

# Financial Responsibility and Oversight by the Commission

PRESENTED BY:

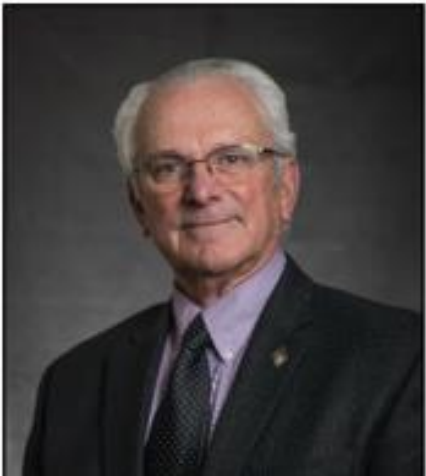
COMMISSIONER MIKE FREDRICKSON

COMMISSIONER RON DUNNING





**Commissioner Mike Fredrickson, District 2** - Commissioner Fredrickson has served as a Port Commissioner since January 2006 and represents District 2, which includes the eastern third of the City of Walla Walla, Dixie, Waitsburg and Prescott areas. Commissioner Fredrickson is a 1988 graduate of Walla Walla High School and a 1992 graduate of Washington State University with a BS degree in Agri-Business. He served 8 years on the Walla Walla County Planning Commission (5 years as Chairman). Commissioner Fredrickson is a certified general real estate appraiser and is co-owner of Associated Appraisers located in Walla Walla.



**Commissioner Ron Dunning, District 3** - Commissioner Dunning is currently serving his second term on the Port of Walla Walla Commission. He represents District #3 in the Western portion of Walla Walla County, which includes the communities of College Place, Touchet, Lowden, Burbank, Eureka and Clyde. Commissioner Dunning is the former owner of Dunning Irrigation. He is also co-owner of Touchet Seed & Energy, an oil-seed crusher for biofuels. Commissioner Dunning is a member of the Touchet-Gardena Lions Club and a founder of the Touchet Education Foundation. He attended Columbia Basin College.

# Topics

- ▶ Budget Process
- ▶ Levy and Tax Approval
- ▶ Project Budget and Progress Approvals
- ▶ Approves Leases (Long-term and total lease amount above ED's Managing Authority)
- ▶ Property Acquisitions and Disposition
- ▶ Contract Approval
- ▶ Debt Issuance
- ▶ Medical Insurance and Benefits
- ▶ Monthly Financial Review
- ▶ Audit Process
- ▶ Internal Controls
- ▶ Personnel Policy - Personnel Costs
- ▶ Executive Director Managing Authority Resolution
- ▶ Hiring of Executive Director, Auditor/Treasurer and Port Legal

# Budget Process

## (Budget Committee and Full Commission)

- ▶ A preliminary budget is prepared after reviewing the following areas.
  - ▶ A review of a minimum of three prior years financial results (Actuals)
  - ▶ Estimates of changes in operating expenses and revenues of the current fiscal year
  - ▶ Review of anticipated or scheduled capital projects for the budgeted year
- ▶ The preliminary budget is reviewed for the following.
  - ▶ Consistency and reasonableness compared to prior years
  - ▶ The goals and priorities are reflected in the final budget
  - ▶ Cash reserves are maintained within Commission parameters
- ▶ Levy and Tax Approval Approved by Resolution and Certified to County Assessor
- ▶ The final budget is approved by Commission resolution.

# Levy and Tax Approval

- ▶ The Commissioners may consider the following for establishing the next years levy.
  - ▶ Make no increase in the levy from the prior year.
  - ▶ Increase the levy amount by only the assessed value of new construction.
  - ▶ Increase the levy amount by 1% from the previous year.
  - ▶ Increase the levy by both 1% and the new construction amount.

Port of Walla Walla		2022	Port Property Tax Levy Formula				
Port 2021 Highest Lawful Levy	\$	2,430,508					Updated: #####
Port's 2021 Levy Rate	\$	0.3308184594					Page 1 of 1
Port's 2021 Tax Collection	\$	2,281,077					
2022 New Assessed Value	\$	8,012,244,923					
2022 New Construction Value	\$	111,198,410					
Port 2022 Highest Lawful Levy	\$	2,509,736					
2022 State Levy (Estimate)	\$	18,136					

Only New Construction = New Construction Value Divided (/) by 1,000, Times (X) Last Year Levy Rate = "NC". Last Year Tax Collection (+) "NC".

