PORT OF EDMONDS

2013 Annual Report

For the Fiscal Year Ended December 31, 2013

336 Admiral Way, Edmonds, WA 98020
Phone: 425-774-0549
Web site: www.portofedmonds.org

PORT OF EDMONDS

2013 Commissioners

Jim Orvis	President
Mary Lou Block	Vice-President
David Preston	Secretary
Bruce Faires	Commissioner
Fred Gouge	Commissioner

Port Officers

Robert McChesney	Executive Director
Marla Kempf	Deputy Director
Tina Drennan	Finance Manager
Brian Menard	Facilities Maintenance Manager

Port of Edmonds
2013 Annual Report

Contents

Management's Discussion and Analysis	1
Using the Annual Report	1
Financial Highlights	2
Financial Analysis – Statement of Net Position	3
Capital Assets	4
Debt	5
Financial Analysis – Revenues, Expenses, and Changes in Fund Net Position	6
Program Impacts	7
Contacting the Port's Financial Management	7
Financial Statements	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Fund Net Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Supplementary Information to the Financial Statements:	38
Other Postemployment Benefits Schedule of Funding Progress	39
Detail of Revenues and Expenses (Schedule 01)	40
Schedule of Long-Term Debt (Schedule 09)	41
Schedule of State and Local Assistance (Schedule 16)	42
Schedule of Labor Relations Consultant(s) (Schedule 19)	43

ANNUAL REPORT CERTIFICATION

Port of Edmonds

MCAG No. 1759

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

For the Fiscal Year Ended December 31, 2013

GOVERNMENT INFORMATION

Official Mailing Address	336 Admiral Way, Edmonds, WA 98020
Official Website Address	www.portofedmonds.org
Office Phone Number	425-774-0549

PREPARER INFORMATION AND CERTIFICATION

Preparer Name and Title	Tina Drennan, CPA, PFO, CGMA, Finance Manager
Contact Phone Number	425-774-0549
Contact E-mail Address	tdrennan@portofedmonds.org

I do hereby certify on this 19th day of May, 2014, that the annual report information is complete, accurate and in conformity with the Budgeting, Accounting, and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification.

Moreover, I acknowledge and understand that management and the governing body are responsible for:

- The design and implementation of policies and procedures to safeguard public resources and ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
- Compliance with applicable state and local laws and regulations.
- Immediately submitting corrected annual report information if any error in submitted information is subsequently identified.

Preparer Signature ____

PORT OF EDMONDS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of the Port of Edmonds' (the Port's) financial performance provides an overview of the Port's financial activities for the fiscal year ended December 31, 2013. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Port and to identify any significant changes in financial position. Please read it in conjunction with the Port's financial statements.

The Port of Edmonds is a Special Purpose Municipal Government. The Port was created in 1948 by a vote of the citizens of the Port district. The district encompasses portions of the City of Edmonds and all of the Town of Woodway. Ports exist to build infrastructure and promote economic development within their districts. Ports are often, though not always, involved in transportation activities.

The Port of Edmonds operates a marina for recreational boating on Puget Sound and rents its land to commercial users who then build suitable facilities on the land. The facility consists of the marina with approximately 660 slips, a dry stack storage facility with approximately 230 spaces, two public boat launches, a boatyard, a fuel dock, guest moorage, offices, and parking facilities. In addition to the Port's marina operations, the Port owns and manages eight buildings, and rents portions of those buildings to approximately 60 tenants. Major tenants include a hotel, an athletic club, and two restaurants.

Five elected Port Commissioners administer the Port. In accordance with the laws of Washington, the Commissioners have appointed an Executive Director to manage Port operations.

USING THE ANNUAL REPORT

Government accounting falls under the control of the Government Accounting Standards Board (GASB). All of the functions of the Port are considered in the numbers shown on the following pages, including the cost of general government of the Port District. Since the Port is a Special Purpose government, all of its assets and liabilities are shown in its Proprietary Fund. The Port incurs a substantial amount of governmental activity expense, such as Port management and administration, public facility maintenance, and public meeting expenses. All of these expenses of the Port are reported in the Proprietary Fund. The "one fund" model is used in compliance with the rules of GASB 34, which state that separately issued debt and separately issued classified assets are needed in order for a separate fund to exist. Most of these governmental costs are contained in the General and Administrative cost centers shown on the Port's financial reports. Since the Port is comprised of a single enterprise fund, no fund level financial statements are shown.

Ports perform their accounting and financial reporting of their activities very much like a business. The Port prepares an income statement, manages operations, and plans capital investment strategies. Ports collect revenues from services performed for customers and pay for expenses related to those services. However, ports are municipal governments. As such, ports may collect property tax revenues from the property owners within the Port district. These tax revenues may go to support the capital investments made by the Port. Often, ports will use tax revenues to pay for debt incurred to construct facilities that are used to support port functions. Sometimes, ports may use a portion of their tax revenue to pay for operating expenses. The Port of Edmonds uses its tax revenue to pay for Commission costs, public amenities, and economic development.

The financial statements provide a broad view of the Port's operations in a manner similar to a private-sector business. The financial statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid.

The Statement of Net Position (also known as the Balance Sheet) presents all of the Port's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in the Port's net position may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information showing how the Port's net position changed during the year. Revenues less expenses, when combined with other nonoperating items such as investment income, tax receipts and interest expense, results in a net increase or decrease in the Port's net position for the year.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, and investing and financing activities. A reconciliation of the cash provided by operating activities to the Port's operating income as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Position is also included.

The notes to the financial statements provide additional information that may not be readily apparent from the actual financial statements. The notes to the financial statements can be found immediately following the financial statements.

One of the questions to be answered by the financial statements would be, "Is the Port as a whole better off or worse off as a result of this year's activities?" Changes in net position and cash flows are two ways of measuring the financial position of the Port. Increases in Net Position as a result of the year's operations indicate an improved financial position. In 2013, the Port's Net Position increased by $994,893 or 3.4%, which shows that the Port of Edmonds performed slightly better in 2013 than in 2012. Cash flows show if the Port is spending more money than it received. In 2013, the Port of Edmonds received $653,793 more than it spent before investing in long-term investments. Overall, the Port is in a better financial position than it was in 2012.

FINANCIAL HIGHLIGHTS

The Port's total operating revenues increased by $209,381, or 3.0% over 2012. The increase is primarily due to increases in marina operations revenue. The Port's non-operating revenues increased by $10,170, or 2.3% above 2012. This increase is primarily due to grant proceeds received in 2013.

The Port's operating expenses decreased by $9,381 in 2013, or 0.2% less than 2012 operating expense levels. The Port's non-operating expenses decreased by $74,939, or 11% below 2012 non-operating expense levels. This decrease is due to the decrease in interest expense in 2013.

The Port's operating income was $1,128,033 in 2013, as compared to $909,271 in 2012.

The Port's net position increased by $994,893 in 2013.

The Port's assets exceeded its liabilities by $30,736,641 (net position) as of December 31, 2013.

