

ANNUAL REPORT

PORT OF KLICKITAT

(Name of Port)

1741

MCAG No.

Submitted pursuant to RCW 43.09.200

to the

DIVISION OF MUNICIPAL CORPORATIONS

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 19 91

Certified correct this 11th day of August, 19 92

to the best of my knowledge and belief:

NAME Dixie Walker *Dixie Walker*

TITLE Port Auditor

PREPARED BY Dixie Walker

TELEPHONE NUMBER (509) 493-1655

**Port of Klickitat
Statement of Revenues and Expenses
Arising from Cash Transactions
For the Year Ended December 31, 1991**

	<u>1991</u>
Operating Revenues:	
Marine Terminal Operations	\$ 97,260
Property Lease/Rental Operations	136,558
Other: Sale of Utilities	<u>9,575</u>
Total Operating Revenues	\$ 243,393
Operating Expenses:	
Marine Terminal Operations	\$ 92,211
General & Administration	<u>233,466</u>
Sub-total Operating Expenses	325,677
Depreciation General & Administration	<u>53,707</u>
Total Operating Expenses	\$ 379,384
NET (LOSS) FROM OPERATIONS	\$ (135,991)
Non-Operating Revenues:	
Interest Income	\$ 15,495
Ad Valorem Taxes (note 3)	68,642
State Forest Board Taxes	39,281
Other Non-Operating Revenue (note 15b)	<u>77,788</u>
Total Non-Operating Revenues	\$ 201,206
Non-Operating Expenses:	
Interest Expense '83 Revenue Bond (note 11)	\$ 33,962
Interest Expense Dow Chem. Debt (note 11)	11,316
Other Interest Expense	<u>10,713</u>
Total Non-Operating Expenses	\$ 55,991
NET PROFIT Year End 1991	\$ 9,223
Net Decrease in net cash & investments	\$ 123,271
Beginning balance of net cash/investments	\$ 221,550
Ending 12/31/91 balance of net cash/investments	\$ 98,279

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

Port of Klickitat
Notes to Financial Statements
January 1, 1991 thru December 31, 1991

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Klickitat County Port District No. 1 (Port of Klickitat) was incorporated November 1945 and operates under the laws of the State of Washington applicable to a Port District.

The Port of Klickitat is a special purpose government and provides a Marina and industrial park to the general public and is supported primarily through tenant leases and taxes.

B. BASIS OF ACCOUNTING AND PRESENTATION.

The accounting records of the Port of Klickitat are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port of Klickitat uses the Uniform System of Accounts for Unclassified Port Districts in the State of Washington. The Port is however, in the process of converting to the Budgeting, Accounting, and Reporting System (BARS).

The accounts of the Port of Klickitat are maintained on the basis of funds, (each of which is considered a separate accounting entity). For reporting purposes, the activities of all the Port's funds are combined.

The Port of Klickitat uses the cash basis of accounting where revenues are recognized only when received in cash, rather than when earned, and expenses are recognized when warrants/vouchers are issued, rather than when expenses are incurred. Interest on debt is recognized when paid, debt retirement is recorded as an expenditure, and inventory is expensed when purchased rather than consumed.

The Klickitat County Treasurer is the custodian of the district's cash and temporary investments. At December 31, 1991, the Klickitat County treasurer was holding \$20,000 in temporary investments, \$11,805.28 in the General Fund and \$47,000 in the 1983 Revenue Bond Reserve Fund for the district.

C. ASSETS AND LIABILITIES

1. Cash and Cash Equivalents.

It is the Port of Klickitat's policy to invest all temporary cash surplus. At December 31, 1991, the treasurer was holding \$20,000 in short-term residual investments of surplus cash. This amount is classified on the statement of revenues and expenses arising from cash transactions as net cash and investments.

The Port of Klickitat's deposits are entirely covered by federal depository insurance (FDIC and FSLIC).

4. Restricted Assets and Liabilities.

In accordance with bond resolutions separate restricted accounts are required to be established.

Investments for Debt Service -	\$47,000
Total Restricted Assets	\$47,000

7. **Employee Leave Benefits**

Full-time employees generally earn vacation and sick leave at the rate of one day per month. Vacation and sick leave accumulate on a monthly basis and are fully vested when earned. Vacation or sick pay, which may be accumulated up to fifteen (15) days, is payable upon resignation or retirement. In the event of death of any full-time employee, the Port will pay 100% of accumulated vacation and/or sick leave to the employee's estate.

