



Office of the Washington State Auditor  
Pat McCarthy

# Financial Statements and Federal Single Audit Report

## Port of Benton

For the period January 1, 2024 through December 31, 2024

*Published December 18, 2025*

Report No. 1038770



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**Office of the Washington State Auditor  
Pat McCarthy**

December 18, 2025

Board of Commissioners  
Port of Benton  
Richland, Washington

**Report on Financial Statements and Federal Single Audit**

Please find attached our report on the Port of Benton's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Port's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Summary Schedule of Prior Audit Findings .....	6
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	8
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance .....	10
Independent Auditor's Report on the Financial Statements.....	13
Financial Section.....	17
About the State Auditor's Office.....	70

# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Port of Benton January 1, 2024 through December 31, 2024

### SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of the Port of Benton are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

#### Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Port.

#### Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Port’s compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

#### Identification of Major Federal Programs

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.106	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The Port did not qualify as a low-risk auditee under the Uniform Guidance.

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

None reported.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Port of Benton January 1, 2024 through December 31, 2024

This schedule presents the status of findings reported in prior audit periods.

<b>Audit Period:</b> January 1, 2023 through December 1, 2023	<b>Report Ref. No.:</b> 1037702	<b>Finding Ref. No.:</b> 2023-001
<b>Finding Caption:</b> The Port did not have adequate internal controls for ensuring accurate reporting of its financial statements.		
<b>Background:</b> Our audit found deficiencies in the Port’s internal controls over accounting and financial reporting that affected its ability to produce reliable financial statements, schedules and notes. The financial statements contained errors in capital assets, lease reporting and operating expenses.		
<b>Status of Corrective Action: (check one)</b>		
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected
		<input type="checkbox"/> Finding is considered no longer valid
<b>Corrective Action Taken:</b> <i>The Port has taken the recommendation to improve internal controls for ensuring accurate reporting of its financial statements very seriously and is committed to continuously improving its processes and practices. As such, the Port implemented the following actions.</i>		
<ul style="list-style-type: none"> <li>• <i>The Port has developed multiple financial reporting and year-end checklists. These checklists are maintained in a SharePoint folder that the entire finance and management team have access to. This will ensure visibility into the status and progress of the year-end closing cycle. The following checklists are now in place.</i> <ul style="list-style-type: none"> <li>• <i>The “Year End Close Process &amp; Checklist” has over 100 steps identified to be addressed during the overall year end closing process. This includes preliminary steps to be taken before the year has ended as well as specific closing tasks. Each of these tasks are assigned to a single individual on the Port finance team to ensure accountability for completion.</i></li> <li>• <i>The Port has also adopted the SAO’s “Checklist for Preparing Financial Statements following Generally Accepted Accounting Principles (GAAP). This checklist also has over 100 steps or activities to consider. Each of these steps are</i></li> </ul> </li> </ul>		

*assigned to a single individual on the Port finance team to ensure responsibility and accountability for completion.*

- *Additionally, the Port has adopted the SAO's "Financial Reporting Risk Assessment Tool" which has been designed by the SAO to identify potential risks and challenges in the financial reporting process. This checklist is utilized by senior staff of the Port's Finance team.*
- *As part of the year-end closing process, the complete list of over 450 general ledger accounts are now assigned to someone in the Finance team to reconcile and/or review as part of the year end closing process. This will help ensure that the individual accounts are accurately stated.*
- *The Port has also changed CPA firms supporting the year-end financial statement preparation process, moving from single individual CPA to a large, national firm. This national firm will bring a more structured approach to workpaper documentation, ensuring a year-to-year consistency in preparation of the entire financial reporting package. The CPA firm also has a structured, internal review process in accordance with the firm's quality control/quality assurance program.*
- *The Port created and adopted via Commission resolution an accounting policy specifically for GASB 96 – Subscription Based Information Technology Agreements (SBITA) Policy. This policy establishes the measurement and evaluation of SBITAs and became effective for the financial reporting year beginning 1/1/2025.*
- *The Port also created and adopted via Commission resolution a Capital Asset Policy. This policy addresses definitions and types of fixed assets; defines the costs to be capitalized; provides guidance for initial useful life estimates; and provides for reviews of estimated useful lives during the life of the asset to ensure depreciation is allocated over the best estimate of the useful life of each asset. This policy became effective for the financial reporting year beginning 1/1/2025.*

*We are committed to continuous improvement and maintaining public trust by ensuring that our financial reporting is complete, accurate, and transparent. We appreciate the SAO's input and the opportunity to strengthen our financial operations.*

## INDEPENDENT AUDITOR'S REPORT

### Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

#### **Port of Benton January 1, 2024 through December 31, 2024**

Board of Commissioners  
Port of Benton  
Richland, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Port of Benton, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements, and have issued our report thereon dated December 11, 2025.

### **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or

significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the Port in a separate letter dated December 11, 2025.

## **REPORT ON COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **PURPOSE OF THIS REPORT**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

December 11, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

### Port of Benton January 1, 2024 through December 31, 2024

Board of Commissioners  
Port of Benton  
Richland, Washington

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Opinion on Each Major Federal Program

We have audited the compliance of the Port of Benton, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Port's major federal programs for the year ended December 31, 2024. The Port's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

### Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the Port's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Port's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Port's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Port's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Port's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the Port's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

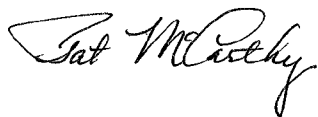
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

December 11, 2025

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### **Port of Benton January 1, 2024 through December 31, 2024**

Board of Commissioners  
Port of Benton  
Richland, Washington

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

### **Opinion**

We have audited the accompanying financial statements of the Port of Benton, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Port's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port of Benton, as of December 31, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Matters of Emphasis**

As discussed in Note 16 to the financial statements, in 2024, the Port adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 101, Compensated Absences*. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025 on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

December 11, 2025

**Port of Benton  
January 1, 2024 through December 31, 2024**

**REQUIRED SUPPLEMENTARY INFORMATION**

Management's Discussion and Analysis – 2024

**BASIC FINANCIAL STATEMENTS**

Statement of Net Position – 2024

Statement of Revenues, Expenses and Changes in Net Position – 2024

Statement of Cash Flows – 2024

Notes to Financial Statements – 2024

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedule of Changes in Total OPEB Liability and Related Ratios Public Employee  
Benefits Board – 2024

Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3 – 2024

Schedule of Employer Contributions – PERS 1, PERS 2/3 – 2024

**SUPPLEMENTARY AND OTHER INFORMATION**

Schedule of Expenditures of Federal Awards – 2024

Notes to the Schedule of Expenditures of Federal Awards – 2024

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**INTRODUCTION**

The following is the Port of Benton's (the Port) Management Discussion and Analysis (MD&A) of financial activities and the performance for the calendar year ended December 31, 2024, with selected comparative information for the year ended 2023. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities of the Port and to identify any significant changes in financial position. Information contained in the MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. The notes to financial statements are essential to a full understanding of the data contained in the financial statements.

This report also presents certain required supplementary information regarding capital assets and long-term debt activity during the year, including commitments made for capital expenditures. Information contained in the MD&A has been prepared by Port management and should be considered in conjunction with the financial statements and the notes. The goal is to provide readers an objective and easily understood overview of the Port's financial performance.

**BACKGROUND**

The Port is a Special Purpose Municipal Government that was created in November 1958. The Port's initial focus was on the development of basic roads and other services to their industrial sites. Once the majority of the infrastructure was completed, the Port began to focus on constructing business development facilities and recruiting industries to the area.

In the 1990s, the Port received several buildings and hundreds of acres of land from the Department of Energy (DOE), which were subsequently modernized and updated to meet City of Richland codes and regulations. As tenants began to populate into the Richland sites, the wine industry was also developing in the Prosser area. To better support development of the recreation and tourism aspects of the emerging wine industry, the Port changed its focus in west Benton County. The Walter Clore Wine & Culinary Center and the Prosser Wine and Food Park highlight the Port's investment in the growth of this industry. In addition, the Port liaisons with several economic development partners, as it moves forward in achieving its long-term vision to support community prosperity. These partners include other municipalities, local economic development agencies, chambers of commerce, universities and the State and Federal governments.

Today, the Port of Benton concentrates its resources on infrastructure and economic development, in an inclusive effort to recruit entrepreneurial and diversified businesses to the Port district.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Port of Benton falls under the control of the Governmental Accounting Standards Board (GASB). In 2004 the Port implemented a reporting model mandated by GASB, referred to as GASB Statement No. 34, where the Port is comprised of a single enterprise fund. Adoption of GASB Statement No. 34 negated the requirement for Fund level financial statements. In conformance with GASB, such statements have been excluded.

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

The financial sections of this annual report consist of three parts: MD&A, the basic financial statements, and the notes to the financial statements. The basic financial statements include: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows.

