



PORT OF EDMONDS

2024 Annual Report



2024 Commissioners

David Preston	President
Janelle Cass	Vice-President
Selena Killin	Secretary
Jay Grant	Commissioner
Steve Johnston	Commissioner

2024 Port Officers

Angela Harris	Executive Director
Brandon Baker	Deputy Executive Director
Brian Menard	Director of Facilities and Maintenance
Brittany Williams	Director of Economic Development
Tsz Yan Brady	Director of Finance and Administration

Port of Edmonds 2024 Annual Report

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PORT OF EDMONDS
MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's 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, 2024 with comparisons to 2023. This discussion and analysis are designed to assist the reader in focusing on the Port's significant financial issues and activities 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. It was created in 1948 by a vote of the citizens of the Port district, which encompasses portions of the City of Edmonds and all the Town of Woodway.

The Port of Edmonds operates a Marina on Puget Sound for recreational boating. The Marina has an in-water facility with 664 slips, a dry stack storage facility for 224 vessels, two public boat launches, a workyard, a fuel dock, guest moorage, and parking facilities. In addition to the Port's Marina Operations, the Port rents its land to commercial users who then build suitable facilities on the land. The Port also owns and manages eight buildings, renting portions of those buildings to approximately 60 tenants. Major tenants include a hotel, an athletic club, three restaurants, a yacht broker/repair facility, and a yacht club. In addition to its lines of business, the Port provides the Portwalk, a popular community amenity, as well as hosting a series of environmental educational programs and community events.

Five elected Port Commissioners, elected to four-year terms, serve as the governing body of the Port. In accordance with the laws of the State of Washington, the Commissioners have appointed an Executive Director to manage Port operations, and a Port Auditor to manage the Port's finances. The Director of Finance and Administration is the appointed Port Auditor.

USING THE ANNUAL REPORT

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

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 for capital investments. 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. Ports will often 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 commission costs and capital expenditures.

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

The Statement of Net Position (also known as the Balance Sheet) presents all of the Port's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, 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 Port's financial position is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in 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, result in a net increase or decrease in the Port's net position for the year.

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

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

This discussion of the Port's financial statements includes an analysis of major changes in assets and liabilities for 2024 compared to 2023, as well as a review of changes in revenues and expenses reflected in the financial statements.

FINANCIAL ANALYSIS – STATEMENT OF NET POSITION

Summary of Statement of Net Position				
	2024	2023	Increase (Decrease)	% Change
Current Assets	\$ 15,335,536	\$ 11,550,429	\$ 3,785,107	33%
Long-Term Assets	25,615,265	26,375,619	(760,354)	-3%
Capital Assets, Net	32,693,826	33,392,595	(698,769)	-2%
Total Assets	73,644,627	71,318,643	2,325,984	3%
Deferred Outflows of Resources	908,502	707,962	200,540	28%
Total Assets and Deferred Outflows of Resources	74,553,129	72,026,605	2,526,524	4%
Current Liabilities	1,862,239	1,682,913	179,326	11%
Long-Term Liabilities	2,139,264	1,837,064	302,200	16%
Total Liabilities	4,001,503	3,519,977	481,526	14%
Deferred Inflows of Resources	11,744,830	12,431,086	(686,256)	-6%
Net investment in capital assets	32,685,269	33,392,595	(707,326)	-2%
Restricted	566,582	721,860	(155,278)	-22%
Unrestricted	25,554,945	21,961,087	3,593,858	16%
Total Net Position	58,806,796	56,075,542	2,731,254	5%
Total Liabilities, Deferred Inflows of Revenues, and Net Position	\$ 74,553,129	\$ 72,026,605	\$ 2,526,524	4%

The Port's current assets increased by \$3.8 million in 2024, mainly due to the increase in cash on hand, which the Port invests in the Local Government Investment Pool (LGIP). LGIP is a voluntary investment vehicle operated by the State Treasurer that provides safe, liquid, and competitive investment options for local government pursuant to RCW 43.250. LGIP's investment objectives are, in priority order: 1) safety of principal, 2) maintaining adequate liquidity to meet cash flows, and 3) providing a competitive interest rate relative to other comparable investment alternatives. LGIP offers 100% liquidity to its participants.

Long-term assets decreased by \$0.8 million. The decrease is mainly due to the difference between the called and matured investments retained as cash and a decrease in lease receivable – non-current and net pension asset.

Net capital assets decreased by \$0.7 million. This is mainly due to an increase in accumulated depreciation as the construction of the Port's new Administration and Maintenance building was completed in the first quarter of 2024.

Deferred outflows of resources increased by \$0.2 million, primarily due to an increase in deferred pension outflow.

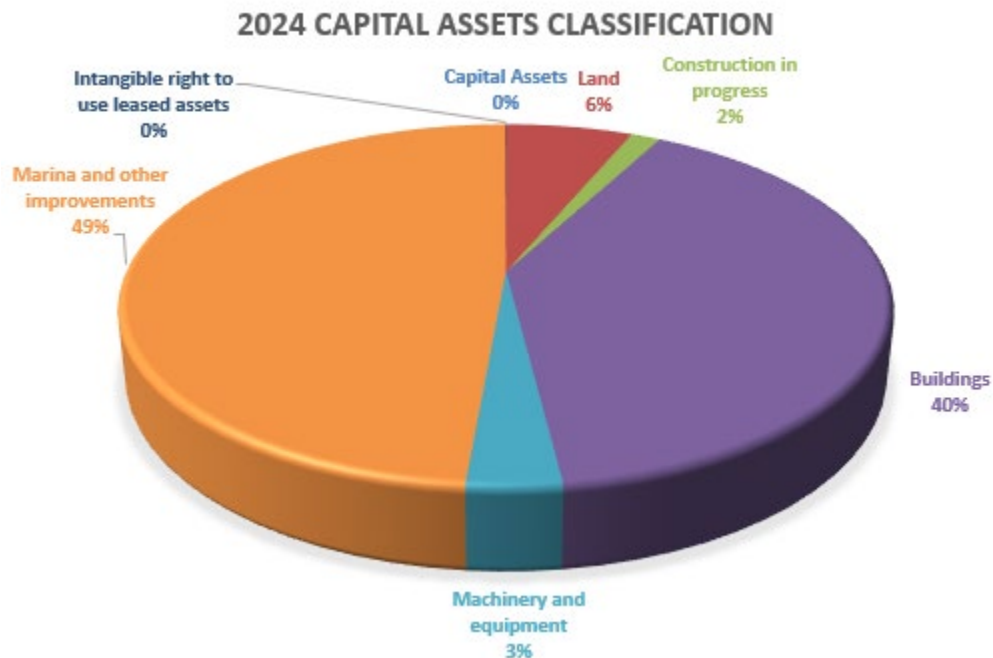
Current liabilities include payments for expenses already incurred, unearned revenue, customer deposits, compensated absences, and the current portions of leased assets liability and other post-employment benefits liability. The Port's current liabilities increased by \$0.2 million mainly due to increases in accounts payable, compensated absences, and accrued wages payable.

The Port's long-term liabilities are the long-term portion of the leased assets liability, compensated absences, other postemployment benefits liability, net pension liability, environmental remediation liability, and underground storage tank retirement obligation. Long-term liabilities increased by \$0.3 million mainly due to decreased leased asset liability and net pension liability offset by an increase in compensated absences, other postemployment benefits and underground storage tank retirement obligation.

Deferred inflows of resources decreased by \$0.7 million, due to a decrease in deferred pension inflow and deferred lease inflow.

Net investment in capital assets decreased by \$0.7 million mainly because of the increase in accumulated depreciation due to the completion of the new Administration and Maintenance building in the first quarter 2024. Restricted \$0.6 million of net position results from the net pension asset. As of December 31, 2024, the Port's assets exceeded its liabilities by \$58.8 million (net position), which is an increase of \$2.7 million or 5%.

CAPITAL ASSETS



<u>Capital Assets</u>	<u>2024</u>	<u>2023</u>
Land	\$ 4,323,675	\$ 4,323,675
Construction in progress	1,006,780	10,929,797
Buildings	27,403,410	17,166,874
Machinery and equipment	2,300,809	1,740,402
Marina and other improvements	33,102,721	33,102,721
Right to use leased assets	25,129	25,129
	<u>\$ 68,162,524</u>	<u>\$ 67,288,598</u>

The Port records the acquisition of all assets at historical costs on its Statement of Net Position. In 2024, the Port launched an initiative to split the North Portwalk & Reconstruction Project into three phases. The Port began Phase I of the new Administration and Maintenance Building in 2021 with total costs of \$10.2 million incurred as of December 31, 2024. It was placed in service in Q1 2024 for capitalization.

As of December 31, 2024, the Port is in the design and engineering stages of the North Portwalk & Seawall Reconstruction Project, which has a total cost of \$131,000 in Phase II for Site Prep and Electrification and \$844,000 for Phase III for North Seawall and Portwalk Rebuild. Construction is expected to begin in 2027 or 2028. The Port has submitted permits and is awaiting approval to proceed with the final design.

The Port's capital assets are classified into the following categories: land, construction in progress, buildings, marina and other improvements, machinery and equipment, and the right to use leased assets. Marina and other improvements include assets such as docks, breakwaters, the dry stack facility, roads, and landscaping. See Note 4, *Capital Assets and Depreciation*, in the Notes to the Financial Statements for more information.

The Port maintained capital assets of \$68.2 million as of December 31, 2024, which is an increase of \$0.9 million compared to December 31, 2023, due to investments in capital assets, offset by depreciation. When the Port invests more than depreciation in new capital assets in a year, the book value of its asset base increases.

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

Summary of Statement of Revenues, Expenses, and Changes in Net Position				
	2024	2023	Increase (Decrease)	% Change
Marina Operations Revenues	\$ 9,073,818	\$ 9,021,613	\$ 52,205	1%
Rental Properties Revenues	2,319,245	2,526,637	(207,392)	-8%
Total Revenues	11,393,063	11,548,250	(155,187)	-1%
Operating Expenses	11,031,292	8,739,197	2,292,095	26%
Operating Income	361,771	2,809,053	(2,447,282)	-87%
Net Nonoperating Revenues/(Expenses)	2,369,483	2,459,960	(90,477)	-4%
Capital Contributions	-	-	-	0%
Increase in Net Position	2,731,254	5,269,013	(2,537,759)	-48%
Net Position - Beginning	56,075,542	50,806,529	5,269,013	10%
Net Position - Ending	\$ 58,806,796	\$ 56,075,542	\$ 2,731,254	5%

The Statement of Revenues, Expenses, and Changes in Net Position presents the changes in net position.

The Port's 2024 Marina Operations revenues were \$9.1 million, an increase of \$52,000 or 1% compared to 2023. The increase is mainly due to an increase in Permanent Moorage and Dry Storage rates offset by a smaller quantity of fuel sold in 2024 compared to 2023.

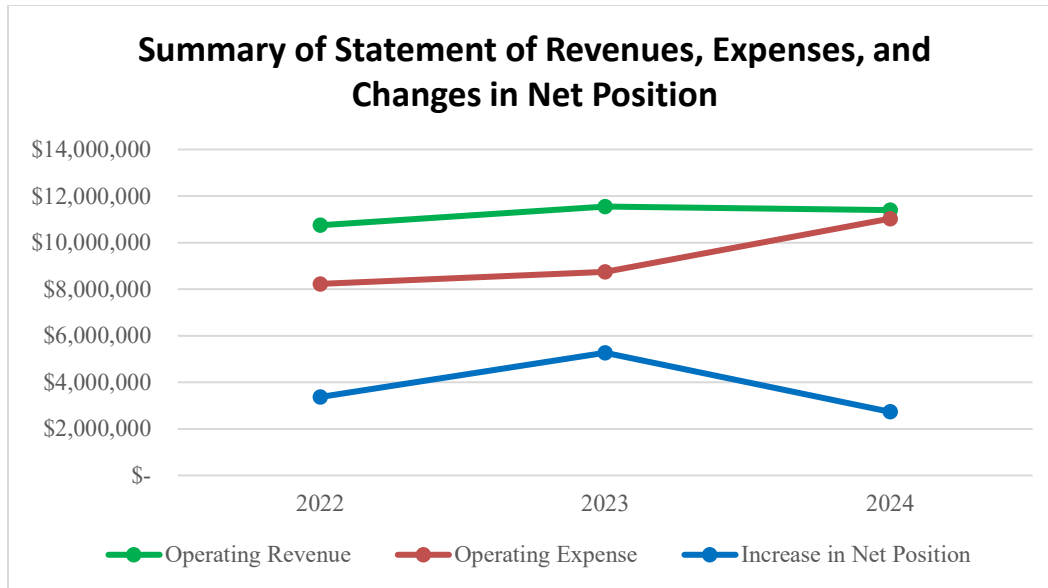
2024 Rental Properties revenues were \$2.3 million, a decrease of \$0.2 million or 8% compared to 2023. The decrease is due to a lower occupancy rate at Harbor Square Complex.

The Port's 2024 operating expenses were \$11.0 million, an increase of \$2.2 million or 26% compared to 2023. The increase is the result of an increase of repair & maintenance of \$0.6 million due to building 3 and 4 atrium windows project, engagement in professional services to support the lobbying effort to obtain grant funding for the North Seawall and Portwalk Reconstruction Project and Finance Consultant to support strategic goals of \$0.3 million, an increase in salaries and wages of \$0.2 million due to CPI of 4.6% adjustment, an increase in employee benefits of \$0.1 million parallel to salaries & wages increased, and increase in compensated absences of \$0.4 million due to adoption of GASB Statement No. 101, *Compensated Absences*, an increase in marketing of \$0.1 million due to Port rebranding, and audit expense of \$38,000 and strategic plan expense of \$37,000 that did not occur in 2023.

The Port's operating income was \$0.4 million in 2024, which is \$2.4 million or 87% lower than in 2023.

The Port's 2024 net non-operating revenues and expenses were \$2.4 million, a decrease of \$90,000 or 4% when compared to 2023. This difference includes a decrease in interest income, the Port receiving a COVID grant in 2023 but not in 2024 and offset by a positive change in the fair value of investments.

The Port's net position increased by \$2.7 million in 2024 compared to \$5.3 million in 2023.



	2022	2023	2024
Operating Revenue	\$ 10,745,605	\$ 11,548,250	\$ 11,393,063
Operating Expense	8,227,512	8,739,197	11,031,292
Increase in Net Position	\$ 3,366,621	\$ 5,269,013	\$ 2,731,254

STATE AND FEDERAL GRANT/APPROPRIATIONS

The Port has been applying for grants and appropriations at both the State and Federal level to assist in paying for infrastructure improvements. In 2024, the Port launched an initiative to split the North Portwalk & Reconstruction Project into three phases.

In Q1 2024, the Port completed Phase I of the North Portwalk & Seawall Reconstruction Project, which is constructing a new Administration and Maintenance building using capital improvement reserve funds. Phase II is site preparation (removal of old Administration building) and electrification, with the projected start date of Q4 2025, estimated at \$2.8 million. Phase III will be Seawall construction and Portwalk upgrades to provide flood protection and resiliency. The projected start date is expected to begin in 2027 or 2028, estimated at \$29.1 million.

Currently, the Port has been awarded the following Capital Grants for Phase II:

Capital Plan	GRANTS Dollars		PORT Dollars	Total Project Costs
	RCO	Electrification		
Phase II - Q4 2025	\$ 500,000	\$ 500,000	\$ -	\$ 1,000,000
Phase II - Q1 2026	\$ -	1,000,919	750,000	1,750,919
Total	\$ 500,000	\$ 1,500,919	\$ 750,000	\$ 2,750,919

In 2023, the Port was awarded the Recreation and Conservation Office (RCO) grant up to \$500,000. The period of performance began on August 1, 2023 (project start date) and will end on December 31, 2026 (project end date). No allowable cost incurred before or after this period is eligible for reimbursement

unless specifically provided for by written amendment or addendum to the Agreement. The Port plans to apply this grant for Phase II of the North Portwalk and Seawall Reconstruction Project as the demolition of the old building is considered development costs under RCO guidelines. As of December 31, 2024, no reimbursements have been submitted or received for this grant.

In 2024, WSDOT awarded the Port Electrification Competitive Grant for Phase II of the North Portwalk and Seawall Reconstruction Project in the amount of \$1.5M. As of December 31, 2024, no reimbursements have been submitted or received for this grant.

For Phase III, the Port needs to reconstruct and renovate a 900-foot-long section of deteriorated waterfront public boardwalk (i.e., North Portwalk) that extends between the Port of Edmonds Administration Building and Olympic Beach. The existing treated-wood boardwalk will be replaced within the same footprint but elevated six inches to create better pedestrian separation from the adjacent drive/fire lane and to improve pedestrian accessibility. The new walkway will have steel framing, steel railings and a deck of concrete panels inset with clear glass blocks. This non-slip walking surface is an environmentally conscious design that allows sunlight to penetrate to the water inhabitants below. Development will also include restroom facilities, expanded parking, landscaping, integrated lighting and way-finding signage. Additional development will also include two plazas adjacent to the boardwalk which will showcase public art and will provide public gathering spaces. The primary recreation opportunity provided by this project will be upgraded public access to the shoreline and enhanced public amenities along the waterfront.

In 2024, the Port received \$1.25 million federal appropriations for Phase III. Unfortunately, due to the federal government continuing resolution, this funding is no longer available. Despite this setback, the Port remains committed to securing state and federal grants and appropriations to support its projects.

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 or need additional information, please visit our website at www.portofedmonds.gov or contact: Director of Finance and Administration, 471 Admiral Way, Edmonds, WA 98020. Telephone (425) 774-0549.

PORT OF EDMONDS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

ASSETS

Current Assets

Cash and cash equivalents (Notes 1 and 2)	\$ 13,239,704
Accounts receivable (net of allowance for uncollectibles) (Note 1)	137,502
Lease receivable - current portion (Notes 1 and 11)	1,448,994
Taxes receivable (Notes 1 and 3)	8,291
Interest receivable (Notes 1 and 2)	54,287
Inventory (Note 1)	99,160
Prepaid expenses (Note 1)	347,598
Total Current Assets	<u>15,335,536</u>

Long-Term Assets

Investments (Note 2)	14,992,815
Lease receivable - long-term (Notes 1 and 11)	10,055,868
Net pension asset (Notes 1 and 7)	566,582

Capital Assets

Capital Assets Not Being Depreciated (Notes 1 and 4)	
Land	4,323,675
Construction in progress (Note 4)	1,006,780
Capital Assets Being Depreciated (Notes 1 and 4)	
Buildings	27,403,410
Marina and other improvements	33,102,721
Machinery and equipment	2,300,809
Right to use leased assets	25,129
Less: Accumulated depreciation and amortization	<u>(35,468,698)</u>
Total Net Capital Assets	<u>32,693,826</u>

Total Long-Term and Capital Assets	<u>58,309,091</u>
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TOTAL ASSETS	<u><u>73,644,627</u></u>
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DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflow (Notes 1 and 7)	788,040
Deferred other post employment benefits outflow (Notes 1 and 8)	8,075
Deferred underground storage tank retirement outflow (Notes 1 and 14)	<u>112,387</u>

TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>908,502</u></u>
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TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 74,553,129</u></u>
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PORT OF EDMONDS
STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

LIABILITIES

Current Liabilities

Accounts payable	\$ 253,005
Accrued expenses (Note 1)	455,016
Unearned revenue (Note 1)	138,075
Compensated absences - current portion (Note 1)	212,823
Customer deposits	781,950
Leased assets liability - current portion	5,220
Other post-employment benefits - current portion (Note 8)	<u>16,150</u>
Total Current Liabilities	<u>1,862,239</u>

Long-Term Liabilities

Leased assets liability	3,337
Compensated absences - long-term (Note 1)	309,297
Other postemployment benefits (Note 8)	661,419
Net pension liability (Notes 1 and 7)	235,609
Environmental remediation liability (Note 13)	612,500
Underground storage tank retirement obligation (Note 14)	<u>317,102</u>
Total Long-Term Liabilities	<u>2,139,264</u>

TOTAL LIABILITIES	<u><u>4,001,503</u></u>
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DEFERRED INFLOWS OF RESOURCES

Deferred pension inflow (Notes 1 and 7)	239,968
Deferred lease inflow (Notes 1 and 11)	<u>11,504,862</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>11,744,830</u></u>

NET POSITION

Net investment in capital assets	32,685,269
Restricted for net pension asset	566,582
Unrestricted	<u>25,554,945</u>
TOTAL NET POSITION	<u><u>58,806,796</u></u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 74,553,129</u></u>
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PORT OF EDMONDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

OPERATING REVENUES (Note 1)	
Marina operations	\$ 9,073,818
Property lease/rental operations	<u>2,319,245</u>
Total Operating Revenues	<u>11,393,063</u>
OPERATING EXPENSES (Note 1)	
General operations	6,112,435
Maintenance	1,186,731
General and administrative	2,124,541
Depreciation and amortization	<u>1,607,585</u>
Total Operating Expenses	<u>11,031,292</u>
Operating Income	<u>361,771</u>
NONOPERATING REVENUES (EXPENSES) (Note 1)	
Interest expense on leased assets liability (Note 11)	(323)
Investment income (Notes 1 and 2)	721,248
Interest income from lease activity (Notes 1 and 11)	549,494
Taxes levied for general purposes (Notes 1 and 3)	629,891
Grant proceeds (Note 12)	-
Change in fair value of investments (Note 2)	460,219
Loss on disposition of fixed assets (Note 4)	8,954
Election expense	-
Total Nonoperating Revenues (Expenses)	<u>2,369,483</u>
Increase in net position	<u>2,731,254</u>
Net position as of January 1	<u>56,075,542</u>
Net position as of December 31	<u>\$ 58,806,796</u>

PORT OF EDMONDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 361,771
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization expense (Note 4)	1,607,585
Other post-employment benefits expense	65,497
Pension expense	(288,593)
Changes in assets and liabilities	
(Increase)/decrease in accounts receivable	36,379
(Increase)/decrease in inventory	(34,135)
(Increase)/decrease in prepaid expenses	(56,032)
Increase/(decrease) in accounts payable	18,767
Increase/(decrease) in accrued expenses	275,895
Increase/(decrease) in customer deposits	20,265
Increase/(decrease) in unearned revenue	(2,254)
Increase/(decrease) in lease inflow	-
Increase/(decrease) in compensated absences - long-term	170,480
Net cash provided by operating activities	<u>\$ 2,175,625</u>

PORT OF EDMONDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 11,447,453
Payments to suppliers	(5,080,628)
Payments to employees	(4,191,200)
Net cash provided by operating activities	<u>2,175,625</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from property taxes (Note 3)	629,233
Nonoperating receipts	-
Nonoperating expenses	-
Net cash provided by noncapital financing activities	<u>629,233</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases and construction of capital assets (Note 4)	(892,416)
Receipt of capital grant	-
Interest paid on leased assets	(323)
Net cash used by capital and related financing activities	<u>(892,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Maturities of investments (Note 2)	3,500,000
Purchases of investments (Note 2)	(2,922,866)
Interest and dividends	1,265,037
Net cash used by investing activities	<u>1,842,171</u>
Net decrease in cash and cash equivalents	3,754,290
Balances - beginning of the year	<u>9,485,414</u>
Balances - end of the year (Note 1)	<u>\$ 13,239,704</u>

PORT OF EDMONDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Port of Edmonds (the Port) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The Port was incorporated in December 1948 and operates under the laws of the State of Washington applicable to public port districts. 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 RCW 43.09. The Port uses the *Budgeting, Accounting and Reporting System for GAAP Cities, Counties, and Special Purpose Districts* in the State of Washington.

The Port's financial statements are reported using the economic resources measurement focus and the full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

All assets and all liabilities (whether current or long-term) associated with the Port's activity are included in the statement of net position. Net 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 the net position. The Port discloses changes in cash flows in a separate statement that presents its operating, noncapital financing, capital and related financing, and investing activities.

The Port distinguishes between operating revenues and expenses and non-operating items. 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 and land and building lease revenues. Operating expenses for the Port include general operations, maintenance, general

and administrative, and depreciation. Revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The statement defines accounting changes and prescribes the accounting and financial reporting for each type of accounting change and error corrections. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The adoption of these requirements did not have a material effect on the Port's financial statements.

C. Use of Estimates

The preparation of financial statements in conformity with generally 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.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

It is the Port's policy to invest all temporary cash surpluses. On December 31, 2024, the treasurer was holding \$13.2 million in short-term residual investments of surplus cash. This amount is classified on the Statement of Net Position as cash and cash equivalents.

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. Investments – See Note 2, *Deposits and Investments*.

3. Receivables

Accounts receivable consists of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Accounts receivable has been recorded net of estimated uncollectible amounts. The allowance for doubtful account is \$50,000 as of December 31, 2024.

Lease receivable consists of the present value of lease payments expected to be received over lease terms that exceed one year. Lease receivable – current is the portion that will be received in the upcoming year. Lease receivable – non-current is the portion that will be received more than a year from December 31, 2024, through the end of the lease term. As the Port estimates that all lease receivable amounts will be collected, no estimated uncollectible amounts are established.

Taxes receivable consists of property taxes and related interest and penalties (See Note 3, *Property Taxes*). No estimated uncollectible amounts are established because property taxes are considered liens on property.

Interest receivable consists of amounts earned on investments at the end of the year.

4. Inventory

Inventory consists of fuel held for sale to customers. Inventory is valued by the First In, First Out (FIFO) cost method, which approximates market value. The cost is recorded as general operations at the time the inventory items are consumed.

5. Prepaid Expenses

Prepaid expenses include items that were paid for but have not yet been incurred. Examples are insurance, dues, advertising, marketing programs, and software maintenance agreements.

6. Capital Assets and Depreciation - See Note 4, *Capital Assets and Depreciation*.

Capital assets include land, buildings, equipment, improvements, and right to use leased assets. Capital assets are defined by the Port as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost, where historical cost is not known. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset. The costs for normal maintenance and repairs are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The Port has acquired certain assets with funding provided by State and Federal financial assistance programs. Depending on the terms of the agreements involved, the federal and state governments 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 other 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 20 years
Other Improvements	10 to 50 years
Right to Use Leased Asset	Term of lease

7. Deferred Outflows/Inflows of Resources

The Port reports deferred outflows and deferred inflows of resources separately on the Statement of Net Position. Deferred outflows of resources represent a consumption of net assets that apply to a future period(s). Conversely, deferred inflows of resources represent an acquisition of net assets that apply to a future period(s).

8. Compensated Absences

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. Employees are not paid for unused sick leave at time of termination, resignation, retirement or other separation from employment; however, in the case of an employee being rehired within twelve months of separation, previously accrued unused paid sick leave shall be reinstated.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The statement updates the recognition and measurement guidance for compensated absences to better meet the information needs of financial statement users. The requirements of this statement are effective for reporting periods beginning after December 15, 2023. The adoption of these requirements did not have a material effect on the Port's financial statements.

With the adoption of GASB Statement No. 101 in fiscal year 2024, vacation is recognized as a liability when earned and expected to be used or paid upon separation. The liability is measured using employees' current pay rates and available balance, including salary-related costs. The portion expected to be paid within one year is classified as a current liability under compensated absences – current portion, while the remaining balance is reported as a long-term liability under compensated absences – long-term. Accrued vacation benefit as of December 31, 2024, was \$153,000 and reflective of changes associated with the implementation of GASB101, *Compensated Absences*. Accrued vacation benefit as of December 31, 2023, was \$138,000. The total liability increased by \$15,000 from 2023 to 2024.

With the adoption of GASB Statement No. 101 in fiscal year 2024, sick leave is recognized as a liability when earned. Although there is no payout for unused sick leave at time of termination, resignation, retirement or other separation from employment, it accumulates and represents a future obligation that needs to be accounted for. The liability is measured using employees' current pay rates and assessment of the historical sick leave usage, including salary-related costs. The portion expected to be paid within one year is classified as a current liability under compensated absences – current portion, while the remaining balance is reported as a long-term liability under compensated absences – long-term. Accrued sick leave benefit as of December 31, 2024, was \$0.4 million and reflective of changes associated with the implementation of GASB101, *Compensated Absences*. Accrued vacation benefit as of December 31, 2023, was \$0 as an accrual was not required prior to adoption of GASB Statement No. 101 since unused sick leave is not paid out.

9. Pensions

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

For purposes of calculating restricted net position related to the net pension asset, the Port includes the balance of net pension asset only.

10. Accrued Expenses

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

11. Unearned Revenue

On December 31, 2024, the Port held \$0.1 million in Unearned Revenue. These amounts are prepayments of rent and will be recognized as revenue in 2025.

12. Net Position Classification

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted. The Port's Statement of Net Position reports \$0.6 million of restricted net position for pension asset as per Note 7, *Pension Plans*. None of the restricted net position is restricted by enabling legislation.

13. Leases (Port as Lessor) – See Note 11, *Leases*

The Port is a lessor for noncancelable leases. Leases are contracts that convey control of a right to use the Port's land, buildings, or portions of buildings over a period of time that exceeds one year. For leases with a maximum possible term of 12 months or less at commencement, revenue is recognized in the period earned. For all other leases, the Port recognizes a lease receivable and a deferred inflow when the lease commences.

At lease commencement, the lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date.

Subsequently, the deferred inflow of resources is recognized as lease revenue using the interest rate method over the lease term.

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

1. The discount rate for leases is based on the rate of interest the lessee would be charged to borrow an amount equal to the lease payments, respectively, under similar terms at the commencement or remeasurement date. The Port determines the discount as follows:
 - a. If the lease term is 20 years or more, the implicit rate in the lease agreement is used. The implicit rate is the internal rate of return on all payments or receipts related to the lease. It is the rate that equates the present value of the lease payments and the fair value of the leased asset at the inception of the lease.
 - b. If the lease term is less than 20 years, the lessee's borrowing rate is estimated as follows:

Total Lease Payments Over the Lease Term Plus Options to Extend	Discount Rate Used
\$500,000 or more	Prime
\$50,001 to \$499,999	Prime + 2.75%
\$25,001 to \$50,000	Prime + 3.25%
\$25,000 or less	Prime + 4.25%

2. The lease term includes the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor/vendor have a unilateral option to terminate (or if both parties must agree to extend) are excluded from the lease or subscription term. Current Port leases have been extended from 2 to 25 years. The Port has two longer-term building leases of 35 and 40 years with multiple lease extensions of 5 to 10 years each. Land leases are typically 30 to 50 years with two or more extensions of 5 to 15 years, as the tenant has invested in constructing and maintaining a building on the leased land.
3. 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. Land leases rent ranges from \$5,000 to \$14,000 per month. Building leases and major portions of building leases rent range from \$19,000 to \$27,000 per month. Partial building lease rent ranges from \$700 to \$13,000 per month.

The Port monitors changes in circumstances that may require remeasurement of a lease receivable. When certain changes occur that are expected to significantly affect the amount of the lease, the receivable is remeasured, and a corresponding adjustment is made to the deferred inflow of resources.

14. Leases (Port as Lessee) – See Note 11, *Leases*

The Port is a lessee for noncancelable leases. Leases are contracts that convey control of a right to use an asset over a period that exceeds one year. For leases with a maximum possible term of 12 months or less at commencement, expenses are recognized based on the provisions of the lease contract. For all other leases, the Port recognizes a right to use leased asset and a lease liability when the lease commences. The Port recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At lease commencement, the right to use asset and the lease asset liability is measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. The right to use asset is amortized monthly using the straight-line method over the lease term.

Key estimates and judgments include (1) the discount rate used to calculate the present value of the expected lease payments, (2) lease term, and (3) lease payments.

1. The discount rate for leases is based on the rate of interest the Port would be charged to borrow an amount equal to the lease payments, respectively, under similar terms at the commencement or remeasurement date. The Port estimates that its borrowing rate would be similar to the rate its bank offers to government borrowers.
2. The lease term includes the noncancellable period of the lease plus any additional periods covered by either a lessee or lessor option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and the lessor/vendor have a unilateral option to terminate (or if both parties have to agree to extend) are excluded from the lease or subscription term. The lease term for the Port's copier contract is 60 months.
3. The total monthly payment for leasing three copiers is \$448.

The Port monitors changes in circumstances that may require remeasurement of a lease liability. When certain changes occur that are expected to significantly affect the amount of the lease, the leased asset and liability are remeasured.

15. Subscription-based Information Technology Arrangements (SBITA) - A SBITA is a contract that conveys control of the right to use a third-party's information technology software.

SBITAs that have maximum possible term under the SBITA contract of 12 months or less are considered a short-term SBITA and expensed as incurred. The Port recognized a subscription liability and an intangible right-to-use (RTU) subscription asset at the beginning of a SBITA, unless the SBITA is considered a short-term SBITA. A subscription liability is measured at the present value of subscription payments expected to be made during the subscription term using the Port's incremental borrowing rate. A subscription asset is initially recorded at the initial measurement of the subscription liability, plus subscription payments made at the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The commencement of the subscription term occurs when the Port has obtained control of the right to use the underlying subscription assets, and the subscription asset is placed into service. A subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability. The Port calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. SBITAs that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the payment amounts during the subscription term. Payments are allocated first to accrued interest liability and then to the lease liability. Variable payments based on the usage of the underlying assets are not included in the subscription liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. The Port did not have any agreements that met definition of SBITA as of December 31, 2024.

NOTE 2 – DEPOSITS AND INVESTMENTS

A. Deposits

Cash on hand on December 31, 2024, was \$1,000 in petty cash and change funds. The carrying amount of the Port's deposits, including the Local Government Investment Pool (LGIP), was \$13.2 million.

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 will not be able to recover collateral securities that are in the possession of an outside party. The Port's policy is that bank deposits and certificates of deposit must be 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. Deposits in Local Government Investment Pool (LGIP)

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

As the maturity of LGIP investments is 3 months or less, the Port considers LGIP deposits to be cash equivalents.

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, or online at <http://www.tre.wa.gov>.

C. 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 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 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.

D. Investments

It is the Port's policy to invest all temporary cash surpluses. Port staff invest surplus cash according to Port Resolution Number 13-12. The investment objectives, in priority order, are safety, liquidity, and return on investment.

Investments are subject to the following risks:

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 laddered and limited to maximum terms of five years.

As of December 31, 2024, the Port held the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-3	More Than 3	
U.S. Treasuries	\$ 3,892,344	\$ -	\$ 1,923,008	\$ 1,969,336	
U.S. Agencies	11,100,472	5,395,961	1,917,224	3,787,286	
Total Investments	<u>\$ 14,992,815</u>	<u>\$ 5,395,961</u>	<u>\$ 3,840,232</u>	<u>\$ 5,756,622</u>	

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Port manages this risk through its investment policy, which requires that only highly secure investments may be purchased.

On December 31, 2024, the Port's investments had the following credit quality distribution for securities with credit exposure:

	Fair Value	AAA	AA		BBB	BBB and	Unrated
		Aaa	Aa	A	Baa	Below	
U.S. Treasuries	\$ 3,892,344	\$ 3,892,344	\$ -	\$ -	\$ -	\$ -	-
U.S. Agencies	11,100,472	11,100,472	-	-	-	-	-
Total Investments	<u>\$ 14,992,815</u>	<u>\$ 14,992,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Custodial Credit Risk: Custodial credit risk is the risk that in the 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 that are in possession of an outside party. All security transactions entered 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 of all transactions. None of the Port's investments are held by counterparties.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The Port's U.S. Treasury and U.S. Agency investments are secured by the full faith and credit of the United States government. As all U.S. Treasury and U.S. Agency bonds are backed by the full faith and credit of the United States government, the Port's investment policy does not require diversification of U.S. bonds.

E. Investments Measured at Fair Value

The Port's investments, stated at fair value, are based on quoted market prices for similar assets in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Accordingly, the change in the fair value of an investment is recognized as an increase or decrease in the investment asset and investment income.

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

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

As of December 31, 2024, the Port held the following investments measured at fair value:

Investments by Fair Value Level	12/31/2024	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
U.S. Treasuries	\$ 3,892,344	\$ -	\$ 3,892,344	\$ -	
U.S. Agencies	11,100,472	-	11,100,472	-	
Total Investments Measured at Fair Value	\$ 14,992,815	\$ -	\$ 14,992,815	\$ -	
Total Investments in Statement of Net Position	\$ 14,992,815				
Investments Shown without Restriction	\$ 14,992,815				

F. Change in Fair Value of Investments

Change in fair value of investments of \$0.5 million is the difference between the price on December 31, 2023, or the date when the Port of Edmonds purchased the securities, whichever is later, and the fair value at December 31, 2024. 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. If the Port holds the investments to maturity or call date, there will be no realized loss or gain.

G. Summary of Deposit and Investment Balances

The table below reconciles the Port's deposits and investment balances as of December 31, 2024:

Deposits and Investments	
Cash and Cash Equivalents	
Cash on Hand	\$ 1,000
Deposits with Private Financial Institutions	3,493,265
Snohomish County Treasurer	2,103
LGIP	9,743,336
Total Cash and Cash Equivalents	\$ 13,239,704
Investments	
U.S. Treasuries	\$ 3,892,344
U.S Agencies	11,100,472
Total Investments	\$ 14,992,815

NOTE 3 – PROPERTY TAXES

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

Property Tax Calendar	
January 1	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 taxes collected in advance of the fiscal year to which it applies are 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 2024 was approximately \$0.0684 per \$1,000 on an assessed valuation of \$9,130,461,265 for a total regular tax levy of \$0.6 million.

NOTE 4 – CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended December 31, 2024, was as follows:

	Beginning Balance 1/1/2024	Increases	(Decreases)	Ending Balance 12/31/2024
Capital assets, not being depreciated				
Land	\$ 4,323,675	\$ -	\$ -	4,323,675
Construction in progress	10,929,797	-	(9,923,017)	1,006,780
Total capital assets, not being depreciated	15,253,472	-	(9,923,017)	5,330,455
Capital assets, being depreciated				
Buildings	17,166,874	10,236,536	-	27,403,410
Marina and other improvements	33,102,721	-	-	33,102,721
Machinery and equipment	1,740,402	560,407	-	2,300,809
Intangible right to use leased assets	25,129	-	-	25,129
Total capital assets being depreciated	52,035,126	10,796,943	-	62,832,069
Less accumulated depreciation for				
Buildings	10,287,127	877,611	-	11,164,738
Marina and other improvements	22,650,791	592,037	-	23,242,828
Machinery and equipment	946,160	98,022	-	1,044,182
Intangible right to use leased assets	11,925	5,025	-	16,950
Total accumulated depreciation	33,896,003	1,572,694	-	35,468,698
Total capital assets, being depreciated, net	\$ 18,139,123			\$ 27,363,371

NOTE 5 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

As of December 31, 2024, the Port is in the permitting phase of the North Seawall and Portwalk Rebuild Project. At year end, the Port's commitments with contractors and consultants were as follows:

Project	Spent to Date	Remaining Commitment
North Seawall and Portwalk Reconstruction Project	955,163	29,977,819
	<u>\$ 955,163</u>	<u>\$ 29,977,819</u>

**This schedule excludes payroll costs for capitalization.*

The Port has spent approximately \$1.0 million in design and planning phase for the North Seawall and Portwalk Rebuild Project current to date. The Port has not begun construction or under contractual obligations, but the Port is committed to moving forward with this project.

NOTE 6 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

NOTE 7 – PENSION – STATE SPONSORED (DRS) PLANS

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ (235,609)
Pension assets	\$ 566,582
Deferred outflows of resources	\$ 788,040
Deferred inflows of resources	\$ (239,966)
Pension expense/(credit)	\$ (33,078)

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees’ Retirement System (PERS)

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

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1		
Actual Contribution Rates	Employer	Employee
January – June 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Total	9.53%	6.00%
July – August 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Total	9.03%	6.00%
September – December 2024		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Total	9.11%	6.00%

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

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

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

members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3		
Actual Contribution Rates	Employer 2/3	Employee 2
January – June 2024		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.97%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.53%	6.36%
July - August 2024		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.47%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.03%	6.36%
September – December 2024		
PERS Plan 2/3	6.36%	6.36%
PERS Plan 1 UAAL	2.55%	
Administrative Fee	0.20%	
Employee PERS Plan 3		Varies
Total	9.11%	6.36%

The Port's actual PERS plan contributions were \$77,244 to PERS Plan 1 and \$178,272 to PERS Plan 2/3 for the year ended December 31, 2024.

Actuarial Assumptions

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' *Annual Comprehensive Financial Report* located on the DRS website. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the 2013-2018 Demographic Experience Study Report and the 2023 Economic Experience Study.

The TPL was calculated as of the valuation date and plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

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

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Change in Assumptions and Methods: Actuarial results that OSA provided within this publication reflect the following changes in assumptions and methods:

Assumption Changes:

- Assumptions did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR).

Method Changes:

- OSA adjusted their methods for calculating UAAL contribution rates in PERS 1 and TRS 1 to reflect the delay between the measurement date of calculated Plan 1 rates and when the rates are collected.
- OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS 1 and TRS 1.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for all plans included in this publication. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Based on the assumptions described in OSA’s certification letter within the DRS ACFR, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.00% was used to determine the total liability.

Long-Term Expected Rate of Return

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the WSIB provided. The CMAs contain three pieces of information for each class of assets WSIB currently invests in:

- Expected annual return.
- Standard deviation of the annual return.
- Correlations between the annual returns of each asset class with every other asset class.

The WSIB uses the CMAs and their target asset allocation to simulate future investment returns at various future times.

Estimated Rates of Return by Asset Class

The table below summarizes the best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2024.

The inflation component used to create the table is 2.50% and represents the WSIB’s long-term estimate of broad economic inflation consistent with their 2023 CMAs.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	19.0%	2.1%
Tangible Assets	8.0%	4.5%
Real Estate	18.0%	4.8%
Global Equity	30.0%	5.6%
Private Equity	25.0%	8.6%
	100%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the net pension liability of employers, calculated using the discount rate of 7.00% as well as what employers’ net pension liability would be if it were calculated using a discount rate 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
PERS 1	\$ 346,574	\$ 235,609	\$ 138,289
PERS 2/3	\$ 1,021,372	\$ (566,582)	\$ (1,870,736)

Pension Plan Fiduciary Net Position

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

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

As of December 31, 2024, the Port reported its proportionate share of the net pension liabilities/(assets) as follows:

	Liability (or Asset)
PERS 1	\$ 235,609
PERS 2/3	\$ (566,582)

On June 30, 2024, measurement date, the Port's proportionate share of the collective net pension liabilities/(assets) was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.013653%	0.013260%	0.000393%
PERS 2/3	0.017612%	0.017187%	0.000425%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all Port plans.

Pension Expense

For the year ended December 31, 2024, the Port recognized pension expense/(credit) as follows:

	Pension Expense
PERS 1	\$ (12,979)
PERS 2/3	\$ (20,099)
TOTAL	\$ (33,078)

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(18,853)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	37,182	-
TOTAL	\$ 37,182	\$ (18,853)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 321,944	\$ (1,312)
Net difference between projected and actual investment earnings on pension plan investments	-	(162,366)
Changes of assumptions	312,868	(35,899)
Changes in proportion and differences between contributions and proportionate share of contributions	23,564	(21,537)
Contributions subsequent to the measurement date	92,482	-
TOTAL	\$ 750,858	\$ (221,114)

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense/(credit) as follows:

Year ended December 31	PERS 1
2025	\$ (31,200)
2026	16,029
2027	(1,697)
2028	(1,985)
2029	-
Thereafter	-
Total	\$ (18,853)

Year ended December 31	PERS 2/3
2025	\$ (122,450)
2026	246,544
2027	107,585
2028	106,714
2029	52,038
Thereafter	46,831
Total	\$ 437,262

NOTE 8 – OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

In June 2015, the Governmental Accounting Standards Board issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Port adopted this standard in 2018.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year ended December 31, 2024:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	\$ 677,569
OPEB assets	\$ -
Deferred outflows of resources	\$ 8,075
Deferred inflows of resources	\$ -
OPEB expenses/(credit)	\$ 81,022

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	N/A
Active employees	29
Total	33

The Port is not able to determine the number of inactive employees entitled to but not yet receiving benefits as eligibility is determined by the Washington State Office of Retirement Services and the Washington State Public Employees Benefit Board. Inactive employees entitled to but not yet receiving

benefits would include any former Port employee who retires under the public employees' retirement system and who are vested in that system. Retirees may also elect alternate coverage through Medicare and a Medicare supplemental plan.

A. OPEB Plan Description

The Port of Edmonds provides medical, dental, life, and long-term disability insurance to its full-time 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, and vision insurance. PEBB offers retirees access to all of these benefits and PEBB employers, through this single-employer defined benefit plan, provide monetary assistance, or subsidies, these benefits.

The OPEB relationship between PEBB employers and their employees and retirees are 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://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.

C. Funding Policy

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. Therefore, there are no assets accumulating in a qualifying trust.

Actuarial Methods and Assumptions

The Port used the alternative measurement method permitted under GASB Statement No. 75 and provided by the Office of the State Actuary. The Office of the State Actuary made the following assumptions:

- 3/4 of members select a Uniform Medical Plan (UMP) and 1/4 select a Kaiser Permanente (KP) plan.
- UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan Classic.
- The KP pre-Medicare costs and premiums are a 40/60 blend of KP WA Classic and KP WA Value.
- The KP post-Medicare costs and premiums are equal to KP Medicare.

No inactive members entitled to but not currently receiving a benefit were included in the calculation.

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

Assumptions made for retirement, disability, termination, and mortality were based on the most recent *PEBB OPEB* valuation as of the publication date of the Office of State Actuary's calculation tool. For simplicity, the Office of the State Actuary assumed:

- Based on an average expected retirement age of 65, they applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.
- Each primary member was assumed to be a 50/50 male/female split.
- 45% of current and future retirees cover a spouse.
- Eligible spouses are the same age as the primary member.
- Age-based primary members were selected for the tool based on the overall distribution of State employees and retirees that participate in PEBB.
- Dental benefits were not included when calculating the Total OPEB Liability.

Other assumptions include:

Assumptions	
Discount Rate¹	
Beginning of Measurement Year	3.65%
End of Measurement Year	3.93%
Projected Salary Changes	3.25% + Service-Based Increases
Healthcare Trend Rates²	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% in 2075.
Mortality Rates	
Base Mortality Table	PubG.H-2010 (General)
Age Setback	0 years
Mortality Improvements	MP-2017 Long-Term Rates
Projection Period	Generational
Inflation Rate	2.35%
Post-Retirement Participation Percentage	60%
Percentage with Spouse Coverage	45%

¹ Source: Bond Buyer General Obligation 20-Bond Municipal Index.

² Trend rate assumptions vary by medical plan. For additional detail on the healthcare trend rates, please see our [PEBB OPEB Healthcare Trend Assumptions](#) webpage.

³ Based on the Consumer Price Index (CPI): Urban Wage Earners & Clerical Workers, U.S. City Average, WA - All Items.

The following sensitivity analysis presents the total OPEB liability of the Port calculated using the assumptions above.

Sensitivity Analysis			
Total OPEB Liability	1% Decrease	Current	1% Increase
Discount Rate	\$804,880	\$677,569	\$576,424
Healthcare Trend	\$560,852	\$677,569	\$830,994

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 changes in total OPEB liability and related ratios is presented as required supplementary information following the notes to the financial statements.

D. Changes in the Total OPEB Liability

The following table shows the components of the Port's annual OPEB expense for the year, the benefit payments made, and changes in the Port's total OPEB liability as of June 30, 2024. The current portion of OPEB liability of \$16,150 is included as a current liability and the long-term portion of the OPEB liability of \$661,419 is included as a long-term liability in the Statement of Net Position.

Schedule of Changes in Total OPEB Liability	
Total OPEB Liability at 7/1/2023	\$ 609,416
Service Cost	30,851
Interest Cost	23,137
Changes in Experience Data and Assumptions	27,034
Changes in Benefit Terms	-
Benefit Payments	(12,896)
Other	-
Total OPEB Liability at 6/30/2024	\$ 677,569

The Port of Edmonds used the alternative measurement method, which does not calculate deferred outflows and inflows for anything other than payments subsequent to the measurement date. Payments subsequent to the measurement date of 6/30/2024 were \$8,075, which will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2025.

All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Payments subsequent to the measurement date	8,075	-
Total	\$ 8,075	\$ -

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. The plan is funding on a pay-as-you go basis and there are no assets accumulating in a qualifying trust.

NOTE 9 – RISK MANAGEMENT

Port of Edmonds is a member of the Enduris Washington (the 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 contract for risk management, claims, and administrative services. The Pool was formed on July 10, 1987, under 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. During the Pool's fiscal year ending August 31, 2024, there were 507 Enduris members representing a broad array of special purpose districts throughout the state.

The Enduris program provides 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 policy. Pollution and Cyber coverage are provided on a claims-made and reported coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year, members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that apply to them. In some instances, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays specific to their needs. Enduris is responsible for payment of all covered losses above the member deductible or copay up to the Pool selfinsured 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:				
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

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
Terrorism Liability ⁽²⁾	Per Occurrence Pool Aggregate	\$500,000 \$1 million	None	\$1,000 - \$100,000
Employment Practices Liability	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay ⁽³⁾
Property ⁽⁴⁾:				
Buildings and Contents	Per Occurrence	\$500,000	\$1 billion	\$1,000 - \$250,000
Mobile Equipment	Per Occurrence	\$500,000	\$1 billion	\$1,000 - \$250,000
Boiler and Machinery	Per Occurrence	\$500,000	\$100 million	\$1,000 - \$250,000
Business Interruption (BI)/ Extra Expense (EE) ⁽⁵⁾	Per Occurrence	\$500,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 - \$250,000
Sublimit ⁽⁶⁾:				
Flood	Per Occurrence	\$500,000	\$50 million (shared by Pool members)	\$1,000 - \$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to a \$500,000 minimum	\$10 million (shared by Pool members)	\$1,000 - \$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per occurrence \$200 million aggregate	\$1,000 - \$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/ per occurrence APIP program \$1.4 billion/ APIP program aggregate	\$0
Automobile Physical Damage ⁽⁷⁾	Per Occurrence	\$500,000 with exceptions	\$1 billion	\$250 - \$1,000
Cyber ⁽⁸⁾	Each Claim APIP Aggregate	\$50,000 to \$100,000 with waiting period	\$2 million \$45 million	20% Copay
Pollution ⁽⁹⁾	Each Claim APIP Aggregate	\$250,000 with exceptions	\$2 million \$25 million	\$1,000 - \$250,000
Crime Blanket ⁽¹⁰⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Named Position ⁽¹¹⁾	Per Occurrence	\$50,000	\$1 million	\$1,000
Identity Fraud Expense Reimbursement ⁽¹²⁾	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) Terrorism liability is fully funded by the Pool, i.e., no excess/reinsurance is procured.

(3) Members are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.

(4) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles/ Co-Pays ⁽¹⁾
	Program (APIP), reinsurance carriers cover insured losses over \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.			
(5)	Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; 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.			
(6)	This Property Program sub-limit 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.			
(7)	Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.			
(8)	Cyber coverage is included under the Pool's Property program on an optional basis. 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/member's 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.			
(9)	Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.			
(10)	Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.			
(11)	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.			
(12)	Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 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. No claim settlements were above the insurance coverage in the last three policy years.

Upon joining the Pool, members are contractually obligated to remain for at least one year. They must give notice 60 days before renewal 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. Any Member terminated or withdrawing from the Pool shall be liable pro-rata for any assessments levied against Members for any year in which that Member belonged to the Pool as if they were still a Member.

Its member participants fully fund Enduris. Members file claims with the Pool, which determines coverage and administers the claims.

A seven-member Board of Directors governs the Pool. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly, oversees Enduris' business affairs, and provides policy direction to the Pool's Executive Director.

NOTE 10 – CHANGES IN LONG-TERM LIABILITIES

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2024	Additions	Reductions	Ending Balance 12/31/2024	Due Within One Year
Leased asset liability	\$ 13,599	\$ -	\$ 5,042	\$ 8,557	\$ 5,220
Compensated absences - long-term	-	522,120	-	522,120	212,823
Other post employment benefits	609,416	81,022	12,869	677,569	16,150
Net pension liability	311,661	-	76,052	235,609	-
Environmental remediation liability	612,500	-	-	612,500	-
Underground storage tank retirement	305,788	11,314	-	317,102	-
Total Long-Term Liabilities	\$ 1,852,964	\$ 614,456	\$ 93,963	\$ 2,373,457	\$ 234,193

NOTE 11 - LEASES

A. Lessee Activity

The Port of Edmonds has entered into three 60-month equipment lease agreements with the total payment amount of \$450 per month. The leases are subject to GASB Statement No. 87 accounting. Variable payments are required based on the number of copies made.

Leased assets activity for the year ended December 31, 2024, was as follows:

	Beginning Balance 1/1/2024	Increases	Decreases	Ending Balance 12/31/2024
Leased Equipment	\$ 25,129			\$ 25,129
Accumulated Amortization on Lease Equipment	11,925	5,026		16,950
Net Book Value of Leased Equipment	\$ 13,204			\$ 8,179

2024 outflows of resources from lease activity were as follows:

Principal Payments in 2024	\$ 5,042
Interest Expense on Leased Asset	323
Variable Payments	2,981
Total	\$ 8,347

As of December 31, 2024, the principal and interest requirements to maturity are as follows:

Year Ended December 31	Principal	Interest	Total
2025	\$ 5,211	168	\$ 5,379
2026	2,459	42	2,501
2027	439	4	443
Total	\$ 8,109	\$ 213	\$ 8,322

B. Lessor Activity

Leases subject to GASB Statement No. 87 have a fixed term that exceeds one year. Therefore, moorage, dry storage, and other month-to-month leases are not considered in the discussion below. Many building lease agreements begin as a one-year, three-year, or five-year agreement and then are extended numerous times. The length of tenancy listed in the graph below is the total length of time the tenant has been leasing from the Port at year end.

As of December 31, 2024, there were 41 qualifying leases in which the Port was a lessor:

Type	Length of Tenancy as of 12/31 (in years)	Lease End Date	# of Years Remaining	# of Options to Extend	Option Extension Period (in years)	Lease End Date Including Options	Lease End Date for GASB 87 Capitalization
Building	2.8	2025	0.2	0	0	2025	2025
Building	10.0	2025	0.2	1	5	2030	2025
Building	10.9	2025	0.5	0	0	2025	2025
Building	18.5	2025	0.5	0	0	2025	2025
Building	2.4	2025	0.6	0	0	2025	2025
Building	4.4	2025	0.6	0	0	2025	2025
Building	0.4	2025	0.6	0	0	2025	2025
Building	12.3	2025	0.7	0	0	2025	2025
Building	0.4	2025	0.7	0	0	2025	2025
Building	15.3	2025	0.7	0	0	2025	2025
Building	4.4	2025	0.7	2	2	2029	2025
Building	12.2	2025	0.8	0	0	2025	2025
Building	16.2	2025	0.8	0	0	2025	2025
Building	23.3	2025	0.9	0	0	2025	2025
Building	19.8	2025	0.9	0	0	2025	2025
Building	7.3	2025	1.0	0	0	2025	2025
Building	15.8	2026	1.2	0	0	2026	2026
Building	16.9	2026	1.2	0	0	2026	2026
Building	3.9	2026	1.3	1	5	2031	2031
Building	0.5	2026	1.5	0	0	2026	2026
Building	8.6	2026	1.8	1	5	2031	2026
Building	19.3	2026	1.9	0	0	2026	2026
Building	2.0	2026	1.9	0	0	2026	2026
Building	23.2	2026	2.0	0	0	2026	2026
Building	10.9	2027	2.2	0	0	2027	2027
Building	14.8	2027	2.2	0	0	2027	2027
Building	6.8	2027	2.2	0	0	2027	2027
Building	20.0	2027	2.4	0	0	2027	2027
Building	17.2	2028	3.7	0	0	2028	2028
Land	30.4	2029	4.6	0	0	2029	2029
Building	0.3	2029	4.7	2	2	2033	2033
Building	10.2	2029	4.8	0	0	2029	2029
Building	10.7	2029	5.0	0	0	2029	2029
Building	40.4	2030	5.5	7	5	2065	2040
Land	33.2	2030	5.5	7	5	2065	2040
Building	12.2	2033	8.7	3	10	2063	2033
Building	26.4	2033	8.7	3	10	2063	2033
Land	40.9	2033	9.0	2	15	2063	2033
Land	40.9	2033	9.0	2	15	2063	2033
Land	15.6	2039	14.5	2	15	2069	2039
Land	10.8	2044	19.5	2	10	2064	2044

Variable Payments – Rent includes annual CPI adjustments and a percentage of sales on minimum annual guaranteed lease agreements. Variable Payments – CAMs include common area maintenance charges (CAMs) for triple net (NNN) leases and utilities for some triple net leases. In a triple net lease agreement, the tenant agrees to pay real estate taxes, building insurance, and maintenance, in addition to rent and utilities. Common area maintenance charges include utilities, repairs and maintenance to common spaces like entryways, elevators, and restrooms in buildings and parking lots.

2024 inflows of resources from lease activity were as follows:

Lease Revenue from Lease Receivable	\$ 1,592,459
Interest Revenue	549,494
Variable Payments - Rent	209,885
Variable Payments - CAMs	265,697
Total	\$ 2,351,838

As of December 31, 2024, future lease receivable principal and interest payments are as follows:

Year Ended December 31	Principal	Interest	Total
2025	\$ 1,448,994	\$ 529,967	\$ 1,978,961
2026	1,087,307	434,117	1,521,424
2027	816,443	377,170	1,193,613
2028	834,386	333,542	1,167,928
2029	804,937	290,188	1,095,125
2030-2034	3,258,592	955,925	4,214,517
2035-2039	2,598,690	397,872	2,996,562
2040-2044	655,513	48,051	703,564
Total	\$ 11,504,862	\$ 3,366,832	\$ 14,871,694

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. In the opinion of the management, the Port's cash and cash equivalents and insurance policies are adequate to pay all known or pending claims.

NOTE 13 – ENVIRONMENTAL 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 liability has been incurred and when the amount can be reasonably estimated.

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 in 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.

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. Amount of Estimated Liability

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.

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 2024. Therefore, the Port did not make any adjustments to Environmental Remediation Liability in 2024.

C. Methods and Assumptions Used for the Estimate

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 uses only two data points, a range of \$175,000 to \$1,050,000.

D. Potential for Changes

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.

E. Estimated Recoveries Reducing Liability

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

NOTE 14 – UNDERGROUND STORAGE TANK RETIREMENT OBLIGATION

The Port owns and operates a Marina fueling facility. The fuel dispensers are supplied by 3 12,000-gallon, double-walled underground storage tanks that were installed in 1995. Washington Administrative Code (WAC) 173-360A requires owners and operators to monitor the tanks for leakage, provide insurance coverage for all leakage, submit to periodic testing of the tanks and monitoring equipment, provide training for certain staff, and properly close the underground storage tanks when they are no longer needed.

The Port has chosen to measure the asset retirement obligation based on the cost estimate for decommissioning and removing one 20,000-gallon gasoline underground storage tank prepared by DH Environmental, Inc. in October 2019, for the Port of Seattle. The estimate totaled \$82,382. Multiplying by the 3 tanks the Port owns, results in a liability of roughly \$250,000. This amount is reviewed annually to account for the effects of inflation or deflation, and to consider any factors significantly affecting the estimate; such as changes in technology, changes in legal or regulatory requirements, and changes to the type of equipment or services that may be used to decommission the underground storage tanks. As of December 31, 2024, the asset retirement obligation for the Port's three underground storage tanks was \$317,102, an increase of 63.7% over 2023 to reflect the effects of inflation on the Port's estimate.

GASB 83 is retroactive to the date of the internal obligating event in September 1995 and is effective over the life of the underground storage tanks. The tanks originally had a 20-year estimated life, which was reevaluated in 2019 and increased to 40 years.

Upon retiring the underground storage tanks, the Port will fund the decommissioning out of current reserves. No assets are restricted for the payment of this liability.

SUPPLEMENTARY INFORMATION

Port of Edmonds
Schedule of Proportionate Share of the Net Pension Liability (Asset)
Washington State Public Employee Retirement Systems Plan 1
As of June 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Employer's proportion of the net pension liability (asset)	0.014396%	0.013921%	0.012421%	0.013252%	0.013704%	0.013185%	0.013353%	0.012940%	0.013653%	0.013260%
Employer's proportionate share of the net pension liability (asset)	\$ 753,045	\$ 747,623	\$ 589,386	\$ 591,839	\$ 526,967	\$ 465,502	\$ 163,071	\$ 360,297	311,661	235,609
Total	\$ 753,045	\$ 747,623	\$ 589,386	\$ 591,839	\$ 526,967	\$ 465,502	\$ 163,071	\$ 360,297	311,661	235,609
Employer's covered employee payroll	\$ 1,561,301	\$ 1,570,980	\$ 1,566,327	\$ 1,762,667	\$ 1,923,048	\$ 2,004,169	\$ 2,052,184	\$ 2,116,398	\$ 2,434,719	\$ 2,659,820
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	48.23%	47.59%	37.63%	33.58%	27.40%	23.23%	7.95%	17.02%	12.80%	8.86%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%	80.16%	84.05%

Port of Edmonds
Schedule of Proportionate Share of the Net Pension Liability
Washington State Public Employee Retirement Systems Plans 2 & 3
As of June 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Employer's proportion of the net pension liability (asset)	0.016797%	0.016216%	0.015976%	0.017057%	0.017692%	0.017211%	0.017158%	0.016886%	0.017612%	0.017187%
Employer's proportionate share of the net pension liability (asset)	\$ 600,166	\$ 816,463	\$ 555,090	\$ 291,233	\$ 171,849	\$ 220,119	\$ (1,709,213)	\$ (626,265)	\$ (721,860)	\$ (566,582)
Total	<u>\$ 600,166</u>	<u>\$ 816,463</u>	<u>\$ 555,090</u>	<u>\$ 291,233</u>	<u>\$ 171,849</u>	<u>\$ 220,119</u>	<u>\$ (1,709,213)</u>	<u>\$ (626,265)</u>	<u>\$ (721,860)</u>	<u>\$ (566,582)</u>
Employer's covered employee payroll	\$ 1,490,532	\$ 1,505,056	\$ 1,566,327	\$ 1,762,667	\$ 1,923,048	\$ 2,004,169	\$ 2,052,184	\$ 2,116,398	\$ 2,434,719	\$ 2,659,820
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	40.27%	54.25%	35.44%	16.52%	8.94%	10.98%	-83.29%	-29.59%	-29.65%	-21.30%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%	107.02%	105.17%

Port of Edmonds
Schedule of Employer Contributions
Washington State Public Employee Retirement Systems Plan 1
For the year ended December 31, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Statutorily or contractually required contributions	\$ 71,356	\$ 76,567	\$ 80,995	\$ 93,588	\$ 97,764	\$ 98,108	\$ 87,180	\$ 85,848	\$ 87,742	\$ 77,244
Contributions in relation to the statutorily or contractually required contributions	\$ (71,356)	\$ (76,567)	\$ (80,995)	\$ (93,588)	\$ (97,764)	\$ (98,108)	\$ (87,180)	\$ (85,848)	\$ (87,742)	\$ (77,244)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 1,538,725	\$ 1,564,005	\$ 1,652,801	\$ 1,849,424	\$ 1,974,739	\$ 2,046,919	\$ 2,013,352	\$ 2,288,483	\$ 2,568,753	\$ 2,803,008
Contributions as a percentage of covered employee payroll	4.64%	4.90%	4.90%	5.06%	4.95%	4.79%	4.33%	3.75%	3.42%	2.76%

Port of Edmonds
Schedule of Employer Contributions
Washington State Public Employee Retirement Systems Plans 2 & 3
For the year ended December 31, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Statutorily or contractually required contributions	\$ 82,765	\$ 95,473	\$ 113,423	\$ 138,691	\$ 152,328	\$ 162,117	\$ 144,840	\$ 145,548	\$ 163,373	\$ 178,272
Contributions in relation to the statutorily or contractually required contributions	\$ (82,765)	\$ (95,473)	\$ (113,423)	\$ (138,691)	\$ (152,328)	\$ (162,117)	\$ (144,840)	\$ (145,548)	\$ (163,373)	\$ (178,272)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employer payroll	\$ 1,469,808	\$ 1,532,480	\$ 1,652,801	\$ 1,849,424	\$ 1,974,739	\$ 2,046,919	\$ 2,013,352	\$ 2,288,483	\$ 2,568,753	\$ 2,803,008
Contributions as a percentage of covered employee payroll	5.63%	6.23%	6.86%	7.50%	7.71%	7.92%	7.19%	6.36%	6.36%	6.36%

Port of Edmonds
Schedule of Changes in Total OPEB Liability and Related Ratios
As of June 30, 2024

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total OPEB liability - beginning	\$ 1,052,444	\$ 1,079,896	\$ 1,122,307	\$ 1,409,327	\$ 1,101,356	\$ 844,332	\$ 609,416
Service Cost	61,926	52,469	57,899	93,572	78,277	45,644	30,851
Interest Cost	39,645	43,460	40,945	32,925	25,343	31,265	23,137
Changes in Experience Data and Assumptions	(60,067)	(34,624)	209,026	(408,158)	(347,862)	(298,122)	27,034
Changes in Benefit Terms	-	-	-	-	-	-	-
Benefit Payments	(14,052)	(18,894)	(20,850)	(26,310)	(12,782)	(13,703)	(12,869)
Other	-	-	-	-	-	-	-
Total OPEB liability - ending	<u>\$ 1,079,896</u>	<u>\$ 1,122,307</u>	<u>\$ 1,409,327</u>	<u>\$ 1,101,356</u>	<u>\$ 844,332</u>	<u>\$ 609,416</u>	<u>\$ 677,569</u>
Covered-employee payroll	\$ 1,762,667	\$ 1,923,048	\$ 2,004,169	\$ 2,052,184	\$ 2,116,398	\$ 2,434,719	\$ 2,659,820
Total OPEB liability as a % of covered-employee payroll	61.26%	58.36%	70.32%	53.67%	39.89%	25.03%	25.47%

Port of Edmonds

Schedule 01

For the year ended December 31, 2024

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1759	401	Operations	3081900	Restricted Net Position - Beginning	\$721,860
1759	401	Operations	3086000	Net Investment in Capital Assets - Beginning	\$33,392,594
1759	401	Operations	3088900	Unrestricted Net Position - Beginning	\$21,961,088
1759	401	Operations	3445000	Sales of Fuel	\$1,768,042
1759	401	Operations	3446000	Airports and Ports Services	\$9,625,021
1759	401	Operations	3611000	Investment Earnings	\$721,248
1759	401	Operations	3613000	Gains (Losses) on Sale of Investments	\$460,219
1759	401	Operations	3614000	Other Interest	\$549,494
1759	401	Operations	3111000	Property Tax	\$629,891
1759	401	Operations	3730000	Gains (Losses) on Capital Assets	\$8,954
1759	401	Operations	5460010	Airports and Ports	\$3,375,017
1759	401	Operations	5460020	Airports and Ports	\$1,035,557
1759	401	Operations	5460030	Airports and Ports	\$1,943,249
1759	401	Operations	5460040	Airports and Ports	\$3,069,884
1759	401	Operations	5014600	Depreciation, Depletion, Amortization - Airports and Ports	\$1,607,585
1759	401	Operations	5081900	Restricted Net Position - Ending	\$566,582
1759	401	Operations	5086000	Net Investment in Capital Assets - Ending	\$32,685,269
1759	401	Operations	5088900	Unrestricted Net Position - Ending	\$25,554,945
1759	401	Operations	8100000	Current Assets	\$13,239,704
1759	401	Operations	8200000	Other Current Assets	\$2,095,832
1759	401	Operations	8300000	Noncurrent Assets	\$58,309,092
1759	401	Operations	8400000	Deferred Outflows	\$908,502
1759	401	Operations	8500000	Current Liabilities	\$1,862,239
1759	401	Operations	8600000	Noncurrent Liabilities	\$2,139,264
1759	401	Operations	8700000	Deferred Inflows	\$11,744,830
1759	401	Operations	5924680	Interest and Other Debt Service Cost - Airports and Ports	\$323
1759	401	Operations	5914670	Debt Repayment - Airports and Ports	\$5,042
1759	401	Operations	5944660	Capital Expenditures/Expenses - Airports and Ports	\$887,374

**Port of Edmonds
Schedule of Liabilities
For the Year Ended December 31, 2024**

<u>ID. No.</u>	<u>Debt ID Title</u>	<u>Description</u>	<u>Due Date</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Revenue and Other (non G.O.) Debt/Liabilities							
263.57	Leases, SBITA, and PPPs	Leased asset liability	6/30/2027	13,599	-	5,042	8,557
259.12	Compensated Absences	Compensated absences		-	522,120	-	522,120
264.40	OPEB Liabilities	Other post-employment benefits		609,416	81,022	12,869	677,569
264.30	Pension Liabilities	Net pension liability		311,661	-	76,052	235,609
263.93	Environmental Liabilities	Environmental remediation liability		612,500	-	-	612,500
263.93	Environmental Liabilities	Underground storage tank retirement		305,788	11,314	-	317,102
Total Revenue and Other (non G.O.) Debt/Liabilities:				1,852,964	614,456	93,963	2,373,457
Total Liabilities:				1,852,964	614,456	93,963	2,373,457

2024 ANNUAL Report

PORT OF EDMONDS

