Office of the Washington State Auditor
Pat McCarthy

Financial Statements Audit Report

Port of Centralia

For the period January 1, 2019 through December 31, 2022

Published January 25, 2024

Report No. 1034037

Scan to see another great way we're helping advance #GoodGovernment

Office of the Washington State Auditor
Pat McCarthy

January 25, 2024

Board of Commissioners
Port of Centralia
Centralia, Washington

Report on Financial Statements

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

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

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

TABLE OF CONTENTS

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 Centralia
January 1, 2019 through December 31, 2022

Board of Commissioners
Port of Centralia
Centralia, 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 Centralia, as of and for the years ended December 31, 2022, 2021, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated January 17, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

January 17, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Port of Centralia
January 1, 2019 through December 31, 2022

Board of Commissioners
Port of Centralia
Centralia, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the Port of Centralia, as of and for the years ended December 31, 2022, 2021, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Centralia, as of December 31, 2022, 2021, 2020 and 2019, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussed in Note 10 to the financial statements, in 2022, the Port adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards,* we have also issued our report dated January 17, 2024 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 the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port’s internal control over financial reporting and compliance.

Pat McCarthy, State Auditor

Olympia, WA

January 17, 2024

FINANCIAL SECTION

Port of Centralia
January 1, 2019 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022 and 2021
Management's Discussion and Analysis – 2021 and 2020
Management's Discussion and Analysis – 2020 and 2019

BASIC FINANCIAL STATEMENTS

Statements of Net Position – 2022 and 2021
Statements of Net Position – 2021 and 2020
Statements of Net Position – 2020 and 2019
Statements of Revenues, Expenses and Changes in Net Position – 2022 and 2021
Statements of Revenues, Expenses and Changes in Net Position – 2021 and 2020
Statements of Revenues, Expenses and Changes in Net Position – 2020 and 2019
Statements of Cash Flows – 2022 and 2021
Statements of Cash Flows – 2021 and 2020
Statements of Cash Flows – 2020 and 2029
Notes to Financial Statements – 2022 and 2021
Notes to Financial Statements – 2021 and 2020
Notes to Financial Statements – 2020 and 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2022
Schedule of Proportionate Share of Net Pension Liability – PERS 1 and PERS 2/3 – 2021
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 – 2022
Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2021
Schedule of Employer Contributions – PERS 1 and PERS 2/3 – 2020
Schedule of Changes in Total OPEB Liability and Related Ratios – PEBB – 2022
Schedule of Changes in Total OPEB Liability and Related Ratios – PEBB – 2021
Schedule of Changes in Total OPEB Liability and Related Ratios – PEBB – 2020

Port of Centralia

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED December 31, 2022 and 2021

INTRODUCTION

The following is the Port of Centralia's (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar years ended December 31, 2022 and December 31, 2021. It provides an introduction to the Port's 2022 and 2021 financial statements. Information contained in this MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. Please read it in conjunction with the Port's financial statements, which follow this section.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding pension information and supplementary schedules.

The financial information included in the MD&A is unaudited for financial statement review, but audited by the State Auditor's Office.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of six parts: MD&A, the basic financial statements, notes to the financial statements, required supplementary information, supplemental schedules and the annual report to the State Auditor's Office. The basic financial statements include the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows.

The statements of net position and the statements of revenues, expenses and changes in net position tell us if the Port as a whole is better or worse off as a result of the year's activities. The statements of net position present information on all of the Port's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as 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 statements of revenues, expenses and changes in net position show how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

Fund Financial Statements: 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 Report

Financial Highlights

- In 2022, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2022. The net position of the Port totaled $32,649,739 in 2022. Additionally, $34,593,521 of the Port's total 2022 net position consists of net investment in capital assets. In 2021, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2021. The net position of the Port totaled $29,325,727 in 2021. Additionally, $29,462,704 of the Port's total 2021 net position consists of net investment in capital assets.

- The Port's 2022 net position increased by $3,324,012 compared to the 2021 increase in net position of $1,909,316 because 2022 the port purchased additional capital assets while also paying off debt. The Port's 2021 net position increased by $1,909,316 compared to the 2020 increase in net position of $1,202,436 because 2021 the Port purchased and made improvements to property while also paying off debt.

- The Port's 2022 total long-term debt, including current portion, decreased by approximately $1,206,782. The Port's 2021 total long-term debt, including current portion and the line of credit, decreased by approximately $914,774. The Port did not issue any bonds in 2022 or 2021 and had $1,416,972 and $32 outstanding on its line of credit at December 31, 2022 and 2021, respectively.

Financial Position Summary

The statements of net position present the financial position of the Port at the close of calendar year 2022. The statements include all of the Port's assets and liabilities. Net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and net position at December 31, 2022, 2021 and 2020, follows:

PORT OF CENTRALIA'S Statements of Net Position

	2022	2021	2020
Current assets	$1,668,837	$ 392,363	$ 1,022,297
Net capital assets	35,780,812	31,856,777	30,606,851
Other long-term assets	2,186,765	281,615	-
Total assets	**$39,636,414**	**$ 32,530,755**	**$ 31,629,148**
Deferred outflows of resources	**$137,884**	**$ 51,438**	**$ 54,848**
Current liabilities	$3,122,412	$ 984,539	$ 1,112,911
Long-term liabilities	$1,409,243	1,968,394	3,109,742
Total liabilities	**$4,531,655**	**$ 2,952,933**	**$ 4,222,653**
Deferred inflows of resources	**$2,592,904**	**$ 303,533**	**$ 44,933**
Net position:			
Net investment in capital assets	$34,593,521	$ 29,462,704	$ 27,298,005
Restricted for net pension asset	113,048	24,216	-
Unrestricted net deficit	(2,056,830)	(161,193)	118,406
Total net position	**$32,649,739**	**$ 29,325,727**	**$ 27,416,411**

Financial Operation Highlights

As noted earlier, the Port uses only one fund, an enterprise fund, to comply with Washington State mandated reporting requirements. The following summary compares the 2022 and 2021 operating results to budget and prior years.

Revenues: The 2022 operating revenue of $839,484 is $43,369, or 5.7 percent, more than the 2022 original budget due primarily to residential leases. The 2021 operating revenue of $720,537 is $146,458 or 17 percent, less than the 2021 original budget due primarily due to vacancy.

Expenses: The 2022 operating expenses, excluding depreciation and non-cash adjustments for pension and OPEB expense, totaled $1,235,878 and was more than the 2022 original budget by $3,271, or less than 1 percent. The 2021 operating expenses, excluding depreciation and non-cash adjustments for pension and OPEB expense, totaled $938,831 and was less than the 2021 original budget by $88,574, or 8.6 percent, due to a decrease in operations.

Non-Operating: The 2022 non-operating revenue is $3,280,097 (excluding non-cash adjustments for rental interest income), which is a decrease from the 2022 original plan by $15,363,199 or 83 percent, due to delayed property sales. Non-operating revenue for 2021 was $2,253,266, which was a decrease from the 2021 original plan by $6,992,920 or 75.6 percent, due to delayed property sale. Non-operating expenses is $126,539, which is an increase from the 2022 original plan by $3,413 or 2.8%, due to interest on line of credit. Non-operating expenses for 2021 were $174,144, which was an increase from the 2021 original plan by $6,351 or 4%, due to unbudgeted election expense.

Change in Net Position: As a result of all of the above, the increase in net position before capital contribution for 2022 was $2,422,095, or a $760,447 increase compared to 2021 change in net position.

A summarized comparison of the Port's statements of revenues, expenses and changes in net position for the years ended December 31, 2022, 2021, and 2020 follows:

PORT OF CENTRALIA'S Statements of Revenues, Expenses and Changes in Net Position

	2022	2021	2020
Operating revenues	$ 839,484	$ 720,537	$ 632,923
Non-operating revenues	3,280,097	2,284,808	2,304,974
Other revenues	159	126	515
Total revenues	**$4,119,740**	**$ 3,005,471**	**$ 2,938,412**
Operating expenses	1,571,106	$ 1,138,011	$ 1,512,705
Interest and bond issue cost	126,239	168,224	223,271
Non-operating expenses	300	37,588	-
Total expenses	**1,697,645**	**$ 1,343,823**	**$ 1,735,976**
Increase in net position, before capital contribution	2,422,095	1,661,648	1,202,436
Capital contributions	901,917	247,668	-
Increase in net position	**3,324,012**	**1,909,316**	**1,202,436**
Net position at beginning of year, restated	29,325,727	27,416,411	26,213,975
Prior period adjustment – GASB 75 (OPEB)	-	-	-
Net position at end of year	**$32,649,739**	**$ 29,325,727**	**$ 27,416,411**

Capital Assets: The Port's investment in capital assets as of December 31, 2022, amounts to approximately $35,780,812 million (net of accumulated depreciation), an increase over 2021. The Port's investment in capital assets as of December 31, 2021, amounts to approximately $31,856,777 million (net of accumulated depreciation), an increase from 2020. This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress.

Major capital assets events currently budgeted for 2023 include planned improvements to Centralia Station's infrastructure and I-5 Mellen Street Connector project.

Additional information on the Port's capital assets activity may be found in Note 4 of this report.

Debt Administration

Debt: At December 31, 2022, the Port has a line of credit of $1.8 million, of which there was an outstanding balance of $1,416,973. An additional line of credit was issued in 2022 for $1 million, of which there was an outstanding balance of $0. At December 31, 2022, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $1.2 million. Of this amount, $75,000 comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

At December 31, 2021, the Port had a line of credit of $1.8 million, of which there was an outstanding balance of $32. At December 31, 2021, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $2.4 million. Of this amount, $1.1 million comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $1.2 million or 49.6 percent, during 2022. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $915,000 or 27.6 percent, during 2021. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

Economic Factors and 2023 Budget

Economic Factors

The Port continues to work with several businesses looking to locate along the I-5 corridor between Seattle, Washington, and Portland, Oregon. With the emergence of the new development Centralia Station and the expansion of Industrial Park I and Industrial Park II, the Port maintains its position as the leading economic and industrial development agency in Lewis County.

The Port owns a short line railroad with several spurs that service property throughout Industrial Park I. Rail-served property has become a rarity, which gives the Port the opportunity to recruit more businesses to its industrial parks.

2023 Budget: The Port's 2023 budget outlines what will be pursued in the next year to achieve line of business strategies; thus, accomplishing Port-wide goals while striving towards the Port's mission.

2023 Operating Budget: The Port developed an overall operating expense budget of $1,361,560 (excluding depreciation and non-cash liabilities), which is an increase over the 2022 actual operating expenses due to increased inflation and salaries. This budget produces net income of $5.2 million.

Tax Levy: The Port placed the 2023 general levy rate at $.28, a decrease to the 2022 levy, which will provide the Port with $1,124,056 in needed revenue. As in the past, the levy will be used for general obligation bond debt service and capital spending. The difference between this year's levy and the legal limit is $.17. In 2023, the Port entered its final year of a six-year industrial development district levy, which will provide the Port with $1,122,973 in additional needed revenue.

Contributed Capital: The Port was awarded a $9.2 million grant from WSDOT for the I-5 Mellen St. Connector Project for infrastructure improvements at Centralia Station. It has expended $1,738,617 of these funds as of December 31, 2022.

Requests for Information

The Port designed this financial report to provide our citizens, customers, investors and creditors with an overview of the Port's finances. If you have questions or need additional information please visit our website at www.portofcentralia.com or contact: Amy Graber, Director of Finance & Administration at (360) 736-3527 or email agraber@portofcentralia.com.

Port of Centralia

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED December 31, 2021 and 2020

INTRODUCTION

The following is the Port of Centralia's (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar years ended December 31, 2021 and December 31, 2020. It provides an introduction to the Port's 2021 and 2020 financial statements. Information contained in this MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. Please read it in conjunction with the Port's financial statements, which follow this section.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding pension information and supplementary schedules.

The financial information included in the MD&A is unaudited for financial statement review, but audited by the State Auditor's Office.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of six parts: MD&A, the basic financial statements, notes to the financial statements, required supplementary information, supplemental schedules and the annual report to the State Auditor's Office. The basic financial statements include the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows.

The statements of net position and the statements of revenues, expenses and changes in net position tell us if the Port as a whole is better or worse off as a result of the year's activities. The statements of net position present information on all of the Port's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as 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 statements of revenues, expenses and changes in net position show how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

Fund Financial Statements: 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 Report

Financial Highlights

- In 2021, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2020. The net position of the Port totaled $29,325,727 in 2021. Additionally, $29,462,704 of the Port's total 2021 net position consists of net investment in capital assets. In 2020, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2020. The net position of the Port totaled $27,416,411 in 2020. Additionally, $27,298,005 of the Port's total 2020 net position consists of net investment in capital assets.

- The Port's 2021 net position increased by $1,909,316 compared to the 2020 increase in net position of $1,202,436 because in 2021 the Port purchased and made improvements to property while also paying off outstanding debt. The Port's 2020 net position increased by $1,202,436 compared to the 2019 increase in net position of $2,690,510 because 2020 had lower revenues and higher expenses than 2019.

- The Port's 2021 total long-term debt, including current portion and the line of credit, decreased by approximately $914,774. The Port's 2020 total long-term debt, including current portion and the line of credit, decreased by approximately $953,546. The Port did not issue any bonds in 2021 or 2020 and had $32 and $0 outstanding on its line of credit at December 31, 2021 and 2020, respectively.

Financial Position Summary

The statements of net position present the financial position of the Port at the close of calendar year 2021. The statements include all of the Port's assets and liabilities. Net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and net position at December 31, 2021, 2020 and 2019, follows:

PORT OF CENTRALIA'S Statements of Net Position

	2021	2020	2019
Current assets	$ 392,363	$ 1,022,297	$ 1,238,107
Net capital assets	31,856,777	30,606,851	30,250,421
Other long-term assets	281,615	-	-
Total assets	**$32,530,755**	**$ 31,629,148**	**$ 31,488,528**
Deferred outflows of resources	**$ 51,438**	**$ 54,848**	**$ 38,599**
Current liabilities	$ 984,539	$ 1,112,911	$ 1,278,970
Long-term liabilities	1,968,394	3,109,742	3,965,890
Total liabilities	**$ 2,952,933**	**$ 4,222,653**	**$ 5,244,860**
Deferred inflows of resources	**$ 303,533**	**$ 44,933**	**$ 68,292**
Net position:			
Net investment in capital assets	$29,462,704	$ 27,298,005	$ 25,893,179
Restricted for net pension asset	24,216	-	-
Unrestricted net deficit	(161,193)	118,406	320,796
Total net position	**$29,325,727**	**$ 27,416,411**	**$ 26,213,975**

Financial Operation Highlights

As noted earlier, the Port uses only one fund, an enterprise fund, to comply with Washington State mandated reporting requirements. The following summary compares the 2021 and 2020 operating results to budget and prior years.

Revenues: The 2021 operating revenue of $720,537 is $146,458, or 17 percent, less than the 2021 original budget due primarily to vacancy. The 2020 operating revenue of $632,923 is $148,041 or 19 percent, less than the 2020 original budget due primarily due to vacancy.

Expenses: The 2021 operating expenses, excluding depreciation and non-cash adjustments for pension and OPEB expense, totaled $938,831 and was less than the 2021 original budget by $88,574, or 8.6 percent, due to a decrease in operations. The 2020 operating expenses, excluding depreciation, totaled $884,529 and was less than the 2020 original budget by $142,876, or 16.2 percent, due to a decrease in operations.

Non-Operating: The 2021 non-operating revenue is $2,253,266, which is a decrease from the 2021 original plan by $6,992,920 or 75.6 percent, due to delayed property sales. Non-operating revenue for 2020 was $2,305,489, which was a decrease from the 2020 original plan by $5,173,188 or 69 percent, due to delayed property sale. Non-operating expenses is $174,144, which is an increase from the 2021 original plan by $6,351 or 4%, due to unbudgeted election expense. Non-operating expenses for 2020 were $216,229, which was a decrease from the 2020 original plan by $1,576 or .7%, due to interest changes over amortization.

Change in Net Position: As a result of all of the above, the increase in net position before capital contribution for 2021 was $1,661,648, or a $459,212 increase compared to 2020 change in net position.

A summarized comparison of the Port's statements of revenues, expenses and changes in net position for the years ended December 31, 2021, 2020, and 2019 follows:

PORT OF CENTRALIA'S Statements of Revenues, Expenses and Changes in Net Position

	2021	2020	2019
Operating revenues	$ 720,537	$ 632,923	$ 779,835
Non-operating revenues	2,284,808	2,304,974	3,323,361
Other revenues	126	515	285
Total revenues	**$3,005,471**	**$ 2,938,412**	**$ 4,103,481**
Operating expenses	1,138,011	$ 1,512,705	$ 1,417,204
Interest and bond issue cost	168,224	223,271	272,264
Non-operating expenses	37,588	-	2,671
Total expenses	**1,343,823**	**$ 1,735,976**	**$ 1,847,939**
Increase in net position, before capital contribution	1,661,648	1,202,436	2,411,142
Capital contributions	247,668	-	279,368
Increase in net position	**1,909,316**	**1,202,436**	**2,690,510**
Net position at beginning of year, restated	27,416,411	26,213,975	23,523,465
Prior period adjustment – GASB 75 (OPEB)		-	-
Net position at end of year	**$29,325,727**	**$ 27,416,411**	**$ 26,213,975**

Capital Assets: The Port's investment in capital assets as of December 31, 2021, amounts to approximately $31,856,777 million (net of accumulated depreciation), an increase over 2020. The Port's investment in capital assets as of December 31, 2020, amounts to approximately $30,606,852 million (net of accumulated depreciation), an increase from 2020. This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress.