Accumulated vacation benefits 12/31/91	\$667.50
Accumulated sick benefits at 12/31/91	2205.00
Accumulated death benefits at 12/31/91	5418.00

These amounts would have been withdrawn from the Port's cash reserves, if needed.

NOTE 2 - DEPOSITS AND INVESTMENTS

As required by state law, all deposits and investments of the Port of Klickitat's funds are obligations of the U.S. Government or deposits with Washington State banks.

NOTE 3 - PROPERTY TAXES

The Klickitat County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at the end of each month to the Port of Klickitat by the county treasurer. A revaluation of all property is required every four years.

Property Tax Calendar

January 1	Taxes are levied & 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 two year's levy at 100 percent of market value.
October 31	Second installment due.

Property taxes are recorded as revenues when cash is collected. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. State law allows for the sale of property for failure to pay taxes.

The Port of Klickitat may levy up to \$.45 per \$1,000 of assessed valuation for general governmental services. This amount may be reduced for any of the following three reasons.

- a. Washington State law in RCW 84.55.010 limits the growth of regular property taxes to 6 percent per year, after adjustments for new construction. If the assessed valuation increases by more than 6 percent due to revaluation, the levy rate will be decreased.
- b. The Washington State Constitution limits the total regular property taxes to 1 percent of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1 percent limit.
- c. The district may voluntarily levy taxes below the legal limit.

The Port of Klickitat's regular levy for 1991 was \$.20859 per \$1,000 on an assessed valuation of \$326,851,331 for a total regular levy of \$68,201.72. In 1990, the regular tax levy was \$62,500.

NOTE 4 - INTERGOVERNMENTAL GRANTS AND ENTITLEMENTS.

The accompanying Schedule of Financial Assistance provides a listing of all federal (and state and (interlocal) assistance programs in which the Port of Klickitat participates and summarizes the Port of Klickitat's grant transactions for 1991. (Schedule 16)

NOTE 5 - FIXED ASSETS AND DEPRECIATION

Major expenditures for fixed assets, including capital leases and major repairs that increase useful lives, are recorded as expenditures when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid. Obligations under capital leases are disclosed in Note 11 Long Term Debt.

NOTE 8 - DEFERRED COMPENSATION PLAN

The Port of Klickitat offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is with the ICMA Retirement Trust - 457, of Washington D. C., an independent plan administrator. The plan is available to eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Compensation deferred under the plan and all income attributable to the plan are solely the property of the Port of Klickitat. The Port of Klickitat's rights to this property are subject only to the claims of the Port District's creditors until paid to the employee or other beneficiary and are not restricted to the benefit provisions under the plan.

Contribution rates for 1991 were as follows:

<u>Employer</u>	<u>Employee</u>
7.41% of gross monthly wages	Any amount desired to bring the total annual contribution to the maximum amount allowable by law.

As of December 31, 1991, there was \$21,636.48 in the plan. Employer's cost for the participating employees for 1991 was \$5,616.59. Port of Klickitat has no unfunded prior service liabilities.

NOTE 9C - RISK MANAGEMENT

The Port of Klickitat maintains insurance against most normal hazards with McCoy-Holliston Insurance Company, White Salmon, WA., Don Holliston agent.

SAFCO Insurance Company:

Liability: Standard Commercial General Liability coverage with no deductible.

Liability limits: \$1million each occurrence. \$1million aggregate

Comprehensive Property protection: \$1,000 deductible except \$5,000 on RAMCO building.

Replacement cost coverage on all buildings.

Auto: \$1million liability limit including UM and Non-owned auto coverage.

Public Officials and Employees Liability (Errors and Omissions) is carried through Sedgwick James of Washington, Inc. Coverage is retained with International Surplus Lines Insurance Co. (ISLIC), with a limit of liability of \$1million subject to a \$2,500 deductible.

NOTE 11 - LONG TERM DEBT

Exhibit "A" which accompanies this report, contains a list of the outstanding revenue bond debt of the Port of Klickitat on December 31, 1991.

The Port of Klickitat, by agreement, has irrevocably appropriated and pledged monies received from all sources of revenue in an amount sufficient to pay principal and interest on the outstanding bonds. There is \$47,000 in restricted assets at December 31, 1991 which represents \$46,879.15 reserve requirements as contained in the 1983 Revenue Bond Issue indenture combined with a \$120.85 investment.

