



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011 MINUTES

CALL TO ORDER

Commission President Skip Novakovich called the Commission meeting to order at 2:00 p.m. in the Port of Kennewick Commission Chambers located at 350 Clover Island Drive, Suite 200, Kennewick, Washington 99336.

The following were present:

Board Members: Skip Novakovich, President
David Hanson, Vice-President
Gene Wagner, Secretary

Staff Members: Tana Bader Inglima, Director of Governmental Relations & Marketing
Larry Peterson, Director of Planning & Development
Tammy Fine, Director of Finance/Auditor
Teresa Hancock, Real Estate Analyst & Project Specialist
Bridgette Scott, Secretary/Special Projects
Leslie K. Smith, Acting Port Counsel

PLEDGE OF ALLEGIANCE

Richland Councilman Phillip Lemley led the Pledge of Allegiance.

Ms. Bader Inglima introduced Leslie K. Smith. Ms. Smith expressed an interest in providing legal counsel to the Port. Ms. Smith has 24 years of legal experience and has broad familiarity with meeting rules and procedures. She earned her Juris Doctorate from Gonzaga Law School in Spokane, is a member of the Washington State Bar Association and a published author. The Commission welcomed Ms. Smith.

PUBLIC COMMENTS

Mr. Novakovich stated the Port Commission Rules of Policy and Procedure was adopted during the February 22, 2011 Board Meeting. The public comments policy states speakers shall move to the lectern and shall comment only after being recognized by the President. Speakers shall state their names and addresses and speak clearly when addressing the Commission regarding items related to the Port of Kennewick. Commissioners, staff and/or consultants may not answer questions posed; it is for comments only. The Commission may refer the public comments to staff for exploration.

No public comments were made.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011

CONSENT AGENDA

The consent agenda consisted of the following:

- A. Approval of Direct Deposits Dated February 28, 2011**
Direct Deposit in the amount of \$22,178.69.
- B. Approval of Warrant Registers Dated February 28, 2011**
Expense Fund Voucher Numbers 31646 through 31649 totaling \$8,314.78.
- C. Approval of Warrant Registers Dated March 9, 2011**
Expense Fund Voucher Numbers 31650 through 31697 totaling \$50,167.76.
Construction Fund Voucher Numbers 3151 through 3157 totaling \$102,082.60.
- D. Approval of Commission Meeting Minutes Dated February 22, 2011**

MOTION: *Commissioner Wagner moved approval of the consent agenda; Commissioner Hanson seconded. With no further discussion motion carried unanimously. All in favor 3:0.*

PRESENTATION

Cash Based Accounting

Currently, the State Auditor's Office (SAO) audits the Port every two years on an accrual basis. Government entities have the option to change from accrual to cash based accounting. Ms. Fine proposes the Port's Annual Financial Report be converted from accrual to cash basis. Ms. Fine stated some of the differences between accrual and cash basis accounting are as follows:

- Titles of Financial Statements.
- Cash basis does not report a balance sheet, MD&A and there are fewer schedules.
- Less note disclosure requirements as cash basis of reporting departs from GAAP.

In 2008, the Governmental Accounting Standards Board (GASB) implemented many costly changes to financial reporting, which created a huge audit burden on government agencies and the SAO. If cash based accounting is used, the SAO will issue an audit opinion based on the BARS manual in lieu of the General Accounting Practice (GAP).

There are three main sections in Cash Basis Statements. (Exhibit A)

1. Operating Revenues
2. Operating Expenses
3. Non-operating Revenues and Expenses

The following require notes for Cash Basis Financials (Exhibit B):

- Significant accounting policies
- Investments
- Property tax
- Long-term debt and capital leases
- Construction in progress
- Pension
- Contingencies and litigations
- Other disclosure material to the financials



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011

The SAO prepared a pro's and con's of GAAP versus Cash Reporting (Exhibit C). Internal controls are still required for accounts receivable, accounts payable, fixed assets, debt schedules and repayments. One of the benefits for using Cash Reporting would be a savings of \$1,800 - \$1,900 in audit fees. Another benefit would be saving staff time during audits.