Major capital assets events currently budgeted for 2022 include planned improvements to Centralia Station's infrastructure and I-5 Mellen Street Connector project.

Additional information on the Port's capital assets activity may be found in Note 4 of this report.

Debt Administration

Debt: At December 31, 2021, the Port has a line of credit of $1.8 million, of which there was an outstanding balance of $32. At December 31, 2021, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $2.4 million. Of this amount, $1.1 million comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

At December 31, 2020, the Port had a line of credit of $1.8 million, of which there was an outstanding balance of $0.0 million. At December 31, 2020, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $3.3 million. Of this amount, $1.8 million comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $915,000 or 27.6 percent, during 2021. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $1.0 million or 24 percent, during 2020. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

Economic Factors and 2022 Budget

Economic Factors

The Port continues to work with several businesses looking to locate along the I-5 corridor between Seattle, Washington, and Portland, Oregon. With the emergence of the new development Centralia Station and the expansion of Industrial Park I and Industrial Park II, the Port maintains its position as the leading economic and industrial development agency in Lewis County.

The Port owns a short line railroad with several spurs that service property throughout Industrial Park I. Rail-served property has become a rarity, which gives the Port the opportunity to recruit more businesses to its industrial parks.

2022 Budget: The Port's 2022 budget outlines what will be pursued in the next year to achieve line of business strategies; thus, accomplishing Port-wide goals while striving towards the Port's mission.

2022 Operating Budget: The Port developed an overall operating expense budget of $1,232,607, which is an increase over the 2021 actual operating expenses due to decreased operations from COVID in 2020. This budget produces net income of $16.5 million.

Tax Levy: The Port placed the 2022 general levy rate at $.35, a decrease to the 2021 levy, which will provide the Port with $1,090,861 in needed revenue. As in the past, the levy will be used for general obligation bond debt service and capital spending. The difference between this year's levy and the legal limit is $.10. In 2022, the Port entered its fifth year of a six-year industrial development district levy, which will provide the Port with $1,090,273 in additional needed revenue.

Contributed Capital: The Port was awarded a $9.2 million grant from WSDOT for the I-5 Mellen St. Connector Project for infrastructure improvements at Centralia Station. It has expended $836,700 of these funds as of December 31, 2021.

Requests for Information

The Port designed this financial report to provide our citizens, customers, investors and creditors with an overview of the Port's finances. If you have questions or need additional information please visit our website at www.portofcentralia.com or contact: Amy Graber, Director of Finance & Administration at (360) 736-3527 or email agraber@portofcentralia.

Port of Centralia

MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED December 31, 2020 and 2019

INTRODUCTION

The following is the Port of Centralia's (the Port) Management's Discussion and Analysis (MD&A) of financial activities and performance for the calendar years ended December 31, 2020 and. It provides an introduction to the Port's 2020 and 2019 financial statements. Information contained in this MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. Please read it in conjunction with the Port's financial statements, which follow this section.

The notes are essential to a full understanding of the data contained in the financial statements. This report also presents certain required supplementary information regarding pension information and supplementary schedules.

The financial information included in the MD&A is unaudited for financial statement review, but audited by the State Auditor's Office.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report consists of six parts: MD&A, the basic financial statements, notes to the financial statements, required supplementary information, supplemental schedules and the annual report to the State Auditor's Office. The basic financial statements include the statements of net position, the statements of revenues, expenses and changes in net position, and the statements of cash flows.

The statements of net position and the statements of revenues, expenses and changes in net position tell us if the Port as a whole is better or worse off as a result of the year's activities. The statements of net position present information on all of the Port's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as 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 statements of revenues, expenses and changes in net position show how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

Fund Financial Statements: 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 Report

Financial Highlights

- In 2020, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2019. The net position of the Port totaled $27,416,411 in 2020. Additionally, $27,298,005 of the Port's total 2020 net position consists of net investment in capital assets. In 2019, the assets and deferred outflows of resources of the Port exceeded its liabilities and deferred inflows of resources at close of calendar year 2018. The net position of the Port totaled $26,213,975 in 2019. Additionally, $25,893,197 of the Port's total 2019 net position consists of net investment in capital assets.

- The Port's 2020 net position increased by $1,202,436 compared to the 2019 increase in net position of $2,690,510 because 2020 had lower revenues and higher expenses than 2019. The Port's 2019 net position increased by $2,690,510 compared to the 2018 increase in net position of $2,266,917 because 2019 included a higher gain on sale of fixed assets.

- The Port's 2020 total long-term debt, including current portion and the line of credit, decreased by approximately $953,546. The Port's 2019 total long-term debt, including current portion and the line of credit, decreased by approximately $971,460. The Port did not issue any bonds in 2020 or 2019 and had $0 and $0 outstanding on its line of credit at December 31, 2020 and 2019, respectively.

Financial Position Summary

The statements of net position present the financial position of the Port at the close of calendar year 2020. The statements include all of the Port's assets and liabilities. Net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and net position at December 31, 2020, 2019 and 2018, follows:

PORT OF CENTRALIA'S Statements of Net Position

	2020	2019	2018
Current assets	$1,022,297	$ 1,238,107	$ 276,104
Restricted assets	-	-	-
Net capital assets	30,606,851	30,250,421	29,330,027
Total assets	**$31,629,148**	**$ 31,488,528**	**$ 29,606,131**
Deferred outflows of resources	**$ 54,848**	**$ 38,599**	**$ 32,897**
Current liabilities	$1,112,911	$ 1,278,970	$ 1,137,228
Long-term liabilities	3,109,742	3,965,890	4,919,436
Total liabilities	**$4,222,653**	**$ 5,244,860**	**$ 6,056,664**
Deferred inflows of resources	**$ 44,933**	**$ 68,292**	**$ 58,899**
Net position:			
Net investment in capital assets	$27,298,005	$ 25,893,179	$ 24,003,325
Cash restricted for debt service	-	-	-
Unrestricted net deficit	118,406	320,796	(479,860)
Total net position	**$27,416,411**	**$ 26,213,975**	**$ 23,523,465**

Financial Operation Highlights

As noted earlier, the Port uses only one fund, an enterprise fund, to comply with Washington State mandated reporting requirements. The following summary compares the 2020 and 2019 operating results to budget and prior years.

Revenues: The 2020 operating revenue of $632,923 is $148,081, or 19 percent, less than the 2020 original budget due primarily to vacancy. The 2019 operating revenue of $779,835 is $45,660 or 5.5 percent, less than the 2019 original budget due primarily due to the sale of rental property and vacancies.

Expenses: The 2020 operating expenses, excluding depreciation, totaled $884,529 and was less than the 2020 original budget by $142,876, or 16.2 percent, due to a decrease in operations. The 2019 operating expenses, excluding depreciation, totaled $869,536 and was less than the 2019 original budget by $35,726 including pension/OPEB expenses due to a decrease in pension/OPEB liabilities, $26,662 more than the 2019 original budget without pension/OPEB expenses due to increase in maintenance and outside services.

Non-Operating: Non-operating revenue is $2,305,489, which is a decrease from the 2020 original plan by $5,173,188 or 69 percent, due to a delayed property sale. Non-operating revenue for 2019 was $3,323,646, which was a decrease from the 2019 original plan by $8,528,374 or 72 percent, due to a less tax and property sale income collected than anticipated. Non-operating expenses is $216,229, which is a decrease from the 2020 original plan by $1,576 or .7%, due to interest changes over amortization schedules. Non-operating expenses for 2019 were $274,935, which was an increase from the 2019 original plan by $3,385, due to increased election costs.

Change in Net Position: As a result of all of the above, the increase in net position before capital contribution for 2020 was $1,202,436, or a $1,208,706 decline compared to 2019 change in net position.

A summarized comparison of the Port's statements of revenues, expenses and changes in net position for the years ended December 31, 2020, 2019, and 2018 follows:

PORT OF CENTRALIA'S Statements of Revenues, Expenses and Changes in Net Position

	2020	2019	2018
Operating revenues	$ 632,923	$ 779,835	$ 1,069,152
Non-operating revenues	2,304,974	3,323,361	2,574,680
Other revenues	515	285	95
Total revenues	**$2,938,412**	**$ 4,103,481**	**$ 3,643,927**
Operating expenses	$ 1,512,705	$ 1,417,204	$ 1,413,553
Interest and bond issue cost	223 271	272,264	369,753
Non-operating expenses	-	2,671	-
Total expenses	**$ 1,735,976**	**$ 1,847,939**	**$ 1,783,306**
Increase in net position, before capital contribution	1,202,436	2,411,142	1,860,621
Capital contributions	-	279,368	406,296
Increase in net position	**1,202,436**	**2,690,510**	**2,266,917**
Net position at beginning of year, restated	$26,213,975	23,523,465	21,705,457
Prior period adjustment – GASB 75 (OPEB)	-	-	($448,909)
Net position at end of year	**$27,416,411**	**$ 26,213,975**	**$ 23,523,465**

Capital Assets: The Port's investment in capital assets as of December 31, 2020, amounts to approximately $30,606,851 million (net of accumulated depreciation), an increase over 2019. The Port's investment in capital assets as of December 31, 2019, amounts to approximately $30,250,421 million (net of accumulated depreciation), a slight increase from 2018. This investment in capital assets includes land, buildings, improvements, machinery and equipment, and construction in progress.

Major capital assets events currently budgeted for 2021 include planned improvements to Centralia Station's infrastructure and I-5 Mellen Street Connector project.

Additional information on the Port's capital assets activity may be found in Note 4 of this report.

Debt Administration

Debt: At December 31, 2020, the Port has a line of credit of $1.8 million, of which there was an outstanding balance of $0.0 million. At December 31, 2020, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $3.3 million. Of this amount, $1.8 million comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

At December 31, 2019, the Port had a line of credit of $1.8 million, of which there was an outstanding balance of $0.0 million. At December 31, 2019, the Port's total debt outstanding, excluding the line of credit and including current maturities, was $4.4 million. Of this amount, $2.8 million comprises debt backed by the full faith and credit of the Port. The remainder of the Port's debt represents contracts secured solely by revenue sources.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $1.0 million or 24 percent, during 2020. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

The Port's total long-term debt, excluding the line of credit and including current maturities, decreased by $0.9 million or 17 percent, during 2019. Additional information on the Port's long-term debt activity may be found in Note 7 of this report.

Economic Factors and 2021 Budget

Economic Factors

The Port continues to work with several businesses looking to locate along the I-5 corridor between Seattle, Washington, and Portland, Oregon. With the emergence of the new development Centralia Station and the expansion of Industrial Park I and Industrial Park II, the Port maintains its position as the leading economic and industrial development agency in Lewis County.

The Port owns a short line railroad with several spurs that service property throughout Industrial Park I. Rail-served property has become a rarity, which gives the Port the opportunity to recruit more businesses to its industrial parks.

2021 Budget: The Port's 2021 budget outlines what will be pursued in the next year to achieve line of business strategies; thus, accomplishing Port-wide goals while striving towards the Port's mission.

2021 Operating Budget: The Port developed an overall operating expense budget of $1,027,405, which is an increase over the 2020 actual operating expenses due to decreased operations from COVID in 2020. This budget produces net income of $7 million.

Tax Levy: The Port placed the 2021 general levy rate at $.36, a decrease to the 2020 levy, which will provide the Port with $1,054,834 in needed revenue. As in the past, the levy will be used for general obligation bond debt service and capital spending. The difference between this year's levy and the legal limit is $.09. In 2021, the Port entered its fourth year of a six-year industrial development district levy, which will provide the Port with $1,052,711 in additional needed revenue.

Contributed Capital: The Port was awarded a $7.5 million grant from WSDOT for the I-5 Mellen St. Connector Project for infrastructure improvements at Centralia Station. It has expended $685,700 of these funds as of December 31, 2020.

Requests for Information

The Port designed this financial report to provide our citizens, customers, investors and creditors with an overview of the Port's finances. If you have questions or need additional information please visit our website at www.portofcentralia.com or contact: Amy Graber, Director of Finance & Administration at (360) 736-3527 or email agraber@portofcentralia.com.

Statements of Net Position

Port of Centralia
December 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 159,896	$ 274,193
Property taxes receivable	53,206	52,352
Accounts receivable	927,998	31,512
Leases receivable – current	494,024	-
Prepaid expenses	33,713	34,306
Total current assets	**1,668,837**	**392,363**
Capital Assets		
Land	21,770,472	19,068,166
Land improvements	6,977,056	6,977,056
Building and improvements	10,668,281	10,610,820
Autos, equipment, office	425,438	413,182
Construction in progress	6,885,572	5,301,180
Total cost	**46,726,819**	**42,370,404**
Less accumulated depreciation - buildings	5,982,343	5,677,910
Less accumulated depreciation – equipment	382,350	368,356
Less accumulated depreciation – leasehold improvements	1,516,938	1,402,986
Less accumulated depreciation – other improvements	3,064,375	3,064,375
Total Accumulated Depreciation	**10,946,007**	**10,513,627**
Net capital assets	**35,780,812**	**31,856,777**
Oher Long-Term Assets		
Leases receivable, net of current portion	2,068,158	-
Pension asset	118,607	281,615
Total other long-term assets	**2,186,765**	**281,615**
Total assets	**$39,636,414**	**$32,530,755**
Deferred Outflows of Resources		
OPEB related amounts	$6,893	$5,304
Pension related amounts	$130,991	$46,134
Total deferred outflows of resources	**$137,884**	**$51,438**

See notes to financial statements.

	2022	2021
Liabilities and Net Position		
Current Liabilities		
Accounts and warrants payable	$ 1,413,473	$ 72,714
Accrued interest payable	6,521	12,015
Customer prepayments	32,043	13,163
Line of Credit	1,416,973	32
Other current liabilities	5,918	2,975
Current portion of long-term liabilities	247,484	883,640
Total current liabilities	**3,122,412**	**984,539**
Long-Term Liabilities		
Notes payable	939,807	1,360,171
General obligation bonds	-	150,262
Net pension liability	68,078	26,904
OPEB liability	340,087	393,498
Accrued vacation payable	61,271	37,559
Total long-term liabilities	**1,409,243**	**1,968,394**
Total liabilities	**4,531,655**	**2,952,933**
Deferred inflows of resources		
Pension related amounts	136,550	303,533
Leases	2,456,354	-
Total liabilities and deferred inflow	**7,124,559**	**3,256,466**
Commitments and Contingencies	**-**	**-**
Net Position		
Net investment in capital assets	34,593,521	29,462,704
Restricted for net pension asset	113,048	24,216
Unrestricted deficit	(2,056,830)	(161,193)
Total net position	**$32,649,739**	**$29,325,727**

See notes to financial statements.

Statements of Net Position

Port of Centralia
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 274,193	$ 893,706
Property taxes receivable	52,352	53,862
Accounts receivable	31,512	41,465
Prepaid expenses	34,306	33,264
Total current assets	**392,363**	**1,022,297**
Capital Assets		
Land	19,068,166	17,860,731
Land improvements	6,977,056	6,937,341
Building and improvements	10,610,820	10,436,046
Autos, equipment, office	413,182	409,993
Construction in progress	5,301,180	4,978,045
Total cost	**42,370,404**	**40,622,156**
Less accumulated depreciation - buildings	5,677,910	5,380,082
Less accumulated depreciation – equipment	368,356	349,617
Less accumulated depreciation – leasehold improvements	1,402,986	1,221,230
Less accumulated depreciation – other improvements	3,064,375	3,064,375
Total Accumulated Depreciation	**10,513,627**	**10,015,304**
Net capital assets	**31,856,777**	**30,606,852**
Other Long-Term Assets		
Pension asset	281,615	0
Total other long-term assets		
Total assets	**$32,530,755**	**$31,629,149**
Deferred Outflows of Resources		
OPEB related amounts	$5,304	$49,556
Pension related amounts	$46,134	5,292
Total deferred outflows of resources	**$51,438**	**$54,848**

See notes to financial statements.

	2021	2020
Liabilities and Net Position		
Current Liabilities		
Accounts and warrants payable	$ 72,714	$ 156,637
Accrued interest payable	12,015	16,242
Customer prepayments	13,163	2,467
Line of Credit	32	- -
Other current liabilities	2,975	15,888
Current portion of long-term liabilities	883,640	921,677
Total current liabilities	**984,539**	**1,112,911**
Long-Term Liabilities		
Notes payable	1,360,171	2,155,181
General obligation bonds	150,262	231,989
Net pension liability	26,904	134,723
OPEB liability	393,498	565,212
Accrued vacation payable	37,559	22,637
Total long-term liabilities	**1,968,394**	**3,109,742**
Total liabilities	**2,952,933**	**4,222,653**
Deferred inflows of resources		
Pension related amounts	303,533	44,933
Total liabilities and deferred inflow	**3,256,466**	**4,267,586**
Commitments and Contingencies	**-**	**-**
Net Position		
Net investment in capital assets	29,462,704	27,298,005
Restricted for net pension asset	24,216	-
Unrestricted deficit	(161,193)	118,406
Total net position	**$29,325,727**	**$27,416,411**

See notes to financial statements.