As part of a negotiated agreement with the Dow Chemical Company for settlement of a 1970 Revenue Bond Issue and 1970 Facilities Use Agreement, the Port of Klickitat received (after defeasement of the 1970 Revenue Bond Issue) the use of \$110,998 from surplus funds generated by the Dow debt service contributions, interest free, for five years from June 23, 1980 to June 23, 1985. The Port has exercised its option to continue utilizing these funds ("up to an additional five years from June 23, 1985") at 7.6% interest per annum. Negotiations with Dow Chemical authorities to pay back the \$160,144.48 at 9.5% per annum in a time payment method rather than deplete the General Fund and General Investment Fund were finalized on January 31, 1991. Payment under this agreement "note" is as follows:

<u>Payment Date</u>	<u>Payment</u>	<u>Applied to Principal</u>	<u>Ending Principal Balance</u>
Jan. 31, 1991	40,036.12	40,036.12	\$120,108.36
July 31, 1991	45,694.38	40,036.12	80,072.24
Jan. 31, 1992	43,870.81	40,036.12	40,036.12
July 31, 1992	41,922.21	40,036.12	-0-

Exhibit "B" which accompanies this report, contains the debt service schedule and the defeasance schedule for the 1970 Revenue Bond Issue.

The Port is in compliance with all significant limitations and restrictions regarding its bond issues.

NOTE 15 b: OTHER DISCLOSURES

Subsequent Events: Non-Operating Revenues: In 1991, the Port of Klickitat was reimbursed by the Klickitat County Commission \$30,000 for a study that the Port paid for in 1990. The report "Market Study & Prospective Financial Analysis" for the proposed Columbia Gorge Conference Center in fact would have been a benefit to the entire County, therefore, the reimbursement. Also included in the Non-Operating Income is taxes that are received through the County Treasurer ie: Leasehold Excise, Timber Excise and Forest Reclassification taxes. Also included in this category is any miscellaneous money that may be received that is not dedicated to a specific account.

(ENTITY NAME)

General Fund

(Fund Name)

DETAIL OF REVENUES AND OTHER SOURCES

For Year Ending December 31, 19⁹¹

BARS Revenue Account No.	Description	Actual Revenues
631.10	Marine Terminal Revenue	97,260.
**631.00	Total Marine Terminal Revenues	**97,260.
661.81	Property Lease/Rental Revenues Utilities	9,575.
665.21	Property Lease/Rental Revenues	136,558.
** 66x	Total Property/Lease Revenues	**146,133.
699.20	Ad Valorem Taxes	68,642.
***600.00	Total Revenues	***444,599.

(ENTITY NAME)

General Fund

(Fund Name)

DETAIL OF EXPENSES AND OTHER USES

For Year Ending December 31, 1991

BARS Expense Account No.	Description	Actual Expenses
781.1X	G&A Expenses	233,466.
787.00	G&A Depreciation	53,707.
**781./787	Total G& A Expenses	**287,173.
799.911	Non Operating Expense/Interest	55,991.
**799.911	Total Non Operating Expense	**55,991.
731.xx	Marine Terminal Operations	92,211.
**731.xx	Total Marine Terminal Operate Expense	** 92,211.
***700.00	Total Expenses	***\$435,375.

PAYROLL EXPENDITURES		
	Gross Salaries And Wages	Employer-Paid Benefits
Amounts Expensed	\$ 256,933	\$ 38,827
Amounts Offset By Reimbursement		
Amounts Capitalized Or Deferred		
Totals	\$ 256,933	\$ 38,827

PORT OF KLICKITAT
(ENTITY NAME)

SCHEDULE OF REAL AND PERSONAL PROPERTY TAXES (ALL TAX SUPPORTED FUNDS)

For Year Ending December 31, 1991

1	2	3	4	5	6	7	8	9
FUND NO.	FUND NAME	TAXES RECEIVABLE 01/01/19 <u>91</u>	TAX RATE \$/1,000	TAXES LEVIED REPORT YEAR	TAXES COLLECTED	TAX ADJUSTMENT INCREASES	TAX ADJUSTMENT DECREASES	TAXES RECEIVABLE 12/31/19 <u>91</u> (3+5-6+7-8)
111.000	Tax Receivable Gen. Fund	13,215.97	.20859	68,201.72	68,347.25	859.80	419.47	13,510.77

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PORT OF KLICKITAT
(ENTITY NAME)