Ms. Fine believes accrual based accounting would be best for the Port's budget, capital projects and management reports. Ms. Fine could not find any major political ramifications for changing the Port's Annual Financial Report from accrual to cash basis.

Mr. Wagner feels this process would save the Port time and money and is in support of converting the Annual Financial Report to cash based reporting.

Mr. Novakovich commented the SAO allotted 80 hours for financial review and 100 hours for accountability. The cost for the bi-annual audit is approximately \$13,500 for each audit. The SAO estimates reviewing cash reporting would save 24 hours of review audit time, which would be a substantial savings to the Port.

Mr. Novakovich stated the SAO was very complimentary of Ms. Fine and staff during the exit conference. They felt the Port was well prepared and organized. The SAO did not have any findings and or issues for the Port. This is the 15th consecutive year with no audit findings.

The Commission is in consensus to convert the Annual Financial Report to cash based accounting.

REPORTS COMMENTS AND DISCUSSION ITEMS

A. *Clover Island Update*

West Causeway Improvements. Mr. Peterson stated electrical conduit will be installed at the base of the lighthouse for possible up-lighting. The pathway from the gateway to the lighthouse will provide a new element every 250 feet. The overall project will be complete in April 2011.

B. *Vista Field*

Grant Update. Ms. Bader Inglima reported that at the previous meeting, Commissioners directed staff to apply for a Washington State Aviation grant for improvements at Vista Field. WSDOT Aviation will solicit applications for the first round of 2011-2013 grant funds during April and May of this year.

Ms. Bader Inglima also reported that Mr. Arntzen visited with several firms to discuss the Port's needs for grant work and review of the Request for Proposals (RFP) for getting an FBO operator at Vista Field, and other items related to future airport improvements. As part of those discussions, Mr. Arntzen met with one of the principals of Reisdell, a firm that was suggested by the Port of Benton. Reisdell recently completed work at the Port of Benton's Richland Airport. After reviewing a number of firms and their qualifications, Mr. Arntzen selected Reisdell to work with the Port on the scope of work for specific airport needs that had been requested by Commission. As part of that scope of work, Reisdell offered to write and submit the aviation grant at no additional cost to the Port.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011

Ms. Bader Inglima commented at the last meeting that HAEFIC did not have any remaining grant funds available. The HAEFIC committee has met and it is considering the possibility of reallocating some funding from loans to grants that could be made available this year. Staff will continue to monitor the HAEFIC funds and pursue opportunities for grants if they become available.

C. *Spaulding Business Park*

Signage was originally placed at the entrance of Columbia Park Trail and Spaulding Avenue. Mr. Peterson reported additional signage was recently installed at the intersection of both Spaulding and Columbia Park Trail, and to the northern wall at the intersection of Georgia Avenue and Fowler Street. This project was completed in partnership with City of Richland. The Port appreciates the City's partnership with the development of Spaulding Business Park and continued investment in the infrastructure.

The following businesses are currently located in Spaulding Business Park:

- ARC of Tri-Cities built a 13,500 square foot building and was completed October 2010.
- Tri-City Chaplaincy is building a 12,200 square foot building, and expects to occupy the building in June 2011. Tri-City Chaplaincy will employ 95 people.
- Eden Medical Center is building a 35,000 square foot building. The initial plans include a sister building connected by a second story skywalk.

The covenants in the business park do not limit diversity, but do require quality. Therefore, all of the buildings in the park look different and are attractive.

Mr. Novakovich inquired about the public sector investment versus the private sector investment at Spaulding Business Park. Ms. Fine will provide a report regarding the ratio between business and private investments.

Ms. Bader Inglima stated private investment is taking place in the surrounding area and that there is a renewed interest in the area. Private industry is building a new apartment complex adjacent to Spaulding Business Park.