The statements of net position and the statements of revenues, expenses, and changes in net position provide the Port with an overall financial position and the results of operations assist users in assessing whether that financial position has improved or deteriorated as a result of the year's activities. Over time, increases or decreases in net position may serve as an indicator of whether the Port is financially stable or if there is a going concern.

The statements of revenues, expenses, and changes in net position show how the Port's net position changed during the most recent year. These changes are reported as the underlying event occurs regardless of the timing of related cash flows.

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financial activities. A reconciliation of the cash provided by operating activities to the Port's operating income as reflected on the statement of revenues, expenses, and changes in net position is also included.

The notes to the statements provide the reader additional detailed information that may not be apparent from the actual financial statements. The notes to the financial statements can be found immediately following the financial statements.

**FINANCIAL REPORT**

**Financial and Operational Highlights**

**Increase in Net Position:** As of December 31, 2024, total Port assets and deferred outflows of \$95,561,189 exceed total liabilities and deferred inflows of \$27,870,600 by \$67,690,589, a change of 6.0% over the period ended December 31, 2023.

There are no known significant liabilities or contingencies that will negatively impact the Port's future financial position.

**Increase in Current Assets:** Current assets as of December 31, 2024 increased \$1,557,494, or 11.75% over the prior period.

**Capital Assets:** The Port's investment in capital assets for its business type activities as of December 31, 2024 amounts to \$66,666,309 (net of accumulated depreciation) which is an increase of approximately 4.67%.

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**FINANCIAL REPORT (Continued)**

**Financial and Operational Highlights (Continued)**

**Liabilities:** At December 31, 2024, the Port's total long-term debt outstanding was \$10,445,531. Of this amount, general obligation bonds outstanding were \$8,200,000. The Port's total long-term liabilities increased by \$1,837,531 between 2023 and 2024. Additional information on the Port's long-term debt may be found in Note 9 of this report.

**Revenues:** 2024 annual operating revenues are \$6,762,443. Operating revenues increased as compared to \$6,454,083 for that same period in 2023.

**Expenses:** Operating expenses for the year ended December 31, 2024 were \$12,534,370, which is an increase when compared to 2023 operating expenses of \$11,800,123.

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**FINANCIAL REPORT (Continued)**

**Financial Position**

The statements of net position present the financial position of the Port as of December 31, 2024. The statements include all Port assets and liabilities. As described earlier, the net position serves as an indicator of the Port's financial position. A summarized comparison of the Port's assets, liabilities and net position at December 31, 2024 and 2023 follows:

	2024	2023
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>ASSETS</b>		
Current Assets, Unrestricted	\$ 14,812,872	\$ 13,254,180
Other Current Assets, Restricted	236	1,106
Capital Assets (Depreciable Net)	65,997,774	63,697,625
Other noncurrent assets	14,151,389	15,748,167
Total Assets	94,962,271	92,701,078
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Outflow of Resources Related to Restricted	598,918	574,912
Total Assets and Deferred Outflow of Resources	\$ 95,561,189	\$ 93,275,990
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Current and Other Liabilities	\$ 2,998,061	\$ 2,376,985
Noncurrent Liabilities	10,436,097	9,823,885
Total Liabilities	13,434,158	12,200,870
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred Inflow of Resources Related to Pensions	177,224	311,393
Deferred Inflow of Resources Related to Leases	14,259,218	16,931,067
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	56,387,938	54,708,826
Restricted Net Pension Asset	792,886	648,441
Unrestricted	10,509,765	8,475,393
Total Net Position	67,690,589	63,832,660
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 95,561,189	\$ 93,275,990

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**FINANCIAL REPORT (Continued)**

**Financial Operations**

The following condensed financial information summarizes the Port's revenues, expenses, and changes in net position:

	<u>2024</u>	<u>2023</u>
<b>REVENUES</b>		
Operating Revenues	\$ 6,762,443	\$ 6,750,427
Nonoperating Revenues	4,597,047	4,231,731
Capital Contributions	<u>5,020,951</u>	<u>1,102,690</u>
Total Revenues	16,380,441	12,084,848
 <b>EXPENSES</b>		
Operating Expenses	12,534,369	11,800,123
Nonoperating Expenses	248,038	205,866
Capital Gain/Loss	<u>(264,795)</u>	<u>(1,134,923)</u>
Total Expenses	<u>12,517,612</u>	<u>10,871,066</u>
 <b>CHANGE IN NET POSITION</b>	3,862,829	1,213,782
Error Correction	(4,900)	4,608
Net Position - Beginning of Year	<u>63,832,660</u>	<u>62,614,271</u>
 <b>NET POSITION - END OF YEAR</b>	<u><u>\$ 67,690,589</u></u>	<u><u>\$ 63,832,661</u></u>

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**ECONOMIC FACTORS**

**Economic Outlook**

**Tri-Energy Partnership:** In 2020 the U.S. Department of Energy announced two awards for the Advanced Reactor Demonstration Program, one of the awardees – X-Energy – later announced that it would locate its development site in the Tri-Cities while forming the Tri-Energy Partnership with Energy Northwest and Grant County PUD. With this announcement the Port was positioned to leverage the region's extensive clean energy technology experience to drive economic growth in support industries for this project throughout the clean energy industry. The Port was awarded a \$400,000 grant that began January 2022 from the Washington state Department of Commerce Innovation Cluster Accelerator Award program (ICAP). The ICAP grant is intended to support acceleration of creation of a supply chain alliance, partnerships, communications, and education of the clean energy sector. As a result, working with industry the Clean Energy Supplier Alliance has been formed. The Port participated in Maritime Blue's statewide application to the U.S. Economic Development Administration Build Back Better Challenge Grant requesting \$8 million to build the Advanced Energy Innovation & Commercialization Center that will include a hydrogen company and a maker space partnered with WSU Tri-Cities and Columbia Basin College to continue justice equity diversity inclusion workforce development in STEM within its design and programming along with startup facilities needed to grow entrepreneurial and clean energy companies.

**Airports:** The Port is almost complete with a new master plan (the Plan) for the Richland Airport and the FAA has approved the master plan forecast. The Plan will guide the Port in its development of the Richland Airport over the next 20 years. The Richland Airport is very close to running out of land that can be leased. Additional work is planned to open up more land for hangar development and expansion. The Port completed a master plan for the Prosser Airport during 2019, and the FAA followed with funding for new east taxi-lane construction that took place in 2021. Upon completion of planned improvements, the Port projects revenue at the Prosser Airport to remain stable and perhaps experience a nominal increase over the next three years.

**Tri-Cities Research District:** In 2019, the Port removed an indenture agreement with General Services Administration (GSA) and U.S. Department of Administration Maritime Administration (MARAD), within the Richland Innovation Center (RIC) making the property available for both lease and sale. The Port has already seen an increase in land and building use flexibility as a result. Roadway projects have been completed and additional land sales are pending across all port sites that result in further job creation. The Port has seen stable demand for commercial and industrial lease space.

**Tax Levy:** The Port of Benton continues to work towards minimizing the Port's tax levy. We strive to keep the Port levy low. Our goal is to be able to offset operating costs and capital improvements with revenue from tenants and operations while keeping tax revenue below our taxing authority. The Port's regular levy for 2024 was \$0.30387 per \$1,000 on an assessed valuation of \$9,543,017,146 for a total regular levy of \$2,899,867.

**PORT OF BENTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2024**

**REQUEST FOR INFORMATION**

This annual report is designed to provide citizens, customers, investors, and creditors with a general overview of the Port's finances and to illustrate accountability of public funds. If you have any questions or comments regarding this annual report, or need additional information, please visit our website at [www.portofbenton.com](http://www.portofbenton.com) or contact: Director of Finance/Auditor, 3250 Port of Benton Blvd, Richland, Washington 99354. Telephone (509) 375-3060.