___ GO Debt
XX Revenue Debt
___ Assessment Debt
___ Refunded Debt

SCHEDULE OF LONG-TERM DEBT
For Year Ending December 31, 19 91

I.D. NO. AND CLASS DESCRIPTION	PURPOSE	DATE OF ISSUE	DATE OF FINAL MATURITY	INTEREST RATE(S)	(a)		(b)	(c)	(e + b - c)
					AMOUNT ORIGINALLY ISSUED	BEGINNING OUTSTANDING DEBT			
252.11 '83 Revenue Bond	Industrial Development	10-1-83	10-1-2003	7.25% to 10.50%	385,000	330,000	-0-	15,000	315,000

(ENTITY NAME)

Limitation of Indebtedness

For Year Ending December 31, 1991

Total Property Value 320,938,087

I. INDEBTEDNESS FOR GENERAL PURPOSES

WITHOUT A VOIE OF THE PEOPLE LEGAL LIMIT

See page 21 .0038

\$1,219,585

INDEBTEDNESS INCURRED

1. G.O. Bond Liabilities

Less Redemption Fund Assets Available to Pay Principal

a. Cash on Hand Plus Investments

b. Uncollected Taxes

Total Applicable Assets

Excess of Liabilities Over Assets

2. General Fund Liabilities

Including Warrants, Contracts and Others; but not loan agreements with the state or federal government dated April 3, 1987, or later

471,622

Less General Fund Assets:

a. Cash on Hand Plus Investments

b. Uncollected Taxes for Current Year

c. Receivables (List in Detail)

98,280

25,278

Total Applicable Assets

123,558

Excess of Liabilities Over Assets

348,064

3. Street or Road Fund Liabilities Including Warrants, Contracts and Others; but not loan agreements with the state or federal government dated April 3, 1987, or later.

Less Street or Road Fund Assets:

a. Cash on Hand Plus Investments

b. Uncollected Taxes for Current Year

c. Receivables (List in Detail)

Total Applicable Assets

Excess of Liabilities Over Assets

TOTAL SECTION I OF NET GENERAL LIABILITIES

348,064

MARGIN OF INDEBTNESS STILL AVAILABLE -- UNVOTED

871,501

LESS AMOUNT OF VOTED GENERAL DEBT IN EXCESS OF 1.75%

MARGIN OF INDEBTEDNESS STILL AVAILABLE

II. INDEBTEDNESS FOR GENERAL PURPOSES

WITH A 3/5 VOIE OF THE PEOPLE (Applicable only to Counties, Cities, Towns, Public Hospital Districts, and School Districts) LEGAL LIMIT @ 2 1/2% ON PROPERTY VALUE Other L.G. see Page 21

INDEBTEDNESS INCURRED (Pursuant to a Vote)

G.O. Bond Liabilities

(ENTITY NAME)

Limitation of Indebtedness

For Year ending December 31, 19 91

Total Property Value \$320,938,087

Less Redemption Fund Assets:

- a. Cash on Hand
- b. Uncollected Taxes

Total Applicable Assets

Excess of Liabilities Over Assets

NET GENERAL INDEBTEDNESS FROM SECTION I

COMBINED INDEBTEDNESS FROM SECTIONS I & II

MARGIN OF INDEBTEDNESS STILL AVAILABLE

III. INDEBTEDNESS FOR UTILITY PURPOSES WITH A 3/5 VOTE OF THE PEOPLE (Applicable only to Cities and Towns for Utility Purposes) OR INDEBTEDNESS FOR CAPITAL OUTLAY WITH A 3/5 VOTE OF THE PEOPLE (Applicable only to School Districts)

LEGAL LIMIT @ 5% OF PROPERTY VALUE

INDEBTEDNESS INCURRED (Pursuant to a Vote)

G.O. Bond Liabilities

Less Redemption Fund Assets:

- a. Cash on Hand Plus Investments
- b. Uncollected Taxes

Total Applicable Assets

Excess of Liabilities Over Assets

COMBINED INDEBTEDNESS FROM SECTIONS I & II

TOTAL NET INDEBTEDNESS FROM SECTIONS I, II & III

MARGIN OF INDEBTEDNESS STILL AVAILABLE

IV. INDEBTEDNESS FOR OPEN SPACE AND PARKS FACILITIES

LEGAL LIMIT 7 1/2% on Property Value (Available only to Cities & Towns)

G.O. Bond Liabilities

Less Redemption Fund Assets:

- a. Cash on Hand Plus Investments
- b. Uncollected Taxes

Total Applicable Assets

Excess of Liabilities Over Assets

COMBINED INDEBTEDNESS FROM SECTIONS I, II & III

COMBINED INDEBTEDNESS FROM SECTIONS I - IV

MARGIN OF INDEBTEDNESS STILL AVAILABLE

871,501