FINANCIAL ANALYSIS – STATEMENT OF NET POSITION

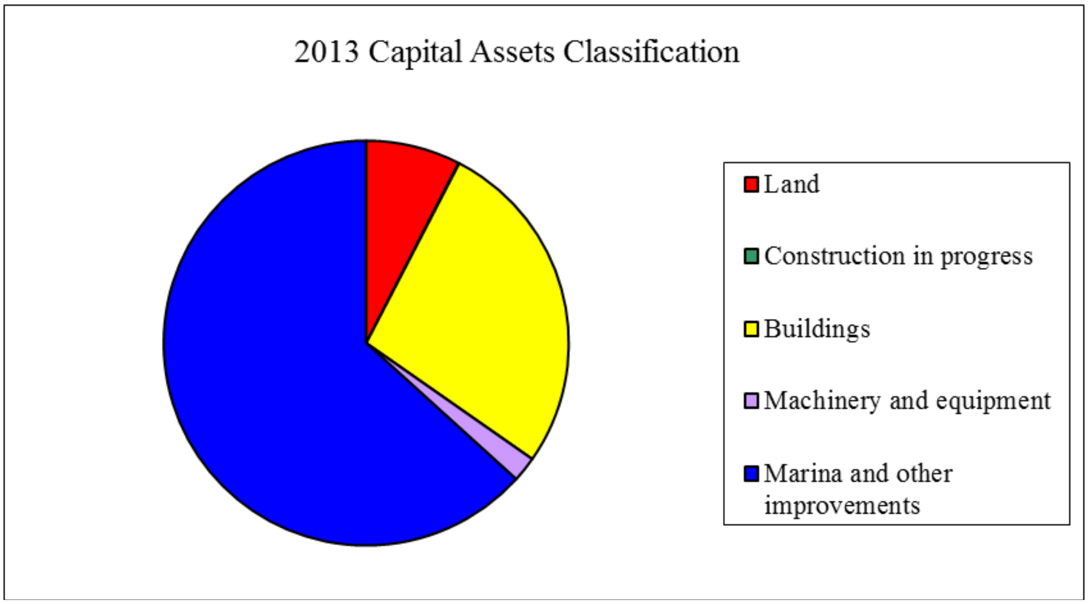
Summary of Statement of Net Position				
	2013	2012	Increase (Decrease)	% Change
Current Assets	$ 7,774,648	$ 8,997,865	$ (1,223,217)	-13.59%
Noncurrent Restricted Assets	805,940	801,930	4,010	0.50%
Capital Assets	33,118,333	34,116,952	(998,619)	-2.93%
Other Noncurrent Assets	1,483,410	-	1,483,410	N/A
Total Assets	43,182,331	43,916,747	(734,416)	-1.67%
Deferred Outflows of Resources	39,225	58,037	(18,812)	-32.41%
Total Assets and Deferred Outflows of Resources	43,221,556	43,974,784	(753,228)	-1.71%
Current Liabilities	2,003,031	2,004,796	(1,765)	-0.09%
Noncurrent Liabilities	10,481,884	12,228,240	(1,746,356)	-14.28%
Total Liabilities	12,484,915	14,233,036	(1,748,121)	-12.28%
Deferred Inflows of Resources	-	-	-	N/A
Net investment in capital assets	22,659,575	21,893,570	766,005	3.50%
Unrestricted	8,077,066	7,848,178	228,888	2.92%
Total Net Position	30,736,641	29,741,748	994,893	3.35%
Total Liabilities, Deferred Inflows of Revenues, and Net Position	$ 43,221,556	$ 43,974,784	$ (753,228)	-1.71%

This discussion of the Port's financial statements includes an analysis of major changes in the assets and liabilities for 2013, as well as reviewing changes in revenues and expenses reflected in the financial statements. The Port's Total Net Position increased by $994,893, or 3.4% in 2013, for a total of $30,736,641. Of this amount $22,659,575 reflects the Port's net investment in capital assets.

CAPITAL ASSETS

The Port has booked the acquisition of all assets at historical costs on its Statement of Net Position. GASB 34 requires the Port to capitalize and depreciate all of the assets owned or controlled by the Port, which is done on these financial statements. In 2013, the Port purchased or constructed and capitalized a storage shed, tenant improvements, a roof, a server, and electrical upgrades.

The Port's capital assets are classified into the following categories: land, construction in progress, buildings, marina and other improvements, and machinery and equipment. Marina and other improvements include assets such as docks, breakwaters, the dry stack facility, roads, and landscaping. See Note 5, *Capital Assets and Depreciation*, in the Notes to the Financial Statements for more information.

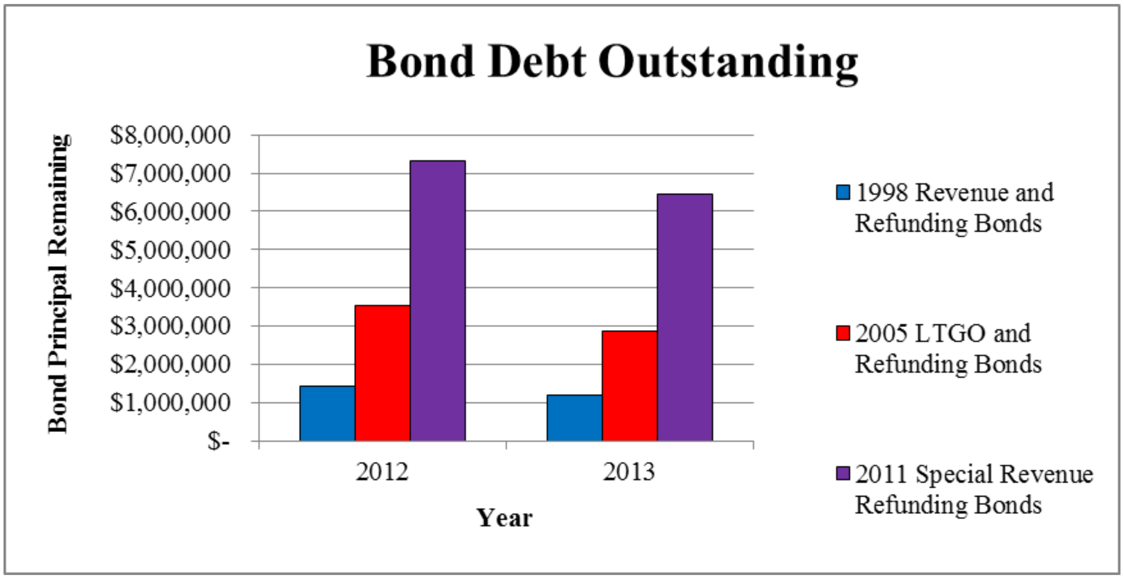


Capital Asset	2013	2012
Land	$ 4,323,675	$ 4,323,675
Construction in progress	27,761	10,819
Buildings	15,546,512	15,039,721
Machinery and equipment	1,158,503	1,147,222
Marina and other improvements	36,271,018	36,176,444
	$ 57,327,469	$ 56,697,881

The Port maintained capital assets of $57,327,469 as of December 31, 2013. The book value of the capital assets decreased by $998,619 in 2013 as a result of investments in capital assets, offset by depreciation charged against revenue in the year. When the Port invests more than depreciation in new capital assets in a year, the book value of its asset base increases.

DEBT

The Port's current liabilities as of December 31, 2013, are debts that the Port will repay in 2013. The total current liabilities decreased by $1,765 in 2013. Current liabilities include payments for expenses already incurred, accrued interest on the Port's bonds, customer deposits, and the principal amount of the bond payments due in 2014.