.

Statements of Net Position

Port of Centralia
December 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 893,706	$ 985,255
Property taxes receivable	53,862	47,496
Accounts receivable	41,465	180,909
Prepaid expenses	33,264	24,447
Total current assets	**1,022,297**	**1,238,107**
Capital Assets		
Land	17,860,731	17,506,497
Land improvements	6,937,341	6,934,101
Building and improvements	10,436,046	10,290,330
Autos, equipment, office	409,993	409,613
Construction in progress	4,978,045	4,642,265
Total cost	**40,622,156**	**39,782,806**
Less accumulated depreciation - buildings	5,380,082	5,074,067
Less accumulated depreciation – equipment	349,617	360,002
Less accumulated depreciation – leasehold improvements	1,221,230	1,033,941
Less accumulated depreciation – other improvements	3,064,375	3,064,375
Total Accumulated Depreciation	**10,015,304**	**9,532,385**
Net capital assets	**30,606,852**	**30,250,421**
Total assets	**$31,629,149**	**$31,488,528**
Deferred Outflows of Resources		
Pension related amounts	**$54,848**	**$38,599**

See notes to financial statements.

	2020	2019
Liabilities and Net Position		
Current Liabilities		
Accounts and warrants payable	$ 156,637	$ 300,554
Accrued interest payable	16,242	23,586
Customer prepayments	2,467	2,067
Other current liabilities	15,888	2,809
Current portion of long-term liabilities	921,677	949,954
Total current liabilities	**1,112,911**	**1,278,970**
Long-Term Liabilities		
Notes payable	2,155,181	3,099,112
General obligation bonds	231,989	308,176
Net pension liability	134,723	105,746
OPEB liability	565,212	432,489
Accrued vacation payable	22,637	20,367
Total long-term liabilities	**3,109,742**	**3,965,890**
Total liabilities	**4,222,653**	**5,244,860**
Deferred inflows of resources		
Pension related amounts	44,933	68,292
Total liabilities and deferred inflow	**4,267,586**	**5,313,152**
Commitments and Contingencies	**-**	**-**
Net Position		
Net investment in capital assets	27,298,005	25,893,179
Unrestricted deficit	118,406	320,796
Total net position	**27,416,411**	**$26,213,975**

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Port of Centralia
Years Ended December 31, 2022 and 2021

	2022	2021
Operating Revenues		
Property rental operations	**$ 839,484**	**$ 720,537**
Operating Expenses		
General and administrative	834,045	410,621
General operations	106,435	109,656
Maintenance	197,747	119,411
Depreciation	432,879	498,323
Total operating expenses	**1,571,106**	**1,138,011**
Loss from operations	**(731,622)**	**(417,474)**
Non-Operating Revenues (Expenses)		
Gain on sale of capital assets	927,581	(31,668)
Taxes levied for Port operations, net	1,096,704	1,062,480
Taxes levied for IDD, net	1,096,113	1,060,357
Interest income	159	126
Rental interest income	113,678	-
Other taxes	46,021	161,971
Interest expense	(126,239)	(168,224)
Other expenses	(300)	(5,920)
Total non-operating revenues (expenses)	**3,153,717**	**2,079,122**
Increase in net position before capital contributions	**2,422,095**	**1,661,648**
Capital Contribution	**901,917**	**247,668**
Increase in net position	**3,324,012**	**1,909,316**
Net Position		
Beginning of year	29,325,727	27,416,411
End of year	**$32,649,739**	**$29,325,727**

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Port of Centralia
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Revenues		
Property rental operations	**$ 720,537**	**$ 632,923**
Operating Expenses		
General and administrative	410,621	731,006
General operations	109,656	65,549
Maintenance	119,411	203,023
Depreciation	498,323	513,127
Total operating expenses	**1,138,011**	**1,512,705**
Loss from operations	**(417,474)**	**(879,782)**
Non-Operating Revenues (Expenses)		
Loss on sale of capital assets	(31,668)	12,282
Taxes levied for Port operations, net	1,062,480	1,013,304
Taxes levied for IDD, net	1,060,357	1,012,384
Interest income	126	515
Other taxes	161,971	267,004
Interest expense	(168,224)	(223,271)
Other expenses	(5,920)	- -
Total non-operating revenues (expenses)	**2,079,122**	**2,082,218**
Increase in net position before capital contributions	**1,661,648**	**1,202,436**
Capital Contribution	**247,668**	**- -**
Increase in net position	**1,909,316**	**1,202,436**
Net Position		
Beginning of year	27,416,411	26,213,975
End of year	**$29,325,727**	**$27,416,411**

See notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Port of Centralia
Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues		
Property rental operations	**$ 632,923**	**$ 779,835**
Operating Expenses		
General and administrative	731,006	607,063
General operations	65,549	106,212
Maintenance	203,023	156,264
Depreciation	513,127	547,868
Total operating expenses	**$1,512,705**	**1,417,404**
Loss from operations	**(879,782)**	**(637,569)**
Non-Operating Revenues (Expenses)		
Gain on sale of capital assets	12,282	1,342,578
Taxes levied for Port operations, net	1,013,304	878,692
Taxes levied for IDD, net	1,012,384	882,108
Interest income	515	285
Other taxes	267,004	219,983
Interest expense	(223,271)	(272,264)
Other expenses	- -	(2,671)
Total non-operating revenues (expenses)	**2,082,218**	**3,048,711**
Increase in net position before capital contributions	**1,202,436**	**2,411,142**
Capital Contribution	- -	279,368
Increase in net position	**1,202,436**	**2,690,510**
Net Position		
Beginning of year	26,213,975	23,523,465
End of year	**$27,416,411**	**$26,213,975**

See notes to financial statements.

Port of Centralia
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Cash received from customers	($38,976)	$ 742,696
Cash paid to suppliers	831,069	(408,088)
Cash paid to employees	(699,040)	(600,781)
Net cash provided by operating activities	**93,053**	**(266,173)**
Cash Flows from Non-Capital Financing Activities		
Property tax levy receipts not restricted for capital purposes	2,192,817	2,122,837
Other non-operating revenues, net	43,170	138,911
Net cash provided by non-capital financing activities	**2,235,987**	**2,261,748**
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(4,356,914)	(1,748,248)
Proceeds from sale of capital assets	927,581	(31,668)
Advances on line of credit, net	1,416,941	32
Principal payments on general obligation bonds	(150,262)	(76,188)
Principal payments on notes payable	(1,056,520)	(838,586)
Interest paid	(126,239)	(168,224)
Capital contributions	901,917	247,668
Net cash used in capital and related financing activities	**(2,443,496)**	**(2,615,214)**
Cash Flow from Investing Activities		
Interest income	159	126
Net cash provided by investing activities	**159**	**126**
Net increase (decrease) in cash and cash equivalents	**(114,297)**	**(619,513)**
Cash and Cash Equivalents		
Beginning of year	274,193	893,706
End of year	**$ 159,896**	**$ 274,193**

(continued)

See notes to financial statements.

Statements of Cash Flows

(concluded)

Port of Centralia
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:		
Loss from operations	**($731,622)**	**($417,474)**
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	432,879	498,323
Pension & OPEB (GASB 68 & 75)	(94,808)	-
Changes in assets and liabilities:		
Accounts and property taxes receivable	(897,340)	(299,142)
Prepaid expenses	593	11,467
Accounts payable	1,340,759	(1,042)
Customer prepayments	18,880	(83,923)
Other current liabilities	23,712	10,696
Accrued vacation payable	23,712	14,922
Total adjustments	**824,675**	**151,301**
Net cash provided by operating activities	**$93,053**	**($266,173)**

See notes to financial statements.

Statements of Cash Flows

Port of Centralia
Years Ended December 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash received from customers	$742,696	$ 766,401
Cash paid to suppliers	(408,088)	(414,517)
Cash paid to employees	(600,781)	(613,433)
Net cash provided by operating activities	**(266,173)**	**(261,549)**
Cash Flows from Non-Capital Financing Activities		
Property tax levy receipts not restricted for capital purposes	2,122,837	2,025,688
Other non-operating revenues, net	138,911	272,739
Net cash provided by non-capital financing activities	**2,261,748**	**2,298,427**
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(1,748,248)	(869,558)
Proceeds (loss) from sale of capital assets	(31,668)	12,282
Advances on line of credit, net	32	- -
Principal payments on general obligation bonds	(76,188)	(76,187)
Principal payments on notes payable	(838,586)	(972,208)
Interest paid	(168,224)	(223,271)
Capital contributions	247,668	- -
Net cash used in capital and related financing activities	**(2,615,214)**	**(2,128,942)**
Cash Flow from Investing Activities		
Interest income	126	515
Net cash provided by investing activities	**126**	**515**
Net increase (decrease) in cash and cash equivalents	**(619,513)**	**(91,549)**
Cash and Cash Equivalents		
Beginning of year	893,706	985,255
End of year	**$274,193**	**$ 893,706**

(continued)

See notes to financial statements.

Statements of Cash Flows

(concluded)

Port of Centralia
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:		
Loss from operations	**(417,474)**	**($879,782)**
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	498,323	513,127
Changes in assets and liabilities:		
Accounts and property taxes receivable	(299,142)	133,078
Prepaid expenses	11,467	(8,817)
Accounts payable	(1,042)	(143,917)
Customer prepayments	(83,923)	400
Other current liabilities	10,696	122,092
Accrued vacation payable	14,922	2,270
Total adjustments	**151,301**	**618,233**
Net cash provided by operating activities	**($266,173)**	**($261,549)**

See notes to financial statements.

Statements of Cash Flows

Port of Centralia
Years Ended December 31, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Cash received from customers	$ 766,401	$ 723,203
Cash paid to suppliers	(414,517)	(308,108)
Cash paid to employees	(613,433)	(340,147)
Net cash provided by operating activities	**(261,549)**	**74,947**
Cash Flows from Non-Capital Financing Activities		
Property tax levy receipts not restricted for capital purposes	2,025,688	1,760,800
Other non-operating revenues, net	272,739	182,100
Net cash provided by non-capital financing activities	**2,298,427**	**1,942,900**
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(869,558)	(2,254,146)
Proceeds from sale of capital assets	12,282	2,218,572
Advances on line of credit, net	--	- -
Principal payments on general obligation bonds	(76,187)	(70,675)
Principal payments on notes payable	(972,208)	(1,005,754)
Interest paid	(223,271)	(276,463)
Capital contributions	- -	279,368
Net cash used in capital and related financing activities	**(2,128,942)**	**(1,109,128)**
Cash Flow from Investing Activities		
Interest income	515	285
Net cash provided by investing activities	**515**	**285**
Net increase (decrease) in cash and cash equivalents	**(91,549)**	**909,004**
Cash and Cash Equivalents		
Beginning of year	985,255	76,251
End of year	**$893,706**	**$ 985,255**

(continued)

See notes to financial statements.

Statements of Cash Flows

(concluded)

Port of Centralia
Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities:		
Loss from operations	**(879,782)**	**($699,557)**
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization	513,127	547,868
Changes in assets and liabilities:		
Accounts and property taxes receivable	133,078	(57,033)
Prepaid expenses	(8,817)	3,634
Accounts payable	(143,917)	238,964
Customer prepayments	400	-
Other current liabilities	122,092	-
Accrued vacation payable	2,270	3,563
Total adjustments	**618,233**	**712,516**
Net cash provided by operating activities	**($261,549)**	**74,947**

See notes to financial statements.

Port of Centralia
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Port of Centralia (the Port) is a municipal corporation created in 1986 through enabling legislation of the state of Washington by consent of the voters within the Port District, which is considered the Centralia School District boundaries. The Port has no stockholders or equity holders but is for the benefit of its constituency. All revenues or other receipts must be disbursed in accordance with the provisions of various statutes. The accounting and reporting policies of the Port conform to generally accepted accounting principles for local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the significant accounting policies is presented to assist the reader in interpreting the financial statements.

The Port is a special purpose government, authorized by Washington law to acquire and improve lands for industrial or commercial purposes within the Centralia Port District. The Port's operations are supported primarily through industrial property leases and the tax levy.

The Port is governed by an elected three-member board of commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational and financial relationship with the Port.

Component Unit

In conformity with generally accepted accounting principles, the financial statements of the Industrial Development Corporation (IDC) of the Port have been included in the financial reporting entity as a blended component unit. The IDC, an entity legally separate from the Port, is governed by a three-member board. The members of the Port commission serve ex officio as members of the IDC board of directors. For financial reporting purposes, the IDC is reported as if it were part of the Port's operations because its purpose is aligned with that of the Port. The ending balance of the IDC bank account was $30 at December 31, 2022 and 2021.

Basis of Accounting and Reporting

The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units and the Port is accounted for as a proprietary fund. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port is accounted for on a flow of economic resources measurement focus.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies *(continued)*

Basis of Accounting and Reporting *(concluded)*

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, Revised Code of Washington (RCW). The Port also follows the Uniform System of Accounts for Port Districts in the state of Washington.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Significant Risks and Uncertainties

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state, and local government regulations, and changes in law.

Operating and Non-Operating Revenues and Expenses

Property rents are charges for use of the Port's facilities, land, and buildings and are classified as operating revenues. Funds from tax levies, other miscellaneous taxes and gain on sale of assets are reported as non-operating revenues. General obligation bond principal and interest are paid from ad valorem taxes levied upon real property within the Port District.

Operating expenses are costs primarily related to the property rental operations of the Port. Interest and bond issue expense and other expenses not directly related to property rental operations are classified as non-operating expenses.

Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. For the purposes of the statements of cash flows, the Port considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Property taxes receivable consist of property taxes (see Note 3). Accounts receivable consist of amounts due from tenants for balances deemed to be fully collectible and outstanding grant reimbursement requests. Management has determined that no allowance for bad debt is necessary at December 31, 2022 and 2021.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies *(continued)*

Capital Assets and Depreciation

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Port's policy is to capitalize all assets equal to or greater than $1,000 and with an estimated life greater than one year. Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful life using the straight-line method, based on estimated useful lives as follows:

Buildings and improvements	15-40 years
Land improvements	10-40 years
Autos	5-7 years
Equipment and office	3-10 years

The Port has acquired certain capital 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. In addition, the Port leases certain real property to tenants.

Net Position

Net position consists of net investment in capital assets and unrestricted net position (deficit). Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisitions, construction, or improvement of those assets.

Risk Management

The Port maintains liability and standard insurance coverage for personal property, automobile, public officials, bonds and equipment (see Note 9).

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation. The Port records unpaid leave for compensated balances as an expense and long-term liability when incurred. Vacation pay may be accumulated unlimited and is payable upon separation, retirement, or as a cash withdrawal. Sick leave may accumulate unlimited. Upon separation or retirement, employees do not receive payment for unused sick leave. The amount of accrued vacation totaled $61,271 and $37,559 at December 31, 2022 and 2021, respectively.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position include deferred outflows of resources which represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the Port after the measurement date but before the end of the Port's reporting period.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position include deferred inflows of resources which represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related inflows, which are the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the Port's contributions and proportionate share of contributions all related to the net pension liability.

Pensions

For purposes of measuring the net pension liability or asset, 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. See Note 8 for additional information.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates of the Port include the depreciable life of capital assets. Accordingly, actual results could differ from those estimates.

Leases

The Port is a lessor for noncancelable leases. The Port recognizes a lease receivable and a deferred inflow of resources in the financial statements.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 1 – Summary of Significant Accounting Policies (continued)

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initial measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgments related to leases include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Port uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Port of Centralia
December 31, 2022 and 2021

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents, including liquid investments, at December 31 consist of the following:

	2022 Rate	Amount	2021 Rate	Amount
Unrestricted				
Columbia Bank, General Fund	0.03%	$159,841	0.03%	$274,138
Columbia Bank, IDC	-	30	-	30
Columbia Bank, Money Market Account	-	25	-	25
Total		**$159,896**		**$274,193**

As required by state law, all deposits and investments of the Port's funds are deposits with Washington state banks and savings and loan institutions. Restricted funds are not available until after debt is paid in full. The Port's deposits and money market accounts are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Note 3 - Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed within two weeks of the prior month to the Port by the county treasurer. A revaluation of all property is completed annually. Property tax calendar:

January 1 - Taxes are 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 levy at 100 percent of market value.
October 31 - Second installment is due.

No allowance for uncollectible taxes is established, because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle and delinquent taxes are evaluated annually. State law allows for the sale of property for failure to pay taxes.

The Port may levy up to $0.45 per $1,000 of assessed valuation for general governmental services. 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 2022 and 2021 was $0.35 and $0.36 per $1,000, respectively. This levy was calculated on an assessed valuation for 2022 and 2021 of $3,125,233,485 and $2,925,201,685, respectively, for a regular levy of approximately $1,090,861 and $1,054,834, respectively.

The Port began a six-year IDD levy in 2018. The Port's IDD levy for 2022 and 2021 was $0.35 and $0.36 per $1,000, respectively. This levy was calculated on an assessed valuation for 2022 and 2021 of $3,125,233,485 and $2,925,201,685, for an IDD levy of approximately $1,090,273 and $1,052,711, respectively.

