



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Puget Sound Pilots
Seattle, Washington

We have audited the special-purpose financial statements of Puget Sound Pilots (a voluntary association of sole proprietors and incorporated individuals) and Subsidiary as of and for the years ended December 31, 2019 and 2018, and our report thereon dated May 21, 2020 which expressed an unmodified opinion on those financial statements, appears on pages 3- 4. Our audit was conducted for the purpose of forming an opinion on those financial statements as a whole. The Schedule of Days of Service and Distribution of Pilotage Revenue and Expense, Schedule of Retirement Income for Inactive Pilots and Other Eligible Participants, Schedule of Seattle Office Operating Expense and Administrative Overhead, Schedule of Boat Operating Expense, Schedule of Port Angeles Station Operating Expense and the Schedule of Employees are presented for purposes of additional analysis and are not a required part of the special-purpose financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose financial statements or to the special-purpose financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the special-purpose financial statements as a whole.

Restriction on Use

This report is intended solely for the information and use of Puget Sound Pilots, the Washington State Board of Pilotage Commissioners, and the Utilities and Transportation Commission and is not intended and should not be used by anyone other than these specified parties.

Shannon & Associates, LLP

Kent, Washington
May 21, 2020

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2019

Pilot Handle	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)*** Annual earnings after deductions
1. ANA	365	\$ 674,874	\$ 285,764	\$ 19,470	\$ 369,640
2. ANT	365	674,874	285,764	19,470	369,640
3. ARN*	359	663,789	281,048	19,139	363,602
4. BEN.....	365	674,874	285,764	19,470	369,640
5. BOU	365	674,874	285,764	19,470	369,640
6. BRU	365	674,874	285,764	19,470	369,640
7. BRO*	330	610,160	258,362	17,603	334,195
8. BUJ	365	674,874	285,764	19,470	369,640
9. CAI	365	674,874	285,764	19,470	369,640
10. CAW	365	674,874	285,764	19,470	369,640
11. CAJ	365	674,874	285,764	19,470	369,640
12. COL	365	674,874	285,764	19,470	369,640
13. COR	365	674,874	285,764	19,470	369,640
14. EME	365	674,874	285,764	19,470	369,640
15. ENF*	347	641,593	271,671	18,510	351,412
16. GAL	365	674,874	285,764	19,470	369,640
17. GRI**	314	580,577	245,835	16,749	317,993
18. GRD	365	674,874	285,764	19,470	369,640
19. HAJ	365	674,874	285,764	19,470	369,640
20. HAR	365	674,874	285,764	19,470	369,640
Subtotal Forward.....	7,190	\$ 13,294,103	\$ 5,629,140	\$ 383,521	\$ 7,281,442

* Pilot is retired as of December 31, 2019

** Pilot started in 2019

*** Amount does not include individual income and social security taxes and does not include Port Angeles transportation payments

Formula for column (5) = (2) - (3) - (4)

See notes on page 4

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2019

<u>Pilot Name</u>	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)** Annual earnings after deductions
Subtotal Forward.....	7,190	\$ 13,294,103	\$ 5,629,140	\$ 383,521	\$ 7,281,442
21. HED	365	674,874	285,764	19,470	369,640
22. HEN	365	674,874	285,764	19,470	369,640
23. HUP	365	674,874	285,764	19,470	369,640
24. JEN	365	674,874	285,764	19,470	369,640
25. KAL	365	674,874	285,764	19,470	369,640
26. KEA	365	674,874	285,764	19,470	369,640
27. KEN	365	674,874	285,764	19,470	369,640
28. KEP	365	674,874	285,764	19,470	369,640
29. KLA	365	674,874	285,764	19,470	369,640
30. KRI**	104	192,293	81,423	5,548	105,322
31. LIC	365	674,874	285,764	19,470	369,640
32. LOB	365	674,874	285,764	19,470	369,640
33. LOW	365	674,874	285,764	19,470	369,640
34. MAY	365	674,874	285,764	19,470	369,640
35. MCG**	246	454,847	192,597	13,122	249,128
36. MEL**	92	170,105	72,028	4,907	93,170
37. MOT	365	674,874	285,764	19,470	369,640
38. MYE	365	674,874	285,764	19,470	369,640
39. NEW	365	674,874	285,764	19,470	369,640
40. NIN**	<u>139</u>	<u>257,007</u>	<u>108,825</u>	<u>7,414</u>	<u>140,768</u>
Subtotal Forward.....	13,611	\$ 25,166,339	\$ 10,656,237	\$ 726,032	\$ 13,784,070

* Pilot is retired as of December 31, 2019

** Pilot started in 2019

*** Amount does not include individual income and social security taxes and does not include Port Angeles transportation payments

Formula for column (5) = (2) - (3) - (4)