**PORT OF BENTON  
STATEMENT OF NET POSITION  
DECEMBER 31, 2024**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 6,106,488
Cash and Cash Equivalents - Restricted	236
Taxes Receivable	65,918
Accounts Receivable	1,252,468
Due from Other Government	1,702,071
Prepays	491,720
Current Portion of Leases Receivable	2,631,834
Contracts with Interest Receivable	<u>2,562,373</u>
Total Current Assets	14,813,108

**NONCURRENT ASSETS**

Long-Term Cash and Cash Equivalents - Restricted	658,425
Net Port Share of State Pension Asset	391,567
Assets Held for Sale	669,313
Leases Receivable	12,432,084
Capital Assets	
Property, Plant and Equipment	123,108,508
Construction in Process	2,267,717
Less: Accumulated Depreciation	<u>(59,378,451)</u>
Total Noncurrent Assets	80,149,163

Total Assets 94,962,271

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflow of Resources Related to State Pension	593,566
Deferred Outflow of Resources Related to Other Postemployment Benefits	<u>5,352</u>
Total Deferred Outflows of Resources	<u>598,918</u>

Total Assets and Deferred Outflows of Resources \$ 95,561,189

*See accompanying Notes to Financial Statements.*

**PORT OF BENTON  
STATEMENT OF NET POSITION (CONTINUED)  
DECEMBER 31, 2024**

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,  
AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable	\$ 1,751,031
Accrued Payroll Payable	73,103
Accrued Vacation Payable	255,634
Retainage Under Construction Contracts	119,326
Interest and Other Payables	169,682
Deferred Revenue - Prepaid Rent	80,300
Current Portion of Long-Term Obligations	<u>548,985</u>
Total Payable from Unrestricted Assets	2,998,061

**NONCURRENT LIABILITIES**

Customer Deposits Payable	658,425
Other Post Employment Benefits	671,416
Net Port Share of State Pension Liability	164,731
General Obligation Bonds	7,534,566
Notes Payable	<u>1,406,959</u>
Total Noncurrent Liabilities	<u>10,436,097</u>

Total Liabilities 13,434,158

**DEFERRED INFLOW OF RESOURCES**

Deferred Inflow of Resources Related to State Pension	177,224
Deferred Inflow of Resources Related to Leases	<u>14,259,218</u>
Total Deferred Inflows of Resources	14,436,442

**NET POSITION**

Net Investment in Capital Assets	56,387,938
Restricted Net Pension Asset	792,886
Unrestricted	<u>10,509,765</u>
Total Net Position	<u>67,690,589</u>

Total Liabilities, Deferred Inflows of Resources,  
and Net Position \$ 95,561,189

*See accompanying Notes to Financial Statements.*

**PORT OF BENTON  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED DECEMBER 31, 2024**

<b>OPERATING REVENUE</b>	
Property Lease/Rental Operations	\$ 6,762,443
Total Operating Revenue	<u>6,762,443</u>
<b>OPERATING EXPENSES</b>	
General Operations	3,676,232
Maintenance	2,457,387
General and Administration	2,745,894
Pension Expense - GASB 68	(220,619)
OPEB Expense - GASB 75	36,811
Total Before Depreciation	<u>8,695,704</u>
Depreciation	3,838,665
Total Operating Expenses	<u>12,534,369</u>
<b>OPERATING LOSS</b>	(5,771,926)
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	1,334,725
Taxes Levied for:	
General Purposes	2,201,528
Debt Service Principal/Interest	695,186
Interest Expense	(248,038)
Gain (Loss) on Disposition of Assets	264,795
Other Nonoperating Revenues (Expense)	365,608
Total Nonoperating Revenue and Expenses	<u>4,613,804</u>
<b>LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSS, AND TRANSFERS</b>	(1,158,122)
Capital Contributions	<u>5,020,951</u>
<b>CHANGE IN NET POSITION</b>	3,862,829
Prior Period Adjustment	(4,900)
Net Position - Beginning of Year	<u>63,832,660</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 67,690,589</u></u>

*See accompanying Notes to Financial Statements.*

**PORT OF BENTON  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2024**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 6,698,304
Payments to Employees	(1,979,486)
Payments to Vendors and Suppliers	(6,396,833)
Net Cash Used by Operating Activities	<u>(1,678,015)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Noncapital Property Taxes Received	2,925,885
Nonoperating Receipts	365,608
Net Cash Provided by Noncapital Financing Activities	<u>3,291,493</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Sale of Capital Assets	264,795
Principal Payments Paid on Capital Debt	(678,078)
Interest Paid on Capital Debt	(248,038)
Proceeds from Capital Debt	1,260,288
Acquisition and Construction of Capital Assets	(6,776,594)
Cash Received from Other Governments	3,564,100
Net Cash Used by Capital and Related Financing Activities	<u>(2,613,527)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	1,334,725
Net Cash Provided by Investing Activities	<u>1,334,725</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	334,676
Cash and Cash Equivalents - Beginning of Year	<u>6,461,154</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 6,765,149</u></u>
<b>CASH AND CASH EQUIVALENTS CONSISTS OF</b>	
Cash and Cash Equivalents - Unrestricted	\$ 6,106,488
Cash and Cash Equivalents - Restricted	236
Long-Term Cash and Cash Equivalents - Restricted	658,425
Total Cash and Cash Equivalents	<u><u>\$ 6,765,149</u></u>

*See accompanying Notes to Financial Statements.*

**PORT OF BENTON  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2024**

**RECONCILIATION OF NET OPERATING ACTIVITIES TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (5,771,926)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	3,838,665
Changes in Assets and Liabilities:	
Receivables, Net	2,503,477
Prepaid Expenses	(64,151)
Customer Deposits	83,513
Payables, Net	(2,802,941)
Accounts Payable	621,656
Unearned Revenue	20,720
Accrued Payroll Payable	(100)
Vacation Payable	(106,928)
Net Cash Used by Operating Activities	<u>\$ (1,678,015)</u>

**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING,  
CAPITAL, AND FINANCING ACTIVITIES**

Net Pension Expense (GASB 68)	\$ (220,619)
Net OPEB Expense (GASB 75)	36,811
Total Noncash Investing, Capital and Financing Activities	<u>\$ (183,808)</u>

*See accompanying Notes to Financial Statements.*

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements for the Port have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

**A. Reporting Entity**

The Port of Benton (the Port) was formed by citizen vote on November 4, 1958. The Port operates under the laws of the State of Washington applicable to Port Districts. The Port is a special purpose government entity, which provides industrial park and non-commercial airport facilities to the general public. Primary sources of revenue are user charges, property taxes and federal and state grants.

**B. Basis of Accounting and Reporting**

The proprietary fund statements are reported using the economic resources measurement focus and full-accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Port are charges to customers for lease rents of the airports and the Port's commercial, retail and industrial development buildings. Operating expenses for the Port include but are not limited to the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. Assets, Liabilities, Fund Balance, Net Position**

**1. Cash and Cash Equivalents**

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2024, the Benton County Treasurer was holding \$6,600,634 in short-term residual investments of surplus cash. This amount is classified on the statement of net position as Cash and Cash Equivalents. The County of Benton holds Port deposits and investments in a Washington State approved depository. The interest on these investments is accounted for on the statement of revenues, expenses, and changes in net position as nonoperating revenues.

**D. Assets, Liabilities, Fund Balance, and Net Position (Continued)**

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**1. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Port considers all highly liquid investments (including restricted assets), with a maturity of three months or less when purchased, to be cash equivalents.

**2. Investments**

See Note 2 – Deposits and Investments.

**3. Receivables**

Taxes receivable consists of property taxes, related interest and penalties. (See Note 3 – Property Tax). Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Customer accounts receivable consists of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Notes and contracts receivable consist of amounts owed on open accounts from private individuals or organizations for goods and services rendered.

Amounts due from other Governments consist of grants, entitlements, temporary loans, taxes and charges for services.

**4. Restricted Assets and Liabilities**

These accounts contain resources for construction and debt service. The current portion of related liabilities is shown as retainage under construction contracts and is included in current portion of long-term obligations. Specific debt service requirements are described in Note 9 – Long-Term Debt.

The restricted assets of the Port as of December 31, 2024 are composed of the following:

Cash and Cash Equivalents - Unrestricted	\$	6,106,488
Cash and Cash Equivalents - Restricted		236
Long-term Cash and Cash Equivalents - Restricted		<u>658,425</u>
Total Cash and Cash Equivalents		<u>6,765,149</u>
Less: Cash on Hand		
Total		<u><u>\$ 6,765,149</u></u>

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Assets, Liabilities, Fund Balance, and Net Position (Continued)**

**5. Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported on the statement of net position. Capital assets are defined by the Port as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost of purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Costs for additions or improvements to capital assets are capitalized when they increase the effectiveness or efficiency of the asset.

The costs for normal maintenance and repairs are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government is depreciated using the straight-line method with useful lives ranging from 5 to 50 years.

**6. Compensated Absences**

Compensated absences are absences for which employees will be paid, such as vacation (and sick) leave. All vacation and sick pay is accrued when incurred.

Upon separation from Port service, a maximum of thirty (30) days or 240 hours at the employee's current salary rate, along with a maximum of sixty (60) days or 480 hours at 50% of the employee's current salary rate, as well as a maximum of thirty 30 days or 240 hours at 25% of the employee's current salary rate, is paid to the employee. Furthermore, employees have the option to cash out their accrued PTO and receive monetary compensation, up to a maximum of eighty (80) PTO hours in a calendar year. No cash out is allowed if the remaining accrued PTO of the employee is less than (80) hours, after the cash out is complete.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Assets, Liabilities, Fund Balance, and Net Position (Continued)**

**7. Pensions**

For purposes of measuring the net pension liability, net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the Port includes the net pension asset and the related deferred outflows and deferred inflows.

**8. Long-Term Debt**

See Note 9- Long-Term Debt.

**9. Unearned Revenues**

Unearned revenue includes amounts which are not recognized as revenue until revenue recognition criteria has been met.