		A	B	C	D		
2022 New Construction Value	2022 New Construction Value Divided By 1,000	Times (x) Port's 2021 Levy Rate	Equals New Construction (NC) Taxes	Port's 2021 Tax Collection	2022 State Levy (Estimate)	2022 TOTAL PORT TAX (Item A+B+C)	2022 New Levy Rate (Item D/(New Assessed Value/1,000))
\$ 111,198,410.00	111,198.41	\$ 0.330818	\$ 36,786.49	\$ 2,281,077.29	\$ 18,136.35	\$ 2,336,000.13	\$ 0.291554

New Construction + 1% = New Construction Value Divided (/) by 1,000, Times (X) Last Year Levy Rate = "NC". Last Year Tax Collection Times (X) 101% (+) "NC" (+) State Levy

		A	B	C	D		
2022 New Construction Value	2022 New Construction Value Divided By 1,000	Times (x) Port's 2021 Levy Rate	Equals New Construction (NC) Taxes	Port's 2021 Tax Collection Times (X) 101%	2022 State Levy (Estimate)	2022 TOTAL PORT TAX (Item A+B+C)	2022 New Levy Rate (Item D/(New Assessed Value/1,000))
\$ 111,198,410.00	111,198.41	\$ 0.330818	\$ 36,786.49	\$ 2,303,888.06	\$ 18,136.35	\$ 2,358,810.90	\$ 0.294401

### 2021 Port of Walla Walla Property Tax Levy (Current)

Port's 2021 Levy Rate	\$	0.3308	per \$1,000 of assessed value					
Port's 2021 Tax Collection	\$	2,281,077						
House Assessed Value	\$	200,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 800,000
Port Property Tax Per Year	\$	66.16	\$ 99.25	\$ 132.33	\$ 165.41	\$ 198.49	\$ 231.57	\$ 264.65

### 2022 Property Tax Levy (New Construction Only)

2022 Levy Rate Projection	\$	0.2916	per \$1,000 of assessed value					
2022 Port Property Tax	\$	2,336,000	Change 2021	\$ 54,923				
House Assessed Value	\$	200,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 800,000
Port Property Tax Per Year	\$	58.31	\$ 87.47	\$ 116.62	\$ 145.78	\$ 174.93	\$ 204.09	\$ 233.24

### 2022 Property Tax Levy (New Construction + 1%)

2022 Levy Rate Projection	\$	0.2944	per \$1,000 of assessed value					
2022 Port Property Tax	\$	2,358,811	Change 2021	\$ 77,734				
House Assessed Value	\$	200,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 600,000	\$ 700,000	\$ 800,000
Port Property Tax Per Year	\$	58.88	\$ 88.32	\$ 117.76	\$ 147.20	\$ 176.64	\$ 206.08	\$ 235.52

State Levy = State Levy Value Difference from previous year, Divided (/) by 1,000, Times (X) the Port's current year levy rate.