Bond	2013	2012
1998 Revenue and Refunding Bonds	$1,175,000	$1,435,000
2005 LTGO and Refunding Bonds	$2,880,000	$3,525,000
2011 Special Revenue Refunding Bonds	$6,440,315	$7,317,473

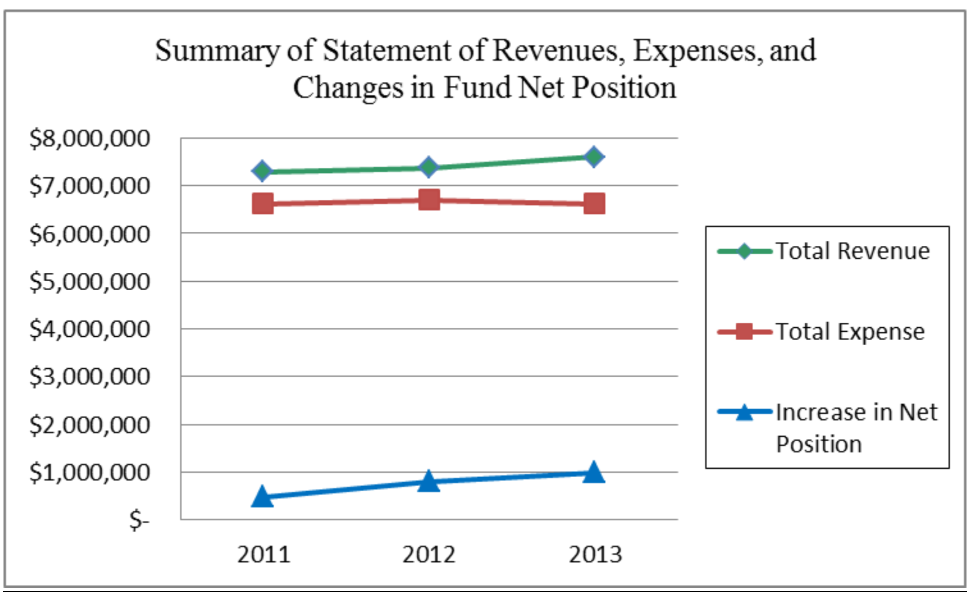
The Port's long term liabilities decreased by $1,746,356 in 2013, as the Port made principal payments on its bonds. General Obligation bonds outstanding at December 31, 2013 were $2,880,000, a decrease of $645,000 from 2012. Revenue and Refunding bonds outstanding at December 31, 2013 were $7,615,315, a decrease of $1,137,157 from the previous year. See Note 10, *Long-Term Debt* in the Notes to the Financial Statements for more information.

FINANCIAL ANALYSIS – REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

While the Statement of Net Position shows the change in net position, the Statement of Revenues, Expenses, and Changes in Fund Net Position provides answers as to the nature and source of these changes. The Port's total revenues increased by $219,551 in 2013. Operating revenues increased by $209,381 in 2013. Nonoperating revenues increased by $10,170 in 2013.

Total expenses decreased by $84,320 in 2013. Operating expenses decreased by $9,381 in 2013. Nonoperating expenses decreased by $74,939 in 2013.

Summary of Statement of Revenues, Expenses, and Changes in Fund Net Position				
	2013	2012	Increase (Decrease)	% Change
Marina Operations Revenues	$ 5,157,925	$ 4,907,458	$ 250,467	5.10%
Property/Lease Rental Operations Revenues	1,990,968	2,032,054	(41,086)	-2.02%
Nonoperating Revenues	448,667	438,497	10,170	2.32%
Total Revenues	7,597,560	7,378,009	219,551	2.98%
Operating Expenses	6,020,860	6,030,241	(9,381)	-0.16%
Nonoperating Expenses	603,387	678,326	(74,939)	-11.05%
Total Expenses	6,624,247	6,708,567	(84,320)	-1.26%
Capital Contributions	15,235	-	15,235	N/A
Extraordinary/Special Items	(4,888)	224,723	(229,611)	-102.18%
Prior Period Adjustments	11,233	(85,045)	96,278	113.21%
Increase/(Decrease) in Net Position	$ 994,893	$ 809,120	$ 185,773	22.96%



PROGRAM IMPACTS

There is one major program impact facing the Port that could result in material changes in its financial position in the long term.

The Port of Edmonds purchased the Harbor Square land in 1978 from the Union Oil Company. From 1924 to 1968, portions of the property were used as an oil and gasoline depot and distribution facility, a railcar cleaning facility, an asphalt batch plant, and heavy-equipment storage. Several remedial investigations were conducted at the property from 1989 to 2003. In June 2003, a supplemental site investigation was conducted at the direction of the Department of Ecology to further define the extent of contamination identified at the property during previous investigations, to help identify any additional areas of contamination, and to further evaluate any impacts to groundwater. The Port developed a remediation plan based on that investigation.

The estimated costs presented in the plan are for all remediation activities anticipated at the site, which are described as Phase I through Phase III remediation in the report. Phase I and Phase II remediation efforts were essentially completed in 2005 and 2006.

Phase III remediation remains to be completed. The majority of the contamination to be addressed in Phase III remediation is located under existing buildings; some areas of residual contamination (expected to be relatively small) are located outside building footprints, but underneath paved surfaces. Phase III activities were not undertaken due to the inaccessibility of the contaminated areas, although the Port has committed to remediation at such time that the structures at the Harbor Square complex are removed for future development.

The estimated cost of Phase III remediation is expected to range between $175,000 and $1,050,000. Please see Note 14, *Pollution Remediation Obligations*, for further information.

CONTACTING THE PORT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Port's finances and to show the Port's accountability for the money it receives. If you have questions about this report, or if you need additional financial information, please contact Tina Drennan, Finance Manager, at the Port of Edmonds, 336 Admiral Way, Edmonds, WA 98020 or by telephone at 425-774-0549.

PORT OF EDMONDS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

ASSETS	
Current Assets	
Cash and cash equivalents (Notes 1 and 3)	$ 7,348,793
Restricted Assets (Note 1)	
Cash and cash equivalents (Notes 1 and 3)	171,694
Accounts receivable (net of allowance for uncollectibles) (Note 1)	49,233
Taxes receivable (Notes 1 and 4)	8,142
Interest receivable (Note 1)	3,718
Inventory (Note 1)	66,869
Prepaid expenses	126,199
Total Current Assets	7,774,648
Noncurrent Assets	
Investments (Note 3)	1,483,410
Restricted Assets (Note 1)	
Investments (Notes 1 and 3)	805,940
Capital Assets	
Capital Assets Not Being Depreciated (Note 5)	
Land	4,323,675
Construction in progress (Note 6)	27,761
Capital Assets Being Depreciated (Note 5)	
Buildings	15,546,512
Marina and other improvements	36,271,018
Machinery and equipment	1,158,503
Less: Accumulated depreciation	(24,209,136)
Total Net Capital Assets	33,118,333
Other Noncurrent Assets	-
Total Noncurrent Assets	35,407,683
TOTAL ASSETS	$ 43,182,331
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding (Note 1)	$ 39,225

See accompanying notes to the financial statements.

