



# PORT OF BROWNSVILLE

9790 Ogle Rd • NE Bremerton, WA 98311  
Office: 360-692-5498 • FAX 360-698-8023  
[pob@portofbrownsville.org](mailto:pob@portofbrownsville.org)

**Commissioners:**  
Mathew Messing  
Shaun Nye

March 22, 2022 Financial Workshop

## CALL TO ORDER

Commissioner Shaun Nye called the Financial Workshop to order at 4:03 PM, In attendance were CPA Jan Fancher, and Port Auditor Joseph DaBell.

## FINANCIAL WORKSHOP

CPA Fancher presented her prepared documents (attached) to all in attendance. The topics covered were:

- Prior Financial Findings, Treatment, Current Status and Future Cost
- Annual Costs to Cover 2017 Revenue Bond
- Options to Roll-Back the Moorage Rate Increase
- What is the 2022 Revenue Source Forecast for Loan Repayment?
- Multi-Year Revenue Source Forecast for the Loan Repayment
- Any Operating and Maintenance Costs and Capital Projects Being Deferred in Order to Cover Loan Repayment Issues?
- Is the Port Expecting to go to Taxpayers to Have Sufficient Revenue to Meet Needs?
- Annual Port Budget Funding Percentages by Taxpayer versus Moorage
- Port District Tax Levy and Maximum Percentage Increase Per Year (Tax Levy)

Johnathan Thomas commented that fair-market value was not mentioned in any of the audit reports released by the Washington State Auditor. CPA Fancher replied that it was discussed with the auditors on-site at the last audit and the Port was informed that it would be an item of focus on their next visit.


CPA Fancher put out a request to all in attendance to provide topics they wish to hear about regarding the Port's financials. These requests will be evaluated based on feasibility, time, and cost to prepare.

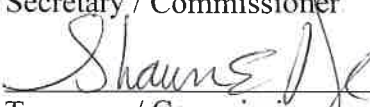
## COMMISSION COMMENTS

Commissioner Nye thanked CPA Fancher for her time and thanked all in attendance for coming to the meeting.

## CLOSE MEETING / ADJOURN

Commissioner Shaun Nye adjourned the meeting at 4:55 PM.

  
\_\_\_\_\_  
President / Commissioner

\_\_\_\_\_  
Secretary / Commissioner  
  
\_\_\_\_\_  
Treasurer / Commissioner



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## **Port of Brownsville**

**Finance Workshop**  
Via Zoom Conference

**Tuesday, March 22, 2022 at 4:00 PM**

### **WELCOME TO VIRTUAL ATTENDEES**

- . The Port wants to welcome the virtual attendees to the Port of Brownsville's second Finance Workshop for 2022.**
- . This afternoon we are addressing the requests from two attendees, Mr. Edwin Wurden and Ms. Sally Hass.**
- . This afternoon we will present the information that is currently available for these requests. The Port anticipates that additional information regarding these requests will be available in the upcoming months as the Port expands its cost analysis regarding Port operations. Additional information will be available to be brought forward at a future workshop, if desired.**
- . Attendees, please let Jerry Williams, Executive Director, know that you are attending each time.**
- . The topics can address factual, financial information that the Port is able to locate and present in a cost-effective manner.**
- . Please note that it is possible that not all topic requests will be fulfilled if the information does not exist, it would not be cost effective to provide the information, the topic is not finance related or if the topic is not an item of interest to multiple parties.**
- . A big thanks in advance to everyone for their participation in this process!**

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## Port of Brownsville

Finance Workshop  
Via Zoom Conference

Tuesday, March 22, 2022 at 4:00 PM

### REQUESTED FINANCE TOPICS

**. Part A - Prior Financial Findings, Treatment, Current Status and Future Costs**

This requested finance topic was to address the Port's prior findings and what the Port has done to prevent them in the future.

In the first finance workshop presentation, we discussed the types of audits that Port can have, which include Accountability, Financial and Fraud. There is another type of audit, a Performance audit, but it is usually for the largest Ports.

We also discussed the importance of the WA State Auditor's Office (SAO) Budgeting, Accounting and Reporting System (BARS) Manual to accurately report financial transactions, statements and note disclosures.

As part of the last presentation, we included a copy of the audit reports for the Port of Brownsville on the WA State Auditors website. A copy of that listing is included for your reference as a part of this packet, but we will not put it back up again on the screen. (3Aa)

#### Accountability Audit - 1/1/2015 to 12/31/2016:

SAO performed an Accountability Audit for the period January 1, 2015 through December 31, 2016, that was published March 22, 2018, which did not incur a finding. However, as a part of that audit, they were required to publish the finding from the most recent prior audit period and indicate the Port's status of corrective action.

The following summary schedule of prior audit findings was included in the January 1, 2015 through December 31, 2016 audit:

**Accountability Audit - 1/1/2012 to 12/31/2014 - 1 Finding - Ref. No.: 2014-001:**

**Finding Caption:** The Port did not follow State procurement laws, which limited competition and its ability to receive the best possible price and service.

**Background:** Governments are required to comply with numerous state requirements for public works projects. These governments must adopt policies to ensure they comply with these laws, which may vary from project to project.

During the audit period, the Port contracted out for various public works projects relating to construction of new docks within its marina. SAO reviewed those public works projects and noted the following instances on non-compliance with bid law requirements:

- . The formal bid packages from the first bidding for the construction of C, D & E Docks were not retained.
- . A bid tabulation form was not retained for the second bidding of the C, D & E Docks project that had a contract award total of \$1,740,000, so SAO was unable to confirm if the lowest bidder was actually selected.
- . The Port did not retain evidence from the State's "Debarred Contractor List" proving that the contractors selected for the C, D & E Dock project were not disqualified from bidding at the time contracts were entered into.
- . The Port did not obtain a "Statement of Intent to Pay Prevailing Wages" from any contractors it had entered into a contract with.
- . The Port utilized the Small Works Roster for a project with a contract award of \$324,132, which is over the \$300,000 threshold, instead of following the formal bid procedures required by RCW 53.08.120.
- . The Port utilized the "Sole Source" exemption from bidding inappropriately.