Port of Centralia
December 31, 2022 and 2021

Note 4 - Capital Assets

Major expenditures for capital assets, including 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. Capital assets activity for the years ended December 31, 2022 and 2021, is as follows:

December 31, 2022	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$19,068,166	$3,138,084	$435,778	$21,770,472
Construction in progress	5,301,180	1,602,438	18,046	6,885,572
Total capital assets, not depreciated	**24,369,346**	**4,740,522**	**453,824**	**28,656,044**
Capital assets, depreciated:				
Land improvements	6,977,056	- -	--	6,977,056
Buildings and improvements	10,610,820	57,461	--	10,668,281
Autos, equipment and office	413,182	12,756	500	425,438
Total capital assets, depreciated	**18,001,058**	**70,217**	**500**	**18,070,775**
Total accumulated depreciation	10,513,628	432,879	(500)	10,946,007
Total capital assets, depreciated, net	**7,487,430**	**(362,662)**		**7,124,768**
Total capital assets, net	**$31,856,776**	**$4,377,860**	**$(453,824)**	**$35,780,812**

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 4 - Capital Assets *(concluded)*

December 31, 2021	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$17,860,731	$1,302,068	$94,633	$19,068,166
Construction in progress	4,978,045	323,135	--	5,301,180
Total capital assets, not depreciated	**22,838,776**	**1,625,203**	**94,633**	**24,369,346**
Capital assets, depreciated:				
Land improvements	6,937,341	39,715	--	6,977,056
Buildings and improvements	10,436,046	174,774	--	10,610,820
Autos, equipment and office	409,993	3,189	-	413,182
Total capital assets, depreciated	**17,783,380**	**217,678**	**-**	**18,001,058**
Total accumulated depreciation	10,015,305	498,323	(-)	10,513,628
Total capital assets, depreciated, net	**7,768,075**	**(280,645)**	**(--)**	**7,487,430**
Total capital assets, net	**$30,606,851**	**$1,344,558**	**$(94,633)**	**$31,856,776**

Port of Centralia
December 31, 2022 and 2021

Note 5 - Construction in Progress

The Port has active construction projects as of December 31, 2022. The projects include:

Project	Construction in Progress	Remaining Commitment
Mahoney Project	34,696	78,000
Moe/Dahl Project	26,850	53,000
Industrial Development District No. 3	6,704,775	9,600,000
Lot/Building/Property Sale	25,692	25,000
2000 North Park Building Improvements	13,190	75,000
3713 North Park Building Expansion	80,369	75,000
Total construction in progress	**$6,885,572**	**$9,906,000**

The amounts listed under remaining commitment include expenditures that will be covered by a variety of methods, including grants, financing and Port funds.

Certain ongoing projects have been delayed due to lack of current funding required to complete them. Management is continuing to evaluate their options and believes these projects are not impaired at December 31, 2022.

Note 6 - Line of Credit

The Port has available a line of credit with Columbia Bank in which it may borrow up to $1,800,000. The balance outstanding totaled $1,416,973 and $32 at December 31, 2022 and 2021, respectively. The line bears interest at a fixed rate of 4.65 percent and matures August 31, 2023. The line of credit agreement contains various restrictive covenants including one relating to debt service.

The Port issued a new line of credit with Columbia Bank in 2022 during construction of its Yew Street Extension project in which it may borrow up to $1,000,000. The balance outstanding totaled $0 at December 31, 2022. The line bears an interest rate on the amounts so drawn fully floating at the Columbia Base Rate plus 0%, resetting with each change in the Columbia Base Rate as published on the Lender's website (www.columbiabank.com) or any successor website.

Line of credit activity during 2022 and 2021 was as follows:

Balance, January 1, 2021	**$**	**-**
Advances		250,000
Repayments		249,968
Balance, January 1, 2022	**$**	**32**
Advances		2,500,000
Repayments		1,083,059
Balance, December 31, 2022	**$**	**1,416,973**

Port of Centralia
December 31, 2022 and 2021

Note 7 - Long-Term Debt

Long-term debt activity during 2022 and 2021 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2021	Advances	Repay-ments	December 31, 2022
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 86,988	$ - -	$ 86,988	$ - -
2004 Series Hb	2.20-6.25	N/A	2023	145,000	- -	70,000	75,000
				231,988	**$ - -**	**156,988**	**75,000**
Less current portion				81,726			75,000
Total long-term general obligation bonds, net of current portion				**$ 150,262**			**$ --**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 295,366	$ - -	$ 58,193	$ 237,173
Bank note	5	N/A	2023	400,327	- -	400,327	- -
Bank note	4.5	N/A	2022	423,438	- -	423,438	- -
Other various	3.50-8.00	N/A	2018-2036	1,042,954	- -	167,838	875,116
				$2,162,085	**$- -**	**$1,049,796**	**$1,112,289**
Less current portion				801,914			172,483
Total notes payable, net of current portion				**$1,360,171**			**$939,806**

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 7 - Long-Term Debt *(continued)*

Long-term debt activity during 2021 and 2020 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2020	Advances	Repay-ments	December 31, 2021
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 98,176	$ - -	$ 11,188	$ 86,988
2004 Series Hb	2.20-6.25	N/A	2023	210,000	- -	65,000	145,000
				308,176	**$ - -**	**76,188**	**231,988**
Less current portion				76,188			81,726
Total long-term general obligation bonds, net of current portion				**$ 231,988**			**$150,262**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 353,127	$ - -	$ 57,761	$ 295,366
Bank note	5	N/A	2023	556,538	- -	156,211	400,327
Bank note	4.5	N/A	2022	829,327	- -	405,889	423,438
Other various	3.50-8.00	N/A	2018-2036	1,261,677	- -	218,723	1,042,954
				$3,000,669	**$- -**	**$838,584**	**$2,162,085**
Less current portion				845,489			801,914
Total notes payable, net of current portion				**$2,155,180**			**$1,360,171**

(continued)

Note 7 - Long-Term Debt *(concluded)*

Annual Debt Amortization

The annual principal and interest requirements for all debt outstanding as of December 31, 2022, are as follows:

	Principal	**Interest**	**Total**
2023	247,483	72,361	319,844
2024	182,372	57,784	240,156
2025	193,049	47,107	240,156
2026	204,579	35,577	240,156
2027	66,694	25,201	91,895
2028	25,438	22,530	47,968
2029-2033	162,592	77,248	239,840
2034-2036	105,083	10,839	115,922
Total	**$1,187,290**	**$348,647**	**$1,535,937**

General Obligation Bonds

RCW Chapter 53.36 provides that new issues of non-voted general obligation bond debt cannot be incurred in excess of 0.25 percent of the assessed value of the taxable property in the Port District; however, the related RCW allows for the acquisition or construction of a facility without a vote, with a maximum limit of 0.375 percent, which was $11,719,626 at December 31, 2022. The Port is in compliance with this limitation.

RCW Chapter 53.36 also provides that additional general obligation bond debt can be incurred upon approval by the voters of the Port District.

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans

The following table represents the aggregate pension plan amounts for all plans for the year 2022:

Aggregate Pension Amounts – All Plans		
Pension liabilities	$	(68,078)
Pension assets		118,607
Deferred outflows of resources		130,991
Deferred inflows of resources		(136,550)
Pension expense/expenditures	$	(2,353)

Substantially all of the 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 (DRS), 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 DRS, a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

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

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.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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.

<u>Contributions</u>

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 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates:	**Employer**	**Employee***
January-August 2022		
PERS Plan 1	**6.36%**	**6.00%**
PERS Plan 1 UAAL	**3.71%**	**0.00%**
Administrative Fee	**0.18%**	**0.00%**
Total	**10.25%**	**6.00%**
September-December 2022		
PERS Plan 1	**6.36%**	**6.00%**
PERS Plan 1 UAAL	**3.85%**	**0.00%**
Administrative Fee	**0.18%**	**0.00%**
Total	**10.39%**	**6.00%**

* For employees participating in Judicial Benefit Multiplier (JBM), the contribution rate was 12.26%

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have 20 or more years of service credit and are 55 years of age or older, are eligible for early retirement 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 3 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 5 percent for each year of retirement before the age of 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 option. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on Consumer Price Index), capped at 3 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.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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 2022 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	**Employer 2/3**	**Employee 2***
January-August 2022		
PERS Plan 2/3	**6.36%**	**6.36%**
PERS Plan 1 UAAL	**3.71%**	**0.00%**
Administrative Fee	**0.18%**	**0.00%**
Employee PERS Plan 3		**Varies**
Total	**10.25%**	**6.36%**
September-December 2022		
PERS Plan 2/3	**6.36%**	**6.36%**
PERS Plan 1 UAAL	**3.85%**	**0.00%**
Administrative Fee	**0.18%**	**0.00%**
Employee PERS Plan 3		**Varies**
Total	**10.39%**	**6.36%**

* For employees participating in Judicial Benefit Multiplier (JBM), the contribution rate was 15.90%

The Port's actual contributions to the plan were $17,408 to PERS Plan 1 and $29,462 to PERS Plan 2/3 for the year ended December 31, 2022.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with the valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study and the 2021 Economic Experience Study*.

Additional assumptions for the subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub. H-2010 mortality rates, which vary by member status (e.g. active, retiree, or survivor), 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 of 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.

(continued)

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes.

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 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 plan's 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 7.0 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 7.0 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 future times.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Estimated Rates if Return by Asset Class

The table below summarizes the 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, 2022. 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%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below represents the Port's proportionate share of the net pension lability calculated using the discount rate of 7.0 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 (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
PERS 1	$ 90,951	$ 68,078	$ 48,115
PERS 2/3	$ 139,675	$ (118,607)	$ (330,802)

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.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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

At June 30, 2022, the Port reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 68,078
PERS 2/3	$ (118,607)

At June 30, 2022, the Port's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.002203%	0.002445%	-0.000242%
PERS 2/3	0.002827%	0.003198%	-0.000371%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

Pension Expense

For the year ended December 31, 2022, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	$ (37,584)
PERS 2/3	39,938
TOTAL	$ 2,353

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, 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	$ -	$ (11,282)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 9,054	$ -
TOTAL	$ 9,054	$ (11,282)

PERS 2 & 3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 29,388	$ (2,685)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (87,687)
Changes of assumptions	$ 66,107	$ (17,309)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 11,300	$ (17,586)
Contributions subsequent to the measurement date	$ 15,142	$ -
TOTAL	$ 121,937	$ (125,267)

(continued)

Note 8 - Pension Plans *(concluded)*

TOTAL	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	29,388	$	(2,685)
Net difference between projected and actual investment earnings on pension plan investments	$	-	$	(98,969)
Changes of assumptions	$	66,107	$	(17,309)
Changes in proportion and differences between contributions and proportionate share of contributions	$	11,300	$	(17,586)
Contributions subsequent to the measurement date	$	24,196	$	-
TOTAL	$	130,991	$	(136,550)

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, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1
2023	(4,775)
2024	(4,336)
2025	(5,440)
2026	3,269
2027	0
Thereafter	0
TOTAL	**(11,282)**

Year ended December 31:	PERS 2 & 3
2023	(27,955)
2024	(25,060)
2025	(30,186)
2026	40,432
2027	12,360
Thereafter	11,937
TOTAL	**(18,473)**

Port of Centralia
December 31, 2022 and 2021

Note 9 - Risk Management

Washington Government Entity Pool

The Port of Centralia is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2022, there were 527 Enduris members representing a broad array of special purpose districts throughout the state.

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

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

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays[1]
Liability:				
Comprehensive General Liability	Per Occurrence	$1 million	$20 million	$1,000-$100,000
Automobile Liability	Per Occurrence	$1 million	$20 million	$1,000-$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	$1 million	$20 million $20 million	$1,000-$100,000
Terrorism Liability[2]	Per Occurrence Pool Aggregate	$500,000 $1 million	$0 Fully funded by Pool	$1,000-$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	$1 million	$20 million $20 million	20% Copay[3]

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/Reinsurance Limits	Member Deductibles/ Co-Pays[1]
Property[2]:				
Buildings and Contents	Per Occurrence	$250,000	$1 billion	$1,000-$250,000
Mobile Equipment	Per Occurrence	$250,000	$1 billion	$1,000-$250,000
Boiler and Machinery[3]	Per Occurrence	Varies	$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE)[4]	Per Occurrence	$250,000	$100 million (BI)/ $50 million (EE)	$1,000-$250,000
Sublimit[5]:				
Flood	Per Occurrence	$250,000	$50 million (shared by Pool members)	$1,000-$250,000
Earthquake	Per Occurrence	5% of indemnity; subject to $250,000 minimum	$10 million (shared by Pool members)	$1,000-$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	$250,000	$100 million per occurrence $200 million aggregate	$1,000-$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	$500,000	$600 million/Pool aggregate $1.1 billion/per occurrence APIP program $1.4 billion/APIP program aggregate	$0
Automobile Physical Damage[6]	Per Occurrence	$25,000; $100,000 for Emergency Vehicles; $250,000 for Emergency Vehicles valued >$750,000	$1 billion	$250-$1,000
Crime Blanket[7]	Per Occurrence	$50,000	$1 million	$1,000
Named Position[8]	Per Occurrence	$50,000	$1 million	$1,000
Cyber[9]	Each Claim APIP Aggregate	$100,000	$2 million $40 million	20% Copay
Identity Fraud Expense Reimbursement[10]	Member Aggregate	$0	$25,000	$0

Port of Centralia
December 31, 2022 and 2021

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
(2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over $250,000 to the limit of $1 billion except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
(3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
(4) Business Interruption/Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to $500,000 of coverage with a $2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
(5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
(6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
(7) Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance" of $2,500 is provided to each member. Members may elect to "buy-up" the level of coverage from $5,000 to $2 million.
(8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits between $5,000 and $2 million.
(9) Cyber coverage is included under the Pool's Property program. Members are subject to a 20% co-pay per loss and the Pool's SIR is tiered between $50,000 and $100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is $2 million, with various declared sub-limits.
(10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a $25,000 limit per member.

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

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 9 - Risk Management *(concluded)*

Washington Government Entity Pool *(concluded)*

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

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

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

Note 10 - Leases

Effective January 1, 2022, the Port adopted GASB 87, Leases, as discussed in more detail in Note 1. The Port, as a lessor, leases land and facilities under long-term agreements at market rates with terms ranging from 1 to 50 years. The leases typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of lease receivables.

Total revenue from leases under GASB 87 in 2022 was $476,711 which includes $363,035 in principal and $133,677 in interest. As of December 31, 2022, future lease receivable principal and interest payments are as follows:

	Principal	Interest	Total
Years Ending December 31:			
2023	$ 494,024	$ 116,942	$ 610,966
2024	465,660	92,452	558,111
2025	425,285	70,117	495,402
2026	411,674	49,497	461,171
2027	271,426	30,687	302,112
2028-2032	494,114	34,523	528,636
	$ 2,562,182	$ 394,217	$ 2,956,399

Port of Centralia
December 31, 2022 and 2021

Note 11 – Other Postemployment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2022:

Aggregate OPEB Amounts - All Plans	
OPEB liabilities	$ 340,087
OPEB assets	-
Deferred outflows of resources	6,893
Deferred inflows of resources	-
OPEB expenditures	$ (41,564)

Plan Description

Other Post-Employment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), the Port's substantive plan carrier, offers retirees access to all these benefits. However, the Port provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. Port employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504 or it may be downloaded from the Office of the State Actuary website at http://osa.leg.wa.gov.

Subsidies

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a simple, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

(continued)

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

<u>Employees Covered by Benefit Terms</u>
At December 31, 2022, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	9
Total	12

<u>Funding Policy, Funding Progress and Reserves</u>
The Port funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning the Port pays these costs as they occur or become due. The Port's cost-sharing policy on the medical premiums is to pay 100% of the PEBB medical plan for employees as described above and 100% of the premiums, up to 90 days after termination or retirement.

In order to fund the OPEB plan, the Port would have to establish an irrevocable trust, which means that the Port would no longer have control of the money from the trust. If the Port left the PEBB program, the Port would not be able to retrieve the money out of the trust. As of December 31, 2022, the Port does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan is paid on a "pay-as-you-go" basis and is 0% funded, there are no assets to invest. However, currently the Port has sufficient cash and cash equivalents to cover the entire liability (if any costs are incurred in the future). If the Port no longer uses PEBB for their medical insurance coverage, under the current Port policy, the Port is not liable for any future cost to retired employees.

<u>Assumptions and Other Inputs</u>
Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality, and the health care cost trend. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2021, and looking forward, the schedule provides multi-year trend information about the actuarial values of OPEB liability.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The actuarial assumptions in use to measure the total OPEB liability includes the entry-age cost method. The assumptions also include a discount rate that ranged from 2.21% at the beginning of the measurement year, to 2.16% at the end of the measurement year (Source Used: Bond Buyer General Obligation 20-Bond Municipal Index). Projected salary changes are 3.5% with the addition of service-based increases. Healthcare trend rates range from 2 to 11%. The inflation rate is set at 2.75%. The Post-Retirement participation percentage is 65%, with 45% assumed for spouse coverage.