PORT OF EDMONDS
STATEMENT OF NET POSITION
DECEMBER 31, 2013

LIABILITIES	
Current Liabilities	
Accounts payable	$ 223,296
Accrued expenses (Note 1)	104,109
Accrued interest payable (Note 10)	37,826
Unearned revenue (Note 13)	103,095
Customer deposits	407,181
Current portion of long-term obligations (Note 10)	1,127,524
Total Current Liabilities	2,003,031
Noncurrent Liabilities	
General obligation bonds, net of current portion (Note 10)	2,207,667
Revenue bonds, net of current portion (Note 10)	7,162,792
Employee leave benefits (Note 1)	95,294
Other postemployment benefits (Note 8)	403,631
Environmental remediation liability (Note 14)	612,500
Total Noncurrent Liabilities	10,481,884
TOTAL LIABILITIES	12,484,915
DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net investment in capital assets	22,659,575
Unrestricted	8,077,066
TOTAL NET POSITION	$ 30,736,641

See accompanying notes to the financial statements.

PORT OF EDMONDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2013

OPERATING REVENUES (Note 1)	
Marina operations	$ 5,157,925
Property lease/rental operations	1,990,968
Total Operating Revenues	7,148,893
OPERATING EXPENSES (Note 1)	
General operations	3,057,610
Maintenance	357,644
General and administrative	945,988
Depreciation (Note 5)	1,659,618
Total Operating Expenses	6,020,860
Operating Income	1,128,033
NONOPERATING REVENUES (EXPENSES) (Note 1)	
Investment income (Note 3)	25,471
Taxes levied for general purposes (Note 4)	406,147
Grant proceeds	17,049
Loss on disposition of fixed assets	(88)
Interest expense (Note 10)	(584,223)
Election expense	(6,128)
Decrease in fair value of investments (Note 3)	(12,948)
Total Nonoperating Revenues (Expenses)	(154,720)
Income before other revenues, expenses, gains, losses, and transfers	973,313
Capital contributions	15,235
Property damage expenses, net of reimbursements (Note 15)	(4,888)
Increase in net position	983,660
Net position - beginning of period	29,741,748
Prior period adjustments (Note 16)	11,233
Net position - end of period	$ 30,736,641

See accompanying notes to the financial statements.

PORT OF EDMONDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers (Note 1)	$ 7,200,055
Payments to suppliers	(2,128,445)
Payments to employees	(2,193,605)
Net cash provided by operating activities	2,878,005
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from property taxes (Note 4)	407,997
Nonoperating receipts	392,038
Nonoperating expenses (Note 1)	(57,538)
Net cash provided by noncapital financing activities	742,497
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital grant	15,235
Purchases and construction of capital assets (Note 5)	(661,087)
Principal paid on capital debt (Note 10 and 12)	(1,782,157)
Interest paid on capital debt (Note 10 and 12)	(574,950)
Net cash used by capital and related financing activities	(3,002,959)
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturities of investments (Note 3)	-
Purchases of investments (Note 3)	(1,500,076)
Interest and dividends	21,753
Net cash used by investing activities	(1,478,323)
Net decrease in cash and cash equivalents	(860,780)
Balances - beginning of the year	8,381,267
Balances - end of the year (Note 1)	7,520,487
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	1,128,033
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense (Note 5)	1,659,618
Changes in assets and liabilities	
(Increase)/decrease in accounts receivable	37,610
(Increase)/decrease in inventory	8,187
(Increase)/decrease in prepaid expenses	983
Increase/(decrease) in accounts payable	(68,523)
Increase/(decrease) in accrued expenses	7,282
Increase/(decrease) in customer deposits	9,843
Increase/(decrease) in unearned revenue	3,709
Increase/(decrease) in employee leave benefits	3,700
Increase/(decrease) in other post-employment benefits	87,563
Net cash provided by operating activities	$ 2,878,005

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Port of Edmonds (the Port) was incorporated in December 1948, and operates under the laws of the State of Washington applicable to a public port district. The financial statements of the Port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments.

A. Reporting Entity

The Port is a special purpose government and provides marina and property lease/rental operations to the general public and is supported primarily through user charges.

The Port is governed by an elected five member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Port has no component units.

B. Basis of Accounting and Reporting

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

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

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

The Port distinguishes between operating revenues and expenses and nonoperating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for boating services. The Port also recognizes land and building lease revenue as operating revenue.

Operating expenses for the Port include general operations, maintenance, general and administrative, and depreciation. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

C. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2013, the treasurer was holding \$7,520,487 in short-term residual investments of surplus cash. This amount is classified on the Statement of Net Position as cash and cash equivalents and restricted assets, cash and cash equivalents.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2013 were approximately \$362,000.

For purposes of the Statement of Cash Flows, the Port considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Short-Term Investments - See Note 3, *Deposits and Investments*.

3. Receivables

Accounts receivable consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Receivables have been recorded net of estimated uncollectible amounts, using the allowance method. Estimated uncollectible amounts for accounts receivable are \$33,526 at December 31, 2013.

Taxes receivable consists of property taxes and related interest and penalties (See Note 4, *Property Taxes*).

Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

4. Inventory

Inventory is valued by the FIFO (first-in, first-out basis) method, which approximates the market value.

5. Restricted Assets

In accordance with bond resolutions, separate restricted accounts are required. These accounts contain resources for debt service. Specific debt service reserve requirements are described in Note 10, *Long-Term Debt*.

The restricted assets are composed of the following:

Restricted Current Assets, Cash and Cash Equivalents – Debt Service Account	$ 171,694
Restricted Non-Current Assets, Investments – Bond Reserve Account	805,940
Total Restricted Assets	$ 977,634

6. Capital Assets and Depreciation - See Note 5, Capital Assets and Depreciation.

7. Other Property and Investments – See Note 3, Deposits and Investments.

8. Deferred Outflows/Inflows of Resources

In 2005, the Port of Edmonds refunded $3,620,000 of its 1997 General Obligation Bonds for $3,925,000. The difference was recorded as a deferred loss on refunding. The Port implemented GASB Statement Number 65 in 2012. As part of the implementation, the deferred loss on refunding is now shown as a deferred outflow of resources instead of deferred interest on the Statement of Net Position.

9. Employee Leave Benefits

Employee leave benefits are absences for which employees will be paid, such as vacation and holiday leave. The Port records unpaid leave for employee leave benefits as an expense and liability when earned.

Each employee may carry forward 120 hours of vacation pay to the following year. Unused vacation pay is payable upon separation, retirement, or death. Sick leave may accumulate up to 1,000 hours. No accrual is made for sick pay as it expires if unused.

10. Accrued Expenses

These accounts consist of accrued leasehold, payroll, sales, and business taxes, employee withholdings, wages payable, and abandoned property.

11. <u>Long-Term Debt</u> - See Note 10, *Long-Term Debt*.

12. <u>Other Credits</u> –See Note 13, *Other Debits (Credits).*

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

There have been no material violations of finance-related legal or contractual provisions.

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits

The Port's deposits and certificates of deposit are entirely 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).

B. Investments Authorized

The Port may invest in all types of securities approved by State law. Those securities include:

1. Savings or time accounts, including certificates of deposit, in designated qualified public depositories in accordance with RCW 39.58.

2. Certificates of deposit in commercial banks, savings and loan associations, and mutual savings banks doing business in this state, but not holding collateral pursuant to RCW 39.58, in an amount not in excess of FDIC or FSLIC insurance coverage.