D. *Bridge to Bridge Update*

Mr. Peterson stated City and Port staff have worked through some issues and concerns with the draft master plan. Mr. Gary Black, Professor at UC Berkeley, met with the City's Economic Development Committee and Port staff to discuss possible development on Columbia Drive. The group will work with Mr. Black to formulate appropriate zoning regulations. Mr. Novakovich thanked Mr. Peterson for his efforts on this project. Mr. Novakovich feels the meeting with Mr. Black was very beneficial.

E. *Commissioner Meetings (formal and informal meetings with groups or individuals)*

Mr. Novakovich attended the Tri-City Regional Chamber luncheon; Columbia Basin Badger Board Meeting; Benton Franklin Humane Society New Shelter Building Committee



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011

regarding a proposal for building a new shelter; Council of Governments Board Meeting; as President of the Columbia Basin Veteran's Coalition, he met with Spencer Olen of Generations of Warriors, to see if their agencies can work together to support veterans in the area; met with Terry Thornhill regarding the Humane Society's building; toured the Port of Pasco's Osprey Point, met with Rob McKenna; attended the Exit Conference with the State Auditor's Office; met with City of Kennewick's Economic Development Committee and Gary Black; dinner with Gary Black at Tagaris; met with Rod Bluechel, Vice-President of the Columbia Basin Veteran's Coalition, regarding the transitional house for veterans.

Mr. Wagner attended the Kennewick General Hospital Foundation annual breakfast meeting; toured the Port of Pasco's Osprey Point and attended the joint City of Kennewick, Kennewick General Hospital and Port of Kennewick meeting.

Mr. Hanson met with business community groups at Starbucks; however, it was not directly related to the Port. He met with Marjy Leggett regarding contributions for the 2013 Air Race; met with Carl Cadwell regarding his expansion and possible groundbreaking in June or July; attended the Washington Public Ports Association legislative meeting in Olympia; toured the Port of Pasco's Osprey Point; attended the TRIDEC Board meeting and the Tri-City Regional Chamber luncheon.

F. *Non-Scheduled Items*

Later this month the Port, the City of Kennewick, the Corps of Engineers and volunteers from ShareFest will be undertaking a cleanup project focused on Duffy's Pond. This effort will remove the old tires, refrigerators, and hot water tanks out of the pond, and to clean up the trash along the shoreline. All agencies have identified the Columbia Drive area as a priority for revitalization. Ms. Bader Inglima feels this is an exciting project and will demonstrate how we are all working together as partners to create a destination waterfront.

PUBLIC COMMENTS

Don Clayhold, 3100 South Everett Place, Kennewick. Mr. Clayhold commented the reason Mr. Cadwell's groundbreaking will be in June is because the original design was abandoned and the building has doubled in size from the original design. Mr. Clayhold requested the Commission consider a change to the public comment portion of the Port Commission Rules to allow the public to sign-up for comments prior to the meeting, and to be allowed to comment on each item rather than just at the beginning and end of the agenda. This would give the public a better ability to relate to the Commission as the item is being discussed, rather than before or after.

No further public comments were made.



REGULAR COMMISSION MEETING

PORT OF KENNEWICK

MARCH 8, 2011

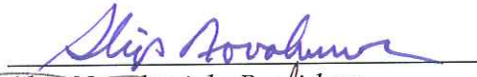
ADJOURNMENT

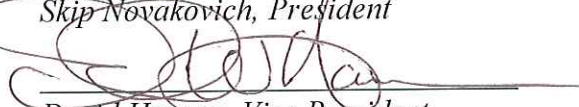
With no further business to bring before the Board; the meeting was adjourned at 2:58 p.m.