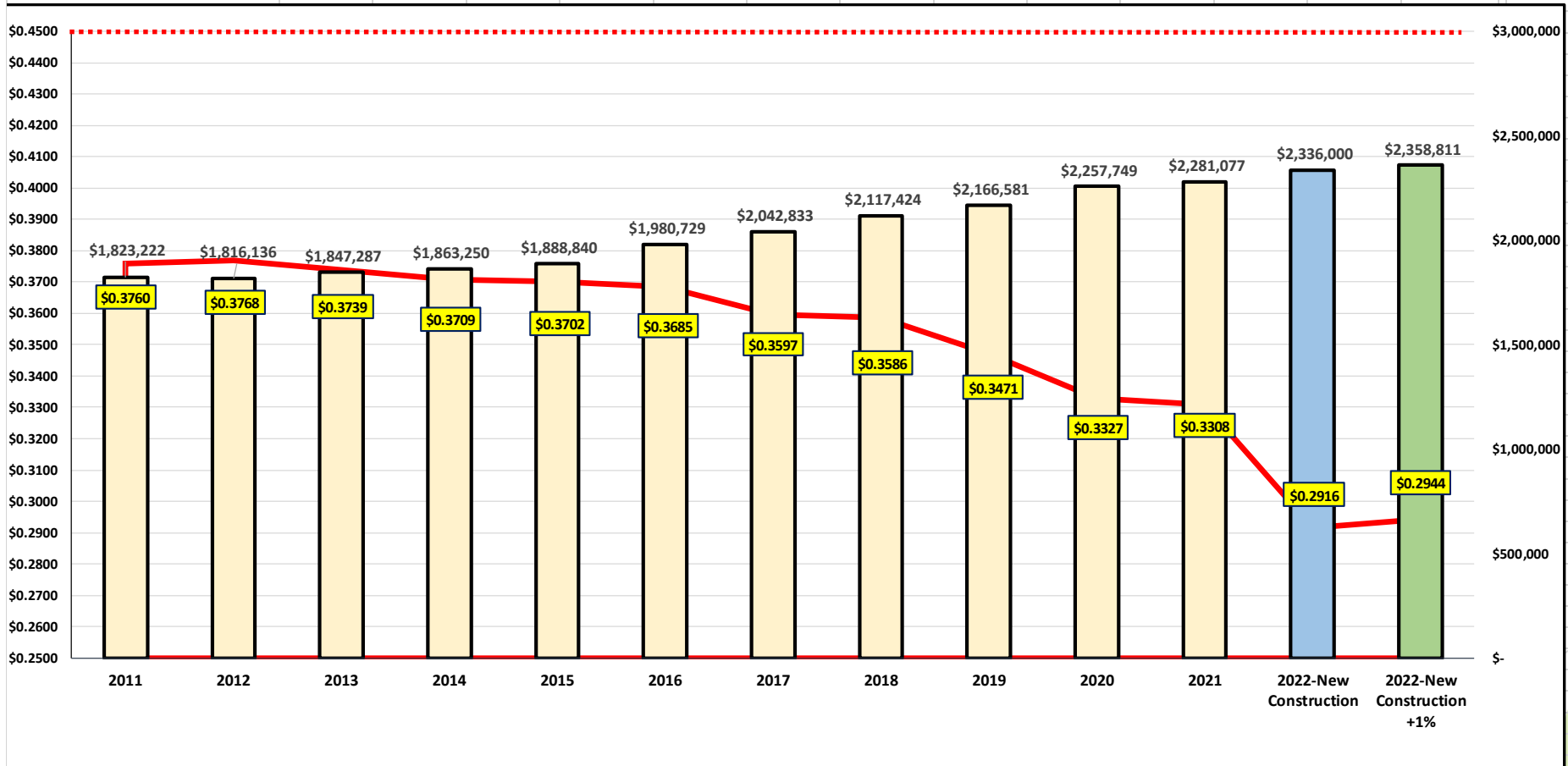
Year	State Levy Value	Value Difference	Times (X) Current Year Levy Rate	Equals
2020	\$368,953,195	-		
2021	\$401,229,124	\$32,275,929	\$ 0.332717	\$ 10,738.76
2022	\$456,051,789	\$54,822,665	\$ 0.330818	\$ 18,136.35



# Port of Walla Walla

## Property Tax Levy Rate & Tax Collections - 2011-2021

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022-New Construction	2022-New Construction +1%
Tax levy rate per \$1K of Assessed Value	\$ 0.375971	\$ 0.376841	\$ 0.373923	\$ 0.370910	\$ 0.370184	\$ 0.368532	\$ 0.359741	\$ 0.358598	\$ 0.347122	\$ 0.332717	\$ 0.330818	\$ 0.291554	\$ 0.294401
Annual % Change in Levy		0.23%	-0.77%	-0.81%	-0.20%	-0.45%	-2.39%	-0.32%	-3.20%	-4.15%	-0.57%	-11.87%	-11.01%
% Change of Tax Levy Rate since 2011												-22.5%	-21.7%
Property Taxes Collected	\$ 1,823,222	\$ 1,816,136	\$ 1,847,287	\$ 1,863,250	\$ 1,888,840	\$ 1,980,729	\$ 2,042,833	\$ 2,117,424	\$ 2,166,581	\$ 2,257,749	\$ 2,281,077	\$ 2,336,000	\$ 2,358,811
Change in Taxes from Previous Year		\$ (7,086)	\$ 31,151	\$ 15,963	\$ 25,590	\$ 91,889	\$ 62,104	\$ 74,591	\$ 49,157	\$ 91,168	\$ 23,328	\$ 54,923	\$ 77,734
% Change of Tax Collections since 2011												28.1%	29.4%