3. Certificates, notes, or bonds of the United States, or other obligations of the U.S. government or its agencies, or of any corporation wholly owned by the government of the United States.

4. Federal home loan bank notes and bonds, Federal land bank bonds, Federal national mortgage association notes, debentures, and guaranteed certificates of participation.

5. Obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve systems.

6. Bonds of the state of Washington and any local government in the state of Washington that carry one of the three highest ratings of a nationally recognized rating agency.

7. General obligation bonds of a state other than the state of Washington and general obligation bonds of a local government of a state other than the state of Washington that carry one of the three highest ratings of a nationally recognized rating agency.

8. Shares of money market funds with portfolios consisting of securities otherwise authorized by law for investment by local governments.

9. Washington State Local Government Investment Pool.

Port staff invests surplus cash according to Port Resolution Number 13-12. Investment objectives, in priority order, are safety, liquidity, and return on investment.

C. As of December 31, 2013, the Port had the following investments:

Investment	Matures	Fair Value
Washington State Local Government Investment Pool	N/A	$ 37,834
Certificate of Deposit	3/27/2014	805,940
Federal Home Loan Mortgage Corp	10/14/2016	501,716
Federal Home Loan Bank Bonds	2/28/2017	495,128
Federal National Mortgage Association	1/30/2018	490,209
		$2,330,826

D. Custodial Credit Risk

Custodial credit risk is the risk that in event of a failure of the counterparty to an investment transaction, the Port would not be able to recover the value of the investment or collateral securities. All security transactions entered into by the Port of Edmonds are conducted on a delivery-versus-payment (DVP) basis. Securities purchased by the Port are delivered against payment and held in a custodial safekeeping account. The Port has designated U.S. Bank as the third party custodian. Safekeeping receipts evidence all transactions. None of the Port's investments are held by counterparties.

E. Interest Rate Risk

Interest rate risk is the risk that an investment's fair value decreases as market interest rates increase. Through its investment policy, the Port manages its exposure to fair value losses arising from increasing interest rates by setting maturity and effective duration limits for the Port's Investment Portfolio. Securities within the portfolio are limited to maturity lengths of five years.

F. Decrease in Fair Value of Investments

Decrease in fair value of investments of $12,948 is the difference between the price at which the Port of Edmonds purchased the $1.5 million in securities and the fair value at December 31, 2013. GASB Statement Number 31, paragraph 7, requires the Port to "…report investments at fair value in the balance sheets. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties…" The market value or fair value is reported to the Port by U.S. Bank, the Port's third party safekeeping bank. This loss is an unrealized loss. If the Port holds the investments to maturity or call date, there will be no realized loss.

NOTE 4 – PROPERTY TAXES

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

Property Tax Calendar	
January 1	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 is established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as a receivable when levied, offset by an unearned revenue. During the year, property tax revenues are recognized equally over all twelve months. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax 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.

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 2013 was approximately $0.1203 per $1,000 on an assessed valuation of $3,324,833,404 for a total regular tax levy of $400,000.

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

A. Major expenditures for capital assets in excess of $3,000, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred. Obligations under operating leases are disclosed in Note 11, *Leases*.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known.

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

When an asset is sold, retired, or otherwise disposed of, the original cost of the property and the cost of installation, less salvage, is removed from the Port of Edmonds' capital asset accounts, accumulated depreciation is charged with the accumulated depreciation related to the property sold, and the net gain or loss on disposition is credited or charged to income.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight-line method based on the following estimated useful lives:

Buildings and Structures	10 to 50 years
Machinery and Equipment	3 to 15 years
Other Improvements	5 to 99 years

B. Capital assets activity for the year ended December 31, 2013, was as follows:

	Beginning Balance 1/1/2013	Increases	Decreases	Ending Balance 12/31/2013
Capital assets, not being depreciated				
Land	$ 4,323,675	$ -	$ -	$ 4,323,675
Construction in progress	10,819	601,697	584,754	27,762
Total capital assets, not being depreciated	4,334,494	601,697	584,754	4,351,437
Capital assets, being depreciated				
Buildings	15,039,722	507,131	340	15,546,513
Marina and other improvements	36,176,444	94,573	-	36,271,017
Machinery and equipment	1,147,222	42,442	31,160	1,158,503
Total capital assets being depreciated	52,363,388	644,146	31,501	52,976,033
Less accumulated depreciation for				
Buildings	4,760,907	571,054	252	5,331,708
Marina and other improvements	17,132,166	980,832	-	18,112,998
Machinery and equipment	687,856	107,733	31,160	764,429
Total accumulated depreciation	22,580,929	$ 1,659,619	$ 31,413	$ 24,209,135
Total capital assets, being depreciated, net	$ 29,782,459			$ 28,766,898

NOTE 6 – CONSTRUCTION COMMITMENTS

The Port has active construction projects as of December 31, 2013.

At year-end, the Port's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Breakwater Navigational Aids & Lights	$ 3,438	$ -
Fuel Dock Equipment Upgrade	$ 632	
Launcher Upgrades	$ 20,733	
Administration Office Remodel	$ 2,958	
	$ 27,761	$ -

NOTE 7 – PENSION PLANS

Substantially all Port full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements 27, *Accounting for Pensions by State and Local Government Employers* and 50, *Pension Disclosures, an Amendment of GASB Statements 25 and 27*.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 49 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefit, upon separation from PERS-covered employment. PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age 60 with at least 5 years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2 percent of the average final compensation (AFC) per year of service, but the benefit may not exceed 60 percent of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3 percent annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- 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 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 age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries, based on member choice. Members who do not choose a contribution rate default to a 5 percent rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member’s self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS’ Fiscal Year 2013, PERS Plan 3 employee contributions were $99.0 million, and plan refunds paid out were $69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1 percent of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3 percent for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are at least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5 percent for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option. PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2 percent of the AFC per year of service. For Plan 3, the monthly benefit amount is 1 percent of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3 percent annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

From January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to elect participation in the Judicial Benefit Multiplier (JBM) Program enacted in 2006. Justices and judges in PERS Plan 1 and Plan 2 were able to make an irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5 percent multiplier. The benefit would be capped at 75 percent of AFC. Judges in PERS Plan 3 could elect a 1.6 percent of pay per year of service benefit, capped at 37.5 percent of AFC.

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Nonvested	44,273
Total	**263,347**

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5 percent to 15 percent.

As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2013, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	9.21%**	9.21%**	9.21%***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% for Plan 2 and Plan 3.
*** Plan 3 defined benefit portion only.
**** The employee rate for state elected officials is 7.50% for Plan 1 and 4.92% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Port and the employees made the required contributions. The Port's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	**PERS Plan 2**	**PERS Plan 3**
2013	$8,497	$105,063	$2,491
2012	$8,466	$92,688	$516
2011	$12,626	$76,663	$-0-

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In June 2004, the Governmental Accounting Standards Board issued GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are effective in three phases. The Port of Edmonds is a phase 3 government, and was required to adopt this Statement for fiscal periods beginning after December 15, 2008. The Port adopted this standard in 2009.

As per the GASB Statement No. 45 Summary, "In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers."

A. Plan Description

The Port of Edmonds provides medical, dental, life, and long-term disability insurance to its employees and Commissioners through the Washington State Public Employees Benefit Board (PEBB). 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.