APPROVED:

PORT of KENNEWICK

BOARD of COMMISSIONERS


Skip Novakovich, President


David Hanson, Vice President

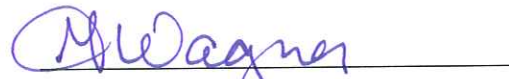

Gene Wagner, Secretary

EXHIBIT A

BARS MANUAL

STATEMENT OF ACTIVITIES ARISING FROM CASH TRANSACTIONS

MCAG No. _____

PORT OF _____
 STATEMENT OF ACTIVITIES
 ARISING FROM CASH TRANSACTIONS
 For the Year Ended December 31, 20__

12/31/20__

OPERATING REVENUES:①

- (61X)¹⁷ Airport operations
 (62X) Marina operations
 (63X) Marine terminal operations
 (66X) Property lease/rental operations
 (68X) General and administrative
 Other: _____

\$ _____

Total Operating Revenues _____

OPERATING EXPENSES:②

- (7X1) General operations
 (7X3) Maintenance
 General and administrative (781 + 783)③
 (74X) Other: _____
 (75X) Other: _____

Total Operating Expenses _____

Operating Income (Loss) ④ _____

NONOPERATING REVENUES/RECEIPTS (EXPENSES/DISBURSEMENTS):

- (699.10) Interest income⑤
 Taxes levied for:⑥
 (699.20) General purposes
 (699.20) Debt service principal/interest
 (699.30) Timber and Other Taxes
 (699.80) Disposal of capital assets⑦
 (773.30) Purchase of capital assets⑧
 (671.XX) Long-term debt proceeds⑨
 (771.XX) Principal paid on long-term debt⑩
 (799.91) Interest paid on long-term debt⑪
 (699.60) Gain (loss) on investment⑫
 (65X) Capital contributions⑬
 (699.50) Extraordinary/Special items⑭
 Other nonoperating revenues (expenses)⑮
 (799.92) Election expenses
 (699.XX) Other _____
 (799.XX) Other _____
 (679.00) Other Nonrevenues
 (779.XX) Other Nonexpenses

Total Nonoperating Revenues/Receipts (Expenses/Disbursements)⑮ _____

Net increase (decrease) in cash and investments⑯ _____

Beginning balance of cash and investments⑰ _____

ENDING BALANCE OF CASH
 AND INVESTMENTS⑱

\$ _____

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

¹⁷ The BARS codes are not required on your external financial statement. They are here to help you with the preparation of the statement and you may include them in your final report.

EFF DATE SUPERSEDES
 1/1/10 1/1/09

BARS MANUAL:
 CASH BASIS PORTS

VOL PT CH PAGE
 1 4 2 3

EXHIBIT B

BARS MANUAL

NOTES TO CASH BASIS FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The (official name of the district) was incorporated on (date) and operates under the laws of the state of Washington applicable to a (type of government).

1. Reporting Entity

The (district) is a special purpose government and provides (list major types of services) to the general public and is supported primarily through user charges (or where the governing body has decided that periodic determination of net income is needed).

The following is a summary of the significant policies, including identification of those policies which result in material departures from generally accepted accounting principles (GAAP).

2. Basis of Accounting

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

The accounts of the (district) are maintained on the basis of funds. For reporting purposes, the activities of all the (district's) funds are combined.

The (district) uses the cash basis of accounting where revenues are recognized only when received and expenses are recognized when paid.

3. Cash

It is the (district's) policy to invest all temporary cash surpluses. The amount is included on the statement of revenues and expenses arising from cash transactions as cash and investments.

4. Deposits

The (district) deposits (and certificates of deposit) are covered by (the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission).

5. Capital Assets

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are recorded as expenses when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid. (Obligations under capital leases are disclosed in Note (Long-Term Debt and Capital Leases Note No.).

6. Investments See Note (Investments Note No.).

EFF DATE SUPERSEDES
1/1/10 1/1/08

BARS MANUAL:
CASH BASIS PORTS

VOL	PT	CH	PAGE
1	4	3	5

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

6

Indicate whether you individually self-insure, individually purchase commercial insurance policies, participate as a member of a joint insurance pool, or use a combination of the above. Provide a sufficient amount of information (e.g., the type of coverages, type of funds to account for risk management activities, the expected annual claims, name of insurer, amount deductible, etc.) to inform the reader of your financial statements about the risk management activities of your entity. If your district is a member of a public entity risk pool, disclose where the reader can obtain the risk pool's financial statements.

EFF DATE SUPERSEDES
1/1/03 1/1/96

BARS MANUAL:
CASH BASIS PORTS

<u>VOL</u>	<u>PT</u>	<u>CH</u>	<u>PAGE</u>
1	4	3	6

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

- 1 7. Compensated Absences
2 Vacation pay may be accumulated up to ____ days and is payable upon separation or retirement.
3 Sick leave may accumulate (indefinitely or up to ____ hours). Upon separation or retirement employees
4 (do or do not) receive payment for unused sick leave.
5 8. Long-Term Debt See Note (Long-Term Debt and Capital Leases Note No.).
6 9. Risk Management
7 (No SAMPLE TEXT is provided because the circumstances are unique in each case. See Notes to
8 Preparer.)

EFF DATE SUPERSEDES
1/1/03 1/1/96

BARS MANUAL:
CASH BASIS PORTS

VOL PT CH PAGE
1 4 3 7

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 NOTE 2 – INVESTMENTS

2 1. Investments

3 The (district's) investments are either insured, registered or held by the (district) or its agent in the
4 (district's) name.

5 Investments by type at December 31, 20__ are as follows:

6	<u>Type of Investment</u>	<u>Balance</u>
7	L.G.I.P.	\$ _____
8	U.S. Government Securities	_____
9	Other: _____	_____
10	_____	_____
11	_____	_____
12	_____	_____
13	_____	_____
14	Total	\$ _____

15 2. Derivatives and Similar Transactions

16 (No SAMPLE TEXT is provided because the circumstances will be unique in each case. See Notes to
17 Preparer.)

EFF DATE SUPERSEDES
1/1/03 1/1/96

BARS MANUAL:
CASH BASIS PORTS

VOL PT CH PAGE
1 4 3 9

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 NOTE 3 - PROPERTY TAX

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

3 Property tax revenues are recognized when cash is received. Delinquent taxes are considered fully collectible
4 because a lien affixes to the property when taxes are levied.

5 The (district's) regular levy for _____ was \$ _____ per \$1,000 on an assessed valuation of \$ _____
6 for a total regular levy of \$ _____.

EFF DATE SUPERSEDES
1/1/03 1/1/96

BARS MANUAL:
CASH BASIS PORTS

<u>VOL</u>	<u>PT</u>	<u>CH</u>	<u>PAGE</u>
1	4	3	11

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 NOTE 4 - LONG-TERM DEBT AND CAPITAL LEASES

2 The accompanying Schedule of Long-Term Debt (09) provides a listing of the outstanding debt of the (district)
3 and summarizes the (district's) debt transactions for _____. The debt service requirements, including interest
4 (and capital lease payments) are as follows:

5		General	Revenue	Other	Total
6		Obligation	Bonds	Debt	Debt
7		<u>Bonds</u>	<u>Bonds</u>		
8	20__	\$	\$	\$	\$
9	20__				
10	20__				
11	20__				
12	*20__ - 20__	_____	_____	_____	_____
13	TOTALS	\$_____	\$_____	\$_____	\$_____

14 As of December 31, 20__, the (district) (and/or the trustee(s)) was (were) holding cash and investments of
15 \$_____ (and \$_____, respectively) which are expected to fully fund debt service.

EFF DATE SUPERSEDES
1/1/03 1/1/99

BARS MANUAL:
CASH BASIS PORTS

VOL PT CH PAGE
1 4 3 13

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 NOTE 5 - CONSTRUCTION IN PROGRESS

2 Construction in progress represents expenses to date on projects for which authorizations total
3 \$_____. Of the committed balance of \$_____ the (district) will be required to raise
4 \$_____ in future financing.

EFF DATE SUPERSEDES
1/1/03 1/1/96

BARS MANUAL:
CASH BASIS PORTS

VOL PT CH PAGE
1 4 3 15

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 NOTE 6 - PENSION PLANS

2 Substantially all of the (district's) full-time and qualifying part-time employees participate in the (list the type(s)
3 of plan(s)) administered by the Washington State Department of Retirement Systems, under cost-sharing
4 multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial
5 information is on a system-wide basis and is not considered pertinent to the (district's) financial statements.
6 Contributions to the systems by both employee and employer are based upon gross wages covered by plan
7 benefits.

8 Historical trend or other information regarding each plan is presented in the Washington State Department of
9 Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

10 Department of Retirement Systems
11 Communications Unit
12 PO Box 48380
13 Olympia, WA 98504-8380

EFF DATE SUPERSEDES
1/1/03 1/1/01

BARS MANUAL:
CASH BASIS PORTS

<u>VOL</u>	<u>PT</u>	<u>CH</u>	<u>PAGE</u>
1	4	3	17

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

I NOTE 7 - CONTINGENCIES AND LITIGATIONS

(No SAMPLE TEXT is provided because the circumstances are different in each case. See Notes to Preparer.)

<u>EFF DATE</u>	<u>SUPERSEDES</u>
1/1/03	1/1/96

BARS MANUAL:
CASH BASIS PORTS

<u>VOL</u>	<u>PT</u>	<u>CH</u>	<u>PAGE</u>
1	4	3	19

NOTES TO FINANCIAL STATEMENTS
SAMPLE TEXT

1 OTHER DISCLOSURES

(See Notes to Preparer.)

<u>EFF DATE</u>	<u>SUPERSEDES</u>
1/1/03	1/1/96

BARS MANUAL:
CASH BASIS PORTS

<u>VOL</u>	<u>PT</u>	<u>CH</u>	<u>PAGE</u>
1	4	3	21

EXHIBIT C

STATE AUDITOR'S OFFICE

GAAP

VS.

CASH REPORTING

PRO's and CON's

Washington State Auditor's Office

GAAP versus Cash Reporting

The Washington State Auditor's Office in a letter dated July 5, 2007, gave the local governments the option of whether to report financial information using generally accepted accounting principles (GAAP) or cash basis as outlined in the Budgeting, Accounting, and Reporting System (BARS) manuals. This letter is available on our Web site, www.sao.wa.gov.

To assist entities in making the best choice for financial reporting a table has been provided that identifies the pros and cons of GAAP versus cash basis reporting. When making this choice, remember this change does not effect local governments that prepare GAAP financial statements due to the requirements of their state or federal oversight agencies.

GAAP Reporting

Pros

- Promotes fiscal accountability and transparency in government which enhances protection to citizens (disclose liabilities, future difficulties, going concern, etc.)
- Allows users (auditors, the Legislature, citizens) better ability to evaluate governments' financial position
- Provides information on big picture of long-term financial conditions
- Provides more information regarding the government (component units, capital assets, risk management, pension, etc.)
- Allows the management better control due to use of a double-entry accounting system
- Overall debt issuance and interest costs may be less
- May meet grantor requirements
- Consistent with national financial reporting standards
- Provides opportunity for recognition of excellence in reporting (GFOA award)

Cons

- Possible increase in costs for financial audit costs, personnel, software, and time
- GASB accounting and reporting standards become complex
- More qualified staff required
- GASB reporting requirements change frequently
- More complex accounting system required

Cash Basis Reporting

Pros

- Financial reporting may be less costly (financial audit costs, personnel, time)
- Reporting requirements change less frequently
- Accounting and reporting is less complex and easier to understand
- Less training required for staff
- SAO reporting requirements no longer mixed for cash basis cities with large utilities (they may choose this option, but no longer required)

Cons

- Short-term focus on financial position
- Less control over financial position since the governments do not report assets and liabilities
- Less monitoring and information for capital assets, including infrastructure
- No capital asset cost information (depreciation, amortization, etc.)
- No information about future financial obligations (OPEB and other commitments)
- Overall debt issuance cost may be higher
- May not meet bond or other reporting requirements
- Eventual conversion to GAAP more difficult in the future

If you have any questions, please call Christy Raske, Audit Manager for Local Government Support at (360) 725-5593.

EXHIBIT D

CHECK LIST & EXAMPLE FINANCIAL STATEMENTS

SMALL GROUPS DISCUSSION

ACCRUAL TO CASH CHECK LIST

[illegible]

SMALL GROUPS DISCUSSION

ACCRUAL TO CASH CHECK LIST

[illegible]

Port of Kennewick

STATEMENT OF NET ASSETS
December 31, 2009

ASSETS

2009

CURRENT ASSETS

Cash and cash equivalents	\$ 8,733,023
Investments	-
Taxes receivable	110,296
Other receivables (net)	13,099
Prepaid expenses	45,815
Note and Interest Receivable	109,977
Total current assets	<u>9,012,210</u>

NONCURRENT ASSETS

Restricted Assets	
Restricted Investments	15,176
Investments	-
Interest receivable	-
Note Receivable	390,500
Capital assets (Note 4)	
Property, plant and equipment	35,710,033
Land	9,690,336
Construction in progress	2,957,929
Less: Accumulated depreciation	6,639,128
Total noncurrent assets	<u>42,124,846</u>

TOTAL ASSETS

\$ 51,137,056

The notes to financial statements are integral part of this statement

Port of Kennewick

STATEMENT OF NET ASSETS
December 31, 2009

LIABILITIES AND NET ASSETS

	<u>2009</u>
CURRENT LIABILITIES	
Warrants payable	\$ 563,370
Compensated Absences	66,173
Retainage under construction contracts	216,104
Current portion of long-term debt	115,000
Deferred revenue	15,122
Leasehold Tax Payable	7,067
Customer deposits payable	31,867
Total current liabilities	<u>1,014,703</u>
 LONG-TERM LIABILITIES	
Notes payable (due in more than one year)	<u>3,273,333</u>
Total long-term liabilities	<u>3,273,333</u>
 TOTAL LIABILITIES	<u>4,288,036</u>
 NET ASSETS	
Invested in capital assets, net of related debt	37,551,362
Restricted for capital assets	15,176
Unrestricted	9,282,482
TOTAL NET ASSETS	<u>46,849,020</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 51,137,056</u>

The notes to financial statements are integral part of this statement

Port of Kennewick

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET ASSETS

For the Year Ended December 31, 2009

	<u>09 AC</u>	<u>ADJ ENT</u>	<u>09 CASH</u>
OPERATING REVENUE	\$ 727,623	\$ (32,326)	\$ 759,948
Property lease/rental operations	244,820	(8,282)	253,102
Marina operations	34,911	(961)	35,872
Airport operations		5,648	(5,648)
CASH FLOW - Deferred Income		9,830	(9,830)
CASH FLOW - Bad Debt	1,007,354	(26,091)	1,033,443
Total operating revenues			
OPERATING EXPENSES (OUTFLOW)	554,184	(167)	554,017
General operations	169,674	-	169,674
Maintenance	1,307,363	-	1,307,363
General and administration		(6,184)	(6,184)
CASH FLOW - Prepayments	2,031,221	271,795	2,024,869
Total before depreciation	917,373	(917,373)	0
Depreciation	2,948,594	(645,578)	2,024,869
Total operating expenses	(1,941,240)	619,487	(991,426)
Operating loss			
NON OPERATING REVENUES (EXPENSES)	2,959,181	5,297	2,953,884
Ad valorem tax revenue	131,941		131,941
Interest income	445,024	183,793	628,817
Gain on sale of assets (CASH FLOW AMOUNT LESS F.S. AMT For Adj)	7,216		7,216
Other Revenues		31,667	31,667
INVESTING ACTIVITIES (Cash Flow)		2,805,000	2,805,000
INVESTING ACTIVITIES (Cash Flow)		99,387	(99,388)
INVESTING ACTIVITIES (Cash Flow)		7,521	(7,521)
CASH FLOW - Deposits Payable		43,702	(43,702)
CASH FLOW - Compensated Absences		7,811	(7,811)
CASH FLOW - Retainage Payable		219,112	219,112
CAPITAL ACTIVITIES (Payable Difference)	-	6,343,362	(6,343,362)
CAPITAL ACTIVITIES (Cash Flow)		483,333	(483,333)
FINANCING ACTIVITIES (Cash Flow)	(103,347)		(103,347)
Other (Expenses)			
Total nonoperating revenues (expenses)	3,440,015	10,229,986	(310,825)
Increase in net assets, before capital contributions	1,498,775	3,645,244	(1,302,251)
Capital contributions	141,581	-	141,581
Increase in net assets	1,640,356	3,645,244	(1,160,670)
12/31/08 Cash/Investments			9,908,869
12/31/09 Cash/Investments			\$ 8,748,199

Port of Kennewick

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2009</u>
Cash received from customers	\$ 1,050,794
Less: Cash outflows	
Supplier payments	1,006,859
Employee payments	974,642
Net cash used in operating activities	<u>(930,707)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Non-capital property taxes received	833,689
Non-operating receipts	7,216
Non-operating expenses	<u>(103,347)</u>
Net cash provided by non-operating financing activities	<u>737,558</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital property taxes received	2,120,169
Proceeds from sale of capital assets	628,817
Proceeds from capital debt	-
Principal payments paid on capital debt	(483,333)
Acquisition and construction of capital assets	(6,343,362)
Cash received from other governments	141,581
Net cash provided by capital and related financing activities	<u>(3,936,129)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sale of investments	2,805,000
Purchase of investments	-
Proceeds from contract installments	31,667
Interest and dividends on investments	131,941
Net cash provided by investing activities	<u>2,968,608</u>
Net increase in cash and cash equivalents	(1,160,670)
Cash and cash equivalents at beginning of year	9,908,869
Cash and cash equivalents at end of year	8,748,199

Port of Kennewick

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009

(Concluded)

2009

RECONCILIATION OF OPERATING LOSS TO NET
CASH USED IN OPERATING ACTIVITIES
Operating loss

\$ (1,941,240)

Adjustments to reconcile operating loss to net cash
used in operating activities:

Depreciation	917,373
Decrease in accounts receivable	41,568
Increase in prepayments	6,184
Decrease in customer deposits payable	(7,521)
Decrease in warrants payable	(167)
Decrease in Compensated Absences	(43,702)
Decrease in retainage payable	(7,811)
Decrease in deferred income	(5,648)
Increase in Bad Debt	(9,830)
Net cash used in operating activities	\$ (1,050,794)

PORT OF KENNEWICK

**STATEMENT OF ACTIVITIES
ARISING FROM CASH TRANSACTION
For the Ending December 31, 2009**

	12/31/2009
Operating Revenues	
614 Airport Operations	\$ 35,872
622 Marina Operations	253102
664 Property Lease/Rental Operations	744470
Total Operating Revenues	\$ 1,033,444
Operating Expenses	
General Operations	\$ 554,017
Maintenance	169674
General And Administrative	1301179
Total Operating Expenses	\$ 2,024,870
Operating Income (Loss)	\$ (991,426)
NONOPERATING REVENUES (EXPENSES)	
699.1 Interest Income	\$ 131,941
699.2 Taxes Levied For General Purpose	2953884
669.8 Disposal of Capital Assets	628817
773.3 Purchase of Capital Assets	-6183284
771 Principal Paid on Long-Term Debt	-483333
799.91 Interest Paid on Long-Term Debt	-99386
699.6 Gain on Investments	2805000
652 Capital Contributions	141581
699.9 Othe Miscellaneous Income	38883
799.9 Other Miscellaneous Expenses	-103347
Total Nonoperating Revenues (Expenses)	\$ (169,244)
Net Increase (Decrease) In Cash and Investments	\$ (1,160,670)
Beginning Balance of Cash and Investments	\$ 9,908,869
ENDING BALANCE OF CASH AND INVESTMENTS	\$ 8,748,199