnaissance study, a feasibility study under the auspices of the Columbia River Improvement Project, the Dredged Material Management Plan and associated environmental impact statements for both the maintenance of the existing channel and the plans to increase the channel depth from 40 to 43 feet.

The ports entered into the Washington Ports Agreement in 1999 for the purpose of participating as non-federal sponsors for the Channel Improvement Project. The ports expanded the agreement by amendments on October 17, 2001, on February 19, 2002, on March 15, 2002, and January 30, 2004.

The Washington and Oregon ports entered into the "Intergovernmental Agreement Among Lower Columbia River Ports for Columbia River Channel Deepening and Maintenance" with the U.S. Army Corps of Engineers for the Channel Improvement Project on June 21, 2004. The Project Cooperation Agreement identifies disposal, mitigation and restoration sites needed for the Channel Improvement Project.

The State of Washington appropriated \$27.7 million for the Washington sponsor's share of project costs. The Oregon-Washington Ports Agreement allocates costs of the Channel Improvement Project. All costs incurred, with the exception for port-owned beneficial use sites, will be shared 50/50 between the states. The Washington ports share of the costs is shared equally between the three Washington ports. At the completion of the Columbia River Channel Improvement Project a final accounting of the project will occur to ensure that the non-federal sponsors have equally contributed to the project, met their obligations to U.S. Army Corps of Engineers, and equalization will occur between the States of Washington and Oregon.

The deepening portion of the 103-mile navigation channel was completed in November 2010. There are three remaining disposal sites to be acquired. Disposal sites are reported as capital contributions for financial statement purposes and are carried at one-third of value by the ports of Kalama, Longview and Vancouver.

NOTE 17 – TAX ABATEMENT

While the port has the capability to provide tax abatements in conjunction with the City of Vancouver and Clark County, it has no outstanding tax abatement agreements or abatements that are entered into by other governments that reduce tax revenues.

NOTE 18 - UNIQUE AND UNUSUAL TRANSACTIONS**Major Customer**

The port had two major customers in 2020 that represented individually more than 10% percent of total operating revenues. These customers' commodities are derived from both the agriculture and automotive industries.

NOTE 19 – COVID-19

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

To help control the spread of the virus in our community, the port administrative offices were closed through June, 2021. The port recommended employees who could work remotely to do so, essential employees reporting to work practice appropriate social distancing measures. The port continues to maintain service levels to our customers and tenants, and port terminals remain fully operational. Ports play a critical role in our nation's supply chain and maintaining the movement of cargo is essential to our local, national and world-wide economy.

The length of time these measures are in place, and the full extent of the financial impact on the port is unknown at this time.

PORT OF VANCOUVER
Required Supplementary Information
December 31, 2020

Introduction

The Port of Vancouver is presenting Required Supplementary Information (RSI) to meet the minimum financial reporting requirements and is an integral part of the accompanying financial statements. RSI generally includes schedules, statistical data, and other information.

REQUIRED SUPPLEMENTARY INFORMATION – STATE SPONSORED PLANS

Port of Vancouver USA											
Schedule of Proportionate Share of the Net Pension Liability											
PERS 1											
As of June 30 2020											
Last 10 Fiscal Years*											
	2015	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	
Employer's proportion of the net pension liability (asset) PERS 1	% 0.001600%										
Employer's proportion of the net pension liability (asset) PERS 1 UAAL	% 0.053507%	0.057846%	0.059491%	0.057317%	0.054185%	0.052306%					
Employer's proportionate share of the net pension liability	\$ 2,882,609	3,106,603	2,822,894	2,559,797	2,083,606	1,846,684					
Employer's covered employee payroll	\$ 6,214,804	7,097,085	7,439,677	7,646,506	7,638,445	7,946,605					
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	% 46.38%	43.77%	37.94%	33.48%	27.28%	23.24%					
Plan fiduciary net position as a percentage of the total pension liability	% 59.10%	57.03%	61.24%	63.22%	67.12%	68.64%					
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											
* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)											

Port of Vancouver USA											
Schedule of Proportionate Share of the Net Pension Liability											
PERS 2/3											
As of June 30 2020											
Last 10 Fiscal Years*											
		2015	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX
Employer's proportion of the net pension liability (asset)	%	0.069126%	0.074009%	0.076538%	0.073243%	0.070035%	0.067762%				
Employer's proportionate share of the net pension liability	\$	2,469,911	3,726,295	2,659,330	1,250,559	680,278	866,637				
Employer's covered employee payroll	\$	6,133,352	7,097,085	7,439,677	7,646,506	7,638,445	7,946,605				
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	%	40.27%	52.50%	35.75%	16.35%	8.91%	10.91%				
Plan fiduciary net position as a percentage of the total pension liability	%	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%				
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											
* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)											

Port of Vancouver USA											
Schedule of Employer Contributions											
PERS1											
As of December 31 2020											
Last 10 Fiscal Years*											
		2015	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$	293,077	353,389	372,274	384,172	385,831	388,310				
Contributions in relation to the statutorily or contractually required contributions	\$	(293,077)	(353,389)	(372,274)	(384,172)	(385,831)	(388,310)				
Contribution deficiency (excess)	\$	-	-	-	-	-	-				
Covered employer payroll	\$	6,640,591	7,408,568	7,595,932	7,603,378	7,805,925	8,089,508				
Contributions as a percentage of covered employee payroll	%	4.41%	4.77%	4.90%	5.05%	4.94%	4.80%				
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											
* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)											
* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL.											
Contributions do not include employer-paid member contributions (GASB 82, Par. 8)											

Port of Vancouver USA											
Schedule of Employer Contributions											
PERS 2/3											
As of December 31 2020											
Last 10 Fiscal Years*											
	2015	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$ 372,787	461,653	521,536	569,342	602,803	641,029					
Contributions in relation to the statutorily or contractually required contributions	\$ (372,787)	(461,653)	(521,536)	(59,342)	(602,803)	(641,029)					
Contribution deficiency (excess)	\$ -	-	-	-	-	-					
Covered employer payroll	\$ 6,610,511	7,408,568	7,595,932	7,603,378	7,805,925	8,089,508					
Contributions as a percentage of covered employee payroll	% 5.64%	6.23%	6.87%	7.49%	7.72%	7.92%					
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											
* Covered payroll is the payroll on which contributions to a pension plan are based (GASB 82, par. 5)											
* Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL.											
Contributions do not include employer-paid member contributions (GASB 82, Par. 8)											

REQUIRED SUPPLEMENTARY INFORMATION – NONGOVERNMENTAL PLANS

Port of Vancouver USA											
Schedule of Employer Contributions											
Nongovernmental Plans (Pensions Provided Through Oregon-Washington Carpenters - Employers Trust Fund)											
47P											
As of December 31 2020											
Last 10 Fiscal Years*											
	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$ 36,806	34,355	32,199	32,048	35,323						
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											

Port of Vancouver USA Schedule of Employer Contributions Nongovernmental Plans (Pensions Provided Through Oregon-Washington Carpenters - Employers Trust Fund) 47AP Non-accruing pension As of December 31 2020 Last 10 Fiscal Years*										
	2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$ 7,643	13,770	18,437	20,255	21,602					
Notes to Schedule:										
<i>* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.</i>										

[illegible]

Schedule of Employer Contributions											
Nongovernmental Plans (Pensions Provided Through Oregon-Washington Carpenters - Employers Trust Fund)											
47PNAO Non-accruing pension											
As of December 31 2020											
Last 10 Fiscal Years*											
		2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$	2,048	4,830	4,861	5,439						
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											

Port of Vancouver USA												
Schedule of Employer Contributions												
Nongovernmental Plans (Pensions Provided Through AGC-IUOE Local 701 Trust funds)												
AGC-IUOE Pension												
As of December 31 2020												
Last 10 Fiscal Years*												
		2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$	53,238	48,028	50,842	58,361	65,729						
Notes to Schedule:												
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.												

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Port of Vancouver USA											
Schedule of Employer Contributions											
Nongovernmental Plans (Pensions Provided Through National Automatic Sprinkler Industry)											
NASI Pension											
As of December 31 2020											
Last 10 Fiscal Years*											
		2016	2017	2018	2019	2020	20XX	20XX	20XX	20XX	20XX
Statutorily or contractually required contributions	\$	23,322	25,008	25,059	25,529	26,989					
Notes to Schedule:											
* Until a full 10-year trend is compiled, governments should present information only for those years for which information is available.											

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PORT OF VANCOUVER
Debt Covenant Information
December 31, 2020

Introduction

The Supplementary and Other Information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This information generally includes schedules, statistical data, and other information.

SUPPLEMENTARY AND OTHER INFORMATION

Table 2
Outstanding Port Obligations
(For the Year-ended December 31, 2020)

Revenue Bonds⁽¹⁾				Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Series 2016 Bonds				6/22/2016	12/1/2046	\$40,000,000	\$37,240,000
Series 2017 Bonds				5/25/2017	12/1/2047	30,000,000	28,765,000
Series 2018A Bonds				6/20/2018	12/1/2044	14,885,000	14,505,000
Series 2018B Bonds				6/20/2018	12/1/2048	4,460,000	4,460,000
Bond Total						\$89,345,000	\$84,970,000
Subordinate Lien Obligations⁽¹⁾				Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Taxable Revenue Bonds, Series 2013 (Subordinate) - LOC				2/28/2013	9/24/2021	\$35,000,000	\$0
Subordinate Lien Obligation Total						\$35,000,000	\$0
Special Revenue Bonds⁽¹⁾				Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
Refunding Revenue Bonds (United Grain Corporation of Oregon Project) Series 2009				10/21/2009	10/1/2029	\$25,000,000	\$25,000,000
Special Revenue Bond Total						\$25,000,000	\$25,000,000
General Obligation Bonds and Notes⁽¹⁾				Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
LTGO Refunding Bonds, 2011				12/20/2011	12/1/2021	5,600,000	650,000
LTGO Refunding Bonds, 2012A				3/19/2012	12/1/2022	5,905,000	1,495,000
LTGO Refunding Bonds, 2012B				12/3/2012	12/1/2028	29,745,000	5,200,000
LTGO Refunding Bonds, 2019				6/5/2019	12/1/2028	5,625,000	4,135,000
LTGO Refunding Bonds, 2020				10/30/2020	12/1/2028	18,665,000	18,665,000
WSDOT Note				3/8/2012	7/1/2022	250,000	20,754
Oregon-Washington Ports Agreement-Channel Deepening						244,153	244,153
General Obligation Bond/Note Total						66,034,153	30,409,907