Other post-employment benefits (OPEB) are benefits provided to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. PEBB offers retirees access to all of these benefits. However, PEBB employers provide monetary assistance, or subsidies, only for medical, prescription drug, life, and vision insurance.

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 98504-0914 or it may be downloaded from the Office of the State Actuary website at http://osa.leg.wa.gov.

B. 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 straightforward, 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.

PEBB has also historically provided subsidized basic life insurance (Plan A) coverage to retirees. This was an explicit life insurance subsidy set up by the PEBB Board and approved as part of the budget process. However, beginning January 1, 2012, the PEBB Board has eliminated the explicit life insurance subsidy on a permanent basis.

Before 2009, these subsidies were not projected and accounted for under accrual basis accounting. Accrual accounting is meant to match the timing between when something occurs and when it is accounted for. In this case, it is meant to match the expense to the year in which the benefits are earned by the member.

C. Funding Policy

Pay-as-you-go funding occurs when an employer chooses to contribute (pay) for benefits only when they occur or become due (after retirement). Before 2009, this cost was expensed as the Port paid the current year's subsidies. However, the unfunded liability, which is the difference between what the Port accrues (assuming on-going future payments) and what the Port currently pays, was growing and was not accounted for under the pay-as-you-go method.

GASB Statement No. 45 was created in an attempt to:

- Create financial transparency.
- Create better alignment between public and private sector accounting.
- Provide clarity among bargaining groups to show the true cost of benefits over time.
- Provide employers knowledge of the true cost of benefits over time.
- Provide investors knowledge of the true long-term liabilities.
- Show the decision makers a cost that they need to recognize.

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.

D. Annual OPEB Cost and Net OPEB Obligation

The Port's annual other postemployment benefit (OPEB) cost is calculated based upon the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years as of January 1, 2009. The following table shows the components of the Port's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Port's net OPEB. The net OPEB obligation of $403,631 is included as a noncurrent liability in the Statement of Net Position.

	Fiscal Year Ending 12/31/2011	Fiscal Year Ending 12/31/2012	Fiscal Year Ending 12/31/2013
Determination of Annual Required Contribution:			
Normal Cost at Year End	$ 43,206	$ 42,567	$ 51,777
Amortization of Unfunded Actuarial Accrued Liability	35,816	35,107	46,194
Annual Required Contribution	$ 79,022	$ 77,674	$ 97,971
Determination of Annual OPEB Cost:			
Annual Required Contribution	$ 79,022	$ 77,674	$ 97,971
Net OPEB Obligation Interest	7,966	11,096	14,223
Net OPEB Obligation Amortizaton	(10,868)	(15,138)	(19,404)
Annual OPEB Cost	$ 76,120	$ 73,632	$ 92,790
Determination of Net OPEB Obligation:			
Starting Net OPEB Obligation	$ 177,032	$ 246,576	$ 316,068
Annual OPEB Cost	76,120	73,632	92,790
Contributions	(6,576)	(4,140)	(5,227)
Net OPEB Obligation	$ 246,576	$ 316,068	$ 403,631

The Port's OPEB cost, the percentage of OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2012, and 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contribution as a Percentage of OPEB Cost	Net OPEB Obligation
12/31/2011	$ 76,120	8.64%	$ 246,576
12/31/2012	$ 73,632	5.62%	$ 316,068
12/31/2013	$ 92,790	5.63%	$ 403,631

E. Funded Status and Funding Progress

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 put into the trust. Even if the Port left the PEBB program, the Port would not be able to get the money out of the trust. As of December 31, 2013, the plan was 0% funded.

Actuarial valuations 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, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

F. Actuarial Methods and Assumptions

The Port used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 62.20 was assumed for all active members to determine the Actuarial Accrued Liability and normal cost. Retirement, disablement, termination, and mortality rates were assumed to follow the PERS 2 rates used in the June 30, 2010 actuarial valuation report issued by the Office of the State Actuary. Healthcare costs and trends were determined by Milliman and used by the Office of the State Actuary in the state-wide PEBB study performed in 2011. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the Actuarial Accrued Liability was Projected Unit Credit. The Actuarial Accrued Liability and the Net OPEB Obligations are amortized on an open basis as a level dollar over thirty years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 9 – RISK MANAGEMENT

The Port of Edmonds 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. Enduris was formed July 10, 1987, pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. 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, 2013, there were 486 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides "per occurrence" based policies 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, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of $100 million for all members. Enduris offers employee dishonesty coverage up to a liability limit of $1,000,000.

Members make an annual contribution to fund Enduris. Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis:

- $1,000,000 deductible on liability loss - the member is responsible for the first $5,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $995,000 on liability loss;
- $250,000 deductible on property loss - the member is responsible for the first $5,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $245,000 on property loss.
- Enduris is responsible for $0 deductible on boiler and machinery loss.

Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one 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.

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

A Board of Directors consisting of seven board members governs Enduris. Board members serve a specific term, and are elected by the Enduris member participants. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

NOTE 10 – LONG-TERM DEBT

The Port of Edmonds issues general obligation and revenue bonds to finance the acquisition, purchase, or construction of various projects. Bonded indebtedness was also entered into in 1998 and 2005 to advance refund several general obligation and revenue bonds. Both general obligation bonds and revenue bonds are repaid from revenues.

A. General Obligation Bonds

The general obligation bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rate	Original Amount	2013 Installment
Refund 1997 G.O. Bonds	2017	3.00-4.10%	$ 3,925,000	$ 645,000

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

Year Ending	2005 G.O. & Refunding Bonds	
December 31	Principal	Interest
2014	675,000	102,833
2015	705,000	75,233
2016	735,000	46,249
2017	765,000	15,683
Total	$ 2,880,000	$ 239,996

B. Revenue Bonds

The revenue bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rate	Original Amount	2013 Installment
Refund of 1992 revenue bonds and capital projects including marina reconstruction, bulkhead/promenade project, a new dry stack storage facility	2017	3.75% - 4.80%	$ 8,590,000	$ 260,000
Refund of 2006 Special Revenue Bond which was used to acquire Harbor Square buildings	2021	5.25%	$ 7,898,115	$ 877,157

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

Year Ending	1998 Rev. and Ref. Bonds		2011 Special Rev. Ref. Bonds	
December 31	Principal	Interest	Principal	Interest
2014	275,000	56,263	177,524	395,957
2015	-	43,200	187,207	386,274
2016	-	43,200	196,338	377,144
2017	900,000	43,200	208,129	365,353
2018	-	-	219,482	354,000
2019-2021	-	-	5,451,635	910,980
Total	$ 1,175,000	$ 185,863	$ 6,440,315	$ 2,789,708

From the time the bonds were issued until 2011, unamortized debt issuance costs were recorded as deferred charges and bonds were displayed net of premium or discount on the Statement of Net Assets, which was changed to the Statement of Net Position in 2012. During the implementation of GASB Statement Number 65 in 2012, the Port wrote off debt issuance costs as a prior period adjustment, as GASB concluded that these costs should be recognized as an outflow of resources in the reporting period in which they are incurred. The Port is continuing to decrease annual interest expense by amortizing debt premium and to increase annual interest expense by amortizing debt discounts.

