

ANNUAL REPORT CERTIFICATION

Port of Dewatto
(Official Name of Government)

1743
MCAG No.

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

For the Fiscal Year Ended 12/31/2019

GOVERNMENT INFORMATION:

Official Mailing Address PO Box 1483
Belfair, WA 98528

Official Website Address www.portofdewatto.com

Official E-mail Address jeana@portofdewatto.com

Official Phone Number 360-372-2695

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Jeana Crosby Manager at Port of Dewatto

Contact Phone Number 360-372-2695

Contact E-mail Address jeana@portofdewatto.com

I certify 27th day of May, 2020, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguard public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Signatures

Jeana Crosby (jeana@portofdewatto.com)

Port of Dewatto MCAg No. 1743
Notes to the Financial Statements
For the year ended December 31, 2019

Note 1 - Summary of Significant Accounting Policies

The Port of Dewatto was incorporated in 1927 and operates under the laws of the state of Washington applicable to a Port District. The Port of Dewatto is a special purpose local government and provides a natural and primitive campground along with other services.

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

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported with user charges along with property taxes and DNR timber trust funds.

B. Basis of Accounting and Measurement Focus

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

C. Budgets

The Port of Dewatto adopts an annual appropriated budget for their enterprise fund. This budget is appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for this fund lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund/Department	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$	\$	\$
Enterprise Fund	\$134,000.00	\$113,520.25	\$20,479.75

Any budget revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the Port of Dewatto legislative body.

D. Cash and Investments

See Note 2, *Deposits and Investments*

E. Capital Assets

Capital assets are recorded as capital expenditures when purchased.

F. Compensated Absences

The Port of Dewatto accrues paid time off to be used for personal time covering needs such as vacation and sick leave. This is for employees who work 20 plus hours per week. Employees who average less than 20 hours work per week in a monthly pay period accrue sick leave required by law. At the end of the year paid time off of up to 40 hours may be carried over into the following year and is payable upon separation or retirement. Payments are recognized as expenditures when paid. At the end of 2019 the Port of Dewatto had a value of \$1,545.05 in employees' paid time off.

Note 2 – Deposits and Investments

The Port of Dewatto invests in the Washington State Local Government Investment Pool (LGIP) through the Mason County Treasurer. The interest on these investments is credited to the Port's account at the County.

The LGIP pool is not rated and not registered with the SEC. Rather, oversight is provided by the State Finance Committee in accordance with Chapter 43.250 RCW. Investments in the LGIP are reported at amortized cost, which is the same as the value of the pool per share. The LGIP does not impose any restrictions on participant withdrawals. The Office of the State Treasurer prepares a stand-alone financial report for the pool. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at www.tre.wa.gov.

All investments are insured, registered or held by its agent in the government's name. Investments are reported at original cost. Investments at December 31, 2019 in the State Investment Pool were in the amount \$210,000.00.

Note 3 Property Tax

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

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

The Port of Dewatto regular levy rate for the year 2019 was \$.2090434 per \$1,000 on an assessed valuation of \$200,902,822 for a total regular levy of \$41,997.42.

Note 4 – Risk Management

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

Members make an annual contribution to fund the Pool and share in the self-insured retention. The self-insured retention is:

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

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

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

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

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

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s

members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Port of Dewatto

Schedule 01

For the year ended December 31, 2019

MCAG	Fund #	Fund Name	BARS Account	BARS Name	Amount
1743	401	Operations	3081000	Reserved Cash and Investments - Beginning	\$0
1743	401	Operations	3088000	Unreserved Cash and Investments - Beginning	\$236,953
1743	401	Operations	3111000	Property Tax	\$42,266
1743	401	Operations	3370000	Local Grants, Entitlements and Other Payments	\$26,424
1743	401	Operations	3611000	Investment Earnings	\$4,469
1743	401	Operations	3614000	Other Interest	\$17
1743	401	Operations	3620000	Rents and Leases	\$28,908
1743	401	Operations	5460010	Airports and Ports	\$41,832
1743	401	Operations	5460020	Airports and Ports	\$10,682
1743	401	Operations	5460030	Airports and Ports	\$3,924
1743	401	Operations	5460040	Airports and Ports	\$57,082
1743	401	Operations	5081000	Reserved Cash and Investments - Ending	\$0
1743	401	Operations	5088000	Unreserved Cash and Investments - Ending	\$225,627
1743	401	Operations	3881000	Prior Period Adjustment (s)	\$110
1743	401	Operations	5914670	Debt Repayment - Airports and Ports	\$0
1743	401	Operations	5944660	Capital Expenditures/Expenses - Airports and Ports	\$0

**Labor Relations Consultant(s)
For the Year Ended December 31, 20__**

Has your government engaged labor relations consultants? ___ Yes X No

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

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

Port of Dewatto

(County/City/District)

**Local Government Risk Assumption
For the Year Ended December 31, 2019**

1. Self-Insurance Program Manager: Jeana Crosby, Port Manager _____
2. Manager Phone: 360 372-2695 _____
3. Manager Email: jeana@portofdewatto.com _____

4. How do you insure property and liability risks, if at all?
 - a. Formal or informal self-insurance program/activity for some or all perils/risks
 - b. Belong to a public entity risk pool
 - c. Purchase private insurance
 - d. Retain risk internally without formal or informal self-insurance program/activity
5. How do you provide health and welfare insurance (e.g., medical, dental, prescription drug, and/or vision benefits) to employees, if at all?
 - a. Self-insure some or all benefits
 - b. Belong to a public entity risk pool
 - c. All benefits provided by health insurance company or HMO
 - d. Not applicable – no such benefits offered
6. How do you insure unemployment compensation benefits, if any?
 - a. Self-insured (“Reimbursable”)
 - b. Belong to a public entity risk pool
 - c. Pay taxes to the Department of Employment Security (“Taxable”)
 - d. Not applicable – no employees
7. How do you insure workers compensation benefits, if any?

- a. Self-insured ("Reimbursable")
- b. Belong to a public entity risk pool
- c. Pay premiums to the Department of Labor and Industries
- d. Not applicable – no employees

If the local government DID NOT answer (a) to any of the above questions, then there is no need to complete the rest of this schedule.

If the local government answered (a) to any of the above questions, then answer the rest of the form in relation to the government's self-insured risks and copy the table below as needed. Please use a separate column for each peril/risk.

	<u>Self-insurance program title or type of risk or peril covered by formal self-insurance:</u>				
	<i>Unemployment</i>	<i>Program/Risk 2</i>	<i>Program/Risk 3</i>	<i>Program/Risk 4</i>	<i>Program/Risk 5</i>
Self-Insurance as a <i>formal</i> program?	No				
If yes, do other governments participate?					
If yes, please list participating governments.					
Self-Insure as part of a joint program?	No				
Does a Third-Party Administer manage claims?	No				
If no, does somebody reconcile claims payments to the information in the claims management software?	N/A				
Has program had a claims audit in last three years?	No				
Are program resources sufficient to cover expenses?	Yes				
Does an actuary estimate program liability?	No				
Number of claims paid during the period?	0				
Total amount of paid claims during the period?	0				
Total amount of recoveries during the period?	0				

Provide any other information necessary to explain answers to the Schedule 21 questions above.

Port of Dewatto
Schedule 22 - Audit Assessment Questionnaire (unaudited)
For Fiscal Year ended December 31, 2019

Reference	#	Question	Answer	Explanation
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INSTRUCTIONS FOR PREPARER

The term "entity" as used in this Schedule 22 refers to the local government completing this Schedule 22. The term "governing body" is used in this Schedule 22 to describe the elected or appointed governing board of your entity. If the government preparing this questionnaire did not have any revenue activity during the year, please click the "Help" button to request more information about completing this Schedule 22.

For **guidance** to these questions, please refer to the document at, <http://www.sao.wa.gov>.

Please click, "**Next**," to begin the Schedule 22. You may use the numbers above circled in blue to quickly navigate to a specific section of the Schedule 22. As with the rest of the Annual Report submission, it does not need to be completed all at once; you may leave and return to the Schedule 22 as needed.

FINANCIAL ACTIVITY MONITORING AND OVERSIGHT

1	Bank Reconciliation - Identify the personnel in charge of the following: 1) performing the reconciliation between bank accounts/county treasurer to the general ledger or books, 2) person in charge of reviewing the reconciliation. Note: The job position/title will be sufficient for the identification purpose.	1. Jeana Crosby, Port Manager/Auditing Officer 2. Kris Tompkins, Volunteer Retired Port Orchard City Treasurer
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Reference	#	Question	Answer	Explanation
	2	Entries Process - Identify the personnel in charge of posting journal entries into the entity's general ledger and, if applicable, the personnel in charge of reviewing and monitoring the journal entries being posted, both during the year and at year-end. Note: The job position/title will be sufficient for the identification purpose. If the entity does not use accounting software, please indicate NA	N/A	
	3	Is a reconciliation of the entity's bank accounts (County Treasurer, transmittal, and imprest accounts) to the accounting records performed? This would include a reconciliation of both ending cash and investment balances as well as total activity in the bank accounts to the accounting records (for total revenues and expenditures). If yes, please provide an explanation of the process.	Yes	County Treasurer financial statements reflect annual income and those statements are reviewed monthly. The Port budget expenditure spreadsheet is used to post the expenses monthly and is compared to the County Treasurer warrant register totals. The expenditure imprest account is reviewed monthly and expenditures are posted to the reimbursement spreadsheet with the total included in the monthly voucher amount to replenish the account. The income imprest account is reviewed weekly and revenue is transmitted to the County Treasurer as needed.
	4	Does the entity deposit funds on a daily basis?	No	
	5	Does the entity reconcile its petty cash and change funds on a monthly basis? If yes, please attach the year end reconciliation.	Yes	Attachments (5) Port of Dewatto Expense Acct Year-end Reconciliation.xlsx
	6	Does the entity use their own bank accounts in lieu of the County Treasurer?	No	

Reference	#	Question	Answer	Explanation
	7	Does the Board receive and review monthly financial reports? Such as, cancelled checks, financial reports from the county, expenditure listings, bank accounts or petty cash activity. If yes, please describe what is reviewed and how often.	Yes	Monthly the Commissioners are provided with the County financial statements, voucher listing to approve payment, imprest account reimbursement listing and income totals from the building rental and campground fees.
	8	Preparation of Financial Reports - Has there been any change in the process or procedure for the preparation of financial statements (including the Schedule 01), including posting year-end journal entries? If yes, please identify the significant changes that occurred (for example, turnover).	No	

PERMANENT FILES

	9	Has the entity contracted out for, or recently assumed responsibility for, any major governmental function? For example, contracts for accounting services, janitorial/grounds keeping or other maintenance contracts or the government now performs fire protection services for another government or assumes a new water system from another government. Includes annexations. If yes, please explain.	No	
	10	Please indicate which of the following best describes the entity's own internal accounting system: A) It uses the BARS chart of accounts; B) It uses a chart of accounts that is compatible with BARS; C) It uses a chart of accounts that requires manual adjustments to file the Schedule 01; D) Not Applicable: the Entity does not use its own accounting software or system and uses the County Treasurer only.	(A)	
	16	Did the entity make any significant updates to administrative, personnel, or financial policies? If yes, please attach the newest policy.	No	
	17	Did the entity enter into, or modify any existing, interlocal agreements? If yes, please attach.	No	

MATERIAL COMPLIANCE REQUIREMENT

Reference	#	Question	Answer	Explanation
	18	Did the Entity receive any non-SAO audits during the year (including the work of internal auditors)?	No	
	19	Is the entity currently involved in any lawsuits? We may be requesting an update on the status of legal matters during the audit.	No	
	20	Are there any licensing, regulatory, contracting, or granting agencies with the ability to impose material penalties that would play a role in the entity's ability to continue? Examples may include Department of Health; FEMA. If so, please list the agency that could impose them.	No	

REVENUES AND EXPENDITURES

	21	Please describe any new sources of revenues or expenditure streams (new activities, special levies, state or federal grants, leases, etc.), or state that there were none.	None	
	22	Does the entity receipt cash locally (using its own staff, issuing receipts) or use a third party vendor to bill or receipt payments?	NA - No Receipting	
	24	Does the entity have any petty cash, change funds, revolving accounts, travel or imprest accounts?	Yes	
	25	Please list the authorized balances for each fund or account.	Port of Dewatto (Expenditure) \$5,000.00 Port of Dewatto Campground (Income) Account \$500.00	
	26	Please attach bank statements for the year for any petty cash, imprest, revolving accounts, or travel accounts held at a bank, or mark 'NA' if the entity only utilizes cash or change funds.	Attach Bank Statements	Attachments Kitsap Bank Expense Statement 1-2019.pdf Kitsap Bank Expense Statement 2-2019.pdf Kitsap Bank Expense Statement

Reference	#	Question	Answer	Explanation
				3-2019.pdf Kitsap Bank Expense Statement 4-2019.pdf Kitsap Bank Expense Statement 5-2019.pdf Kitsap Bank Expense Statement 6-2019.pdf Kitsap Bank Expense Statement 7-2019.pdf Kitsap Bank Expense Statement 8-2019.pdf Kitsap Bank Expense Statement 9-2019.pdf Kitsap Bank Expense Statement 10-2019.pdf Kitsap Bank Expense Statement 11-2019.pdf Kitsap Bank Expense Statement 12-2019.pdf Kitsap Bank Revenue Statement 1-2019.pdf Kitsap Bank Revenue Statement 2-2019.pdf Kitsap Bank Revenue Statement 3-1209.pdf Kitsap Bank Revenue Statement 4-2019.pdf Kitsap Bank Revenue Statement 5-2019.pdf Kitsap Bank Revenue Statement 6-2019.pdf kitsap Bank Revenue Statement 7-2019.pdf Kitsap Bank Revenue Statement 8-2019.pdf Kitsap Bank Revenue Statement 9-2019.pdf Kitsap Bank Revenue Statement 10-2019.pdf

Reference	#	Question	Answer	Explanation
				Kitsap Bank Revenue Statement 11-2019.pdf Kitsap Bank Revenue Statement 12-2019.pdf
SAFEGUARDING OF ASSETS				
	27	Please mark all that apply to the entity: Fuel Card; Credit Card; Open Accounts with Businesses.	Open Store Accounts	
	31	How many open accounts does the entity have?	1	
	32	Does the entity have a system or process to record information about its capital assets, including buildings, equipment, etc.?	No	The only capital assets are real estate holdings.
OTHER GOVERNMENT-TYPE SPECIFIC QUESTIONS				
	77	Ports: Please mark all significant Port activities and business functions:	Other	
	78	Ports: Were there any customers or tenants that individually represented 10% or more of the Port's revenue in the reporting year?	No	
REQUIRED ATTACHMENTS (see instructions for required details)				

Reference	#	Question	Answer	Explanation
<i>Informational</i>	79	Meeting Minutes - Attach the meeting minutes and resolutions for all governing body meetings held during the last year.	Attached	Attachments Port of Dewatto Minutes (79).docx Port of Dewatto Resolution 01-2019.docx Port of Dewatto Resolution 02-2019.docx Port of Dewatto Resolution 03-2019.docx Port of Dewatto Resolution 04-2019.docx Port of Dewatto Resolution 05-2019.docx Port of Dewatto Resolution 06-2019.docx Port of Dewatto Resolution 07-2019.docx Port of Dewatto Resolution 08-2019.docx Port of Dewatto Resolution 09-2019.doc Port of Dewatto Resolution 10-2019.doc Port of Dewatto Resolution 11-2019.pdf
<i>Informational</i>	80	Revenue Summary - Attach a copy of the year-end County Treasurer's report that show the total receipts for the year by revenue source. If the County does not act as your Treasurer, please upload bank statements for the year that comprise the entity's financial statements.	Attached	Attachments (80) Port of Dewatto Revenue Summary 2019.pdf
<i>Informational</i>	81	Cash Balances Summary - Attach a copy of the year-end County Treasurer's report that show the year end cash balances. If the County does not act as your Treasurer, please upload bank statements for the beginning and end of year to show the entity's cash balances.	Attached	Attachments (81) Port of Dewatto Cash Balances 12-31-2019.pdf

Reference	#	Question	Answer	Explanation
<i>Informational</i>	82	Detailed Expenditure List - Attach warrant registers, payroll registers, check registers and/or petty cash log detailing all expenditures made during the year. This includes those expenditures paid by the County on a government's behalf due to Treasurer responsibilities.	Attached	Attachments (82) Port of Dewatto Warrant Register 2019.pdf (82) Port of Dewatto Payroll Register 2019.pdf (82) Port of Dewatto Expense Acct Replenish.xlsx
<i>Informational</i>	83	Cash Receipting Policy - Attach a detailed description of the entity's invoicing, cash and check receiving and deposit process. The description should include name of positions completing tasks in the process and all reconciliations and reviews performed. Include a copy of your written Cash and Check Receipting Policy or procedure if you have one. This request applies to all districts that invoice for a service (including third party billing services) or receive funds other than at the county treasurer (including charges for services or goods, fees, donations, grants, etc.).	Attached	Attachments (83) Port of Dewatto Cash Receipting Procedure.docx
<i>Informational</i>	84	Elected Official List - Attach a listing of the names of all governing body members present during the year, and include any business interest a governing body member or his/her household members hold. Please avoid sending Board-member/employees/volunteers SSI numbers or other personal information such as addresses, date of birth, etc.	Attached	Attachments (84) Port of Dewatto Elected Officials.docx
<i>Informational</i>	85	Rates and Fees - Attach rate and fee schedule in effect during the fiscal year and any related billing or fee policy.	Attached	Attachments (85) Port of Dewatto Campground Fees.docx (85) Port of Dewatto Hall Rental Rates.docx

Reference	#	Question	Answer	Explanation
<i>Preparer</i>	86	Local Government Contact Information for Preparer: Name: Telephone number: E-mail address:	Jeana Crosby, Port Manager & Auditing Officer 360 372-2695 jeana@portofdewatt o.com	