The Port uses the alternative measurement method permitted under GASB Statement No. 75. Data (e.g., age range, years of service, active age average, etc.) is compiled into the Office of State Actuary (OSA) GASB No. 75 reporting tool for all active and inactive members to determine the total pension liability and the total pension expense. The OSA report involves calculations that require assumptions about future economic and demographic events. Consistent with GASB reporting requirements, the Office of the State Actuary uses a "pay-as-you-go" funding policy when selecting the assumed rate of investment return. General and salary inflation are the same as those used in the June 30, 2020 Actuarial Valuation Report (AVR) issued by the OSA. Participation percentage, percentage of spouses' coverage, and Medicare coverage is determined by the Office of the State Actuary.

OSA assumes 2/3 of members select a UMP plan and 1/3 select a Kaiser Permanente (KP) plan. UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan Classic. The KP pre-Medicare costs and premiums are a 50/50 blend of KP WA Classic and KP WA Value. The KP post-Medicare costs and premiums are equal to KP WA Medicare.

OSA estimates retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Retirement, disablement, termination, and mortality rates are based on the 2020 PEBB OPEB AVR. The following changes were made for simplicity: assumed Plan 2 decrement rates, assumed all employees are retirement eligible at age 55 and all employees retire at age 70, and based on an average expected retirement age of 65, OSA applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.

Each cohort is assumed to be a 50/50 male/female split. OSA further assumed that eligible spouses are the same age as the primary member. Age-based cohorts are used based upon the overall distribution of State employees and retirees that participate in PEBB. OSA believes the grouping approach is reasonable for the purposes of the Alternative Measurement Method.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The following presents the total OPEB liability of the Port for each plan calculated using the current healthcare cost trend rate, which varies by plan, as well as what the OPEB liability would be, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 293,757	$ 340,087	$ 398,670

The following presents the total OPEB liability of the District calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate what is 1-percentage point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 392,593	$ 340,087	$ 297,549

Changes to the Total OPEB Liability
The following presents the changes to the total OPEB liability.

Total OPEB Liability at 07/01/2021	$ 393,498
Service cost	21,152
Interest	8,829
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(71,545)
Benefit Payments	(11,847)
Other Changes	-
Total OPEB Liability at 06/30/2022	**$ 340,087**

The Port reported a total OPEB expense of $41,564 in 2022.

(continued)

Port of Centralia
December 31, 2022 and 2021

Note 11 – Other Postemployment Benefit (OPEB) Plans *(concluded)*

At December 31, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Payments subsequent to the measurement date	6,893	-
Total	$ 6,893	$ -

Deferred outflows of resources of $6,893 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended in December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended in December 31:	
2023	$ 6,893
2024	-
2025	-
2026	-
2027	-
Thereafter	$ -

Port of Centralia
December 31, 2022 and 2021

Note 12 – Subsequent Events

The Port has had the following transactions occur subsequent year-end:

- On June 22, 2022 the Port of Centralia extended a Purchase and Sale Agreement for the sale of approximately 9.88 acres in IDD #3. This sale is expected to close in 2023 for $2.6 million.
- In January 2023, the Port of Centralia entered into two new lease agreements resulting in $78,000 more in operating revenue per year over the lease terms.
- In February 2023, the Port of Centralia entered into a new lease agreement resulting in $20,400 more operating revenue per year over the lease term.
- In May 2023, The Port of Centralia sold approximately 43.98 acres of land for $530,000 in IDD #2.

Port of Centralia
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Port of Centralia (the Port) is a municipal corporation created in 1986 through enabling legislation of the state of Washington by consent of the voters within the Port District, which is considered the Centralia School District boundaries. The Port has no stockholders or equity holders but is for the benefit of its constituency. All revenues or other receipts must be disbursed in accordance with the provisions of various statutes. The accounting and reporting policies of the Port conform to generally accepted accounting principles for local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the significant accounting policies is presented to assist the reader in interpreting the financial statements.

The Port is a special purpose government, authorized by Washington law to acquire and improve lands for industrial or commercial purposes within the Centralia Port District. The Port's operations are supported primarily through industrial property leases and the tax levy.

The Port is governed by an elected three-member board of commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational and financial relationship with the Port.

Component Unit

In conformity with generally accepted accounting principles, the financial statements of the Industrial Development Corporation (IDC) of the Port have been included in the financial reporting entity as a blended component unit. The IDC, an entity legally separate from the Port, is governed by a three-member board. The members of the Port commission serve ex officio as members of the IDC board of directors. For financial reporting purposes, the IDC is reported as if it were part of the Port's operations because its purpose is aligned with that of the Port. The ending balance of the IDC bank account was $30 at December 31, 2021 and 2020.

Basis of Accounting and Reporting

The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units and the Port is accounted for as a proprietary fund. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port is accounted for on a flow of economic resources measurement focus.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 1 - Summary of Significant Accounting Policies *(continued)*

Basis of Accounting and Reporting *(concluded)*

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, Revised Code of Washington (RCW). The Port also follows the Uniform System of Accounts for Port Districts in the state of Washington.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Significant Risks and Uncertainties

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state, and local government regulations, and changes in law.

Operating and Non-Operating Revenues and Expenses

Property rents are charges for use of the Port's facilities, land, and buildings and are classified as operating revenues. Funds from tax levies, other miscellaneous taxes and gain on sale of assets are reported as non-operating revenues. General obligation bond principal and interest are paid from ad valorem taxes levied upon real property within the Port District.

Operating expenses are costs primarily related to the property rental operations of the Port. Interest and bond issue expense and other expenses not directly related to property rental operations are classified as non-operating expenses.

Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. For the purposes of the statements of cash flows, the Port considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Property taxes receivable consist of property taxes (see Note 3). Accounts receivable consist of amounts due from tenants for balances deemed to be fully collectible and outstanding grant reimbursement requests. Management has determined that no allowance for bad debt is necessary at December 31, 2021 and 2020.

(continued)

Note 1 - Summary of Significant Accounting Policies *(continued)*

Capital Assets and Depreciation

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Port's policy is to capitalize all assets equal to or greater than $1,000 and with an estimated life greater than one year. Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful life using the straight-line method, based on estimated useful lives as follows:

Buildings and improvements	15-40 years
Land improvements	10-40 years
Autos	5-7 years
Equipment and office	3-10 years

The Port has acquired certain capital 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. In addition, the Port leases certain real property to tenants.

Net Position

Net position consists of net investment in capital assets and unrestricted net position (deficit). Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisitions, construction, or improvement of those assets.

Risk Management

The Port maintains liability and standard insurance coverage for personal property, automobile, public officials, bonds and equipment (see Note 9).

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation. The Port records unpaid leave for compensated balances as an expense and long-term liability when incurred. Vacation pay may be accumulated unlimited and is payable upon separation, retirement, or as a cash withdrawal. Sick leave may accumulate unlimited. Upon separation or retirement, employees do not receive payment for unused sick leave. The amount of accrued vacation totaled $37,559 and $22,637 at December 31, 2021 and 2020, respectively.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position include deferred outflows of resources which represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the Port after the measurement date but before the end of the Port's reporting period.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position include deferred inflows of resources which represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related inflows, which are the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the Port's contributions and proportionate share of contributions all related to the net pension liability.

Pensions

For purposes of measuring the net pension liability or asset, 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. See Note 8 for additional information.

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset and the related deferred outflows and deferred inflows.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates of the Port include the depreciable life of capital assets. Accordingly, actual results could differ from those estimates.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents, including liquid investments, at December 31 consist of the following:

	2021 Rate	Amount	2020 Rate	Amount
Unrestricted				
Columbia Bank, General Fund	0.03%	$274,138	0.03%	$893,651
Columbia Bank, IDC	-	30	-	30
Columbia Bank, Money Market Account	-	25	-	25
Total		**$274,193**		**$893,706**

As required by state law, all deposits and investments of the Port's funds are deposits with Washington state banks and savings and loan institutions. Restricted funds are not available until after debt is paid in full. The Port's deposits and money market accounts are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Note 3 - Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed within two weeks of the prior month to the Port by the county treasurer. A revaluation of all property is completed annually. Property tax calendar:

January 1 - Taxes are 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 levy at 100 percent of market value.
October 31 - Second installment is due.

No allowance for uncollectible taxes is established, because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle and delinquent taxes are evaluated annually. State law allows for the sale of property for failure to pay taxes.

The Port may levy up to $0.45 per $1,000 of assessed valuation for general governmental services. 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 2021 and 2020 was $0.36 and $0.39 per $1,000, respectively. This levy was calculated on an assessed valuation for 2021 and 2020 of $2,925,201,685 and $2,559,142,848, respectively, for a regular levy of approximately $1,054,834 and $1,006,076, respectively.

The Port began a six-year IDD levy in 2018. The Port's IDD levy for 2021 and 2020 was $0.36 and $0.39 per $1,000, respectively. This levy was calculated on an assessed valuation for 2021 and 2020 of $2,925,001,685 and $2,559,142,848, for an IDD levy of approximately $1,052,711 and $1,005,162, respectively.

Port of Centralia
December 31, 2021 and 2020

Note 4 - Capital Assets

Major expenditures for capital assets, including 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. Capital assets activity for the years ended December 31, 2021 and 2020, is as follows:

December 31, 2021	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$17,860,731	$1,302,068	$94,633	$19,068,166
Construction in progress	4,978,045	323,135	--	5,301,180
Total capital assets, not depreciated	**22,838,776**	**1,625,203**	**94,633**	**24,369,346**
Capital assets, depreciated:				
Land improvements	6,937,341	39,715	--	6,977,056
Buildings and improvements	10,436,046	174,774	--	10,610,820
Autos, equipment and office	409,993	3,189	-	413,182
Total capital assets, depreciated	**17,783,380**	**217,678**	-	**18,001,058**
Total accumulated depreciation	10,015,305	498,323	(-)	10,513,628
Total capital assets, depreciated, net	**7,768,075**	**(280,645)**	**(--)**	**7,487,430**
Total capital assets, net	**$30,606,851**	**$1,344,558**	**$(94,633)**	**$31,856,776**

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 4 - Capital Assets *(concluded)*

December 31, 2020	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$17,506,497	$506,065	$151,831	$17,860,731
Construction in progress	4,642,266	335,779	--	4,978,045
Total capital assets, not depreciated	**22,148,763**	**841,844**	**151,831**	**22,838,776**
Capital assets, depreciated:				
Land improvements	6,934,101	3,240	--	6,937,341
Buildings and improvements	10,290,330	145,716	--	10,436,046
Autos, equipment and office	409,613	30,587	30,207	409,993
Total capital assets, depreciated	**17,634,044**	**179,543**	**30,207**	**17,783,380**
Total accumulated depreciation	9,532,385	513,127	(30,207)	10,015,305
Total capital assets, depreciated, net	**8,101,659**	**(333,584)**	**(--)**	**7,768,075**
Total capital assets, net	**$30,250,422**	**$508,260**	**$(151,831)**	**$30,606,851**

Port of Centralia
December 31, 2021 and 2020

Note 5 - Construction in Progress

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

Project	Construction in Progress	Remaining Commitment
Mahoney Project	34,696	78,000
Moe/Dahl Project	26,850	53,000
Industrial Development District No. 3	5,212,267	9,700,000
Lot/Building/Property Sale	18,046	25,000
2000 North Park Building Improvements	9,321	75,000
Total construction in progress	**$5,301,180**	**$9,931,000**

The amounts listed under remaining commitment include expenditures that will be covered by a variety of methods, including grants, financing and Port funds.

Certain ongoing projects have been delayed due to lack of current funding required to complete them, as well as permitting delays. Management is continuing to evaluate their options and believes these projects are not impaired at December 31, 2021.

Note 6 - Line of Credit

The Port has available a line of credit with Columbia Bank in which it may borrow up to $1,800,000. The balance outstanding totaled $32 and $0 at December 31, 2021 and 2020, respectively. The line bears interest at a fixed rate of 4.65 percent and matures August 31, 2023. The line of credit agreement contains various restrictive covenants including one relating to debt service.

Line of credit activity during 2021 and 2020 was as follows:

Balance, January 1, 2020	**$ -**
Advances	-
Repayments	-
Balance, January 1, 2021	**$ -**
Advances	250,000
Repayments	249,968
Balance, December 31, 2021	**$ 32**

Port of Centralia
December 31, 2021 and 2020

Note 7 - Long-Term Debt

Long-term debt activity during 2021 and 2020 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2020	Advances	Repay-ments	December 31, 2021
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 98,176	$ - -	$ 11,188	$ 86,988
2004 Series Hb	2.20-6.25	N/A	2023	210,000	- -	65,000	145,000
				308,176	**$ - -**	**76,188**	**231,988**
Less current portion				76,188			81,726
Total long-term general obligation bonds, net of current portion				**$ 231,988**			**$150,262**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 353,127	$ - -	$ 57,761	$ 295,366
Bank note	5	N/A	2023	556,538	- -	156,211	400,327
Bank note	4.5	N/A	2022	829,327	- -	405,889	423,438
Other various	3.50-8.00	N/A	2018-2036	1,261,677	- -	218,723	1,042,954
				$3,000,669	**$- -**	**$838,584**	**$2,162,085**
Less current portion				845,489			801,914
Total notes payable, net of current portion				**$2,155,180**			**$1,360,171**

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 7 - Long-Term Debt *(continued)*

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2019	Advances	Repay-ments	December 31, 2020
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 108,851	$ - -	$ 10,675	$ 98,176
2004 Series Hb	2.20-6.25	N/A	2023	270,000	- -	60,000	210,000
				378,851	**$ - -**	**70,675**	**308,176**
Less current portion				70,675			76,188
Total long-term general obligation bonds, net of current portion				**$ 308,176**			**$ 231,988**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 410,458	$ - -	$ 57,331	$ 353,127
Bank note	5	N/A	2023	704,996	- -	148,458	556,538
Bank note	4.5	N/A	2022	1,217,207	- -	387,880	829,327
Other various	3.50-8.00	N/A	2018-2036	1,645,729	- -	384,052	1,261,677
				$3,978,390	**$- -**	**$977,721**	**$3,000,669**
Less current portion				879,278			845,489
Total notes payable, net of current portion				**$3,099,112**			**$2,155,180**

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 7 - Long-Term Debt *(concluded)*

Annual Debt Amortization

The annual principal and interest requirements for all debt outstanding as of December 31, 2021, are as follows:

	Principal	Interest	Total
2022	883,640	122,626	1,006,266
2023	459,694	83,067	542,761
2024	195,252	60,624	255,876
2025	206,548	49,328	255,876
2026	218,727	37,149	255,876
2027-2031	204,277	103,009	307,286
2032-2036	177,976	33,882	211,858
Total	**$2,346,114**	**$489,685**	**$2,835,799**

General Obligation Bonds

RCW Chapter 53.36 provides that new issues of non-voted general obligation bond debt cannot be incurred in excess of 0.25 percent of the assessed value of the taxable property in the Port District; however, the related RCW allows for the acquisition or construction of a facility without a vote, with a maximum limit of 0.375 percent, which was $10,968,756 at December 31, 2021. The Port is in compliance with this limitation.

RCW Chapter 53.36 also provides that additional general obligation bond debt can be incurred upon approval by the voters of the Port District.

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans

The following table represents the aggregate pension plan amounts for all plans for the year 2021:

Aggregate Pension Amounts – All Plans	
Pension liabilities	$ (26,904)
Pension assets	281,615
Deferred outflows of resources	46,134
Deferred inflows of resources	(303,533)
Pension expense/expenditures	$ (86,483)

Substantially all of the 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 (DRS), 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 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 98540-8380

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.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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 2021 were as follows:

PERS Plan 1		
Actual Contribution Rates	**Employer**	**Employee***
January – June 2021		
PERS Plan 1	**7.92%**	**6.00%**
PERS Plan 1 UAAL	**4.87%**	
Administrative Fee	**0.18%**	
Total	**12.97%**	**6.00%**
July – December 2021		
PERS Plan 1	**10.07%**	**6.00%**
Administrative Fee	**0.18%**	
Total	**10.25%**	**6.00%**

* For employees participating in Judicial Benefit Multiplier (JBM), the contribution rate was 12.26%

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have 20 or more years of service credit and are 55 years of age or older, are eligible for early retirement 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 3 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 5 percent for each year of retirement before the age of 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 option. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on Consumer Price Index), capped at 3 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.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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 2021 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	**Employer 2/3**	**Employee 2***
January – June 2021		
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%**
July – December 2021		
PERS Plan 2/3	**6.36%**	**6.36%**
PERS Plan 1 UAAL	**3.71%**	
Administrative Fee	**0.18%**	
Employee PERS Plan 3		**Varies**
Total	**10.25%**	**6.36%**

* For employees participating in Judicial Benefit Multiplier (JBM), the contribution rate was 15.90%

The Port's actual contributions to the plan were $15,359 to PERS Plan 1 and $25,569 for the year ended December 31, 2021.

(continued)

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2021 with the valuation date of June 30, 2020. 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 the 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, 2020, to June 30, 2021, 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.

(continued)

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

There were no changes in assumptions since the last valuation. There were changes in methods since the last valuation.