At December 31, 2013, the Port had $977,634 available in sinking funds and reserves as required by bond indentures. These amounts are shown as Restricted Assets, Cash and Cash Equivalents and Restricted Assets, Investments on the Statement of Net Position.

The Port has pledged future marina operations and property lease revenue other than Harbor Square Property revenue, net of normal costs of maintenance and operation of the facilities of the Port and normal costs of administration of the business of the Port not paid from general tax levies but before depreciation, to repay $8,590,000 in Revenue and Refunding Bonds issued in January 1998. Proceeds from the bonds provided financing for refunding the Port's 1992 Revenue Bonds, marina reconstruction, a bulkhead/promenade project, construction of a new dry stack storage facility, and other projects listed in the Port's 1998 Capital Budget. The bonds are payable solely from marina operations and property lease revenue other than Harbor Square Property revenue and are payable through 2017. Annual principal and interest payments on the bonds are expected to require less than 57% of net revenues. The total principal and interest remaining to be paid on the bonds is $1,360,863. Principal and interest paid for the current year were $328,483. Pledged revenues were $5,655,177.

The Port has pledged future Harbor Square Property revenue and net revenues of the Port available after satisfying all requirements set forth the in 1998 Revenue and Refunding Bond agreement, to repay $7,898,115 in Special Revenue Refunding Bonds issued in August 2011. Proceeds from the 2011 bonds provided financing for refunding the 2006 Special Revenue Bond.

Proceeds from the 2006 Special Revenue Bond were used to purchase the Harbor Square buildings and leasehold interest in the Harbor Square Property. The bonds are payable from Harbor Square revenue and net revenues of the Port available after satisfying all requirements set forth in the 1998 Revenue and Refunding Bond agreement, and are payable through 2021. Annual principal and interest payments on the bonds are expected to require less than 59% of Harbor Square Property net revenues. The total principal and interest remaining to be paid on the bonds is $9,230,023. Principal and interest paid for the current year were $1,254,392. Pledged Harbor Square revenues were $1,493,716.

The 1998 Revenue and Refunding Bonds are subject to federal arbitrage regulations. The Port is required to comply with certain requirements of the Internal Revenue Code of 1986, after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the requirement to comply with arbitrage rebate requirements to the extent applicable to the Bonds. The Port has covenanted in the Bond Resolution to comply with those requirements, but if the Port fails to comply, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. The Port is required to calculate arbitrage every five years. The most recent calculation was completed February 28, 2013 for the period of January 30, 1998 to January 30, 2013. There was no rebate installment payment due to the Internal Revenue Service for this computation period.

C. Changes in Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2013	Additions	Reductions	Ending Balance 12/31/2013	Due Within One Year
Bonds Payable:					
G.O. and Refunding Bonds	$ 3,525,000	$ -	$ 645,000	$ 2,880,000	$ 675,000
Revenue & Refunding Bonds	8,752,473	-	1,137,157	7,615,316	452,524
Add Unamortized Amounts:					
For bond premiums	3,946	-	1,279	2,667	
Total bonds payable	12,281,419	-	1,783,436	10,497,983	1,127,524
Employee leave benefits	91,594	158,760	155,060	95,294	
Other post employment benefits	316,068	92,790	5,227	403,631	
Environmental remediation liability	612,500	-	-	612,500	
Total Long-Term Liabilities	$13,301,581	$ 251,550	$ 1,943,723	$ 11,609,408	$1,127,524

NOTE 11 - LEASES

A. Port as Lessee

As of December 31, 2013, the Port had no material noncancelable contracts where the Port leases property as a lessee.

B. Port as Lessor

The Port, as a lessor, enters into operating leases with tenants for the use of land and facilities at the marina and its Harbor Square business park, under lease terms of 1 to 30 years plus lease extensions. In addition, some properties are rented on a month to month basis. Port procedure is to negotiate all leases at fair market value, considering market conditions, economic factors, property condition, and location, as well as other factors that may impact negotiating lease prices.

The Port currently has approximately 40 noncancelable lease arrangements ranging in monthly payments between $25 and $25,000 with either fixed increases from one to three percent, Consumer Price Index rent escalation clauses, or market rate rent escalation clauses. Approximately 18 of the noncancelable leases include contract terms allowing one to five lease extensions in 1 to 15 year terms.

The Port's minimum future lease rental income on noncancelable operating lease terms remaining in excess of one year are as follows:

Year Ending December 31	Minimum Rental Income	
2014	$	1,650,655
2015	$	1,567,982
2016	$	1,043,921
2017	$	679,137
2018	$	625,302
2019-2023	$	2,433,452
2024-2028	$	1,248,330
2029-2033	$	846,952
2034-2038	$	494,015
2039-2043	$	270,915
2044	$	12,420
Total	$	10,873,079

The Port's leased properties involved are in part used by internal Port operations, or in part of a building with land, and/or parts of a land parcel. Therefore, it is not reasonably determinable to segregate the value of assets associated with producing minimum rental income from the value of the assets associated with an entire facility.

NOTE 12 – CONTINGENCIES AND LITIGATION

The Port has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved but where, based on available information, management believes that it is probable that the Port will have to make payment.

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

NOTE 13 – OTHER DEBITS (CREDITS)

At December 31, 2013, the Port held $103,095 in Unearned Revenue. These amounts are prepayments of rent and will be recognized as revenue in 2014.

NOTE 14 – POLLUTION REMEDIATION OBLIGATIONS

The Port of Edmonds is subject to laws and regulations relating to the protection of the environment. The Port's policy is to accrue environmental and cleanup related costs when it is both probable that a liability has been incurred and when the amount can be reasonably estimated.

In November 2006, the Governmental Accounting Standards Board issued GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The provisions of this Statement are effective for fiscal periods beginning after December 15, 2007. The Port adopted this standard in 2008.

GASB Statement No. 49 requires disclosure of "obligations to address current or potential detrimental effects of existing pollution by participating in pollution remediation activities." GASB Statement No. 49 identifies five "obligating events" that require a government agency to disclose future outlays associated with remediation of contaminated sites. Once any of the five obligating events occurs, the government agency must document the components of expected pollution remediation outlays that are reasonably estimable. At this time, the Port has determined that future cleanup costs associated with one site constitute the Port's pollution remediation obligations.

A. Nature and Source of Pollution Remediation Obligations

From 2003 to 2006, the Port of Edmonds was involved in cleaning up a property known as the Harbor Square property, which was purchased by the Port from the Union Oil Company in 1978.

From 1924 to 1968, portions of the property were used as an oil and gasoline depot and distribution facility, a railcar cleaning facility, an asphalt batch plant, and heavy-equipment storage. Several remedial investigations were conducted at the property from 1989 to 2003. In June 2003, a supplemental site investigation was conducted at the direction of the Department of Ecology to further define the extent of contamination at the property identified during previous investigations, to help identify any additional areas of contamination, and to further evaluate any impacts to groundwater. The Port developed a remediation plan based on that investigation, and commenced cleanup activities.

The Port's environmental engineering firm, Landau Associates, prepared a report for the Port of Edmonds in November 2003 that provided estimates of the cost of remediation activities at the Port of Edmonds' Harbor Square complex due to past industrial activities at the site. The estimated costs presented in the report are for all remediation activities anticipated at the site, which are described as Phase I through Phase III remediation in the report. Phase I and Phase II remediation efforts were essentially completed in 2005 and 2006. Phase III remediation remains to be completed.