**10. Net Position Classification**

In proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net Position is comprised of three components: Net investment in capital assets, restricted, and unrestricted.

Sometimes the Port will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Port's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Assets, Liabilities, Fund Balance, and Net Position (Continued)**

**11. Deferred Outflows of Resources**

In addition to assets, the statements of net position include deferred outflows of resources which represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the Port after the measurement date but before the end of the Port's reporting period.

**12. Deferred Inflows of Resources**

In addition to liabilities, the statements of net position include deferred inflows of resources which represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include pension related inflows, which are the unamortized portion of the difference between expected and actual experience, changes in assumptions and the change in proportion and differences between the Port's contributions and proportionate share of contributions all related to the net pension liability.

**13. Leases**

The Port is a lessor for noncancelable leases. The Port recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Port initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the straight-line basis.

Key estimates and judgments related to leases include how the Port determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Port uses its estimated incremental borrowing rate as the discount rate for leases.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Assets, Liabilities, Fund Balance, and Net Position (Continued)**

**13. Leases (Continued)**

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The Port monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Deposits**

Custodial credit risk for deposits is the risk that, in event of a failure of a depository financial institution, the Port would not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The Port's deposits and certificates of deposit are covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**Investments in Benton County Treasurer's Investment Pool**

The Port is a participant in the Benton County Investment Pool, an external investment pool operated by the County Treasurer. The pool is not rated or registered with the SEC. Rather, oversight is provided by the County Finance Committee in accordance with RCW 36.48.070. The Port reports its investment in the pool at fair value, which is the same value of the pool per share. The pool does not impose any restrictions on participant withdrawals.

**Summary of Deposit and Investment Balances**

Port of Benton deposits by type at December 31, 2024 are as follows:

Benton County Investment Pool	\$ 6,705,075
Banner Bank	58,757
US Bank	6,093
Clearing Accounts	(4,776)
Total Deposits	<u>\$ 6,765,149</u>

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 3 PROPERTY TAXES**

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

**Property Tax Calendar**

January 1	Tax is levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments is due
May 31	Assessed value of property established for next year's levy at 100 percent of market value
October 31	Second installment is due

Property tax is recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. No allowance for uncollectible tax is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principle, and delinquent taxes are evaluated annually.

The Port may levy up to \$0.45 per \$1,000 assessed valuation for general governmental services.

The Port's regular levy for 2024 was \$0.30387 per \$1,000 on an assessed valuation of \$9.54 billion for a total regular levy of \$2,899,867.

Washington State Constitution and Washington State law, RCW 84.55.010, limit the rate.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 4 CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the year ended December 31, 2024 was as follows:

	January 1, 2024	Additions	Transfers/ Retirements	December 31, 2024
Capital Assets, Not Depreciated:				
Land	13,879,028	\$ 38,042	\$ (793,258)	\$ 13,123,812
Construction in Progress	2,724,592	5,361,761	(5,818,635)	2,267,718
Total Capital Assets, Not Depreciated	16,603,620	5,399,803	(6,611,893)	15,391,530
Capital Assets, Depreciated:				
Buildings	51,540,133	2,606,204	401,674	54,548,011
Improvements Other than Buildings	50,422,069	4,398,640	(1,937,743)	52,882,966
Machinery and Equipment	3,384,632	277,891	(440,234)	3,222,289
Total Capital Assets, Depreciated	105,346,834	7,282,735	(1,976,303)	110,653,266
Accumulated Depreciation:				
Buildings	22,089,174	1,726,138	(267,639)	23,547,673
Improvements Other than Buildings	33,458,708	1,976,665	(2,061,688)	33,373,685
Machinery and Equipment	2,704,169	165,782	(412,858)	2,457,093
Total Accumulated Depreciation	58,252,051	3,868,585	(2,742,185)	59,378,451
Total Capital Assets, Depreciated, Net	<u>\$ 63,698,403</u>	<u>\$ 8,813,953</u>	<u>\$ (5,846,011)</u>	<u>\$ 66,666,345</u>

The Port recorded depreciation expense of \$3,838,665 for the year ending December 31, 2024.

**NOTE 5 CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

**Construction Commitments**

The Port of Benton has active construction projects as of December 31, 2024. The Port's commitment on contracts were as follows:

	Spent to Date	Remaining Commitment
White Bluff Rail SR240 Crossing Replacement	\$ 198,250	\$ 952,668
Richland Airport Pavement Rehabilitation Design	237,230	35,370
Steptoe Intersection Rail Crossing Design	83,954	19,476
Rail Crossing Replacements- Airport Way, Saint Street & Kingsgate Way	830,043	520,190
Tie Replacement Project	376,864	794,112
Inland Port Land Transfer - City of Richland	51,551	12,835
2021 Derailment Repairs & Improvements	439,825	-
Utility Extension at Richland & Improvements	50,000	-
Total Construction Commitments	<u>\$ 2,267,717</u>	<u>\$ 2,334,651</u>

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 6 LEASES**

Effective January 1, 2022, the Port adopted GASB 87, *Leases*, as discussed in more detail in Note 1. The Port, as a lessor, leases land and facilities under long-term agreements at market rates with terms ranging from 1 to 50 years. The leases typically include provisions for rent changes based on the consumer price index or other market indexes, resulting in additional variable lease revenues that are not included in the measurement of lease receivables.

Total revenues from leases under GASB 87 in 2024 was \$3,621,225, which includes \$2,656,664 in principal and \$964,560 in interest. As of December 31, 2024, future lease receivable principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,765,673	\$ 923,555	\$ 3,689,228
2026	1,265,236	819,128	2,084,363
2027	1,127,339	757,317	1,884,656
2028	752,732	711,263	1,463,995
2029	693,316	675,051	1,368,366
2030 - 2034	2,874,804	2,911,983	5,786,787
2035 - 2039	2,659,115	2,206,404	4,865,520
2040 - 2044	2,093,624	1,644,792	3,738,416
2045 - 2049	2,220,708	1,097,160	3,317,868
2050 - 2054	1,407,258	629,780	2,037,038
2055 - 2059	844,715	345,210	1,189,925
2060 - 2064	515,648	194,342	709,990
2065 - 2070	515,317	69,122	584,440
Total	<u>\$ 19,735,484</u>	<u>\$ 12,985,108</u>	<u>\$ 32,720,592</u>

**NOTE 7 PENSION PLANS**

The following table represents the aggregate pension amounts for all plans for the year 2024:

Aggregate Pension Amounts - All Plans:	
Pension Liabilities	\$ (164,731)
Pension Assets	391,567
Deferred Outflows of Resources	593,566
Deferred Inflows of Resources	(177,224)
Pension Expense/Expenditures	(30,783)

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**State Sponsored Pension Plans**

Substantially all of the Port's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple- employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan.

The DRS ACFR may be downloaded from the DRS website at [www.drs.wa.gov](http://www.drs.wa.gov).

**Public Employees' Retirement System (PERS)**

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and nonduty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Contributions**

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 1	Actual Contribution Rates	
	Employer	Employee
January - June 2024		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.97	-
Administrative Fee	0.20	-
Total	9.53 %	6.00 %
July - August 2024		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.47	-
Administrative Fee	0.20	-
Total	9.03 %	6.00 %
September - December 2024		
PERS Plan 1	6.36 %	6.00 %
PERS Plan 1 UAAL	2.55	-
Administrative Fee	0.20	-
Total	9.11 %	6.00 %

\* For employees participating in JBM, the contribution rate was 12.26%.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Contributions (Continued)**

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and nonduty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.20 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2024 were as follows:

PERS Plan 2/3	Actual Contribution Rates	
	Employer 2/3	Employee 2
January - June 2024		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	2.97	-
Administrative Fee	0.20	-
Employee PERS Plan 3	-	Varies
Total	9.53 %	6.36 %
July - August 2024		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	2.47	-
Administrative Fee	0.20	-
Employee PERS Plan 3	-	Varies
Total	9.03 %	6.36 %
September - December 2024		
PERS Plan 2/3	6.36 %	6.36 %
PERS Plan 1 UAAL	2.55	-
Administrative Fee	0.20	-
Employee PERS Plan 3	-	Varies
Total	9.11 %	6.36 %

\* For employees participating in JBM, the contribution rate was 15.90%.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Contributions (Continued)**

The Port's actual PERS plan contributions were \$55,740 to PERS Plan 1 and \$128,347 to PERS Plan 2/3 for the year ended December 31, 2024.

**Actuarial Assumptions**

The total pension liability (TPL) for each of the plans was determined using the most recent actuarial valuation completed in 2024 with a valuation date of June 30, 2023. The actuarial assumptions used in the valuation are summarized in the Actuarial Section of DRS' Annual Comprehensive Financial Report located on the DRS website. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of the *2013-2018 Demographic Experience Study Report and the 2023 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2023 Actuarial Valuation Report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2024. Plan liabilities were rolled forward from June 30, 2023, to June 30, 2024, reflecting each plan's normal cost (using the entry age cost method), assumed interest and actual benefit payments.