See notes on page 4

PUGET SOUND PILOTS

SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF
PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2019

Pilot Name	(1) Days of Service	(2) Credit for Pilotage Revenue	(3) Charge for Operating Expense	(4) Charge for Other Expense	(5)** Annual earnings after deductions
Subtotal Forward.....	13,611	\$ 25,166,339	\$ 10,656,237	\$ 726,032	\$ 13,784,070
41. ROU	365	674,874	285,764	19,470	369,640
42. SAN*	273	504,769	213,736	14,562	276,471
43. SCO*	80	147,918	62,633	4,267	81,018
44. SCR	365	674,874	285,764	19,470	369,640
45. SEA**	186	343,908	145,622	9,922	188,364
46. SEM	365	674,874	285,764	19,470	369,640
47. SES	365	674,874	285,764	19,470	369,640
48. SEY	365	674,874	285,764	19,470	369,640
49. SHA	365	674,874	285,764	19,470	369,640
50. SHJ	365	674,874	285,764	19,470	369,640
51. SLI	365	674,874	285,764	19,470	369,640
52. SOR	365	674,874	285,764	19,470	369,640
53. THG	365	674,874	285,764	19,470	369,640
54. VON	365	674,874	285,764	19,470	369,640
55. WIG*	<u>57</u>	<u>105,391</u>	<u>44,626</u>	<u>3,040</u>	<u>57,725</u>
Total.....	<u>18,222</u>	<u>\$ 33,691,939</u>	<u>\$ 14,266,258</u>	<u>\$ 971,993</u>	<u>\$ 18,453,688</u>

* Pilot is retired as of December 31, 2019

** Pilot started in 2019

*** Amount does not include individual income and social security taxes and does not include Port Angeles transportation payments.

Formula for column (5) = (2) - (3) - (4)

See notes on page 4

PUGET SOUND PILOTS

NOTES TO SCHEDULE OF DAYS OF SERVICE AND DISTRIBUTION OF PILOTAGE REVENUE AND EXPENSE

Year Ended December 31, 2019

- A. PSP bylaws provide for distribution of revenues for piloting services in proportion to days of duty and distributions of pooled expenses equally, except for certain treatments and dispensations in unusual circumstances at the discretion of the Board of Directors. See columns (2), (3), (4) and (5).
- a. Column (1): Days of Service is the total number of days the pilot was an active pilot on pilot roster.
 - b. Column (2): Credit for Pilotage Revenue is the total gross tariff revenue which represents the annual earnings of individual pilots before deductions for expenses of pilot organization [Ref: RCW 88.16.035 (1)(f)]. Column (2) includes transportation expense charges (TEC) and excludes SILA and Trainee surcharge revenue.
 - c. Column (3): Charge for Operating Expense is the deduction from pilotage revenue for operating expenses of the Puget Sound Pilots shared evenly among all pilots based on days of service. Column (3) does not include transportation expense charges (TEC).
 - d. Column (4): Charge for Other Expense includes the transportation expense charges (TEC) paid directly to pilots (included in column (2)) as well as the individual out of pocket allowance of \$5,476 per pilot for disability insurance.
 - e. Column (5): Annual earnings after deductions represents the annual earnings of individual pilots after deductions for expenses of pilot organization. [Ref: RCW 88.16.035 (1)(f)].
- B. The bylaws also provide for the credit for travel fees per tariff to the pilot performing the services to which travel fees apply. Each pilot is also credited for special Port Angeles transportation amounts applicable to certain engagements.

PUGET SOUND PILOTS AND SUBSIDIARY

SCHEDULE OF RETIREMENT INCOME FOR INACTIVE
PILOTS AND OTHER ELIGIBLE PARTICIPANTS

Year Ended December 31, 2019

1. AWN	\$ 19,223	33. LOF	13,442
2. AND	36,739	34. MAC	144,363
3. BLA	61,169	35. MAR	64,201
4. BOW	95,535	36. MAT	126,912
5. BRO	5,827	37. MCC	120,303
6. BUN	124,983	38. MEN	176,616
7. CAA	17,273	39. MIB	133,670
8. CAR	12,213	40. MIC	17,967
9. COE	153,981	41. MOR	88,973
10. CRA	9,694	42. MOS	17,395
11. ENM	94,908	43. MUR	67,709
12. ENG	125,198	44. NIE	111,012
13. ENV	69,510	45. OST	53,105
14. FLA	171,696	46. PEA	35,698
15. FOS	95,535	47. PET	98,544
16. GAV	64,587	48. POO	45,314
17. GIE	139,021	49. ROB	54,173
18. GOO	50,641	50. SAC	20,558
19. HAN	162,491	51. SAN	32,049
20. HOLLS	28,791	52. SCO	61,185
21. HUN	124,416	53. SHU	118,591
22. HUR	91,754	54. SNY	62,964
23. JAC	125,198	55. STE	107,808
24. JOC	54,173	56. THJ	48,557
25. JOM	52,872	57. THL	39,980
26. JUS	148,218	58. THW	110,204
27. KJE	29,611	59. WAR	63,945
28. KNO	96,242	60. WAJ	45,295
29. KRO	149,304	61. WER	74,766
30. LAC	96,242	62. WLD	53,415
31. LAR	69,672	63. WIL	39,464
32. LIN	7,200	64. WOO	135,884
			<u>135,884</u>
TOTAL			<u>\$ 4,967,976</u>

PUGET SOUND PILOTS

SCHEDULE OF SEATTLE OFFICE OPERATING EXPENSE
AND ADMINISTRATIVE OVERHEAD
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2019

1. Attorney fees	\$ 597,895	1.8%
2. Bad debts	74	0.0%
3. Commisison - senate bill 5096	150,000	0.4%
4. Computer maintenance	246,412	0.7%
5. Computer programming	5,041	0.0%
6. Conferences	3,106	0.0%
7. Consulting services	306,552	0.9%
8. CPA fees	77,969	0.2%
9. Depreciation and amortization	112,568	0.3%
10. Drug testing	2,903	0.0%
11. Dues	169,381	0.5%
12. Employee benefits	184,032	0.5%
13. Employee salaries	882,658	2.6%
14. Equipment leases	339,108	1.0%
15. Former director retirement	69,502	0.2%
16. Gifts	6,874	0.0%
17. Insurance	158,109	0.5%
18. Interest	5,277	0.0%
19. License fees - commission	331,500	1.0%
20. Lobbyist	75,723	0.2%
21. Medical insurance - pilots	1,555,374	4.6%
22. Office maintenance and repair	78,499	0.2%
23. Office supplies	63,884	0.2%
24. Pilot training	186,459	0.6%
25. Printing and publications	6,750	0.0%
26. Puget Sound retirement	4,967,976	14.7%
27. Rent and parking	204,495	0.6%
28. Taxes on payroll	55,315	0.2%
29. Taxes, other	1,141	0.0%
30. Taxes on revenue	547,539	1.6%
31. Travel and promotion	442,762	1.3%
32. Telephone and communications	<u>22,863</u>	<u>0.1%</u>
TOTAL	<u>\$ 11,857,741</u>	<u>35.2%</u>

PUGET SOUND PILOTS

SCHEDULE OF BOAT OPERATING EXPENSE
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2019

1. Depreciation	\$	28	0.0%
2. Employee benefits		244,638	0.7%
3. Employee salaries		791,164	2.3%
4. Fuel of "Juan de Fuca"		128,519	0.4%
5. Fuel of "Puget Sound"		211,223	0.6%
6. Insurance		86,168	0.3%
7. Maintenance and operation of "Juan de Fuca"		322,409	1.0%
8. Maintenance and operation of "Puget Sound"		62,831	0.2%
9. Taxes on payroll		61,857	0.2%
10. Taxes on property		<u>5,017</u>	<u>0.0%</u>
TOTAL	\$	<u><u>1,913,854</u></u>	<u><u>5.7%</u></u>

PUGET SOUND PILOTS

SCHEDULE OF PORT ANGELES STATION OPERATING EXPENSE
(IN DOLLAR AMOUNT AND AS A PERCENTAGE OF PILOTAGE REVENUE)

Year Ended December 31, 2019

1. Depreciation	\$	45,204	0.1%
2. Food		89,596	0.3%
3. Insurance		38,327	0.1%
4. Maintenance and repairs		52,277	0.2%
5. Rent, tideland lease		4,548	0.0%
6. Reposition pilots		177,670	0.5%
7. Supplies		24,072	0.1%
8. Taxes on property		10,871	0.0%
9. Telephone and communications		25,985	0.1%
10. Utilities		<u>26,113</u>	<u>0.1%</u>
TOTAL	\$	<u>494,663</u>	<u>1.5%</u>

PUGET SOUND PILOTS
SCHEDULE OF EMPLOYEES

December 31, 2019

Employee	Position
1. T. Burnell	Dispatcher/Clerk
2. J. Clark	Deckhand/Engineer
3. A. Dreyer	Lead Boat Operator
4. M. Gregson	Deckhand/Engineer
5. K. Houston	Dispatcher/Clerk
6. P. Jacobsen	Deckhand/Engineer
7. J. Melvin	Relief Deckhand/Engineer
8. P. Moore	Accountant/Controller
9. J. Rushton	Deckhand/Engineer
10. D. Shideler	Lead Boat Operator
11. L. Styrk	Executive Director
12. B. Valentine	Dispatcher/Clerk
13. D. Warczak	AR Clerk
14. R. Welch	Boat Operator