B. <u>Amount of Estimated Liability</u>

The estimated cost of Phase III remediation was a range of $150,000 to $900,000, reflecting the uncertainty of the extent of contamination under existing structures that could not be readily accessed for assessment. Landau Associates estimates the liability to the Port of Edmonds associated with the future cleanup of known areas of contamination on Port property to be $175,000 to $1,050,000 (in 2008 dollars). The middle point of this estimated range is $612,500.

The Governmental Accounting Standards Board implemented new standards for recording pollution remediation obligations for financial periods beginning after December 15, 2007. The Port increased its liability from $175,000 in 2007 to $612,500 in 2008 in accordance with these standards.

As per GASB Statement No. 49, "Estimates of a pollution remediation liability should be adjusted when benchmarks are met or when new information indicates changes in estimated outlays due to, for example, changes in the remediation plan or operating conditions. These changes may include the type of equipment, facilities, and services that will be used, price increases or reductions for specific outlay elements such as ongoing monitoring requirements, changes in technology, and changes in legal or regulatory requirements."

The Port did not meet any benchmarks or receive new information that indicates changes in estimated outlays in 2013. Therefore, the Port did not make any adjustments to Environmental Remediation Liability in 2013.

D. <u>Methods and Assumptions Used for the Estimate</u>

The majority of the contamination to be addressed in Phase III remediation is located under existing buildings; some areas of residual contamination (expected to be relatively small) are located outside building footprints, but underneath paved surfaces. Phase III activities were not undertaken due to the inaccessibility of the contaminated areas, although the Port has committed to remediation at such time that the structures at the Harbor Square complex are removed for future development.

The Port has chosen to use only the best case and worse case for the ranges of potential outcomes. As the Port does not have a reasonable basis for specifying the probability and amount of a most likely potential cash flow, it is using only two data points, a range of $175,000 to $1,050,000.

E. Potential for Changes

As Phase III remediation may only be completed when the Harbor Square property is redeveloped, this estimate may be revised due to price increases or reductions, technology, and applicable laws or regulations.

F. Estimated Recoveries Reducing the Liability

The Port does not expect to receive any recoveries to reduce this liability.

NOTE 15 - EXTRAORDINARY/SPECIAL ITEMS

In June 2013, a pipe in a tenant’s restroom broke, flooding their facilities and the facilities of two tenants in the spaces below. A claim for damages was filed with the Port of Edmonds’ insurance company, and they agreed to pay for repairs to the Port’s facility, less the Port’s deductible of $5,000. Total damages were approximately $51,000. The Port received reimbursement from its insurance company for approximately $46,000. The two numbers are netted on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

NOTE 16 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments include a refunded overpayment of payroll taxes in the amount of $13,904 from previous years, a $2,091 write-off of lease fees as per GASB 65 – Items Previously Reported as Assets and Liabilities, and a $580 leasehold tax balance due as a result of an audit of previous years leasehold tax returns.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

In 2012, the Port implemented GASB 65 – Items Previously Reported as Assets and Liabilities. This Statement establishes accounting and financial reporting standards that reclassify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources and recognizes certain items that were previously reported as assets and liabilities as outflows of resources or inflows of resources.

During the implementation of GASB Statement Number 65 in 2012, the Port wrote off remaining unamortized debt issuance costs of $84,744 as a change in accounting principle, as

GASB concluded that these costs should be recognized as an outflow of resources in the reporting period in which they are incurred.

NOTE 18 – OTHER DISCLOSURES

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

SUPPLEMENTARY INFORMATION

PORT OF EDMONDS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS

Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL As A Percentage of Covered Payroll
December 31, 2009	$ -	$668,333	$668,333	0.00%	$1,368,184	48.85%
December 31, 2010	$ -	$732,909	$732,909	0.00%	$1,346,291	54.44%
December 31, 2011	$ -	$583,392	$583,392	0.00%	$1,199,530	48.64%
December 31, 2012	$ -	$571,853	$571,853	0.00%	$1,197,544	47.75%
December 31, 2013	$ -	$752,446	$752,446	0.00%	$1,301,336	57.82%

PORT OF EDMONDS
REVENUES AND EXPENSES
For the Year Ended December 31, 2013

MCAG No. 1759 Schedule 01

BARS Account	Description	Amount
62100	Marina Revenues - User Charges	3,170,582
62200	Marina Revenues - User Charges	122,159
62500	Marina Revenues - Real Property Rentals - Facilities	99,887
62600	Marina Revenues - Real Property Rentals - Facilities	1,497,117
62700	Marina Revenues - Personal Property Rentals - With Port Operator	191,230
62900	Marina Revenues - Other	76,950
6510270	Capital Contributions	15,235
66100	Property Rentals - User Charges	122,986
66400	Real Property Rentals - Land	258,516
66500	Real Property Rentals - Facilities	1,609,466
6930240	Operating Grants	7,817
69910	Interest Income	25,471
69920	Ad Valorem (Property) Taxes	406,147
69940	Gains\Losses (Other than Investments)	-88
69952	Special Items	4,344
69960	Gains\Losses on Investments	-12,948
72100	Marina Expenses - Operations	2,618,965
72300	Marina Expenses - Maintenance	178,106
72500	Marina Expenses - General and Administrative	766,151
72700	Marina Expenses - Depreciation	1,037,108
76100	Property Rentals - Operations	438,645
76300	Property Rentals - Maintenance	108,088
76500	Property Rentals - General and Administrative	328,155
76700	Property Rentals - Depreciation	545,641
79991	Interest Expense	584,223
79992	Election Expense	6,128

PORT OF EDMONDS
SCHEDULE OF LONG-TERM LIABILITIES
For the Year Ended December 31, 2013

MCAG No. 1759

Schedule 09

ID. No.	Description	Maturity/Payment Due Date __/__/20__	Beginning Balance 01/01/2013	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2013
251.19	2005 LTGO Refunding Bond, Issued May 2005	6/1/2017	3,525,000	0	645,000	71110	2,880,000
252.11	1998 Revenue & Refunding Bonds, Issued January 1998	7/1/2017	1,435,000	0	260,000	71110	1,175,000
252.11	2011 Special Revenue Refunding Bond, Issued August 2011	9/1/2021	7,317,473	0	877,158	71110	6,440,315
259.12	Employee Leave Benefits		91,594	158,760	155,060		95,294
263.94	Other Post-Employment Benefits		316,068	92,790	5,227		403,631
263.97	Environmental Remediation Liability		612,500	0	0		612,500

PORT OF EDMONDS
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended December 31, 2013

MCAG No. 1759

Schedule 16

1	2	3
Grantor/Program Title	Identification Number	Current Year Expenditures
Washington State Parks and Recreation Commission: Clean Vessel Program	CV 911-265	$ 2,084
Washington State Parks and Recreation Commission: Boating Facilities Program Local	12-1818D	20,733
Snohomish County PUD: Energy Retrofit Incentive	P4115	9,232
TOTAL STATE AND LOCAL ASSISTANCE		$ 32,049

PORT OF EDMONDS
SCHEDULE OF LABOR RELATIONS CONSULTANT(S)
For the Year Ended December 31, 2013

MCAG No. 1759 Schedule 19

Has your government engaged labor relations consultants?_______Yes __X__No

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

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