Inflation: 2.75% total economic inflation; 3.25% salary inflation

Salary Increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.

Investment Rate of Return: 7.00%

Mortality rates were developed using the Society of Actuaries' Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor), as our base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions (Continued)**

Methods did not change from the prior contribution rate setting June 30, 2022 Actuarial Valuation Report (AVR), however OSA introduced the following assumption changes:

- OSA adjusted their methods for calculating UAAL contribution rates in PERS I and TRS I to reflect the delay between the measurement date of calculated Plan I rates and when the rates are collected.
- OSA made an adjustment to their model to reflect past inflation experience when modeling future COLAs for current annuitants in all plans except PERS I and TRS I.

**Discount Rate**

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the total liability.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building- block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Estimated Rates of Return by Asset Class**

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 are summarized in the following table. The inflation component used to create the table is 2.5 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

<u>Asset Class</u>	<u>Target</u>	<u>Percent Long-Term Expected Real Rate of Return Arithmetic</u>
Fixed Income	19 %	2.10%
Tangible Assets	8	4.5
Real Estate	18	4.8
Global Equity	30	5.6
Private Equity	25	8.6
Total	<u>100 %</u>	

**Sensitivity of the Net Pension Liability (Asset)**

The table below presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6 percent) or 1-percentage point higher (8 percent) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Current Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
PERS 1	\$ 242,315	\$ 164,731	\$ 96,688
PERS 2/3	705,874	(391,567)	(1,292,872)

**Pension Plan Fiduciary Net Position**

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2024, the Port reported its proportionate share of the net pension liabilities as follows:

Plan	2024
PERS 1 Liability	\$ (164,731)
PERS 2/3 Liability	-
Total Liability	\$ (164,731)
PERS 1 Asset	\$ -
PERS 2/3 Asset	391,565
Total Asset	\$ 391,565

At June 30, the Port's proportionate share of the collective net pension liabilities was as follows:

	Proportionate Share 6/30/23	Proportionate Share 6/30/24	Change in Proportion
PERS 1	0.009727%	0.009271%	0.000456%
PERS 2/3	0.012563%	0.011878%	0.000685%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2024 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

**Pension Expense**

For the year ended December 31, 2024, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	\$ (17,669)
PERS 2/3	(19,142)
Total Pension Expense	\$ (36,811)

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources**

At December 31, 2024, the Port of Benton reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	(13,181)
Changes of Assumptions	-	-
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	-	-
Contributions Subsequent to the Measurement Date	28,205	-
Total	\$ 28,205	\$ (13,181)
PERS 2 and 3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 222,497	\$ (907)
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments	-	(112,212)
Changes of Assumptions	216,224	(24,810)
Changes in Proportion and Differences Between		
Contributions and Proportionate Share of		
Contributions	57,257	(26,114)
Contributions Subsequent to the Measurement Date	69,384	-
Total	\$ 565,362	\$ (164,043)

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 7 PENSION PLANS (CONTINUED)**

**Deferred Outflows of Resources and Deferred Inflows of Resources (Continued)**

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>PERS 1</u>
2025	\$ (21,814)
2026	11,207
2027	(1,187)
2028	(1,388)
2029	-
Thereafter	-

<u>Year Ending December 31,</u>	<u>PERS 2 and 3</u>
2025	\$ (85,926)
2026	175,805
2027	84,793
2028	82,442
2029	40,063
Thereafter	34,758

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS**

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement 75 for the year 2024:

Aggregate OPEB Amounts - All Plans:

OPEB Liabilities	\$ 671,416
OPEB Assets	-
Deferred Outflows of Resources	(925)
Deferred Inflows of Resources	-
OPEB Expense/Expenditures	(26,290)

**Plan Description**

Other Postemployment Benefits (OPEB) are benefits to retired employees beyond those provided by their pension plans. Such benefits include medical, prescription drug, dental, life, vision, disability, and long-term care insurance. The Public Employees Benefits Board (PEBB), the Port's substantive plan carrier, offers retirees access to all these benefits. However, the Port provides only monetary assistance, or subsidies, for medical, prescription drug, life, and vision insurance. Port employees who end public employment are eligible to continue PEBB insurance coverage as a retiree if they retire under the public employees' retirement system and are vested in that system.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Plan Description (Continued)**

The OPEB relationship between PEBB employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Postemployment Benefits Actuarial Valuation Report. The Other Postemployment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, P.O. Box 40914, Olympia, Washington 98504 or it may be downloaded from the Office of the State Actuary website at <http://osa.leg.wa.gov>.

**Subsidies**

The Washington State Health Care Authority (HCA) administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy, permitted under RCW 41.05.085, is a simple, set dollar amount for a specific group of people. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually.

The implicit subsidy, set up under RCW 41.05.022, is more complex because it is not a direct payment from the employer on behalf of the member. Since claims experience for employees and non-Medicare eligible retirees are pooled when determining premiums, these retired members pay a premium based on a pool of members that, on average, are younger and healthier. There is an implicit subsidy from the employee group since the premiums paid by the retirees are lower than they would have been if the retirees were insured separately. The subsidies are valued using the difference between the age-based claims costs and the premium paid by the retirees.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Employees Covered by Benefit Terms**

At December 31, 2024, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently		
Receiving Benefits	-	
Inactive Employees Entitled to but Not Yet		
Receiving Benefits	-	
Active Employees	29	
Total	29	29

**Funding Policy, Funding Progress and Reserves**

The Port funds the implicit and explicit subsidies on a pay-as-you-go basis, meaning that Port pays these costs as they occur or become due. The Port's cost-sharing policy on the medical premiums is to pay 100% of the PEBB medical plan for employees as described above and 100% of the premiums, up to 90 days after termination or retirement.

In order to fund the OPEB plan, the Port would have to establish an irrevocable trust, which means that the Port would no longer have control of the money from the trust. If the Port left the PEBB program, the Port would not be able to retrieve the money out of the trust. As of December 31, 2024, the Port does not pre-fund post-retirement medical insurance subsidies. Since the PEBB plan is paid on a "pay-as-you-go" basis and is 0% funded, there are no assets to invest. However, currently the Port has sufficient cash and cash equivalents to cover the entire liability (if any costs are incurred in the future). If the Port no longer uses PEBB for their medical insurance coverage, under the current Port policy, the Port is not liable for any future cost to retired employees.

**Assumptions and Other Inputs**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, service retirement, disability, mortality, and the health care cost trend. Amounts determined regarding the OPEB liability are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB Liability and Related Ratios, presented as required supplementary information following the notes to the financial statements, presents the results of OPEB valuations as of June 30, 2024, and looking forward, the schedule provides multi-year trend information about the actuarial values of OPEB liability.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

The actuarial assumptions in use to measure the total OPEB liability includes the entry-age cost method. The assumptions also include a discount rate that ranged from 3.65% at the beginning of the measurement year, to 3.93% at the end of the measurement year (Source Used: *Bond Buyer General Obligation 20-Bond Municipal Index*). Projected salary changes are 3.25% with the addition of service-based increases. Healthcare trend rates range from 2% to 16%. The inflation rate is set at 2.35%. The Post-Retirement participation percentage is 60%, with 40% assumed for spouse coverage.

The Port uses the alternative measurement method permitted under GASB Statement No. 75. Data (e.g., age range, years of service, active age average, etc.) is compiled into the Office of State Actuary (OSA) GASB No. 75 reporting tool for all active and inactive members to determine the total pension liability and the total pension expense. The OSA report involves calculations that require assumptions about future economic and demographic events. Consistent with GASB reporting requirements, the Office of the State Actuary uses a "pay-as-you-go" funding policy when selecting the assumed rate of investment return. General and salary inflation are the same as those used in the June 30, 2023 Actuarial Valuation Report (AVR) issued by the OSA. Participation percentage, percentage of spouses' coverage, and Medicare coverage is determined by the Office of the State Actuary.

OSA assumes 3/4 of members select a UMP plan and 1/4 select a Kaiser Permanente (KP) plan. UMP pre- and post-Medicare costs and premiums are equal to the Uniform Medical Plan Classic. The KP pre-Medicare costs and premiums are a 40/60 blend of KP WA Classic and KP WA Value. The KP post-Medicare costs and premiums are equal to KP WA Medicare.

OSA estimates retirement service for each active cohort based on the average entry age of 35, with a minimum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility.

Retirement, disablement, termination, and mortality rates are based on the 2022 PEBB OPEB AVR. The following changes were made for simplicity: assumed Plan 2 decrement rates, assumed all employees are retirement eligible at age 55 and all employees retire at age 70, and based on an average expected retirement age of 65, OSA applied active mortality rates for ages less than 65 and retiree mortality rates for ages 65+.