**Port's Status of Corrective Action:** Fully Corrected.

**Corrective Action Taken:**

**Port's Response:** *In response to the State Auditors Finding (Ref. No. 2014-001). At the time of the last audit there was a different person handling the bidding and contracting. Since he has retired, the Port of Brownsville has reviewed the finding from last year and these are the recommendations that were implemented. The Port now retains all bid tabulation forms and Intent to Pay Prevailing Wages in all formal bid packages received from all contractors. We keep those packages on site for 10 years. No contract is awarded without checking the Debarred Contractor list. The printout of the Debarred Contractor list is now filed in the winning bid package. The small works roster is only used for construction projects under \$300,000. Sole sourcing is now only used in an emergency capacity where the formal bid and procurement time cannot be met.*

**Current Update:**

In 2017, the Port hired back the retired person listed above, who retired in April of 2017 as a "Contract Specialist and Grant Writer" until mid-October of 2017.

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**Accountability Audit - 1/1/2015 to 12/31/2016 - Exit Item:**

During the SAO Exit Conference, they issued the following Exit Item.

**Issue Title: Procurement for Public Works Projects**

- . During our testing of Procurement for the B-Dock Replacement project we noted the following issues:
- . The Port did not obtain an Affidavit of Wages paid from the contractor to demonstrate compliance with prevailing wage requirements.
- . The Port did not retain the search results to prove the contractor was not debarred from bidding on public works projects at the time of bidding.
- . The Port did not obtain a release from Department of Labor and Industries or a Notice of Completion and release from Dept. of Revenues before the retainage was released to the contractor.

**We (SAO) recommend the Port:**

- . Obtain the Affidavit of Wages paid to demonstrate compliance with prevailing wage requirements.
- . Retain the search document evidencing the bidder was not debarred from bidding on the public works projects at the time of bidding.
- . Obtain a release from Department of Labor and Industries and a Notice of Completion and release from Department of Revenues before releasing retainage to the contractor.

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**Financial Audit - 1/1/2015 to 12/31/2016 - 1 Finding - Ref. No.: 2016-001:**

SAO performed a Financial Audit for the period January 1, 2015 through December 31, 2016, that was published March 22, 2018, that incurred a finding.

**Finding Caption:** The Port's internal controls over financial statement preparation were inadequate to ensure accurate and complete financial reporting.

**Background:** Port Commissioners, the public, state and federal agencies and other interested parties rely on the information included in the financial statements and reports to make decisions. Port management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of financial reporting.

The Port relied on a certified public accounting (CPA) firm to record financial transactions and prepare its annual financial statements and notes.

Our (SAO's) prior audit resulted in a management letter regarding internal controls over financial reporting for fiscal years 2013 and 2014.

**Description of Condition:**

- . Have a review process over the monthly cash reconciliations performed by the CPA firm to ensure they were completed accurately.
- . Perform a secondary review to ensure that the journal entries the CPA firm prepared were correct and supported.
- . Review its balance sheet accounts against the monthly or year-end financial statements the CPA firm compiled.
- . Have procedures in place to ensure new accounting standards were implemented.
- . Possess the necessary technical knowledge and experience and did not perform an adequate review of the financial statements and notes prepared by the CPA firm to ensure all required financial statement elements were prepared and the financial information was accurately reported and fairly presented under generally accepted accounting principles (GAAP) and the BARS Manual requirements.

**Cause of Condition:**

The Port did not dedicate the necessary staff time or resources, including training, to ensure its records and financial reports were accurate and complete.

**Effect of Condition:**

Financial reports cannot be relied upon by Port officials, the public, state and federal agencies, and other interested parties if financial activity is not accurately reported. The above state deficiencies resulted in the following misstatements and presentation errors on the original financial statements SAO received for audit. The Port:

. Did not implement Governmental Accounting Standards Board (GASB) Statement NO. 68, *Accounting and Financial Reporting for Pensions*, which resulted in the following errors. The Port did not:

. Report its Net Pension Liability of \$314,588 and \$344,805 in fiscal years 2015 and 2016, respectively

. Report Deferred Inflows related to pensions of \$48,509 and \$18,457 in fiscal years 2015 and 2016, respectively

. Report Deferred Outflows related to pensions of \$38,431 and \$61,506 in fiscal years 2015 and 2016, respectively

. Report the Cumulative Effect of Change in Accounting Principle (to adjust beginning Net Position) of \$330,660 in fiscal year 2015

. Include all required pension-related information in the Notes to the financial statements for fiscal years 2015 and 2016

. Prepare the required supplementary information related to pensions for fiscal years 2015 and 2016

. Implemented GASB Statement No. 63, *Reporting Deferred Outflows, Deferred Inflows and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during 2013, but did not carry forward the presentation changes or use current BARS Manual templates to prepare its 2015 and 2016 annual reports. As a result, the language and presentation of the financial statements and notes did not conform to the GASB Statements' requirements.

. Did not prepare a Statement of Cash Flows for fiscal year 2016.

. Included the Work in Progress balances of \$1,000,068 and \$238,026 for fiscal years 2015 and 2016, respectively, as part of Property, Plant & Equipment. Work in Progress should be classified under non-depreciable assets and reported separately.

The Port corrected the misstatements identified above in its final financial statements.