Source: Walla Walla County Assessor Office

Updated: 7/21/2022 at 11:50 AM

# Project Budget and Progress Approvals

- ▶ A scope of work is reviewed and presented for approval by Commissioners.
- ▶ Port staff identifies qualified providers and collects quotes.
- ▶ Commissioners approve by resolution the selected provider.
- ▶ Updates on progress are provided in the monthly Commission meetings.



# Contract Approvals

- ▶ Commissioners receive Staff Reports and Customized Capital Budget Reports to track payments and status of completion on Capital Projects
- ▶ While the Port Commission is responsible for the final approval of the economic development plan, in its deliberations, it will give careful consideration to input received from members of the economic development advisory committee, constituents, and partners.

# Wallula Dodd Water System (WDWS) - Phase 1

Phase 1	Construction Period 2019-2021		Consolidation of Tyson and Shell water systems	
	Funding Sources	Amounts	Status	In the Bank
WA Department of Health - Grant	\$ 3,000,000	Secured	\$ 3,000,000	\$ -
WA Department of Health - Loan	\$ 3,000,000	Secured	\$ 3,000,000	\$ -
WA State Capital Request - Grant	\$ 980,000	Secured	\$ 980,000	\$ -
Port - ED Sales Tax Fund - Grant	\$ 3,000,000	Secured	\$ 3,000,000	\$ -
County - ED Sales Tax Fund - Grant	\$ 500,000	Secured	\$ 500,000	\$ -
WA CERB - Grant	\$ 750,000	Secured	\$ 750,000	\$ -
WA CERB - Loan	\$ 2,250,000	Secured	\$ 2,250,000	\$ -
Port Capital	\$ 3,250,000	Secured	\$ 3,250,000	\$ -
<b>TOTAL</b>	<b>\$ 16,730,000</b>		<b>\$ 16,730,000</b>	<b>\$ -</b>
Total Funding secured to Date	\$ 16,730,000			

Actuals - Construction Bid Items	Construction & Sales Tax & 10% Contingency		Design Engineering & Construction Assistance, Permits, On-Site Monitoring		Total Actual Project Cost
	Budget	Actuals TD	Budget	Actuals TD	
PWW 2018-10 - Rock Bid - 15K tons - <b>Completed - Closed Out</b>	\$ 280,000	\$ 210,083	\$ -	\$ -	\$ 210,083
PWW 2019-01 - Grading Reservoir Site - <b>Completed - Closed Out</b>	\$ 282,280	\$ 259,375	\$ 78,500	\$ 74,631	\$ 334,007
PWW 2019-02 - Grading & Gravel Road - <b>Completed - Closed Out</b>	\$ 1,709,206	\$ 1,557,859	\$ 247,500	\$ 371,639	\$ 1,929,498
PWW 2019-03 - Concrete Reservoir 6.2 MG - <b>Completed - Closed Out</b>	\$ 6,740,711	\$ 6,020,766	\$ 555,660	\$ 627,617	\$ 6,648,383
PWW 2019-04 - Transmission Water Lines - <b>Completed - Closed Out</b>	\$ 4,664,451	\$ 4,325,485	\$ 470,500	\$ 404,802	\$ 4,730,287
PWW 2019-05 - Distribution Lines - <b>Completed - Closed Out</b>	\$ 1,110,440	\$ 937,584	\$ 205,000	\$ 204,793	\$ 1,142,377
PWW 2019-06 - Mechanical & Electrical - <b>Completed - Closed Out</b>	\$ 1,528,793	\$ 1,606,577	\$ 247,000	\$ 430,737	\$ 2,037,314
<b>Total</b>	<b>\$ 16,315,881</b>	<b>\$ 14,917,729</b>	<b>\$ 1,804,160</b>	<b>\$ 2,114,220</b>	<b>\$ 17,031,949</b>