Each cohort is assumed to be a 50/50 male/female split. OSA further assumed that eligible spouses are the same age as the primary member. Age-based cohorts are used based upon the overall distribution of State employees and retirees that participate in PEBB. OSA believes the grouping approach is reasonable for the purposes of the Alternative Measurement Method.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Assumptions and Other Inputs (Continued)**

The following presents the total OPEB liability of the Port for each plan calculated using the current healthcare cost trend rate, which varies by plan, as well as what the OPEB liability would be, if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 547,029	\$ 671,416	\$ 833,931

The following presents the total OPEB liability of the Port calculated using the discount rate of 3.93 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 807,310	\$ 671,416	\$ 563,584

**Changes to the Total OPEB Liability**

The following presents the changes to the total OPEB liability.

Total OPEB Liability at July 1, 2023	\$ 634,605
Service Cost	33,787
Interest	24,381
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(20,526)
Benefit Payments	(831)
Other Changes	-
Total OPEB Liability at June 30, 2024	<u>\$ 671,416</u>

The Port reported a total OPEB expense of \$26,290 in 2024.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (CONTINUED)**

**Changes to the Total OPEB Liability (Continued)**

At December 31, 2024, the Port reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Payments Subsequent to the Measurement Date	498	-
Total	\$ 498	\$ -

Deferred outflows of resources of \$498 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	Amount
2024	\$ -
2025	-
2026	-
2027	-
2028	-
Thereafter	-

**NOTE 9 LONG-TERM DEBT**

The Port issues general obligation bonds to finance the construction of buildings and infrastructure related to economic development. Bonded indebtedness has also been entered into (currently and in prior years) to advance refund several general obligation bonds. The Port is also liable for notes that were entered into for the modifications to an existing Port owned warehouse, building purchases and land purchases. These notes are considered obligations of the general government and are being repaid with general governmental revenue sources.

General obligation bonds currently outstanding are as follows:

Taxable, Matures, 2021-2040	0.31% - 3.06%	\$ 6,785,000
Tax-Exempt, Matures, 2021-2033	4.00%	1,875,000

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**A. Annual Debt Amortization**

The annual principal and interest requirements for all debt outstanding as of December 31, 2024 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 520,973	\$ 226,248	\$ 747,221
2026	495,973	219,275	715,248
2027	530,973	207,455	738,428
2028	604,241	215,514	819,756
2029	620,407	198,257	818,664
2030 - 2034	2,703,452	744,497	3,447,949
2035 - 2039	2,853,314	373,647	3,226,961
2040 - 2044	929,567	40,056	969,623
Total	<u>\$ 9,258,901</u>	<u>\$ 2,224,949</u>	<u>\$ 11,483,850</u>

**B. Changes in Long-Term Liabilities**

During the year ended December 31, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2024	Advances	Payments	Ending Balance 12/31/2024	Due Within One Year
WSDOT Note RRB1228	174,814	-	(24,973)	149,841	24,973
WSDOT Note RRB1287	234,000	-	(26,000)	208,000	26,000
CARB Loan	-	1,051,543	-	1,051,543	-
PERS/Pension Related	276,809	-	(112,078)	164,731	-
OPEB Liability	646,051	25,365	-	671,416	-
Total Other Obligations	<u>\$ 1,331,674</u>	<u>\$ 1,076,908</u>	<u>\$ (163,051)</u>	<u>\$ 2,245,531</u>	<u>\$ 50,973</u>
2021A GO Bond Taxable	\$ 6,375,000	\$ -	\$ (410,000)	\$ 5,965,000	\$ 415,000
20218 GO Bond Tax-Exempt	1,875,000	-	(50,000)	1,825,000	55,000
Total General Obligation Debt	<u>\$ 8,250,000</u>	<u>\$ -</u>	<u>\$ (460,000)</u>	<u>\$ 7,790,000</u>	<u>\$ 470,000</u>

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 10 SBITA**

The total amount paid for SBITAs in 2024 was \$28,976. As of December 31, 2024, the future SBITA payments are as follows:

Year Ending December 31,	Total
2025	\$ 26,849
2026	27,300
2027	4,500
2028	-
2029	-
Total SBITA Payments	\$ 58,649

**NOTE 11 ECONOMIC DEVELOPMENT CORPORATION**

The Port of Benton Economic Development Corporation (EDC) was formed in 1981 by the Port Commissioners pursuant to the provisions of 1981 Washington laws Chapter 300 to promote local economic development. Commissioners of the Port of Benton also serve as directors of the Port of Benton Economic Development Corporation.

The Port is governed by an elected three-member Board of Commissioners. As required by generally accepted accounting principles, the Port has one blended component unit, which is a separate Economic Development corporation, as discussed in the notes to the financial statements. Refer to Note 10 – Economic Development Corporation. These financial statements present the Port's primary government.

There was no financial activity between the EDC and the Port in 2024. The balance of funds available as of December 31, 2024 was \$6,093. These funds are to be used for economic development.

**NOTE 12 RISK MANAGEMENT**

Port of Benton is a member of the Enduris Washington (Pool). Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and contract for risk management, claims, and administrative services. The Pool was formed on July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. For the Pool's fiscal year ending August 31, 2024, there were 507 Enduris members representing a broad array of special purpose districts throughout the state..

The Enduris program provides various forms of joint self-insurance and reinsurance coverage for its members: Liability coverage, which includes General Liability, Automobile Liability, Public Officials' Errors and Omissions liability, Terrorism liability and Employment

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

Practices liability; Property coverage, which includes Building and Contents, Mobile Equipment, Boiler and Machinery, and Business Interruption/Extra Expense; Automobile Physical Damage coverage; Cyber coverage; Crime blanket coverage; Named Position coverage; and an Identity Fraud reimbursement policy. Pollution and Cyber coverage are provided on a claims-made coverage form. Crime coverage is provided on a discovery form. All other coverage is provided on an occurrence coverage form.

Members are responsible for a coverage deductible or co-pay on each covered loss. Each policy year members receive a Memorandum of Coverage (MOC) outlining the specific coverage, limits, and deductibles/co-pays that apply to them. In certain cases, the Pool may allow members to elect to participate in the programs at limits, coverage, deductibles, and co-pays that are specific to their needs. Enduris is responsible for payment of all covered losses above the member retention, up to the Pool self-insured retention (SIR). Enduris acquires excess/reinsurance from unrelated insurance companies to cover losses above the Pool's SIR up to the coverage maximum limit of liability. The tables below reflect the Pool's SIR, reinsurance limits, and member deductibles/copays by coverage type.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 12 RISK MANAGEMENT (CONTINUED)**

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles Co-Pays <sup>(1)</sup>
<b>Liability:</b>				
General Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 – \$100,000
Automobile Liability	Per Occurrence	\$1 million	\$20 million	\$1,000 – \$100,000
Public Officials Errors and Omissions Liability	Each Wrongful Act Member Aggregate	\$1 million	\$20 million \$20 million	\$1,000 – \$100,000
Terrorism Liability <sup>(2)</sup>	Per Occurrence	\$500,000	None	\$1,000 – \$100,000
Employment Practices Liability	Pool Aggregate	\$1 million		
	Per Occurrence Member Aggregate	\$1 million	\$20 million \$20 million	20% Copay <sup>(3)</sup>

(1) Members may request or be required to pay a higher deductible than the minimum for certain coverage and certain types of losses require a specific co-pay or deductible

(2) Terrorism liability is fully funded by the Pool i.e. no excess/reinsurance is procured.

(3) Members pay a 20% co-pay of costs. By meeting established guidelines, the co-pay may be waived.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 12 RISK MANAGEMENT (CONTINUED)**

Coverage	Coverage Type	Pool Self-Insured Retention	Excess/ Reinsurance Limits	Member Deductibles Co-Pays <sup>(1)</sup>
<b>Property <sup>(2)</sup>:</b>				
Buildings and Contents	Per Occurrence	\$500,000	\$1 billion	\$1,000 -\$250,000
Mobile Equipment	Per Occurrence	\$500,000	\$1 billion	\$1,000 -\$250,000
Boiler and Machinery <sup>(3)</sup>	Per Occurrence	\$500,000	\$100 million	\$1,000 -\$250,000
Business Interruption (BI)/ Extra Expense (EE) <sup>(4)</sup>	Per Occurrence	\$500,000	\$100 million (BI)/ \$50 million (EE)	\$1,000 -\$250,000
<b>Sublimit <sup>(5)</sup>:</b>				
Flood	Per Occurrence	\$500,000	\$50 million (shared by Pool members)	\$1,000 -\$250,000
Earthquake	Per Occurrence	5% of indemnity, subject to \$500,000 minimum	\$10 million (shared by Pool members)	\$1,000 -\$250,000
Terrorism Primary	Per Occurrence Pool Aggregate	\$250,000	\$100 million per Occurrence \$200 million aggregate	\$1,000 -\$250,000
Terrorism Excess	Per Occurrence APIP Per Occurrence APIP Aggregate	\$500,000	\$600 million/ Pool aggregate \$1.1 billion/per occurrence APIP program \$1.4 billion/APIP program aggregate	\$0
<b>Automobile Physical Damage <sup>(6)</sup></b>	Per Occurrence	\$500,000 with exceptions	\$1 billion	\$250 – \$1,000
<b>Crime Blanket <sup>(7)</sup></b>	Per Occurrence	\$50,000	\$1 billion	\$1,000
<b>Names Position <sup>(8)</sup></b>	Per Occurrence	\$50,000	\$1 billion	\$1,000
<b>Cyber <sup>(9)</sup></b>	Each Claim APIP Aggregate	\$50,000 to \$100,000 with waiting period	\$2 million \$45 million	20% Copay
<b>Identity Fraud Expense Reimbursement <sup>(10)</sup></b>	Member Aggregate	\$0	\$25,000	\$0

- (1) Members may request or be required to pay a higher deductible than the minimum for certain coverage, and certain types of losses require a specific co-pay or deductible.
- (2) Terrorism liability is fully funded by the Pool, i.e., no excess/reinsurance is procured.
- (3) Members are responsible for a 20% co-pay for Employment Practices Liability coverage claim costs. However, the co-pay may be waived if they meet established guidelines.
- (4) Property coverage for each member is based on a detailed property schedule. Scheduled items are covered to the extent of the cost of repair or replacement according to the excess/reinsurance policy terms. Under the Alliant Property Insurance Program (APIP), reinsurance carriers cover insured losses over \$500,000 to the limit of \$1 billion, except for certain types of sub-limited property losses such as floods, earthquakes, and terrorism.
- (5) Business Interruption(BI)/Extra Expense (EE) coverage is based on scheduled revenue-generating locations/operations. A limited number of members are scheduled; the rest are limited to \$500,000 of coverage with a \$2.5 million Pool maximum for undeclared exposure. The waiting period (deductible) is typically 24 hours, but there are exceptions specific to the type of exposure covered.
- (6) This Property Program sub-limit list is simplified and is not all-inclusive. In addition, sub-limits are often shared or aggregated by all pool members and, in a few cases, are shared by all APIP members. Deductibles often vary by coverage sub-limit.
- (7) Auto Physical Damage coverage includes comprehensive, collision, and additional coverage (i.e., rental reimbursement, towing, and personal property). Each member's coverage is based on a detailed vehicle schedule. The Pool's Auto Physical Damage coverage deductible is \$500,000 per occurrence with certain exceptions: \$25,000 for on-premises comprehensive and collision; a \$100,000 minimum for emergency vehicles and all other vehicles with an RCV of \$250,000 to \$750,000; \$250,000 for all vehicles with an RCV above \$750,000.
- (8) Cyber coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co- pay per loss and the Pool's SIR is tiered between \$50,000 and \$100,000 depending on the insured/member's property TIV with an 8-hour waiting period. By meeting established guidelines, the co-pay may be waived. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 12 RISK MANAGEMENT (CONTINUED)**

- (9) Pollution coverage is included under the Pool's Property program on an optional basis. Members are subject to a 20% co-pay per loss. The Pool's SIR is \$250,000, with certain specific deductibles ranging from \$250,000 to \$1 million. The reinsurance maximum limit of liability is \$2 million, with various declared sub-limits.
- (10) Each member is provided with \$2,500 of Crime Blanket coverage (also referred to as "Employee Dishonesty Coverage with Faithful Performance"). Members may elect to "buy up" the coverage from \$2,500 to \$1 million.
- (11) Named Position coverage is optional. Members may elect to schedule various employees, directors, and commissioners, with individual limits of between \$5,000 and \$1 million.
- (12) Enduris purchases Identity Fraud Expense Reimbursement coverage. Member claims are not subject to a deductible; the limit is \$25,000 per member.

Members make an annual contribution to fund the Pool. Since Enduris is a cooperative program, there is joint liability among the participating members. There were no claim settlements in excess of the insurance coverage in any of the last three policy years.

Upon joining the Pool, members are contractually obligated to remain in the Pool for a minimum of one year and must give notice 60 days before renewal in order to terminate participation. The Interlocal Governmental Agreement (formerly known as the Master Agreement) is automatically renewed each year unless provisions for withdrawal or termination are applied. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in process claims for the period they were a signatory to the Interlocal Governmental Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with the Pool who determines coverage and administers the claims.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool's members elect the Board, and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for overseeing the business affairs of Enduris and providing policy direction to the Pool's Executive Director.

**NOTE 13 CONTINGENCIES AND LITIGATION**

The Port has recorded in its financial statements all material liabilities, including an estimate for situations which are not yet resolved, but where, based on available information, management believes it is probably that the Port will have to make payment. In the opinion of management, the Port's insurance policies are adequate to pay all known or pending claims.

As discussed in Note 9, Long-Term Debt, the Port is contingency liable for repayment of refunded debt.

The Port participates in a number of federal- and state-assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Port management believes that such disallowances, if any, will be immaterial.

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 13 CONTINGENCIES AND LITIGATION (CONTINUED)**

1. On July 31, 2020, Burlington Northern Santa Fe (BNSF) had a major derailment on the Port track shortly before 1600 hours. By August 3rd, 2020, BNSF had removed all the damaged cars from the Port's track. Approximately 500 track feet needed repairs and approximately 325 track feet that were destroyed have been cleared from the track alignment.

While BNSF was the operator of the train that did the damage, BNSF could not make the repairs to the Port's rail since they cannot perform work on track not owned by the BNSF. The Port took on an emergency repair of the track system at a cost of around \$169,000. BNSF representative initially gave verbal confirmations that BNSF would be responsible for the costs of fixing the rail. BNSF counsel then retracted those statements and said they were still "investigating." Further, when BNSF completed their clean-up work of removing cars, they caused an approximate \$162,000 in additional damage to cross ties and ballast.

BNSF blames the Port's Lessee and Short Line Operator, TCRY (see above for many litigation issues between the Port and TCRY) for the derailment, citing lack of track maintenance. TCRY blames BNSF for the derailment, citing excessive speeds. What is clear is that the Port is not at fault but has borne all costs to date. The Port's insurance was timely notified. The Port entered a notice of litigation hold with BNSF for all materials related to the incident including the so-called "black box." The Port has now issued a subpoena to BNSF within the current TCRY/POB litigation to receive all documents and data as BNSF was not forthcoming from our requests.

It is unclear at this time whether the Port will need to litigate to settle this matter, or whether insurance will be pulled in to negotiate between all parties (TCRY is insured, and BNSF self-insures). The Port has now obtained, via subpoena, the "black box" data from BNSF and it is being examined by subject matter experts.

**Worst case, the Port will be unable to prove liability and will not collect anything on this matter. It is far more likely that one or both of the entities (TCRY and BNSF or their insurance carriers) will be found liable for at least a portion of the amount paid to date by the Port on the derailment repair costs.**

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 13 CONTINGENCIES AND LITIGATION (CONTINUED)**

2. On December 15, 2022, BNSF derailed a unit train on the south leg of the Wye track (approximately MP 28.7) at about 0530 hours. The derailed portion of the train fouled the west switch of the Wye track blocking access to the Horn Rapids Industrial Park rail customers.

Per contract, the Port requested that BNSF remove their railcars. Hulcher Railroad Services was contacted and arrived on site quickly to remove the derailed cars.

The Port temporarily took the south leg of the Wye out of service for repairs. Replacement of approximately 500 track feet in the derailment area was completed, and the Port took proactive measures to install a few hundred new ties in the remaining portion of the leg to keep the rails in gauge. The track is fully back in service.

Through July 31, 2025, the Port has expended \$345,470 on this issue. **Worst case, the Port will be unable to prove liability and will not collect anything on this matter. It is more likely that BNSF or their insurance will be found liable for at least a portion of the tab paid to date by the Port on the derailment repair costs. The Port is attempting to set up discussions between BNSF, Union Pacific, and the Port in regards to updated contract language, track use agreements, maintenance costs, etc. so reduce the possibility of future issues and to make liability in those instances easier to determine.**

**PORT OF BENTON  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024**

**NOTE 14 ENVIRONMENTAL LIABILITIES**

The Port of Benton is subject to laws and regulations relating to the protection of the environment. The Port's policy is to accrue environmental and cleanup related costs when it is both probable that a liability has been incurred and when the amount is reasonably estimable.

The Port currently has no environmental liabilities to report.

**NOTE 15 SUBSEQUENT EVENTS**

The following events and transactions occurred subsequent to December 31, 2024:

The Port didn't have any subsequent events to disclose.

**NOTE 16 Accounting Changes and Error Corrections**

**Change in Accounting Principle**

During fiscal year 2024, the Port implemented GASB Statement No. 101, Compensated Absences. GASB Statement No. 101, Compensated Absences requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The Port's past accounting principles for compensated absences are in line with GASB Statement No. 101. The Port's recognizes a liability for leave that has not been used. However, GASB Statement No. 101 requires recognition of Medicare and Social Security payroll taxes, which was not previously recorded as a liability by the Port. A change in accounting principles requires restatement of the prior periods per GASB Statement No. 100, unless restatement is not practicable to do so. Furthermore, GASB Statement 100 states "The provisions of this Statement need not be applied to immaterial items". The change in accounting principles for compensated absences is not deemed material to the Port's financial statements, thus no restatement of the prior period was carried out.

**Accounting Changes and Error Corrections**

According to GASB Statement No. 100, Accounting Changes and Error Corrections an amendment of GASB Statement No. 62, the Port is required to account for the correction of an error in a previously issued financial statement (error correction). In 2024, the Port removed assets no longer in service that resulted in an error correction by approximately \$4,900.

The effect of that error is shown in below:

Net position -beginning of year, as previously reported	63,832,660
Error Correction	(4,900)
Beginning of year, as restated	63,827,760

**PORT OF BENTON  
MCAG NO. 1698  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
PUBLIC EMPLOYEES BENEFITS BOARD  
LAST 10 FISCAL YEARS\***

	For the Year Ending June 30, 2023					
	2024	2023	2022	2021	2020	2019
Total OPEB Liability Beginning	\$ 646,051	\$ 737,370	\$ 884,359	\$ 1,168,166	\$ 840,702	\$ 918,242
Service Cost	37,605	42,158	60,884	78,664	54,758	45,049
Interest	24,937	27,579	20,319	27,525	31,333	37,248
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-
Changes of Assumptions	(36,252)	(171,593)	(219,080)	(387,304)	241,828	(158,178)
Benefit Payments	(925)	(909)	(9,112)	(2,692)	(455)	(1,659)
Other Changes	-	-	-	-	-	-
Total OPEB Liability - Ending	<u>\$ 671,416</u>	<u>\$ 634,605</u>	<u>\$ 737,370</u>	<u>\$ 884,359</u>	<u>\$ 1,168,166</u>	<u>\$ 840,702</u>
Covered-Employee Payroll	\$ 2,250,039	\$ 1,940,408	\$ 1,848,242	\$ 1,886,258	\$ 1,822,995	\$ 1,934,908
Total OPEB Liability as a Percentage of Covered Payroll	29.84%	32.70%	39.90%	46.88%	64.08%	43.45%

**Notes to Schedule:**

\* Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

**PORT OF BENTON  
MCAG NO. 1698  
SCHEDULE OF THE PORT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – PERS 1  
AS OF JUNE 30, 2024**

	As of June 30, 2024										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's Proportion of the Net Pension Liability (Asset)	0.009271%	0.009727%	0.009477%	0.011647%	0.010488%	0.012148%	0.012964%	0.012744%	0.012689%	0.011772%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 164,731	\$ 222,041	\$ 263,874	\$ 142,237	\$ 370,283	\$ 467,134	\$ 578,977	\$ 604,713	\$ 684,459	\$ 615,785	
Employer's Covered-Employee Payroll	\$ 2,250,039	\$ 1,742,058	\$ 1,565,380	\$ 1,789,171	\$ 1,696,822	\$ 1,703,498	\$ 1,722,732	\$ 1,607,109	\$ 1,508,580	\$ 1,349,356	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	7.32%	12.75%	16.86%	7.95%	21.82%	27.42%	33.61%	37.63%	45.37%	45.64%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.05%	80.16%	76.56%	88.74%	68.64%	67.12%	63.22%	61.24%	57.03%	59.10%	

**PORT OF BENTON  
MCAG NO. 1698  
SCHEDULE OF THE PORT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY – PERS 2/3  
AS OF JUNE 30, 2024**

	As of June 30, 2024										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Employer's Proportion of the Net Pension Liability (Asset)	0.011878%	0.012563%	0.012393%	0.014959%	0.013646%	0.015674%	0.012964%	0.012744%	0.012689%	0.011772%	
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ (319,567)	\$ (514,918)	\$ (459,629)	\$ (1,490,157)	\$ 174,525	\$ 152,248	\$ 578,977	\$ 604,713	\$ 684,459	\$ 615,785	
Employer's Covered-Employee Payroll	\$ 2,250,039	\$ 1,742,058	\$ 1,565,380	\$ 1,789,171	\$ 1,696,822	\$ 1,703,498	\$ 1,722,732	\$ 1,607,109	\$ 1,508,580	\$ 1,349,356	
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-14.20%	-29.56%	-29.36%	-83.29%	10.29%	8.94%	33.61%	37.63%	45.37%	45.64%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.17%	107.02%	106.73%	120.29%	97.22%	63.22%	63.22%	61.24%	57.03%	59.10%	

**PORT OF BENTON  
MCAG NO. 1698  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PERS 1  
DECEMBER 31, 2023**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or Contractually Required Contributions	\$ 55,740	\$ 59,746	\$ 53,575	\$ 74,530	\$ 81,588	\$ 85,961	\$ 87,257	\$ 82,791	\$ 74,139	\$ 62,888
Contributions in Relation to the Statutorily or Contractually Required Contributions	(55,740)	(59,746)	(53,575)	(74,530)	(81,588)	(85,961)	(87,257)	(82,791)	(74,139)	(62,888)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 2,250,039	\$ 1,770,910	\$ 1,749,818	\$ 1,731,032	\$ 1,701,175	\$ 1,734,761	\$ 1,723,322	\$ 1,687,551	\$ 1,554,286	\$ 1,469,916
Contribution as a Percentage of Covered-Employee Payroll	2.48%	3.37%	3.06%	4.31%	4.80%	4.96%	5.06%	4.91%	4.77%	4.28%

**PORT OF BENTON  
MCAG NO. 1698  
SCHEDULE OF EMPLOYER CONTRIBUTIONS – PERS 2/3  
DECEMBER 31, 2023**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily or Contractually Required Contributions	\$ 128,347	\$ 112,630	\$ 111,289	\$ 123,957	\$ 134,734	\$ 133,738	\$ 129,249	\$ 116,086	\$ 96,832	\$ 80,790
Contributions in Relation to the Statutorily or Contractually Required Contributions	(128,347)	(112,630)	(111,289)	(123,957)	(134,734)	(133,738)	(129,249)	(116,086)	(96,832)	(80,790)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-Employee Payroll	\$ 2,250,039	\$ 1,770,910	\$ 1,749,818	\$ 1,731,032	\$ 1,701,175	\$ 1,734,761	\$ 1,723,322	\$ 1,687,551	\$ 1,554,286	\$ 1,469,916
Contribution as a Percentage of Covered-Employee Payroll	5.70%	6.36%	6.36%	7.16%	7.92%	7.71%	7.50%	6.88%	6.23%	5.50%

**Port of Benton  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>Economic Development Cluster</b>								
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Department of Commerce)	Economic Adjustment Assistance	11.307	22-7801C-005	8,603	-	8,603	-	1,2,3
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Department of Commerce)	Economic Adjustment Assistance	11.307	24-718C0-002	293,273	-	293,273	-	1,2,3
ECONOMIC DEVELOPMENT ADMINISTRATION, COMMERCE, DEPARTMENT OF (via Washington State Department of Commerce)	Economic Adjustment Assistance	11.307	140-039 LAA	121,775	-	121,775	-	1,2,3
			<b>Total Economic Development Cluster:</b>	<b>423,651</b>	<b>-</b>	<b>423,651</b>	<b>-</b>	
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0056-035- 2021	-	149,175	149,175	-	1,2,3
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0056-037- 2023	-	84,618	84,618	-	1,2,3

The accompanying notes are an integral part of this schedule.

**Port of Benton  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2024**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0056-038- 2024	-	86,435	86,435	-	1,2,3
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0050-023- 2023	-	46,772	46,772	-	1,2,3
FEDERAL AVIATION ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF	Airport Improvement Program, Infrastructure Investment and Jobs Act Programs, and COVID-19 Airports Programs	20.106	3-53-0056-039- 2024	-	955,087	955,087	-	1,2,3
<b>Total ALN 20.106:</b>				<b>-</b>	<b>1,322,087</b>	<b>1,322,087</b>	<b>-</b>	
<b>Total Federal Awards Expended:</b>				<b>423,651</b>	<b>1,322,087</b>	<b>1,745,738</b>	<b>-</b>	

The accompanying notes are an integral part of this schedule.

**PORT OF BENTON  
MCAG NO. 1698  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2024**

**NOTE 1 BASIS OF ACCOUNTING**

This schedule of expenditures of federal awards is prepared on the same basis of accounting as the Port's financial statements. The Port uses the full- accrual basis of accounting.

**NOTE 2 INDIRECT COST RATE**

The Port has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 PROGRAM COSTS**

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Port of Benton's portion, are more than shown. Such expenditures are recognized following, as applicable, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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