**Recommendations:**

**We recommend the Port:**

. Establish and follow monitoring and oversight procedures to ensure general ledger balances are accurate, complete and adequately supported

. Provide adequate training to staff members responsible for oversight of financial reporting to ensure compliance with GAAP, including implementation of all new accounting standards

. Establish and follow an effective process for review of the financial statements by a person who understands GAAP and BARS Manual financial reporting requirements to ensure the financial statements are fairly presented, complete and accurate.

**Port's Response:**

*The Port agrees with the audit finding and thank them for the recommendations offered to correct the Ports Internal control policies. We are grateful for the time and effort provided by state in this audit and want to comply with the recommendation. We will implement and follow those recommendations in the future.*

**Auditor's Remarks:**

We thank the Port for its assistance throughout the audit and its commitment to resolving the identified control deficiencies. We will review the status of the Port's corrective action during our next audit.

**Current Update - Steps the Port has taken on the items listed above (2019 onward):**

Starting in 2019, the Port addressed and implemented significant steps to bring the Port into compliance with the deficiencies listed above. Those steps include having Commissioner Nye attend as many courses as possible offered by SAO and WFOA including courses on the BARS Manual, Grants, Current Updates, Finance Updates and many others. He has attended them both in person and via webinars and continues to participate in every financial reporting and compliance course that is recommended that he attends. These courses are also invaluable in his position as the Port Treasurer.



**Starting in 2019, all journal entries prepared were reviewed by someone other than the preparer. It was difficult to implement in the beginning, but since then every journal entry prepared by myself is reviewed by Auditor DaBell and every journal entry prepared by Auditor DaBell is reviewed by myself.**

**The Port staff and Commissioner/Treasurer Nye is actively involved in the preparation of the Annual Report. Each year since 2019, as the annual report starts to come together specific sections are reviewed both by Auditor DaBell and Commissioner/Treasurer Nye, until all of the sections are reviewed. Then prior to issuing the statement on the SAO website, a complete reviewed is performed by all of the parties involved.**

**Bank statements are reconciled by myself, someone other than the person handling the majority of the receipts and expenditures every time, no exceptions. Reconciled bank statements are then reviewed both by Auditor DaBell and Commissioner/Treasure Nye every time, no exceptions.**

**In the process of preparing the annual report each year, the latest pronouncements impacting the report are reviewed and discussed with Auditor DaBell and Commissioner/Treasurer Nye.**

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**The Port's 2017 annual report was prepared by the former outside CPA firm and issued in May of 2018. SAO came in the fall of 2018 to audit the 2017 annual report.**

**Because the former years listed above had received findings and management letters for 2012 through 2016, SAO determined that they needed to come in and audit 2017, just a year after auditing the 2015-2016 report to determine that the corrective actions the Port stated that they would make had occurred.**

**In the fall of 2018, SAO found that the 2017 statement was so out of compliance that they gave the Port two choices, that they would stay there and wait until the Port fixed everything that needed to be fixed, or they could leave, they Port could engage someone to fix everything, and then they would come back in and audit the restatement.**

**The Port chose to engage someone to address the errors in the 2017 statement, restate it and then have SAO come back in.**

**Because all of the Port's reconciliation records through 2018 resided at the Port's outside CPA's office, and still do to this day, despite repeated legal and Port requests for them, and because the Port's internal QB system had never been reconciled from the time it was activated in 2002, the Port faced enormous hurdles to address the items in the 2017 statement, determine what needed to be corrected, prepare support for the corrections and the correct balances and disclosures and then restate the 2017 Annual Report.**

**SAO Audits - Electronically Published - Please consider signing up to receive them**

When SAO issues any audit, it is published electronically. Interested parties can receive an email stating that new reports have been issued. Most of the WA Port Finance Officers are signed up for those notifications and read them, focusing on any issued findings to see any trends and areas of concern.

In May of 2018, I first read about the Port's 2015-2016 findings in the SAO email updates. I was upset that what appeared to be a finding that the Port did not deserve. The 2015-2016 finding included multiple lack of compliance with GAAP reporting rules. I looked up the details for the Port and could not understand why a Port of this size would be reporting under GAAP or accrual instead of Cash Basis.

I called the Port and left a voice message saying that I had read the finding and offered my support to help defend the Port against what appeared to be an unfair finding. The Port Manager called back to say thank you, but that the Port had everything under control. Then in the fall of 2018, SAO came in to audit 2017, and found it was unauditible as it was presented.

Then, in the first of January of 2019, the Port Manager participated on his own in a Bond Rating teleconference. At the conclusion of that meeting, the Port's bond rating was decreased. The reasons for the decrease were provided to the Port. They discussed minimum levels of cash the Port needed to have on hand and the Port's plans to make its' future bond repayment commitments. It will be important to review that letter at a future workshop.

The Port then reached out to me to come in and look at what the situation was and recommend what needed to be done. At that point, I assumed I would be in and out in a few visits, less than a month, make a few fixes, recommendations and be on my way.

What I found in that first month of January of 2019, was daily multiple areas of noncompliance with the most basic way transactions are handled as a Port district. These were not necessarily only current transactions, but long-term transactions.

On January 17, 2019 I provided the Port Manager with an overview of current items to address. They ranged from the reporting deficiencies to lack of reconciliations maintained onsite all the way to one password used for everyone in QuickBooks. It stated that the Port needed to establish a goal of clean future audits, restore the Port's prior bond rating and to have the Port be the sole source for all Port documents, to be maintained in-house.

**Please note that SAO states that they do not audit every item when they come out, meaning that their audit does not state that it will discover everything.**

**In the first month, I kept saying to the Port Manager and the Port Finance Officer that what I kept finding just didn't make sense, especially because the Port attended WPPA conferences, finance seminars and other WFOA seminars over the years.**

**It turned out that the Commissioners and some of the Port staff attended conferences regularly, but per his statement to me, the long-term Port Manager had only attended one WPPA conference over his tenure, in the beginning.**

**There also needs to be a committed effort for each person attending the conferences to bring back the recommendations and latest pronouncements and commit to assisting the Port in implementing such conference recommendations and latest pronouncements. Commissioner/Treasurer Nye has taken this responsibility seriously.**

**The first area of importance was to address the books and records in accordance with BARS in order to place reliance on the information to restate the 2017 financial statement/annual report. That intense activity occurred throughout 2019 and into 2020. Along the way the 2018 annual report was due May of 2019 and was issued timely. The review of 2017 was finally completed and the 2017 annual statement was restated by our CPA office. Some of the items identified in the 2017 restatement were not known yet when the 2018 statement was issued, so the 2018 statement was reissued to include those new items from 2017.**

**While reviewing the books and records in 2019 to restate the 2017 financial statement, areas of discrepancies were found, brought to the Commission and reported to SAO in accordance with the BARS manual. This then resulted in a SAO fraud examination. The Port Manager was placed on leave in August of 2019 and his employment ended on March of 2020.**

**Early in 2020, SAO started their audit of the Port's restated 2017 annual report and their 2018 annual report. Because of the overlap of some of the transactions into 2019, mid-year SAO determined that they wanted to include the audit of 2019 along with their 2017 and 2018 examination. SAO completed their audit at the start of 2021, and held their exit conference in January of 2021.**

**The results of the 2017, 2018 and 2019 SAO audits are as follows:**

**Accountability Audit - 1/1/2017 to 12/31/2019 - 2 Findings**

**Financial Audit - 1/1/2017 to 12/31/2019 - 1 Finding**

**Fraud Audit - 1/1/2016 to 3/31/2020 - 1 Finding**

**Some of the items of note:**

The Port files include multiple examples of write-offs of portions or all of various accounts, special treatment, some for the long-term moorage tenants going back multiple years.

When the audience states that they want things to return to the way things were, I am concerned that if everything is truly reversed that it will cause financial harm to the Port. From a finance perspective, if the reversals are not in accordance with Port rules and regulations, it may put the Port in jeopardy in the future.

Many of the actions occurred because there was not a formal check and balance in place. There are risks even today, with your current Executive Director situation. To the extent that he utilizes the Port professionals, Port classes, Port legal and other Port resources, it will help to provide checks and balances. However, there are still risks now, if he chooses not to have things reviewed, makes decisions on his own. It is something that he will need to be mindful about. I know he takes his responsibilities very seriously.

Did not pass the cash basis resolution for the correct year. The Port had to go back in and correct the resolution.

Port did not vet a potential tenant, allowed them to set up business in the Annex, did not sign a lease, did not obtain surety, and the Port Manager signed up for the course they were offering. Tenant operated for portion of the year without payment. Port incurred legal costs to try to get the lease signed, tenant moved out in the middle of the night and never paid the Port for their rental of the building.

**Accounts Payable Items:**

Commissioner and Staff travel pay documentation for all travel.

Additional hotel and meals for local travel incurred by Port Manager was asked to be repaid and/or paid for personally. Meals charged during banquet provided by WPPA was deemed personal and was repaid.

**Port rented an Airbnb instead of the hotel selected by WPPA for Port Commissioner for conference stay without reason listed.**

**Documentation needed to show expenditures were in compliance with Port's own policies.**

**Proper ordering and receipt of all purchases. Snacks ordered from Costco were determined to be personal.**

**Purchases for personal use disallowed.**

**Port purchases received outside of Port location disallowed.**

**Personal use of Port credit cards disallowed. New credit card policies written up.**

**Purchase of personal item coded to grant disallowed.**

**Noncompliance with BARS purchasing and procurement requirements.**

**Safeguard of Assets:**

**Maintenance Shop Area not monitored. Maintenance area needs to be restricted to Port employees and authorized persons.**

**Maintenance Assets need forms to add and delete assets with proper sign-offs for all purchase. Port assets need to be marked and easily identified.**

**Personal use of Port assets by non-Port employees including wi-fi is disallowed.**

**Port employees utilizing Port assets to perform services for marina tenants for personal compensation, including the Port boat, equipment resulting in a finding.**

**Correction: Employees now sign that they will not use Port assets except in the course of their regular duties, subject to termination.**

**Marina tenants utilizing Port assets for their own use. The SAO auditor watched this occur during her onsite audit, resulting in a finding.**

**Port assets at Port staff's home is disallowed and was required to be returned.**

**Port asset descriptions in accounting system need to match the actual name of the asset.**

**Annual Port-wide inventory needs to be maintained and updated.**

**Credit card rewards were cashed in each year, but not entered into the Port's bank account until 2019, resulting in a finding.**

**Port sold Port truck to Port Commissioner relative for \$500. The Port did not follow the rules in declaring an asset surplus, setting a value and offering to the public.**

**Port sold an ipad to a Port Commissioner for \$10. Unknown reasons.**

**State Grant Compliance:**

**Noncompliance with multiple areas to the allowed grant rules and regulations.**

**Noncompliance with require contract language for various mandated requirements.**

**Portion of precontract expenditures disallowed in accordance with grant rules and regulations.**

**Authorization by engineer to release retainage before all required sign-offs by state agencies were obtained. Repeat of Port's earlier finding in this area.**

**Payroll:**

**The long-term Port Manager issued a merit pay to the incoming Port Manager based on the long-term Port Manager's research. The research did not pertain to Port's, was deemed illegal and disallowed, resulting in a finding. Port's legal demanded that it be repaid, which was refused. The merit pay research was not reviewed by Port legal to determine that it was accurate. Retroactive merit pay is not allowed unless it is part of a pre-determined performance-based program, agreed to in advance and in writing.**

**Christmas bonuses to Port Staff - Not allowed under Port rules and regulations.**

**Coding of Employee Timesheet/Detail for hourly workers as to major areas, including grant hours.**

**Employee Timesheet Review/sign-off timely, including Port Manager's timesheet, review of employee's activities and hours occurring on real time basis.**

**Cash Receipting:**

**Deposit Procedures/Making Change Procedures.**

**Petty Cash Procedures, proper coding, recording.**

**Noncompliance with BARS Cash Receipting requirements.**

**Proper Budget Advertising:**

**Noncompliance with advertising of 2017 and 2018 budgets in accordance with RCW's.**

**2017 Annual Financial Report Deficiencies:**

**2017 original Annual Financial report was restated in compliance with BARS and financial statement requirements and approved by SAO.**

**Lease Review:**

**Fair market value of leases and potential public gift of funds to be reviewed in upcoming audit per SAO.**

**Other Items:**

**To be discussed in future finance workshops.**

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## Port of Brownsville

Finance Workshop  
Via Zoom Conference

Tuesday, March 22, 2022 at 4:00 PM

### REQUESTED FINANCE TOPICS

- . Part B - Responses to Additional Questions
- . Annual costs to cover 2017 Revenue Bond payments.
  - . 2017 Revenue Bond repayment covered by new Dedicated 2017 Revenue Bond Fee.
  - . 2012 and 2013 General Obligation Bonds are covered by the Port's operations and tax levy collections.
  - . A copy of the Long-Term Debt Amort is attached for reference. (3Ba)
- . Options to roll-back the moorage rate increase?
  - . The Port has discussed reviewing the 2022 budget to actual in the upcoming months to determine if any changes can be made and additional options will be considered.
- . What is the 2022 revenue source forecast for loan repayment?
  - . The 2017 Revenue Bond repayment schedule reflects the amount of collections by year to cover the repayment of the 2017 Revenue Bond. It is attached for reference. This is based on a monthly dedicated fee of \$25.55 per slip. (3Bb)
- . Multi-year revenue source forecast for the loan repayment?
  - . The 2017 Revenue Bond repayment is covered in the 2017 Revenue Bond repayment schedule that extends until the end of the bond repayment, 2036.
  - . The 2012 and 2013 General Obligation bond repayments are covered in the Port's annual operating and nonoperating budget.
  - . The Port will be presenting a multi-year forecast to the Commissioners in the upcoming months in preparation for the next budget cycle.



**. Any operating and maintenance costs and capital projects for the next few years being deferred in order to cover the loan repayment issues?**

**. The new Executive Director is working with his maintenance team to put together a maintenance schedule for current and future planning considerations.**

**Loan repayment considerations have been built into the budget each year. It is well known that the Port's rates are some of the lowest in the area.**

**Realistically, the greater impact to current and future maintenance projects will be the Port's ability to charge market value for their rates.**

**. Is the Port expecting to have to go to taxpayers to have sufficient revenue to meet needs? If so, when and for how much?**

**. There is no current plan to go to the taxpayers for monies to support the Port.**

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The Washington State Auditor's Office makes all audit reports since 2005 available for search and download as PDFs here. You can request a report released before 2005 from the State Archives by emailing [research@sos.wa.gov](mailto:research@sos.wa.gov).

SEARCH AUDIT REPORTS

start over

Topic areas:

**Showing:**

Port of Brownsville

Issued 1/1/2005 to 12/31/2022

Port/Airport District

<u>Government Name</u>	<u>Govt. Type</u>	<u>Report #</u>	<u>Audit Type</u>	<u>Issued</u>	<u>Findings</u>
<u>Port of Brownsville</u>	Port/Airport District	1027697 1/1/2016 to 3/31/2020	Fraud	01/13/2021	<a href="#">1 finding</a>

# Audit Reports

**Showing:**  
Port of Brownsville

Issued 1/1/2005 to 12/31/2022

Accountability

<u>Government Name</u>	<u>Govt. Type</u>	<u>Report #</u>	<u>Audit Type</u>	<u>Issued</u>	<u>Findings</u>
<u>Port of Brownsville</u>	Port/Airport District	1027689 1/1/2017 to 12/31/2019	Accountability	01/21/2021	2 findings
<u>Port of Brownsville</u>	Port/Airport District	1020936 1/1/2015 to 12/31/2016	Accountability	03/22/2018	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	1015615 1/1/2012 to 12/31/2014	Accountability	11/30/2015	1 finding
<u>Port of Brownsville</u>	Port/Airport District	1007495 1/1/2009 to 12/31/2011	Accountability	04/16/2012	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	1003366 1/1/2006 to 12/31/2008	Accountability	04/12/2010	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	72285 1/1/2004 to 12/31/2005	Accountability	03/23/2007	(n/a)

# Audit Reports

**Showing:**  
Port of Brownsville

**Issued 1/1/2005 to 12/31/2022**

**Financial**

<u>Government Name</u>	<u>Govt. Type</u>	<u>Report #</u>	<u>Audit Type</u>	<u>Issued</u>	<u>Findings</u>
<u>Port of Brownsville</u>	Port/Airport District	1027690 1/1/2017 to 12/31/2019	Financial	01/21/2021	1 <u>finding</u>
<u>Port of Brownsville</u>	Port/Airport District	1020955 1/1/2015 to 12/31/2016	Financial	03/22/2018	1 <u>finding</u>
<u>Port of Brownsville</u>	Port/Airport District	1015605 1/1/2012 to 12/31/2014	Financial	11/30/2015	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	1007496 1/1/2009 to 12/31/2011	Financial	04/16/2012	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	1003367 1/1/2006 to 12/31/2008	Financial	04/12/2010	(n/a)
<u>Port of Brownsville</u>	Port/Airport District	72286 1/1/2004 to 12/31/2005	Financial	03/23/2007	(n/a)

# Port of Brownsville - Long Term Debt - From 2012 to 2036

Year	2012 GO Bonds			2013 GO Bonds			2017 Revenue Bonds			Total		
	Interest	Principal	Outstanding Prin Bal	Interest	Principal	Outstanding Prin Bal	Interest	Principal	Outstanding Prin Bal	Outstanding Prin Bal	Outstanding Prin Bal	Year
2012	\$ 28,415.14	\$ -	\$ 1,800,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,800,000.00	2012
2013	66,425.00	-	1,800,000.00	-	-	1,000,000.00	-	-	-	-	2,800,000.00	2013
2014	66,425.00	-	1,800,000.00	26,101.25	100,000.00	900,000.00	-	-	-	-	2,700,000.00	2014
2015	66,425.00	-	1,800,000.00	22,050.00	110,000.00	790,000.00	-	-	-	-	2,590,000.00	2015
2016	66,425.00	-	1,800,000.00	20,400.00	110,000.00	680,000.00	-	-	-	-	2,480,000.00	2016
2017	66,425.00	-	1,800,000.00	18,750.00	110,000.00	570,000.00	23,286.52	-	1,120,000.00	-	3,490,000.00	2017
2018	66,425.00	-	1,800,000.00	17,100.00	115,000.00	455,000.00	39,357.50	40,000.00	1,080,000.00	-	3,335,000.00	2018
2019	66,425.00	-	1,800,000.00	13,650.00	115,000.00	340,000.00	38,557.50	40,000.00	1,040,000.00	-	3,180,000.00	2019
2020	66,425.00	-	1,800,000.00	10,200.00	120,000.00	220,000.00	37,657.50	45,000.00	995,000.00	-	3,015,000.00	2020
2021	66,425.00	-	1,800,000.00	6,600.00	120,000.00	100,000.00	36,532.50	50,000.00	945,000.00	-	2,845,000.00	2021
2022	66,425.00	70,000.00	1,730,000.00	3,000.00	55,000.00	45,000.00	35,182.50	50,000.00	895,000.00	-	2,670,000.00	2022
2023	63,975.00	80,000.00	1,650,000.00	1,350.00	45,000.00	-	33,782.50	50,000.00	845,000.00	-	2,495,000.00	2023
2024	61,175.00	175,000.00	1,475,000.00	-	-	-	32,307.50	50,000.00	795,000.00	-	2,270,000.00	2024
2025	55,050.00	185,000.00	1,290,000.00	-	-	-	30,757.50	55,000.00	740,000.00	-	2,030,000.00	2025
2026	48,575.00	190,000.00	1,100,000.00	-	-	-	28,970.00	55,000.00	685,000.00	-	1,785,000.00	2026
2027	41,925.00	200,000.00	900,000.00	-	-	-	27,100.00	60,000.00	625,000.00	-	1,525,000.00	2027
2028	34,925.00	210,000.00	690,000.00	-	-	-	25,000.00	60,000.00	565,000.00	-	1,255,000.00	2028
2029	27,050.00	220,000.00	470,000.00	-	-	-	22,600.00	60,000.00	505,000.00	-	975,000.00	2029
2030	18,800.00	230,000.00	240,000.00	-	-	-	20,200.00	65,000.00	440,000.00	-	680,000.00	2030
2031	9,600.00	240,000.00	-	-	-	-	17,600.00	65,000.00	375,000.00	-	375,000.00	2031
2032	-	-	-	-	-	-	15,000.00	70,000.00	305,000.00	-	305,000.00	2032
2033	-	-	-	-	-	-	12,200.00	70,000.00	235,000.00	-	235,000.00	2033
2034	-	-	-	-	-	-	9,400.00	75,000.00	160,000.00	-	160,000.00	2034
2035	-	-	-	-	-	-	6,400.00	80,000.00	80,000.00	-	80,000.00	2035
2036	-	-	-	-	-	-	3,200.00	80,000.00	-	-	-	2036
	\$ 1,053,740.14	\$ 1,800,000.00		\$ 139,201.25	\$ 1,000,000.00		\$ 495,091.52	\$ 1,120,000.00		\$ 3,920,000.00		Prin
	<b>2012 GO Bonds</b>											
	<b>2013 GO Bonds</b>											
	<b>2017 Revenue Bonds</b>											
	\$ 1,688,032.91										\$ 1,688,032.91	Int
	\$ 5,608,032.91										\$ 5,608,032.91	Prin/Int

Port of Brownsville

2017 Revenue Bond Amortization by Year and Dedicated 2017 Revenue Bond Fee Fund Balance

Year	2017 Revenue Bonds		Interest/Principal Outstanding Balance	Total Annual 2017 Rev Bond Interest/Principal By Year	Estimated Collections by Year	Annual Bond Payments Prin & Int	Estimated Collection Excess (Deficit)	Gen Fun Advance Repay to Cover	Balance in Dedicated Fund
	Interest	Principal							
2017	\$ -	\$ -	\$ 1,615,091.51	\$ 23,286.51	\$ 84,315.00	\$ (85,182.50)	\$ (867.50)	\$ 867.50	\$ (867.50)
2017	\$ 23,286.51	\$ -	1,591,805.00	\$ 79,357.50	\$ 84,315.00	\$ (83,782.50)	\$ (532.50)	\$ (532.50)	\$ (335.00)
2018	\$ 39,357.50	\$ 40,000.00	1,512,447.50	78,557.50	\$ 84,315.00	\$ (82,307.50)	\$ (2,007.50)	\$ (2,007.50)	\$ 1,672.50
2019	\$ 38,557.50	\$ 40,000.00	1,433,890.00	82,657.50	\$ 84,315.00	\$ (85,757.50)	\$ (1,442.50)	\$ 1,442.50	\$ 230.00
2020	\$ 37,657.50	\$ 45,000.00	1,351,232.50	86,532.50	\$ 84,315.00	\$ (83,970.00)	\$ 345.00	\$ (345.00)	\$ 575.00
2021	\$ 36,532.50	\$ 50,000.00	1,264,700.00	85,182.50	\$ 84,315.00	\$ (87,100.00)	\$ (2,785.00)	\$ 2,785.00	\$ (2,210.00)
2022	\$ 35,182.50	\$ 50,000.00	1,178,517.50	83,782.50	\$ 84,315.00	\$ (85,000.00)	\$ (685.00)	\$ 685.00	\$ (2,895.00)
2023	\$ 33,782.50	\$ 50,000.00	1,095,735.00	82,307.50	\$ 84,315.00	\$ (82,600.00)	\$ (1,715.00)	\$ (1,715.00)	\$ (1,180.00)
2024	\$ 32,307.50	\$ 50,000.00	1,013,427.50	85,757.50	\$ 84,315.00	\$ (85,200.00)	\$ (885.00)	\$ 885.00	\$ (2,065.00)
2025	\$ 30,757.50	\$ 55,000.00	927,670.00	82,600.00	\$ 84,315.00	\$ (82,600.00)	\$ 1,715.00	\$ (1,715.00)	\$ (350.00)
2026	\$ 28,970.00	\$ 55,000.00	843,700.00	85,000.00	\$ 84,315.00	\$ (85,000.00)	\$ (685.00)	\$ 685.00	\$ (1,035.00)
2027	\$ 27,100.00	\$ 60,000.00	756,600.00	82,200.00	\$ 84,315.00	\$ (82,200.00)	\$ 2,115.00	\$ (2,115.00)	\$ 1,080.00
2028	\$ 25,000.00	\$ 60,000.00	671,600.00	84,400.00	\$ 84,315.00	\$ (84,400.00)	\$ (85.00)	\$ 85.00	\$ 995.00
2029	\$ 22,600.00	\$ 60,000.00	589,000.00	86,400.00	\$ 84,315.00	\$ (86,400.00)	\$ (2,085.00)	\$ 2,085.00	\$ (1,090.00)
2030	\$ 20,200.00	\$ 65,000.00	503,800.00	83,200.00	\$ 84,290.00	\$ (83,200.00)	\$ 1,090.00	\$ (1,090.00)	\$ -
2031	\$ 17,600.00	\$ 65,000.00	421,200.00	\$ -	\$ 1,264,700.00	\$ (1,264,700.00)	\$ -	\$ -	\$ -
2032	\$ 15,000.00	\$ 70,000.00	336,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2033	\$ 12,200.00	\$ 70,000.00	254,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2034	\$ 9,400.00	\$ 75,000.00	169,600.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2035	\$ 6,400.00	\$ 80,000.00	83,200.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2036	\$ 3,200.00	\$ 80,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals	\$ 495,091.51	\$ 1,120,000.00	\$ -	\$ 1,615,091.51	\$ 1,264,700.00	\$ (1,264,700.00)	\$ -	\$ -	\$ -

15 Remaining - Average Amount per Year \$ 84,313.33

Annual Amount per 275 Active Slips \$ 306.59

Per Month 2017 Bond Assessment per Slip \$ 25.55

Estimated Annual Collections (275 x \$25.55 x 12) \$ 84,315.00

Assessment to be maintained in a separate account for 2017 revenue bond repayment only

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## Port of Brownsville

Finance Workshop  
Via Zoom Conference

Tuesday, March 22, 2022 at 4:00 PM

### REQUESTED FINANCE TOPICS

- . Annual Port Budget Funding Percentages by Taxpayer versus Moorage.

- . Fluctuates by year depending on granting sources, commercial rental income and tax levy. Currently running approximately 40% Taxpayer versus 60% Moorage. The decrease in commercial rental income has changed the percentage allocation to an increased Moorage percentage.

- . Maximum Percentage Increase Per Year?

- . One Percent a Year (1%). See copy of Port's most recent tax levy resolution (4a).

**“NOW THEREFORE BE IT RESOLVED, by the governing body of the taxing district that dollar amount of the increase over the actual levy amount from the previous year shall be \$4,198.00. This increase represents 1% of the highest lawful levy of \$419,817.00. This increase is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property and annexations that have occurred and refunds made.”**

- . The Port estimates the maximum amount that can be collected and submits that via the Levy Certification. If the Port estimates too low, the amount collected for the Port will be capped at the amount submitted.

- . The Port estimated and turned in \$430,000 for the 2022 tax levy. The County computed that the Port was eligible to receive \$427,160, so the Port will receive 100% of the tax levy available to them.

- . Has The Maximum Been Taken Each Year?

. Yes.

. Port's Tax Levy Historical Analysis (4b).

. See copy of analysis.





# PORT OF BROWNSVILLE

9790 Ogle Rd • NE Bremerton, WA 98311  
Office: 360-692-5498 • FAX 360-698-8023  
[pob.a.portofbrownsville.org](http://pob.a.portofbrownsville.org)

**Commissioners:**  
Fred Perkins  
Jack Bailey  
Shaun Nye

## Resolution 21-11

A resolution by the Board of Commissioners of the Port of Brownsville establishing the budget for 2022 and adopting the property tax levy for 2022 per RCW 84.55.120

**WHEREAS**, the Board of Commissioners of the Port of Brownsville, having properly given notice of the public hearing held November 10, 2021, has met and considered its budget for the calendar year 2022; and,

**WHEREAS**, the districts actual levy amount from the previous year including any refunds and canceled taxes levied was \$419,817.00; and,

**WHEREAS**, the population of this district is over 10,000; and

**WHEREAS**, the Port of Brownsville Commission, after hearing, and after duly considering all relevant evidence and testimony presented, and having reviewed all sources of revenue and examined all anticipated expenses and obligations, has determined that an increase is hereby authorized for the levy to be collected in the 2022 tax year;

**NOW THEREFORE BE IT RESOLVED**, by the governing body of the taxing district that dollar amount of the increase over the actual levy amount from the previous year shall be \$4,198.00. This increase represents 1% of the highest lawful levy of \$419,817.00. This increase is exclusive of additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

**BE IT FURTHER RESOLVED**, that the 2022 tax levy certification amount submitted to Kitsap County shall be \$430,000.00. This estimated amount includes additional revenue resulting from new construction, improvements to property, any increase in the value of state assessed property, any annexations that have occurred and refunds made.

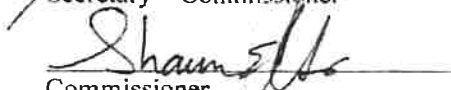
Adopted by the Board of Commissioners of the Port of Brownsville at the regular meeting held

this 18<sup>th</sup> day of November 2021

There being a vote thereon as follows: 3 for, 0 against, 0 absent.

  
President – Commissioner

  
Secretary – Commissioner

  
Commissioner



# Levy Certification

Submit this document to the county legislative authority on or before November 30 of the year preceding the year in which the levy amounts are to be collected and forward a copy to the assessor.

In accordance with RCW 84.52.020, I, Frederic Ann Perkins III  
(Name)

Commission President, for Port of Brounville, do hereby certify to  
(Title) (District Name)

the Kitsap County legislative authority that the Commissioners  
(Name of County) (Commissioners, Council, Board, etc.)

of said district requests that the following levy amounts be collected in 2022 as provided in the district's  
(Year of Collection)

budget, which was adopted following a public hearing held on 11/18/2021;  
(Date of Public Hearing)

Regular Levy: \$430,000.00  
(State the total dollar amount to be levied)

Excess Levy:                       
(State the total dollar amount to be levied)

Refund Levy:                       
(State the total dollar amount to be levied)

Total Levy: \$430,000.00  
(State the total dollar amount to be levied)

Signature: [Handwritten Signature]

Date: 11/18/2021

**Port of Brownsville  
Kitsap County Tax Levy Assessed Value, Levy, Rate per \$1,000  
2018 - 2022**

Description	2018	2019 Increase	9.92% Increase 2019	2020 Increase	11.12% Increase 2020
Assessed Value	\$ 1,562,716,802	\$ 155,054,239	\$ 1,717,771,041	\$ 191,066,526	\$ 1,908,837,567
Total Regular Levy	\$ 402,702	\$ 2,737	\$ 405,439	\$ 7,399	\$ 412,838
Rate Per \$1,000 (Max \$0.45)	\$ 0.257693	\$ (0.021686)	\$ 0.236007	\$ (0.019730)	\$ 0.216277

Description	2020	2021 Increase	6.19% Increase 2021	2022 Increase	12.27% Increase 2022	45.62% Increase Since 2018
Assessed Value	\$ 1,908,837,567	\$ 118,167,537	\$ 2,027,005,104	\$ 248,615,031	\$ 2,275,620,135	\$ 712,903,333
Total Regular Levy	\$ 412,838	\$ 6,993	\$ 419,831	\$ 7,329	\$ 427,160	\$ 24,458
Rate Per \$1,000 (Max \$0.45)	\$ 0.216277	\$ (0.009166)	\$ 0.207111	\$ (0.019407)	\$ 0.187704	\$ (0.069989)

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## **Port of Brownsville**

**Finance Workshop**  
Via Zoom Conference

**Tuesday, March 22, 2022 at 4:00 PM**

### **RESOURCES**

- **WA State Auditor's Website - [sao.wa.gov](http://sao.wa.gov)**  
**(Recommendation - sign up for the SAO new audit reports released and review the ones issued with findings)**
  - **WPPA - Washington Public Ports Association - [washingtonports.org](http://washingtonports.org)**
  - **WFOA - Washington Finance Officers Association - [wfoa.org](http://wfoa.org)**
  - **GFOA - Government Finance Officers Association - [gfoa.org](http://gfoa.org)**
  - **PNWA - Pacific Northwest Waterways Association - [pnwa.net](http://pnwa.net)**
- All provide timely updates, emails, courses, seminars, resources**
- **SW WA Finance Group - Port CPA assisted in forming a Port Finance Officers Group in 1992 to assist SW WA Port Finance Officers with best practices, policies, resolutions, support to each other on an ongoing basis both in person and electronically. Auditor DaBell is a member of this group. With the exception of the last two years, the group meets monthly since formation will resume monthly meetings in 2022.**

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## Port of Brownsville

### Finance Workshop Via Zoom Conference

**Tuesday, March 22, 2022 at 4:00 PM**

#### 2022 MEETING SCHEDULE

<u>Date</u>	<u>Time</u>	<u>Topics</u>
March 1, 2022	6:00 PM	Introduction/Financial Highlights/Overview
March 22, 2022	4:00 PM	Requested Topics - Edwin Wurden Requested Topics - Sally C. Hass
April 26, 2022	4:00 PM	
May 24, 2022	4:00 PM	
No Meeting June of 2022?		
July 26, 2022	4:00 PM	
August 23, 2022	4:00 PM	
September 27, 2022	4:00 PM	
October 25, 2022	4:00 PM	Determine if Nov/Dec is needed
No Meeting November of 2022?		
No Meeting December of 2022?		