- For purposes of the June 30, 2020 Actuarial Valuation Report (AVR), a non-contribution rate setting valuation under current funding policy, the Office of the State Actuary (OSA) introduced temporary method changes to produce asset and liability measures as of the valuation date. See high-level summary below. OSA will revert back to the methods outlined in the 2019 AVR when preparing the 2021 AVR, a contribution rate-setting valuation, which will serve as the basis for 2022 ACFR results.
- To produce measures at June 30, 2020, unless otherwise noted in the 2020 AVR, OSA relied on the same data, assets, methods, and assumptions as the June 30, 2019 AVR. OSA projected the data forward one year reflecting assumed new hires and current members exiting the plan as expected. OSA estimated June 30, 2020, assets by relying on the fiscal year end 2019 assets, reflecting actual investment performance over FY 2020, and reflecting assumed contribution amounts and benefit payments during FY 2020. OSA reviewed the actual June 30, 2020, participant and financial data to determine if any material changes to projection assumptions were necessary. OSA also considered any material impacts to the plans from 2021 legislation. See the 2020 AVR for more information.

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 plan's 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 future times.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Estimated Rates if 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, 2021, 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 the Net Pension Liability (Asset)

The table below represents the Port's proportionate share of the net pension lability 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 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	$ 45,832	$ 26,904	$ 10,396
PERS 2/3	$ (80,227)	$ (281,615)	$ (447,458)

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.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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

At June 30, 2021, the Port reported its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	$ 26,904
PERS 2/3	$ (281,615)

At June 30, 2021, the Port's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/20	Proportionate Share 6/30/21	Change in Proportion
PERS 1	0.002589%	0.002203%	-0.000386%
PERS 2/3	0.003387%	0.002827%	-0.000560%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

Pension Expense

For the year ended December 31, 2021, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	$ 20,125
PERS 2/3	66,358
TOTAL	$ 86,483

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2021, 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	$ -	$ (29,854)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 6,629	$ -
TOTAL	$ 6,629	$ (29,854)

PERS 2 & 3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,678	$ (3,452)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (235,364)
Changes of assumptions	$ 412	$ (19,999)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 14,047	$ (14,864)
Contributions subsequent to the measurement date	$ 11,370	$ -
TOTAL	$ 39,506	$ (273,679)

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 8 - Pension Plans *(concluded)*

TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,678	$ (3,452)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (265,218)
Changes of assumptions	$ 412	$ (19,999)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 14,047	$ (14,864)
Contributions subsequent to the measurement date	$ 17,998	$ -
TOTAL	$ 46,134	$ (303,533)

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 December 31:	PERS 1
2022	(7,908)
2023	(7,247)
2024	(6,852)
2025	(7,847)
2026	0
Thereafter	0
TOTAL	**(29,854)**

Year ended December 31:	PERS 2 & 3
2022	(64,618)
2023	(60,389)
2024	(57,837)
2025	(62,364)
2026	204
Thereafter	(540)
TOTAL	**(245,543)**

Port of Centralia
December 31, 2021 and 2020

Note 9 - Risk Management

Washington Government Entity Pool

The Port of Centralia is a member of the Enduris Washington Government Entity Pool. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2021, there were 539 Enduris members representing a broad array of special purpose districts throughout the state.

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

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

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays[(1)]
Liability:				
Comprehensive General Liability	Per Occurrence	$1 million	$20 million	$1,000-$100,000
Automobile Liability	Per Occurrence	$1 million	$20 million	$1,000-$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	$1 million	$20 million $20 million	$1,000-$100,000
Terrorism Liability[(2)]	Per Occurrence Pool Aggregate	$500,000 $1 million	$0 Fully funded by Pool	$1,000-$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	$1 million	$20 million $20 million	20% Copay[(3)]

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.
(3) Members pay a 20% co-pay of costs up to a maximum of $100,000. By meeting established guidelines, the co-pay may be waived.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/Reinsurance Limits	Member Deductibles/ Co-Pays[(1)]
Property[(2)]:				
Buildings and Contents	Per Occurrence	$250,000	$800 million	$1,000-$250,000
Mobile Equipment	Per Occurrence	$250,000	$800 million	$1,000-$250,000
Boiler and Machinery[(3)]	Per Occurrence	Varies	$100 million	Varies
Business Interruption (BI)/ Extra Expense (EE)[(4)]	Per Occurrence	$250,000	$100 million (BI)/ $50 million (EE)	$1,000-$250,000
Sublimit[(5)]:				
Flood	Per Occurrence	$250,000	$50 million (shared by Pool members)	$1,000-$250,000
Earthquake	Per Occurrence	5%; $500,000 maximum	$10 million (shared by Pool members)	$1,000-$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	$250,000	$100 million/Pool member $200 million	$1,000-$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	$500,000	$600 million/Pool member $1.2 billion/APIP $1.4 billion/APIP	$0
Automobile Physical Damage[(6)]	Per Occurrence	$25,000; $100,000 for Emergency Vehicles	$800 million	$250-$1,000
Crime Blanket[(7)]	Per Occurrence	$50,000	$1 million	$1,000
Named Position[(8)]	Per Occurrence	$50,000	$1 million	$1,000
Cyber[(9)]	Each Claim APIP Aggregate	$100,000	$2 million $25 million	20% Copay
Identity Fraud Expense Reimbursement[(10)]	Member Aggregate	$0	$25,000	$0

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 9 - Risk Management *(continued)*

Washington Government Entity Pool *(continued)*

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible.
(2) Property coverage for each member is based on detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement pursuant to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP) Reinsurance carriers cover insured losses over $250,000 to the limit of $800 million except for certain types of sub-limited property losses such as flood, earthquake, and terrorism.
(3) Boiler and Machinery self-insured retention for the Pool varies depending on motor horsepower.
(4) Business Interruption/Extra expense coverage is based on scheduled revenue generating locations/operations. A limited number of members schedule and the rest are limited to $500,000 of coverage with a $2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours but there are exceptions specific to the type of exposure covered.
(5) This sublimit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
(6) Auto Physical Damage coverage includes comprehensive, named perils and collision. Coverage for each member is based on a detail vehicle schedule.
(7) Crime Blanket coverage (also referred to as “Employee Dishonesty Coverage with Faithful Performance” of $2,500 is provided to each member. Members may elect to “buy-up” the level of coverage from $5,000 to $1 million.
(8) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits between $5,000 and $1 million.
(9) Cyber coverage is included under the Pool’s Property program. Members are subject to a 20% co-pay per loss and the Pool’s SIR is tiered between $50,000 and $100,000 depending on the insured/members property TIV with an 8 hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is $2 million, with various declared sub-limits.
(10) Identity Fraud Expense Reimbursement coverage is purchased by Enduris. Member claims do not have a deductible. There is a $25,000 limit per member.

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

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 9 - Risk Management *(concluded)*

Washington Government Entity Pool *(concluded)*

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

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

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

Note 10 - Leases

As a part of its normal operations, the Port leases land and buildings to tenants who intend to utilize the facilities to generate direct benefits within the community. The Port's objective is that lease terms be for a length of time that will assist in ensuring economic stability and a fair return on the value of the facilities being leased. Lease terms, including options for renewal, run from one to ten years. In addition, there are properties that are rented on a month-to-month basis. All leases are accounted for as operating leases.

Assets held for rental and leasing purposes totaled $16,841,388 and $16,373,953 at December 31, 2021 and 2020, respectively. Accumulated depreciation on these assets totaled $5,720,410 and $5,492,101 at December 31, 2021 and 2020, respectively.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 10 - Risk Leases *(concluded)*

Approximate minimum annual rental income for all operating leases, having noncancellable original terms exceeding one year, is as follows:

Years ending December 31:		
2022	$	553,745
2023	$	554,203
2024	$	395,820
2025	$	263,641
2026-2027	$	52,464
	$	**1,819,873**

During the years ended December 31, 2021, and 2020, the Port received $720,537 and $632,923, respectively, under these agreements, which also may contain options to renew.

Note 11 – Other Postemployment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2021:

Aggregate OPEB Amounts - All Plans		
OPEB liabilities	$	393,498
OPEB assets		-
Deferred outflows of resources		5,304
Deferred inflows of resources		-
OPEB expenditures	$	(157,846)

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

Plan Description
Other Post-Employment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), the Port's substantive plan carrier, offers retirees access to all these benefits. However, the Port provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. Port employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504 or it may be downloaded from the Office of the State Actuary website at http://osa.leg.wa.gov.

Subsidies
The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a simple, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

Employees Covered by Benefit Terms
At December 31, 2021, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	8
Total	11

Funding Policy, Funding Progress and Reserves
The Port funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning that Port pays these costs as they occur or become due. The Port's cost-sharing policy on the medical premiums is to pay 100% of the PEBB medical plan for employees as described above and 100% of the premiums, up to 90 days after termination or retirement.

In order to fund the OPEB plan, the Port would have to establish an irrevocable trust, which means that the Port would no longer have control of the money from the trust. If the Port left the PEBB program, the Port would not be able to retrieve the money out of the trust. As of December 31, 2021, the Port does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan is paid on a "pay-as-you-go" basis and is 0% funded, there are no assets to invest. However, currently the Port has sufficient cash and cash equivalents to cover the entire liability (if any costs are incurred in the future). If the Port no longer uses PEBB for their medical insurance coverage, under the current Port policy, the Port is not liable for any future cost to retired employees.

Assumptions and Other Inputs
Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality, and the health care cost trend. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2021, and looking forward, the schedule provides multi-year trend information about the actuarial values of OPEB liability.

The actuarial assumptions in use to measure the total OPEB liability includes the entry-age cost method. The assumptions also include a discount rate that ranged from 2.21% at the beginning of the measurement year, to 2.16% at the end of the measurement year (Source Used: Bond Buyer General Obligation 20-Bond Municipal Index). Projected salary changes are 3.5% with the addition of service-based increases. Healthcare trend rates range from 2 to 11%. The inflation rate is set at 2.75%. The Post-Retirement participation percentage is 65%, with 45% assumed for spouse coverage.

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The Port uses the alternative measurement method permitted under GASB Statement No. 75. Data (e.g., age range, years of service, active age average, etc.) is compiled into the Office of State Actuary (OSA) GASB No. 75 reporting tool for all active and inactive members to determine the total pension liability and the total pension expense. The OSA report involves calculations that require assumptions about future economic and demographic events. Consistent with GASB reporting requirements, the Office of the State Actuary uses a "pay-as-you-go" funding policy when selecting the assumed rate of investment return. General and salary inflation are the same as those used in the June 30, 2020 Actuarial Valuation Report (AVR) issued by the OSA. Participation percentage, percentage of spouses' coverage, and Medicare coverage is determined by the Office of the State Actuary.

OSA assumes 2/3 of members select a UMP plan and 1/3 select a Kaiser Permanente (KP) plan. UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan Classic. The KP pre-Medicare costs and premiums are a 50/50 blend of KP WA Classic and KP WA Value. The KP post-Medicare costs and premiums are equal to KP WA Medicare.

OSA estimates retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Retirement, disablement, termination, and mortality rates are based on the 2020 PEBB OPEB AVR. The following changes were made for simplicity: assumed Plan 2 decrement rates, assumed all employees are retirement eligible at age 55 and all employees retire at age 70, and based on an average expected retirement age of 65, OSA applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.

Each cohort is assumed to be a 50/50 male/female split. OSA further assumed that eligible spouses are the same age as the primary member. Age-based cohorts are used based upon the overall distribution of State employees and retirees that participate in PEBB. OSA believes the grouping approach is reasonable for the purposes of the Alternative Measurement Method.

The following presents the total OPEB liability of the Port for each plan calculated using the current healthcare cost trend rate, which varies by plan, as well as what the OPEB liability would be, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 332,713	$ 393,498	$ 471,817

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 11 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The following presents the total OPEB liability of the Port calculated using the discount rate of 2.16 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage point higher (3.16 percent) that the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 461,276	$ 393,498	$ 339,134

Changes to the Total OPEB Liability
The following presents the changes to the total OPEB liability.

Total OPEB Liability at 07/01/2020	$ 565,212
Service cost	27,368
Interest	12,944
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(198,158)
Benefit Payments	(13,868)
Other Changes	-
Total OPEB Liability at 06/30/2021	**$ 393,498**

The Port reported a total OPEB expense of ($157,846) in 2021.

At December 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outlows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Payments subsequent to the measurement date	5,304	-
Total	$ 5,304	$ -

(continued)

Port of Centralia
December 31, 2021 and 2020

Note 11 – Other Postemployment Benefit (OPEB) Plans *(concluded)*

Deferred outflows of resources of $5,292 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended in December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2021	$ 5,304
2022	-
2023	-
2024	-
2025	-
Thereafter	$ -

Note 12 – COVID-19 Pandemic

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of COVID-19. Precautionary measures to slow the spread of the virus continued throughout 2021. These measures included limitations on business operations, public events, gatherings, travel, and in-person interactions.

The Port has not experienced a material impact operationally or financially and does not anticipate it will.

The length of time these measures will continue to be in place, and the full extent of the direct or indirect financial impact on the Port is unknown at this time.

Note 13 – Subsequent Events

The Port has had the following transactions occur subsequent year-end:

- Entered into a new three-year lease for a 4,350 sq. ft. building in Industrial Park No. 1.
- Retired $356,000 of debt early in April/May 2022.
- Purchased 15,400 sq. ft. of property for $185,000.
- Sold 6 acres of property for $1.45 million.

Port of Centralia
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Port of Centralia (the Port) is a municipal corporation created in 1986 through enabling legislation of the state of Washington by consent of the voters within the Port District, which is considered the Centralia School District boundaries. The Port has no stockholders or equity holders but is for the benefit of its constituency. All revenues or other receipts must be disbursed in accordance with the provisions of various statutes. The accounting and reporting policies of the Port conform to generally accepted accounting principles for local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of the significant accounting policies is presented to assist the reader in interpreting the financial statements.

The Port is a special purpose government, authorized by Washington law to acquire and improve lands for industrial or commercial purposes within the Centralia Port District. The Port's operations are supported primarily through industrial property leases and the tax levy.

The Port is governed by an elected three-member board of commissioners. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. These financial statements present the Port and its component unit. The component unit discussed below is included in the Port's reporting entity because of the significance of its operational and financial relationship with the Port.

Component Unit

In conformity with generally accepted accounting principles, the financial statements of the Industrial Development Corporation (IDC) of the Port have been included in the financial reporting entity as a blended component unit. The IDC, an entity legally separate from the Port, is governed by a three-member board. The members of the Port commission serve ex officio as members of the IDC board of directors. For financial reporting purposes, the IDC is reported as if it were part of the Port's operations because its purpose is aligned with that of the Port. The ending balance of the IDC bank account was $30 at December 31, 2020 and 2019.

Basis of Accounting and Reporting

The financial statements of the Port have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units and the Port is accounted for as a proprietary fund. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port is accounted for on a flow of economic resources measurement focus.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies *(continued)*

Basis of Accounting and Reporting *(concluded)*

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09, Revised Code of Washington (RCW). The Port also follows the Uniform System of Accounts for Port Districts in the state of Washington.

The Port uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Significant Risks and Uncertainties

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state, and local government regulations, and changes in law.

Operating and Non-Operating Revenues and Expenses

Property rents are charges for use of the Port's facilities, land, and buildings and are classified as operating revenues. Funds from tax levies, other miscellaneous taxes and gain on sale of assets are reported as non-operating revenues. General obligation bond principal and interest are paid from ad valorem taxes levied upon real property within the Port District.

Operating expenses are costs primarily related to the property rental operations of the Port. Interest and bond issue expense and other expenses not directly related to property rental operations are classified as non-operating expenses.

Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. For the purposes of the statements of cash flows, the Port considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Receivables

Property taxes receivable consist of property taxes (see Note 3). Accounts receivable consist of amounts due from tenants for balances deemed to be fully collectible and outstanding grant reimbursement requests. Management has determined that no allowance for bad debt is necessary at December 31, 2020 and 2019.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies *(continued)*

Capital Assets and Depreciation

Capital assets are stated at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Port's policy is to capitalize all assets equal to or greater than $1,000 and with an estimated life greater than one year. Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful life using the straight-line method, based on estimated useful lives as follows:

Buildings and improvements	15-40 years
Land improvements	10-40 years
Autos	5-7 years
Equipment and office	3-10 years

The Port has acquired certain capital 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. In addition, the Port leases certain real property to tenants.

Net Position

Net position consists of net investment in capital assets and unrestricted net position (deficit). Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings used for acquisitions, construction, or improvement of those assets.

Risk Management

The Port maintains liability and standard insurance coverage for personal property, automobile, public officials, bonds and equipment (see Note 9).

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation. The Port records unpaid leave for compensated balances as an expense and long-term liability when incurred. Vacation pay may be accumulated unlimited and is payable upon separation, retirement, or as a cash withdrawal. Sick leave may accumulate unlimited. Upon separation or retirement, employees do not receive payment for unused sick leave. The amount of accrued vacation totaled $22,637 and $20,367 at December 31, 2020 and 2019, respectively.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources

In addition to assets, the statements of net position include deferred outflows of resources which represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the Port after the measurement date but before the end of the Port's reporting period.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position include deferred inflows of resources which represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related inflows, which are the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the Port's contributions and proportionate share of contributions all related to the net pension liability.

Pensions

For purposes of measuring the net pension liability or asset, 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. See Note 8 for additional information.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates of the Port include the depreciable life of capital assets. Accordingly, actual results could differ from those estimates.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents, including liquid investments, at December 31 consist of the following:

	2020 Rate	Amount	2019 Rate	Amount
Unrestricted				
Columbia Bank, General Fund	0.03%	$893,651	0.05%	$985,199
Columbia Bank, IDC	-	30	-	30
Columbia Bank, Money Market Account	-	25	-	25
Total		**$893,706**		**$76,251**

As required by state law, all deposits and investments of the Port's funds are deposits with Washington state banks and savings and loan institutions. Restricted funds are not available until after debt is paid in full. The Port's deposits and money market accounts are entirely covered by the Federal Depository Insurance Commission (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Note 3 - Property Taxes

The county treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed within two weeks of the prior month to the Port by the county treasurer. A revaluation of all property is completed annually. Property tax calendar:

January 1 - Taxes are 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 levy at 100 percent of market value.
October 31 - Second installment is due.

No allowance for uncollectible taxes is established, because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle and delinquent taxes are evaluated annually. State law allows for the sale of property for failure to pay taxes.

The Port may levy up to $0.45 per $1,000 of assessed valuation for general governmental services. 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 and 2019 was $0.39 and $0.42 per $1,000, respectively. This levy was calculated on an assessed valuation for 2020 and 2019 of $2,559,142,848 and $2,103,095,249, respectively, for a regular levy of approximately $1,006,076 and $890,901, respectively.

The Port began a six-year IDD levy in 2018. The Port's IDD levy for 2020 and 2019 was $0.39 and $0.42 per $1,000, respectively. This levy was calculated on an assessed valuation for 2020 and 2019 of $2,559,142,848 and $2,103,095,249, for an IDD levy of approximately $1,005,162 and $890,901, respectively.

Port of Centralia
December 31, 2020 and 2019

Note 4 - Capital Assets

Major expenditures for capital assets, including 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. Capital assets activity for the years ended December 31, 2020 and 2019, is as follows:

December 31, 2020	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$17,506,497	$506,065	$151,831	$17,860,731
Construction in progress	4,642,266	335,779	--	4,978,045
Total capital assets, not depreciated	**22,148,763**	**841,844**	**151,831**	**22,838,776**
Capital assets, depreciated:				
Land improvements	6,934,101	3,240	--	6,937,341
Buildings and improvements	10,290,330	145,716	--	10,436,046
Autos, equipment and office	409,613	30,587	30,207	409,993
Total capital assets, depreciated	**17,634,044**	**179,543**	**30,207**	**17,783,380**
Total accumulated depreciation	9,532,385	513,127	(30,207)	10,015,305
Total capital assets, depreciated, net	**8,101,659**	**(333,584)**	**(--)**	**7,768,075**
Total capital assets, net	**$30,250,422**	**$508,260**	**$(151,831)**	**$30,606,851**

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 4 - Capital Assets *(concluded)*

December 31, 2019	**Beginning Balance**	**Additions**	**Deletions/ Transfers**	**Ending Balance**
Capital assets, not depreciated:				
Land	$16,510,631	$1,118,865	$122,999	$17,506,497
Construction in progress	3,490,402	1,159,375	7,511	4,642,266
Total capital assets, not depreciated	**20,001,033**	**2,278,240**	**130,510**	**22,148,763**
Capital assets, depreciated:				
Land improvements	6,903,670	30,431	--	6,934,101
Buildings and improvements	11,185,720	17,420	912,810	10,290,330
Autos, equipment and office	400,004	9,609	--	409,613
Total capital assets, depreciated	**18,489,394**	**57,460**	**912,810**	**17,634,044**
Total accumulated depreciation	9,160,400	547,868	175,884	9,532,385
Total capital assets, depreciated, net	**9,328,994**	**(490,408)**	**(736,926)**	**8,101,659**
Total capital assets, net	**$29,330,027**	**$1,787,832**	**$(867,436)**	**$30,250,422**

Port of Centralia
December 31, 2020 and 2019

Note 5 - Construction in Progress

The Port has active construction projects as of December 31, 2020. The projects include:

Project	Construction in Progress	Remaining Commitment
Mahoney Project	33,428	78,000
Moe/Dahl Project	26,850	53,000
Industrial Development District No. 3	4,907,072	8,000,000
Lot/Building/Property Sale	1,374	10,000
2000 North Park Building Improvements	9,321	75,000
Total construction in progress	**$4,978,045**	**$8,216,000**

The amounts listed under remaining commitment include expenditures that will be covered by a variety of methods, including grants, financing and Port funds.

Certain ongoing projects have been delayed due to lack of current funding required to complete them. Management is continuing to evaluate their options and believes these projects are not impaired at December 31, 2020.

Note 6 - Line of Credit

The Port has available a line of credit with Columbia Bank in which it may borrow up to $1,800,000. The balance outstanding totaled $0 and $0 at December 31, 2020 and 2019, respectively. The line bears interest at a fixed rate of 4.65 percent and matures August 31, 2021. The line of credit agreement contains various restrictive covenants including one relating to debt service.

Line of credit activity during 2020 and 2019 was as follows:

Balance, January 1, 2019		**$ -**
Advances		520,000
Repayments		520,000
Balance, January 1, 2019	**$**	**-**
Advances		-
Repayments		-
Balance, December 31, 2019	**$**	**-**

Port of Centralia
December 31, 2020 and 2019

Note 7 - Long-Term Debt

Long-term debt activity during 2020 and 2019 consists of the following:

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2019	Advances	Repay-ments	December 31, 2020
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 108,851	$ - -	$ 10,675	$ 98,176
2004 Series Hb	2.20-6.25	N/A	2023	270,000	- -	60,000	210,000
				378,851	**$ - -**	**70,675**	**308,176**
Less current portion				70,675			76,188
Total long-term general obligation bonds, net of current portion				**$ 308,176**			**$ 231,988**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 410,458	$ - -	$ 57,331	$ 353,127
Bank note	5	N/A	2023	704,996	- -	148,458	556,538
Bank note	4.5	N/A	2022	1,217,207	- -	387,880	829,327
Other various	3.50-8.00	N/A	2018-2036	1,645,729	- -	384,052	1,261,677
				$3,978,390	**$- -**	**$977,721**	**$3,000,669**
Less current portion				879,278			845,489
Total notes payable, net of current portion				**$3,099,112**			**$2,155,180**

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 7 - Long-Term Debt *(continued)*

Description and Date of Issue	Original Interest Rate	Earliest Year of Call	Last Year of Maturity	December 31, 2018	Advances	Repay-ments	December 31, 2019
General Obligation Bonds							
1998 Series F	4.75%	N/A	2028	$ 119,036	$ - -	$ 10,185	$ 108,851
2004 Series Hb	2.20-6.25	N/A	2023	330,000	- -	60,000	270,000
				449,036	**$ - -**	**70,185**	**378,851**
Less current portion				70,185			70,675
Total long-term general obligation bonds, net of current portion				**$ 378,851**			**$ 308,176**
Notes Payable							
CERB notes	.75%	N/A	2026	$ 467,362	$ - -	$ 56,904	$ 410,458
Bank note	5	N/A	2023	846,349	- -	141,352	704,996
Bank note	4.5	N/A	2022	1,588,035	- -	370,828	1,217,207
Other various	3.50-8.00	N/A	2018-2036	1,977,919	105,000	437,190	1,645,729
				$4,879,665	**$105,000**	**$1,006,274**	**$3,978,390**
Less current portion				975,086			879,278
Total notes payable, net of current portion				**$3,904,579**			**$3,099,112**

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 7 - Long-Term Debt *(concluded)*

Annual Debt Amortization

The annual principal and interest requirements for all debt outstanding as of December 31, 2020, are as follows:

	Principal	Interest	Total
2021	921,677	167,293	1,088,970
2022	883,640	122,626	1,006,266
2023	459,694	83,067	542,761
2024	195,252	60,624	255,876
2025	206,548	49,328	255,876
2026-2030	390,691	124,503	515,194
2031-2035	190,702	49,137	239,840
2036-2039	19,587	399	19,987
Total	**$3,267,791**	**$656,977**	**$3,924,770**

General Obligation Bonds

RCW Chapter 53.36 provides that new issues of non-voted general obligation bond debt cannot be incurred in excess of 0.25 percent of the assessed value of the taxable property in the Port District; however, the related RCW allows for the acquisition or construction of a facility without a vote, with a maximum limit of 0.375 percent, which was $9,596,786 at December 31, 2020. The Port is in compliance with this limitation.

RCW Chapter 53.36 also provides that additional general obligation bond debt can be incurred upon approval by the voters of the Port District.

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans

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

Aggregate Pension Amounts – All Plans		
Pension liabilities	$	(134,723)
Pension assets	$	-
Deferred outflows of resources	$	49,556
Deferred inflows of resources	$	(44,933)
Pension expense/expenditures	$	58,690

Substantially all of the 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 (DRS), 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 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 98540-8380

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.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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.

<u>Contributions</u>

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%

* For employees participating in Judicial Benefit Multiplier (JBM), the contribution rate was 12.26%

(continued) .

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2 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. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have 20 or more years of service credit and are 55 years of age or older, are eligible for early retirement 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 3 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 5 percent for each year of retirement before the age of 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 option. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on Consumer Price Index), capped at 3 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.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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%

* For employees participating in JBM, the contribution rate was 19.75%

The Port's actual contributions to the plan were $15,474 to PERS Plan 1 and $25,919 for the years ended December 31, 2020.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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 simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- 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 change.

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.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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 the Net Pension Liability/(Asset)

The table below represents 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	$ 114,491	$ 91,406	$ 71,273
PERS 2/3	$ 269,535	$ 43,318	$ (142,972)

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.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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 $134,723 for its proportionate share of the net pension liabilities as follows

	Liability (or Asset)
PERS 1	$ 91,406
PERS 2/3	$ 43,318

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

	Proportionate Share 6/30/19	Proportionate Share 6/30/20	Change in Proportion
PERS 1	0.002074%	0.002589%	0.000515%
PERS 2/3	0.002676%	0.003387%	0.000711%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

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	$ 25,594
PERS 2/3	$ 33,096
TOTAL	$ 58,690

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(continued)*

Public Employees' Retirement System (PERS) *(continued)*

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	$ -	$ (509)
Changes of assumptions	$ -	$ -
Changes in proportion and differences between contributions and proportionate share of contributions	$ -	$ -
Contributions subsequent to the measurement date	$ 6,301	$ -
TOTAL	$ 6,301	$ (509)

PERS 2 & 3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,507	$ (5,429)
Net difference between projected and actual investment earnings on pension plan investments	$ -	$ (2,200)
Changes of assumptions	$ 617	$ (29,590)
Changes in proportion and differences between contributions and proportionate share of contributions	$ 16,792	$ (7,206)
Contributions subsequent to the measurement date	$ 10,339	$ -
TOTAL	$ 43,255	$ (44,424)

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 8 - Pension Plans *(concluded)*

TOTAL	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual experience	$	15,507	$	(5,429)
Net difference between projected and actual investment earnings on pension plan investments	$	-	$	(2,709)
Changes of assumptions	$	617	$	(29,590)
Changes in proportion and differences between contributions and proportionate share of contributions	$	16,792	$	(7,206)
Contributions subsequent to the measurement date	$	16,639	$	-
TOTAL	$	49,556	$	(44,933)

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 December 31:	PERS 1
2021	(2,309)
2022	(73)
2023	705
2024	1,168
2025	
Thereafter	
TOTAL	**(509)**

Year ended December 31:	PERS 2 & 3
2021	(16,650)
2022	(2,972)
2023	2,095
2024	5,164
2025	(267)
Thereafter	1,122
TOTAL	**(11,508)**

Port of Centralia
December 31, 2020 and 2019

Note 9 - Risk Management

Washington Government Entity Pool

The Port of Centralia is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund the Pool and share in the self-insured retention. The Port contributed $45,417 and $38,858 for the years ended December 31, 2020 and 2019, respectively. The self-insured retention is:

- $1,000,000 self-insured retention on liability loss - the member is responsible for the first $1,000 of the amount of each claim, while Enduris is responsible for the remaining $999,000 on a liability loss.
- $250,000 self-insured retention on property loss - the member is responsible for the first $1,000 of the amount of each claim, while Enduris is responsible for the remaining $249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first $4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk,” blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, cyber and automobile physical damage to insured vehicles. Liability coverage limit is $20 million per occurrence and property coverage limit is $1 billion per occurrence. Enduris offers crime coverage up to a limit of $1 million per occurrence.

Since Enduris is a cooperative program, there is joint liability among the participating members.

The contract requires members to remain in the Pool for a minimum of one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 9 - Risk Management *(concluded)*

Washington Government Entity Pool *(concluded)*

Enduris is fully funded by its member participants. Claims are filed by members with the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Note 10 - Major Customers

The Port had three significant customer who accounted for approximately 12 percent and 11 percent of operating revenue for the years ended December 31, 2020 and 2019, respectively. There were $1,702 and $9,266 of accounts receivables from one these customers for the years ended December 31, 2020 and 2019, respectively.

Note 11 - Leases

As a part of its normal operations, the Port leases land and buildings to tenants who intend to utilize the facilities to generate direct benefits within the community. The Port's objective is that lease terms be for a length of time that will assist in ensuring economic stability and a fair return on the value of the facilities being leased. Lease terms, including options for renewal, run from one to ten years. In addition, there are properties that are rented on a month-to-month basis. All leases are accounted for as operating leases.

Assets held for rental and leasing purposes totaled $16,373,953 and $15,930,626 at December 31, 2020 and 2019, respectively. Accumulated depreciation on these assets totaled $5,492,101 and $5,360,153 at December 31, 2020 and 2019, respectively.

Approximate minimum annual rental income for all operating leases, having noncancellable original terms exceeding one year, is as follows:

Years ending December 31:		
2021	$	494,317
2022		345,195
2023		336,596
2024		192,371
2025		79,823
	$	**1,448,302**

During the years ended December 31, 2020 and 2019, the Port received $632,923 and $779,835, respectively, under these agreements, which also may contain options to renew.

Port of Centralia
December 31, 2020 and 2019

Note 12 – Other Postemployment Benefit (OPEB) Plans

In 2018, the Port implemented GASB 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions (OPEB). The Port elected to use the Alternative Measurement Method (AMM) to calculate the 2020 total OPEB liability.

As per the GASB Statement No. 75 summary, "The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency."

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2020:

Aggregate OPEB Amounts - All Plans	
OPEB liabilities	$ 565,212
OPEB assets	-
Deferred outflows of resources	5,292
Deferred inflows of resources	-
OPEB expenditures	$ 98,893

Plan Description
Other Post-Employment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), the Port's substantive plan carrier, offers retirees access to all these benefits. However, the Port provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. Port employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 12 – Other Postemployment Benefit (OPEB) Plans *(continued)*

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, PO Box 40914, Olympia, Washington 98504 or it may be downloaded from the Office of the State Actuary website at http://osa.leg.wa.gov.

Subsidies
The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a simple, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

Employees Covered by Benefit Terms
At December 31, 2020, the following employees were covered by the benefit terms.

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	11
Total	14

Funding Policy, Funding Progress and Reserves
The Port funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning that Port pays these costs as they occur or become due. The Port’s cost-sharing policy on the medical premiums is to pay 100% of the PEBB medical plan for employees as described above and 100% of the premiums, up to 90 days after termination or retirement.

(continued)

Note 12 – Other Postemployment Benefit (OPEB) Plans *(continued)*

In order to fund the OPEB plan, the Port would have to establish an irrevocable trust, which means that the Port would no longer have control of the money from the trust. If the Port left the PEBB program, the Port would not be able to retrieve the money out of the trust. As of December 31, 2020, the Port does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan is paid on a "pay-as-you-go" basis and is 0% funded, there are no assets to invest. However, currently the Port has sufficient cash and cash equivalents to cover the entire liability (if any costs are incurred in the future). If the Port no longer uses PEBB for their medical insurance coverage, under the current Port policy, the Port is not liable for any future cost to retired employees.

Assumptions and Other Inputs
Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality, and the health care cost trend. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2020, and looking forward, the schedule provides multi-year trend information about the actuarial values of OPEB liability.

The actuarial assumptions in use to measure the total OPEB liability includes the entry-age cost method. The assumptions also include a discount rate that ranged from 3.50% at the beginning of the measurement year, to 2.21% at the end of the measurement year (Source Used: *Bond Buyer General Obligation 20-Bond Municipal Index*). Projected salary changes are 3.5% with the addition of service-based increases. Healthcare trend rates range from 5 to 7%. The inflation rate is set at 2.75%. The Post-Retirement participation percentage is 65%, with 45% assumed for spouse coverage.

The Port uses the alternative measurement method permitted under GASB Statement No. 75. Data (e.g., age range, years of service, active age average, etc.) is compiled into the Office of State Actuary (OSA) GASB No. 75 reporting tool for all active and inactive members to determine the total pension liability and the total pension expense. The OSA report involves calculations that require assumptions about future economic and demographic events. Consistent with GASB reporting requirements, the Office of the State Actuary uses a "pay-as-you-go" funding policy when selecting the assumed rate of investment return. General and salary inflation are the same as those used in the June 30, 2018 Actuarial Valuation Report (AVR) issued by the OSA. Cost inflation begins at approximately 7% and decreases to an ultimate rate of about 5% in 2020. Participation percentage, percentage of spouses' coverage, and Medicare coverage is determined by the Office of the State Actuary. Covered payroll is assumed to grow at 3.5% per year.

OSA assumes 2/3 of members select a UMP plan and 1/3 select a Kaiser Permanente (KP) plan. UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan. The KP pre-Medicare costs and premiums are a 50/50 blend of KP Classic and KP Value. The KP post-Medicare costs and premiums are equal to KP Medicare.

(continued)

Note 12 – Other Postemployment Benefit (OPEB) Plans *(continued)*

OSA estimates retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Retirement, disablement, termination, and mortality rates are based on the 2018 PEBB OPEB AVR. The following changes were made for simplicity: all employees are assumed to be retirement eligible at age 55. Reliance is placed on PEBB retirement rates for members with <30 years of service. A 100% rate of retirement has been assumed, at age 70.

Each cohort is assumed to be a 50/50 male/female split. OSA further assumed that eligible spouses are the same age as the primary member. Age-based cohorts are used based upon the overall distribution of State employees and retirees that participate in PEBB. OSA believes the grouping approach is reasonable for the purposes of the Alternative Measurement Method.

The following presents the total OPEB liability of the District for each plan calculated using the current healthcare cost trend rate, which varies by plan, as well as what the OPEB liability would be, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher that the current rate.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 673,608	$ 565,212	$ 479,613

The following presents the total OPEB liability of the District calculated using the discount rate of 2.21 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21 percent) or 1-percentage point higher (3.21 percent) that the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	$ 470,271	$ 565,212	$ 689,146

Changes to the Total OPEB Liability

The following presents the changes to the total OPEB liability.

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 12 – Other Postemployment Benefit (OPEB) Plans *(continued)*

Total OPEB Liability at 07/01/2019	$	432,489
Service cost		20,942
Interest		15,697
Changes of benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		106,060
Benefit Payments		(9,976)
Other Changes		-
Total OPEB Liability at 06/30/2020	**$**	**565,212**

The Port reported a total OPEB expense of $98,893 in 2020.

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

	Deferred Outlows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	-
Payments subsequent to the measurement date	5,292	-
Total	$ 5,292	$ -

(continued)

Port of Centralia
December 31, 2020 and 2019

Note 12 – Other Postemployment Benefit (OPEB) Plans *(concluded)*

Deferred outflows of resources of $5,292 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2021	$ 5,292
2022	-
2023	-
2024	-
2025	-
Thereafter	$ -

Note 13 – COVID-19 Pandemic

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 (COVID-19). 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, prohibiting public and private gatherings, and requiring people to stay home unless they are leaving for an essential function.

The Port has not experienced a material impact operationally or financially and does not anticipate it will.

The length of time these measures will be in place, and the full extent of the financial impact on the Port cannot be reasonably estimated at this time.

Note 14 – Subsequent Events

The Port has had the following transactions occur subsequent year-end:

- Purchased .64 acres of land at Industrial Park No. 3 for $577,000.
- Entered into a contract for the sale of 9.88 acres of land for $2.6 million at Industrial Park No. 3
- Entered into a contract for the sale of 25.38 acres for $5 million in Industrial Park No. 1
- Entered into a new three-year lease for a 4,350 sq. ft. building in Industrial Park No. 1

PORT OF CENTRALIA
Schedule of Proportionate Share of the Net Pension Liability*
As of June 30, 2022
Last 10 Fiscal Years

Fiscal Year	Plan	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability/asset
2022	PERS 1	0.002%	$ 68,078	$ 68,078	$ 404,303	17%	76.56%
2021	PERS 1	0.002%	$ 26,904	$ 26,904	$ 309,822	9%	88.74%
2020	PERS 1	0.003%	$ 91,406	$ 91,406	$ 406,727	22%	68.64%
2019	PERS 1	0.002%	$ 79,753	$ 79,753	$ 290,867	27%	67.12%
2018	PERS 1	0.002%	$ 102,719	$ 102,719	$ 305,599	34%	63.22%
2017	PERS 1	0.003%	$ 109,896	$ 109,896	$ 298,890	37%	61.24%
2016	PERS 1	0.003%	$ 124,112	$ 124,112	$ 262,017	47%	57.03%
2015	PERS 1	0.002%	$ 117,583	$ 117,853	$ 263,825	45%	59.10%
2022	PERS 2/3	0.003%	$ (118,607)	$ (118,607)	$ 404,303	-29%	106.73%
2021	PERS 2/3	0.003%	$ (281,615)	$ (281,615)	$ 309,822	-91%	120.29%
2020	PERS 2/3	0.003%	$ 43,318	$ 43,318	$ 406,727	11%	97.22%
2019	PERS 2/3	0.003%	$ 25,993	$ 25,993	$ 290,867	9%	97.77%
2018	PERS 2/3	0.003%	$ 50,642	$ 50,642	$ 305,599	17%	95.77%
2017	PERS 2/3	0.003%	$ 103,506	$ 103,506	$ 298,890	35%	90.97%
2016	PERS 2/3	0.003%	$ 149,285	$ 149,285	$ 262,017	57%	85.82%
2015	PERS 2/3	0.002%	$ 103,976	$ 103,976	$ 263,825	39%	89.20%

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

PORT OF CENTRALIA
Schedule of Proportionate Share of the Net Pension Liability*
As of June 30, 2021
Last 10 Fiscal Years

Fiscal Year	Plan	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability/asset
2021	PERS 1	0.002%	$ 26,904	$ 26,904	$ 309,822	9%	88.74%
2020	PERS 1	0.003%	$ 91,406	$ 91,406	$ 406,727	22%	68.64%
2019	PERS 1	0.002%	$ 79,753	$ 79,753	$ 290,867	27%	67.12%
2018	PERS 1	0.002%	$ 102,719	$ 102,719	$ 305,599	34%	63.22%
2017	PERS 1	0.003%	$ 109,896	$ 109,896	$ 298,890	37%	61.24%
2016	PERS 1	0.003%	$ 124,112	$ 124,112	$ 262,017	47%	57.03%
2015	PERS 1	0.002%	$ 117,583	$ 117,853	$ 263,825	45%	59.10%
2021	PERS 2/3	0.003%	$ (281,615)	$ (281,615)	$ 309,822	-91%	120.29%
2020	PERS 2/3	0.003%	$ 43,318	$ 43,318	$ 406,727	11%	97.22%
2019	PERS 2/3	0.003%	$ 25,993	$ 25,993	$ 290,867	9%	97.77%
2018	PERS 2/3	0.003%	$ 50,642	$ 50,642	$ 305,599	17%	95.77%
2017	PERS 2/3	0.003%	$ 103,506	$ 103,506	$ 298,890	35%	90.97%
2016	PERS 2/3	0.003%	$ 149,285	$ 149,285	$ 262,017	57%	85.82%
2015	PERS 2/3	0.002%	$ 103,976	$ 103,976	$ 263,825	39%	89.20%

Notes to Schedule:
*Until a full 10-year trend is compiled, only information for those years available is presented.

PORT OF CENTRALIA
Schedule of Proportionate Share of the Net Pension Liability*
As of June 30, 2020
Last 10 Fiscal Years

Fiscal Year	Plan	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	TOTAL	Employer's covered employee payroll	Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	PERS 1	0.003%	$ 91,406	$ 91,406	$ 406,727	22%	68.64%
2019	PERS 1	0.002%	$ 79,753	$ 79,753	$ 290,867	27%	67.12%
2018	PERS 1	0.002%	$ 102,719	$ 102,719	$ 305,599	34%	63.22%
2017	PERS 1	0.003%	$ 109,896	$ 109,896	$ 298,890	37%	61.24%
2016	PERS 1	0.003%	$ 124,112	$ 124,112	$ 262,017	47%	57.03%
2015	PERS 1	0.002%	$ 117,583	$ 117,853	$ 263,825	45%	59.10%
2020	PERS 2/3	0.003%	$ 43,318	$ 43,318	$ 406,727	11%	97.22%
2019	PERS 2/3	0.003%	$ 25,993	$ 25,993	$ 290,867	9%	97.77%
2018	PERS 2/3	0.003%	$ 50,642	$ 50,642	$ 305,599	17%	95.77%
2017	PERS 2/3	0.003%	$ 103,506	$ 103,506	$ 298,890	35%	90.97%
2016	PERS 2/3	0.003%	$ 149,285	$ 149,285	$ 262,017	57%	85.82%
2015	PERS 2/3	0.002%	$ 103,976	$ 103,976	$ 263,825	39%	89.20%

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

PORT OF CENTRALIA
Schedule of Employer Contributions
As of December 31, 2022
Last 10 Fiscal Years

Fiscal Year	Plan	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2022	PERS 1	$ 17,408	$ 17,408	$ -	$ 463,238	4%
2021	PERS 1	$ 15,359	$ 15,359	$ -	$ 358,420	4%
2020	PERS 1	$ 15,474	$ 15,474	$ -	$ 338,367	5%
2019	PERS 1	$ 16,434	$ 16,434	$ -	$ 332,379	5%
2018	PERS 1	$ 15,870	$ 15,870	$ -	$ 313,417	5%
2017	PERS 1	$ 15,761	$ 15,761	$ -	$ 298,890	5%
2016	PERS 1	$ 12,498	$ 12,498	$ -	$ 262,017	5%
2015	PERS 1	$ 11,570	$ 11,570	$ -	$ 263,825	4%
2014	PERS 1	$ 10,195	$ 10,195	$ -	N/A	
2013	PERS 1	$ 8,008	$ 8,008	$ -	N/A	
2022	PERS2/3	$ 29,462	$ 29,462	$ -	$ 463,238	6%
2021	PERS2/3	$ 25,569	$ 25,569	$ -	$ 358,420	7%
2020	PERS2/3	$ 25,918	$ 25,918	$ -	$ 338,367	8%
2019	PERS2/3	$ 25,662	$ 25,662	$ -	$ 332,379	8%
2018	PERS2/3	$ 23,506	$ 23,506	$ -	$ 313,417	7%
2017	PERS2/3	$ 21,962	$ 21,962	$ -	$ 298,890	7%
2016	PERS2/3	$ 16,323	$ 16,323	$ -	$ 262,017	6%
2015	PERS2/3	$ 14,854	$ 14,854	$ -	$ 263,825	6%
2014	PERS2/3	$ 13,071	$ 13,071	$ -	N/A	
2013	PERS2/3	$ 12,494	$ 12,494	$ -	N/A	

PORT OF CENTRALIA
Schedule of Employer Contributions
As of December 31, 2021
Last 10 Fiscal Years

Fiscal Year	Plan	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2021	PERS 1	$ 15,359	$ 15,359	$ -	$ 358,420	4%
2020	PERS 1	$ 15,474	$ 15,474	$ -	$ 338,367	5%
2019	PERS 1	$ 16,434	$ 16,434	$ -	$ 332,379	5%
2018	PERS 1	$ 15,870	$ 15,870	$ -	$ 313,417	5%
2017	PERS 1	$ 15,761	$ 15,761	$ -	$ 298,890	5%
2016	PERS 1	$ 12,498	$ 12,498	$ -	$ 262,017	5%
2015	PERS 1	$ 11,570	$ 11,570	$ -	$ 263,825	4%
2014	PERS 1	$ 10,195	$ 10,195	$ -	N/A	
2013	PERS 1	$ 8,008	$ 8,008	$ -	N/A	
2012	PERS 1	$ 2,851	$ 2,851	$ -	N/A	
2021	PERS2/3	$ 25,569	$ 25,569	$ -	$ 358,420	7%
2020	PERS2/3	$ 25,918	$ 25,918	$ -	$ 338,367	8%
2019	PERS2/3	$ 25,662	$ 25,662	$ -	$ 332,379	8%
2018	PERS2/3	$ 23,506	$ 23,506	$ -	$ 313,417	7%
2017	PERS2/3	$ 21,962	$ 21,962	$ -	$ 298,890	7%
2016	PERS2/3	$ 16,323	$ 16,323	$ -	$ 262,017	6%
2015	PERS2/3	$ 14,854	$ 14,854	$ -	$ 263,825	6%
2014	PERS2/3	$ 13,071	$ 13,071	$ -	N/A	
2013	PERS2/3	$ 12,494	$ 12,494	$ -	N/A	
2012	PERS2/3	$ 16,086	$ 16,086	$ -	N/A	
		$ 15,455	$ 15,455	$ -	N/A	

PORT OF CENTRALIA
Schedule of Employer Contributions*
As of December 31, 2020
Last 10 Fiscal Years

Fiscal Year	Plan	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered employer payroll	Contributions as a percentage of covered employee payroll
2020	PERS 1	$ 15,474	$ 15,474	$ -	$ 338,367	5%
2019	PERS 1	$ 16,434	$ 16,434	$ -	$ 332,379	5%
2018	PERS 1	$ 15,870	$ 15,870	$ -	$ 313,417	5%
2017	PERS 1	$ 15,761	$ 15,761	$ -	$ 298,890	5%
2016	PERS 1	$ 12,498	$ 12,498	$ -	$ 262,017	5%
2015	PERS 1	$ 11,570	$ 11,570	$ -	$ 263,825	4%
2014	PERS 1	$ 10,195	$ 10,195	$ -	N/A	
2013	PERS 1	$ 8,008	$ 8,008	$ -	N/A	
2012	PERS 1	$ 2,851	$ 2,851	$ -	N/A	
2020	PERS2/3	$ 25,918	$ 25,918	$ -	$ 338,367	8%
2019	PERS2/3	$ 25,662	$ 25,662	$ -	$ 332,379	8%
2018	PERS2/3	$ 23,506	$ 23,506	$ -	$ 313,417	7%
2017	PERS2/3	$ 21,962	$ 21,962	$ -	$ 298,890	7%
2016	PERS2/3	$ 16,323	$ 16,323	$ -	$ 262,017	6%
2015	PERS2/3	$ 14,854	$ 14,854	$ -	$ 263,825	6%
2014	PERS2/3	$ 13,071	$ 13,071	$ -	N/A	
2013	PERS2/3	$ 12,494	$ 12,494	$ -	N/A	
2012	PERS2/3	$ 16,086	$ 16,086	$ -	N/A	
		$ 15,455	$ 15,455	$ -	N/A	

Notes to Schedule:

*Until a full 10-year trend is compiled, only information for those years available is presented.

Schedule of Changes in Total OPEB Liability and Related Ratios
Public Employees Benefits Board
For the year ended December 31, 2022
Last 10 Fiscal Years*

	2022	2021	2020	2019	2018
Total OPEB liability - beginning	$ 393,498	$ 565,212	$ 432,489	$ 465,841	$463,093
Service cost	21,152	27,368	20,942	17,679	18,188
Interest	8,829	12,944	15,697	18,501	17,068
Changes in benefit terms	0	0	0	0	0
Differences between expected and actual experience	0	0	0	0	0
Changes of assumptions	(71,545)	(198,158)	106,060	(58,523)	(23,389)
Benefit payments	(11,847)	(13,868)	(9,976)	(11,009)	(9,119)
Other changes	0	0	0	0	0
Total OPEB liability - ending	340,087	393,498	565,212	432,489	465,841
Covered-employee payroll	499,495	389,845	360,245	360,843	349,246
Total OPEB liability as a % of covered payroll	68.09%	100.94%	156.90%	119.86%	133.38%

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

PORT OF CENTRALIA
Schedule of Changes in Total OPEB Liability and Related Ratios
Public Employees Benefits Board
For the year ended December 31, 2021
Last 10 Fiscal Years*

	2021	2020	2019	2018
Total OPEB liability - beginning	$ 565,212	$ 432,489	$ 465,841	$ 463,093
Service cost	27,368	20,942	17,679	18,188
Interest	12,944	15,697	18,501	17,068
Changes in benefit terms	0	0	0	0
Differences between expected and actual experience	0	0	0	0
Changes of assumptions	(198,158)	106,060	(58,523)	(23,389)
Benefit payments	(13,868)	(9,976)	(11,009)	(9,119)
Other changes		0	0	0
Total OPEB liability - ending	393,498	565,212	432,489	465,841
Covered-employee payroll	389,845	360,245	360,843	349,246
Total OPEB liability as a % of covered payroll	100.94%	156.90%	119.86%	133.38%

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

PORT OF CENTRALIA
Schedule of Changes in Total OPEB Liability and Related Ratios
Public Employees Benefits Board
For the year ended December 31, 2020
Last 10 Fiscal Years*

	2020	2019	2018
Total OPEB liability - beginning	$ 432,489	$ 465,841	$463,093
Service cost	20,942	17,679	18,188
Interest	15,697	18,501	17,068
Changes in benefit terms	0	0	0
Differences between expected and actual experience	0	0	0
Changes of assumptions	106,060	(58,523)	(23,389)
Benefit payments	(9,976)	(11,009)	(9,119)
Other changes	0	0	0
Total OPEB liability - ending	565,212	432,489	465,841
Covered-employee payroll	360,245	360,843	349,246
Total OPEB liability as a % of covered payroll	156.90%	119.86%	133.38%

Notes to Schedule:

* Until a full 10-year trend is compiled, only information for those years available is presented.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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.

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS Manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov