



Annual Report

For Fiscal Year Ending December 31, 2021
(unaudited)

**PORT OF PORT TOWNSEND
2021 Annual Report**

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PORT OF PORT TOWNSEND
FINANCIAL STATEMENT
For the year ended December 31, 2021

FUND RESOURCES & USES ARISING FROM CASH TRANSACTIONS

Beginning Cash & Investments		
3083100	Restricted	676,972
3084100	Committed	1,385,090
3085100	Assigned	2,288,877
Revenues		
310	Taxes	2,720,931
330	Intergovernmental Revenues	604,961
340	Charges for Goods & Services	5,603,326
361	Investment Earnings & Other Interest	3,432
362	Rents & Leases	1,444,338
369	Miscellaneous Revenues	116,815
Total Revenues		<u>\$ 10,493,803</u>
Expenditures		
5460010	Airports & Ports - Salaries	2,339,530
5460020	Airports & Ports - Benefits	1,047,450
5460030	Airports & Ports - Supplies	1,813,470
5460040	Airports & Ports - Services	362,026
Total Expenditures		<u>\$ 5,562,476</u>
Excess (Deficiency) Revenues over Expenditures		\$ 4,931,327
Other Increases in Fund Resources		
3821-3822	Refundable Retainage & Deposits	111,315
3829	Immaterial Fiduciary Collections	673,776
Total Other Increases in Fund Resources		<u>\$ 785,091</u>
Other Decreases in Fund Resources		
594 - 595	Capital Expenditures	1,847,887
591 - 593, 599	Debt Service	1,280,328
5821-5822	Refund of Retainage & Deposits	24,899
5823	Non-Fiduciary Remittance	675,339
Total Other Decreases in Fund Resources		<u>\$ 3,828,453</u>
Increase (Decrease) in Cash & Investments		<u>\$ 1,887,965</u>
Ending Cash & Investments		
5083100	Restricted	2,184,600
5084100	Committed	2,562,964
5085100	Assigned	1,491,339
Total Ending Cash & Investments		\$ 6,238,903

The accompanying notes are an integral part of this statement.

PORT OF PORT TOWNSEND

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2021

Note 1 - Summary of Significant Accounting Policies

The Port of Port Townsend was incorporated in 1924 and operates under the laws of the state of Washington applicable to a port district. The Port is a special purpose government and shares the same geographic boundaries as Jefferson County, Washington. The Port is independent from Jefferson County government and is administered by a Board of Commissioners with three (3) members each elected by Port district voters. The county levies and collects taxes on behalf of the Port.

The Port owns and operates the Port Townsend Marine Industrial Park, the Port Townsend Boat Haven, and the Port Townsend Boat Yard. These contiguous properties provide marina and dock facilities as well as marine related commercial business locations, and vessel haul out and services to vessels up to 300 tons. The Port also owns and operates the Jefferson County International Airport, a 300-acre general aviation facility located seven (7) miles from Port Townsend, Washington. Adjoining the airport is 25 acres which is planned for future industrial park development. The Port also owns and operates the 30-acre Point Hudson facility, located at the east end of downtown Port Townsend. This facility offers approximately 4,000 linear feet of boat moorage, 50 recreational vehicles sites, and additional marine related and commercial property rentals. In Quilcene, the Port owns and operates a small, warm water marina with a boat ramp, and alongside it is a leased property for an oyster cultivating operation. Finally, the Port owns six (6) additional recreational and water use properties throughout Jefferson County.

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 district's reporting entity because of the existence of its operational or financial relationship with the district.

The Industrial Development Corporation (IDC), a public corporation, is authorized to facilitate the issuance of tax-exempt non-recourse revenue bonds to finance industrial development within the corporate boundaries of the Port. Revenue bonds issued by the Corporation are payable from revenues derived because of the industrial development facilities funded by the revenue bonds. The bonds are not a liability or contingent liability of the Port or a lien on any of its properties or revenues other than industrial facilities for which they are used. There have been no IDC bond issues since 1988.

The IDC is governed by the Port's three (3) member Commission. The IDC's account balances and transactions are included as a blended unit within the Port's financial statements. Separate financial statements of the individual component unit discussed above can be obtained from the Port administrative offices at 2701 Jefferson Street, Port Townsend, WA.

The Port reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.

- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are presented using classifications that are similar to the ending balance classification in GAAP.

A. Fund Accounting

The Port maintains its accounts on the basis of funds, specifically an enterprise fund. This type of fund accounts for operations that provide goods or services to the public and are supported primarily through user charges and uses a separate set of self-balancing accounts that comprises its cash and investments, revenues, and expenditures.

B. Basis of Accounting and Measurement Focus

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

In accordance with state law RCW 36.40.200, Jefferson County is allowed and has opted to use an open period to recognize expenditures paid during the first twenty (20) days after the close of the fiscal year for claims incurred during the previous period. Since Jefferson County acts as the Port's treasurer, the Port is allowed and has opted to follow the county's policy of using the same twenty (20) day open period for expenses.

C. Cash and Investments

See Note 2, Deposits and Investments.

D. Capital Assets

Capital assets are assets with an initial individual cost of more than \$10,000 and an estimated useful life more than one (1) year. Capital assets and inventory are recorded as capital expenditures when purchased.

E. Compensated Absences

Vacation leave may be accumulated up to 320 days and is payable upon separation or retirement if the employee has worked at least six (6) continuous months as a regular employee with the Port. Sick leave policy allows employees to cash out up to 50% of their accrued sick leave hours, dependent on longevity with the Port, upon termination of employment, and capped at a maximum cash out of 250 hours.

The total compensated absences balance as of December 31, 2021, was \$253,262. See Schedule 09, Schedule of Liabilities.

F. Long-Term Debt

See Note 4, Long Term Debt.

G. Restricted and Committed Portion of Ending Cash and Investments

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

Restrictions and commitments of Ending Cash and Investments consist of \$4,747,564 as of December 31, 2021. The details of the total ending restricted and committed balances are as follows:

Leasehold Excise Tax	\$ 146,922
Industrial Development District reserve	2,037,678
Port-Wide Capital reserve	751,646
Port Townsend Boat Haven reserve	447,878
Operating reserve	863,440
Emergency reserve	<u>500,000</u>
Total	<u>\$ 4,747,564</u>

Note 2 – Deposits and Investments

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

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered, or held by the Port or its agent in the government’s name.

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

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

Investments and deposits by type as of December 31, 2021 are as follows:

Type of Deposit/Investment	Port's own Deposits and investments	Investments held by Port as an agent for other local governments, individuals, or private organizations.	Total
LGIP	\$ 5,778,300	\$ 0	\$ 5,778,300
General Fund (warrants) (held by Jefferson County)	279,374	0	279,374
Kitsap Bank (depository)	122,838	0	122,838
Kitsap Bank (checking)	52,000	0	52,000
U.S. Bank (I.D.C. CD)	3,660	0	3,660
U.S. Bank (Quilcene checking)	1,370	0	1,370
U.S. Bank (I.D.C checking)	1,361	0	1,361
Total	\$ 6,238,903	\$ 0	\$ 6,238,903

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or would not be able to recover collateral securities that are in possession of an outside party. The Port's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

All investments are insured, registered, or held by the Port or its agent in the government's name.

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed at the end of each month.

Property tax revenues are recognized when cash is received by the Jefferson County Treasurer. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The Port's regular levy for the year 2021 was \$0.16 per \$1,000 on an assessed valuation of \$6,445,175,673 for a total regular levy of \$1,048,500 as of budget adoption.

Jefferson County voters passed an Industrial Development District (IDD) Levy for the Port in the November 2019 election. The year 2019 became the "base" year for the levy with first collection in the year 2020. The IDD levy for the year 2021 was \$0.26 per \$1,000 on an assessed valuation of \$6,445,175,673 for a total of \$1,634,289 as of budget adoption.

Note 4 – Long Term Debt

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

The future debt service requirements for general obligation (G.O.) bonds are as follows:

G.O. Bonds	Principal	Interest
2022	\$810,000	\$215,338
2023	835,000	186,088
2024	865,000	155,788
2025	900,000	124,288
2026	385,000	99,838
2027-2029	1,245,000	154,350
Totals	\$5,040,000	\$935,690

2021 Unused Line of Credit

On January 13, 2021, the Port Commission passed Res. 741-21 for a 2021 LTGO Bond evidencing a \$7,000,000 line of credit. At fiscal year-end, the Port had not used any of these available funds.

Note 5 – OPEB Plans

The Port implemented OPEB reporting in 2019. The Port is a participating employer in the state’s Public Employees Benefits Board (PEBB) program, a defined benefit plan administered by the Washington State Health Care Authority. The plan provides medical, dental, and life insurance benefits for public employees and retirees and their dependents on a pay-as-you-go basis. The plan provides OPEB benefits through both explicit and implicit subsidies. The explicit subsidy is a set dollar amount that lowers the monthly premium paid by members over the age of 65 enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The implicit subsidy results from the inclusion of active and non-Medicare eligible retirees in the same pool when determining premiums. There is an implicit subsidy from active employees since the premiums paid by retirees are lower than they would have been if the retirees were insured separately. The Port had 13 active plan members and five (5) retired plan members as of measurement date June 30, 2021. As of December 31, 2021, the Port’s total OPEB liability was \$1,073,137 as calculated using the alternative measurement method. The Port contributed \$31,183 to the plan for the year ended December 31, 2021.

Note 6 – Pension Plans

Substantially all Port full-time and qualifying part-time employees participate in the PERS Plan II and PERS Plan III, which is 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 Department of Retirement Systems, 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

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

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

	Employer Contributions	Allocation %	Liability (Asset)
PERS 1	\$107,604	0.014446%	\$176,419
PERS 2/3	\$175,966	0.018576%	(\$1,850,468)

Note 7 – Risk Management

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

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

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

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.

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

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Automobile Physical Damage⁽⁶⁾	Per Occurrence	\$25,000; \$100,000 for Emergency Vehicles	\$800 million	\$250 - \$1,000
Crime Blanket⁽⁷⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position⁽⁸⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Cyber⁽⁹⁾	Each Claim APIP Aggregate	\$100,000	\$2 million \$25 million	20% Copay
Identity Fraud Expense Reimbursement⁽¹⁰⁾	Member Aggregate	\$0	\$25,000	\$0

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

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

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

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

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

Note 8 – Covid-19 Pandemic

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

The Port responded to this event by closing offices to the public and only doing business via phone, email, and USPS mail, and providing staff with personal protective equipment, hand sanitizer, sanitizing wipes, etc. A revised budget model was developed in 2020 to address the potential financial impact on Port operations. Ultimately, operations were not impacted as significantly as initially estimated and the Port's operating activity continued to be strong in 2021. In 2022, the Port continues to be vigilant to the impact on operations from the pandemic as it is still evolving. The Port continues to be conservative in its revenue projections, while closely monitoring expenses.

**Port of Port Townsend
Schedule of Liabilities
For the Year Ended December 31, 2021**

ID. No.	Description	Maturity/Payment Due Date	Beginning Balance 01/01/2021	Additions	Reductions	Ending Balance 12/31/2021
GENERAL OBLIGATION DEBT/LIABILITIES						
251.11	2010 LTGO Bond	12/1/2029	\$ 3,310,000	\$ -	\$ 310,000	\$ 3,000,000
251.11	2015 LTGO Refunding Bond	7/1/2025	2,515,000	-	475,000	2,040,000
251.11	2020 LTGO Bond (Line of Credit)	3/1/2022	250,000	-	250,000	-
	Total General Obligation (G.O.) Debt/Liabilities		\$ 6,075,000	\$ -	\$ 1,035,000	\$ 5,040,000
REVENUE & OTHER (NON G.O.) DEBT LIABILITIES						
259.12	Compensated Absences		240,478	39,640	26,856	253,262
264.4	Other Post Employment Benefits		1,568,111	-	494,974	1,073,137
264.3	Pension Liability		730,661	-	554,242	176,419
	Total Revenue & Other (non G.O) Debt/Liabilities		\$ 2,539,250	\$ 39,640	\$ 1,076,072	\$ 1,502,818
	Total Long Term Liabilities		\$ 8,614,250	\$ 39,640	\$ 2,111,072	\$ 6,542,818

**Port of Port Townsend
 Schedule of State Awards
 For the Year Ended December 31, 2021**

State Agency			
BARS Account	Program Title	Identification #	Amount
3340360	Washington Airport Aid Program	GCB 3230	\$ 105
3340230	Derelict Vessel Removal Program Investigation of a Local Pyrolysis System in	NA	18,580
3340310	Jefferson County	OTGP-2021-PorTop-00054	<u>49,618</u>
		Total	<u>\$ 68,303</u>

**Port of Port Townsend
Schedule of Federal Awards
For the Year Ended December 31, 2021**

CFDA #	COVID-19 Expenditures	Federal Agency Name	Federal Program Name	Pass-Through Agency Name	Other Award I.D. Number	R&D	Total	Passed	Footnote Ref.
								Through to Subrecipients	
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-014-2017	no	\$ 12,147	NA	4
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-015-2018	no	14,933	NA	4
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-016-2019	no	14,745	NA	4
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-016-2019	no	11,421	NA	
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-017-2020	no	48,383	NA	4
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-017-2020	no	59,821	NA	
20.106	yes	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-019-2021	no	13,000	NA	
20.106	no	U.S. Dept. of Transportation	Airport Improvement Program	NA	3-53-0134-020-2021	no	333,333	NA	
21.019	yes	U.S. Dept. of Treasury	Coronavirus Relief Fund	Jefferson County	NA	no	6,000	NA	4
21.027	yes	U.S. Dept. of Treasury	American Rescue Plan Act	Jefferson County	NA	no	150,000	NA	
		Federal Emergency Mgmt Agency	Public Assistance Grant	NA	D20-401	no	5,448	NA	
97.036	yes								
							total	\$ 680,166	

Port of Port Townsend
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Port’s financial statements. The Port uses the cash basis of accounting and measurement focus where revenues are recognized when cash is received, and expenditures are recognized when paid.

Note 2 – Federal De Minimis Indirect Cost Rate

The Port has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Program Costs

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

Note 4 – Reporting Year

These direct federal Airport Improvement Program grant expenditures were previously not reported in the year they were expended, specifically:

<u>Award ID</u>	<u>Expenditure Year</u>	<u>Amount</u>
3-53-0134-014-2017	2018	\$ 12,147
3-53-0134-015-2018	2019	\$ 14,933
3-53-0134-015-2018	2020	\$ 10,935
3-53-0134-016-2019	2020	\$ 14,745
3-53-0134-017-2020	2020	\$ 48,383

In addition, there was a Coronavirus Relief Fund Grant for 2020 federal expenditures in the amount of \$6,000 that was not reported in that year. These grants that were under-reported in the years noted did not increase the Port’s total federal expenditure reporting amount on the SEFA to trigger a single audit in any of those years.