⁽¹⁾ See Note 9 "Long-Term Debt" of the "Notes to the Financial Statements" of the Port's 2020 Audited Financial Statements

Table 4
Net Revenue Available for Debt Service as Defined in the Bond Resolution
(For the Year-ended December 31, 2020)

Gross Revenue as defined in the Resolution							
Operating Revenue						\$	50,359,632
Plus: Investment Income							212,738
Plus: Other Revenues							108,610
Plus: Gain on sale of Disposal of Assets							12,026
Gross Revenue						\$	50,693,006
Operating Expenses as defined in the Resolution							
Operating Expenses Before Depreciation						\$	38,094,259
Less: Ad Valorem Tax Revenues not used for debt service on limited tax general obligation bonds							(6,328,337)
Less: Non-cash Pension Expense							944,772
Operating Expenses						\$	32,710,694
Net Revenues Available for Debt Service							\$17,982,312
Maximum Annual Debt Service on Outstanding Senior Lien Bonds							\$5,306,441
Coverage Ratio on Outstanding Senior Lien Bonds							3.39X

Table 6
Marine Terminal/Operations Revenue
(For the Year-ended December 31, 2020)

Marine Terminal Revenues		
Dockage		14,122,442
Wharfage		4,858,648
Service & Facilities		2,429,932
Marine Facilities		3,316,479
Equipment Rentals		2,730,706
Loading /Unloading Operations		6,642,834
Other Sales & Services		1,619,905
Rail Transportation		-
Total Marine Terminal Revenue		35,720,946

Table 7
Historical Cargo Volumes (Tonnage) and Vessel Calls
(For the Year-ended December 31, 2020)

Vessel Calls:				360
Outbound/Exports:				
Dry Bulk				5,813,104
Liquid Bulk				127,862
General – Breakbulk				375,993
Inbound/Imports:				
Dry Bulk				32,123
Liquid Bulk				306,884
General Breakbulk				712,406

Table 10
Statement of Revenues, Expenses, and Changes in Net Fund Position

See the “Statement of Revenues, Expenses, and Changes in Net Fund Position” and associated “Notes to the Financial Statements” located in the Port’s 2020 Audited Financial Statements.

Table 11
Statement of Net Position

See the “Statement of Net Position” and associated “Notes to the Financial Statements” located in the Port’s 2020 Audited Financial Statements.

Table 12
Port Investments
(For the Year-ended December 31, 2020)

Investments					
	Federal Farm Credit Bank				\$ 750,223
	Federal Home Loan Bank				1,012,940
	Federal Home Loan Mortgage Corporation				500,025
	Federal National Mortgage Association				1,500,790
	WA State Municipal Bonds				1,062,007
	WA State Local Government Investment Pool				18,836,262
					<u>\$ 23,662,247</u>

For further detail on the Port's investment portfolio, see "Note 1 D-1 & D-2", and "Note 2" located in the "Notes to the Financial Statement" of the Port's 2020 Annual Report

Table B-2
Trends in Assessed Values

Tax Collection Year	Regular Assessed Valuation	Percent Change
2021	\$ 46,125,905,882	5.8%

⁽¹⁾ Based on a 2020 regular assessed valuation of \$43,593,692,267

Table B-3
Ad Valorem Tax Levies
(dollars per \$1,000 of Assessed Valuation)

Collection Year	Levy Rates			Levy Amounts		
	Regular	Bond⁽¹⁾	Total⁽²⁾	Regular	Bond⁽¹⁾	Total⁽²⁾
2021	\$0.150730	\$0.114495	\$0.265225	\$6,952,581	\$5,281,170	\$12,233,751
⁽¹⁾	For non-voted, general obligation bonds.					
⁽²⁾	Totals may not foot due to rounding.					
	Source: Clark County Assessor's Office.					

Table B-4
Regular Levy Tax Collection Record

Collection Year	Regular Assessed Valuation⁽¹⁾	Ad Valorem Levy Rate	Ad Valorem Tax Levy	Tax Collection in Year of Levy
2021	\$46,125,905,882	\$ 0.150730	\$ 6,952,581	⁽²⁾
2020	\$43,593,692,267	\$ 0.144533	\$ 6,300,724	99.10%
⁽¹⁾	Assessed valuation is based upon 100% of estimated actual valuation			
⁽²⁾	In process of collection			
	Source: Clark County Assessor's Office.			

ABOUT THE STATE AUDITOR'S OFFICE

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

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

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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

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