Approved Port Commission Budget	\$18,120,041
Actuals to Expenditures - Final	\$17,031,949

Updated : 07/22/2022



# Debt Issuance

- ▶ Debt Guidelines The Port will maintain its finances in a manner that will generate cash flows from all sources sufficient to provide cash to cover all debt covenants required by outstanding bond issues, plus some measure of return to the Port.
- ▶ Generally, debt (other than general obligation bonds) should only be used to finance specific improvements that can generate operating cash flow to service the debt. When the debt is used to finance specific capital projects, the means of repayment must be reasonably certain prior to the debt being issued. All repayment schedules must be submitted to the Commission for review and approval.

## 2022 Port of Walla Walla - Debt Limits

### General purpose indebtedness without a vote

**Legal limit of 0.25% of the taxable property value.**

0.2500%	X	\$ 8,012,244,923	2022 Taxable Property Value
\$20,030,612		Limit	
\$375,000		Used	
\$19,655,612		Remaining	98.1%

### Indebtedness for acquisition or construction of a facility without a vote.

**Legal limit of 0.375% of the taxable property value.**

0.3750%	X	\$ 8,012,244,923	2022 Taxable Property Value
\$30,045,918		Limit	
\$375,000		Used	
\$29,670,918		Remaining	98.8%

### Indebtedness with a 3/5 vote (60%)

**Legal limit of 0.75% of the taxable property value.**

0.7500%	X	\$ 8,012,244,923	2022 Taxable Property Value
\$60,091,837		Limit	
\$375,000		Used	
\$59,716,837		Remaining	99.4%

***\* (Revenue Bonds- No R.C.W. Limits)***



# Insurance Coverage and Health Care Benefits Review and Approval

## ► Health Insurance Benefits:

- In 2021, the Port offered to eligible employees and elected officials the following health insurance per staff recommendation:

1. Approve the WCIF Premera - Heritage Plus Network 5000 Plan for 2022.
2. Approve VSP Standard Plan for vision.
3. Approve Delta Dental Plan D-3 and optional Willamette Dental plan.
4. Approve HRA VEBA contribution of \$675 per month if Port employee or elected official already has insurance.
5. Approve the Health Reimbursement Arrangement Pool to reimburse the out-of-pocket expenses greater than \$1,150 and less than \$5,000 for individuals, and expenses greater than \$2,305 and less than \$10,000 for families.
6. Approve Vimly as the HRA manager for the health insurance pool.
7. Approve a Flex Spending Plan for WCIF members administered by Vimly.

# Monthly Financial Reports

## Review of Cash on Hand, Budget Position, Aged Accounts, Leases Entered and Terminated

- ▶ The Port Commission reviews monthly income and expenses statements that show operating results compared to budget (A cash basis review of the Port, compared to the adopted annual budget).
- ▶ Reviews and approve accounts payable check disbursements.
- ▶ Reviews and receives updates on delinquent accounts.
- ▶ Receives updates from Port and Airport on tenant leases. (Leases entered and terminated)
- ▶ Custom Financial Reports as Requested (PFC's, Fuel Flow, Business Parks, Utility Rate Reviews, Capital Project Elements, etc.)

# Annual Audit Process

- ▶ The Office of the Washington State Auditor
  - ▶ Risk assessment interviews are conducted with the Executive Director, the Commission President and Port Auditor to review those areas that may have a risk of fraud, loss, abuse, or noncompliance.
  - ▶ Entrance Interview with State Auditor, Commission President, Executive Director and Auditor/Treasurer.
  - ▶ At the conclusion of the audit work an exit interview describing the overall results and conclusions for those areas examined by the Office of the Washington State Auditor with the Commission President, Executive Director and Auditor/Treasurer.

# Internal Controls Review and Understanding

- ▶ Internal controls are reviewed by the State Auditor each year during the audit process and discussed with the Commission.
- ▶ The Commission implements the Auditor's recommendations where practical or possible.



Questions:

