PORT OF KLICKITAT

Bingen, Washington
and
Dallesport, Washington

FINANCIAL STATEMENTS

December 31, 2009

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Annual Report Disclosure Form

MCAG No. 1741

Port of Klickitat

Please check if the statements/schedules are attached. If Schedule 22 is not applicable mark the spot NA (not applicable). An unmarked spot will indicate that a schedule is not attached due to lack of activities described in this schedule in reported year.

Certification	X
Financial Statements (including notes)	X
Schedule 04, *Revenues and Other Sources*	X
Schedule 05, *Expenses and Other Uses*	X
Schedule 09, *Long-Term Debt*	X
Schedule 10, *Limitation of Indebtedness*	X
Schedule 16, *Expenditures of Federal Awards and State/Local Assistance*	X
Schedule 19, *Labor Relations Consultants*	X
Schedule 21, *Risk Management*	X
Schedule 22, *Annual Questionnaire for Audit Assessment*[1/]	N/A

[1/] Only port districts with annual revenue usually less than $200,000 are required to prepare this schedule.

ANNUAL REPORT

Port of Klickitat
(Official Name of Government)

1741
MCAG No.

Submitted pursuant to RCW 43.09.230 to the STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 20 09

Certified correct this 28th day of May, 20 10 to the best of my knowledge and belief:

GOVERNMENT INFORMATION:

Official Mailing Address	154 E. Bingen Point Way, Suite A, Bingen, WA 98605
Official Web Site Address	www.portofklickitat.com

PREPARER INFORMATION and CERTIFICATION:

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Signature	Margie Ziegler

See accountant's compilation report.

Jan T. Fancher, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

A Professional Limited Liability Company

May 28, 2010

Board of Commissioners
Port of Klickitat
Bingen, Washington

I have compiled the accompanying statement of net assets of the Port of Klickitat as of December 31, 2009, and the related statements of revenues and expenses and changes in fund net assets, and cash flows for the year then ended, and the accompanying supplementary information contained in the prescribed Annual Report forms, certification, Management Discussion and Analysis, Supplementary Schedules and Statutory Reporting Requirements to the Washington State Auditor, which are presented only for supplementary analysis purposes, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Port of Klickitat.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I have not audited or reviewed the accompanying financial statements and supplementary information and, accordingly, I do not express an opinion or any other form of assurance on them.

I am not independent with respect to the Port of Klickitat.

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Introduction

This discussion and analysis of the Port of Klickitat's financial performance provides an overview of the Port's financial activities for the year ended December 31, 2009. It 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. Please read it in conjunction with the Port's financial statements.

Discussion of the Basic Financial Statements

Financial Highlights

- Total assets of the Port exceeded its liabilities by $12.0 million as of December 31, 2009 (reported as *net assets*). This represented an increase of $0.9 million from the Port's net assets of $11.1 million as of December 31, 2008.

- Of the $12.0 million and $11.1 million in net assets as of December 31, 2009 and 2008, respectively, $3.6 million in 2009 and $2.9 million in 2008 are "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the Port's ongoing obligations to citizens and creditors. The remaining $8.4 million and $8.2 million in 2009 and 2008, respectively, was invested in capital assets, net of related debt. Capital assets, net of related debt is calculated by taking the total net capital assets, less all capital related debt that is attributable to the acquisition, construction, or improvement of those assets, including the general obligation bonds and loans payable. Capital assets, net of related debt was $11.8 million less related debt of $3.4 million in 2009 and $11.7 million less related debt of $3.5 million in 2008, respectively.

Overview of the Financial Statements

The Port's basic financial statements include two components: 1) financial statements, and 2) notes to the financial statements. The Port is not required to reflect both a government-wide perspective financial report and a fund perspective financial report since the Port maintains a single enterprise fund which uses the same measurement focus (economic resources) and accounting framework (accrual) as would be reflected in the government-wide financial statements.

The following is a brief discussion of the financial statements found on pages 11 - 14 of this report.

- The Statement of Net Assets reflects the Port's financial position at year-end. The financial position is represented by the difference between assets owned and liabilities owed at a specific point in time. The difference between the two is reflected as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Port is improving or deteriorating.

Discussion of the Basic Financial Statements, Continued

Overview of the Financial Statements, Continued

- The Statement of Revenues, Expenses and Changes in Fund Net Assets reflects the change in the Port's financial position (net assets) during the current year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and unpaid liabilities owed to vendors). This statement presents net income or loss from operations as well as nonoperating revenues and expenses, capital contributions and extraordinary items.

- The Statement of Cash Flows reflects the net increases or decreases in cash from four activities: 1) *Operating activities*, with a reconciliation of cash flows from operating activities to net income or loss from operations; 2) *Non-capital financing activities;* 3) *Capital and related activities;* 4) *Investing activities.*

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15 - 41 of this report.

Financial Analysis

The Port's total assets exceeded liabilities by $12.0 million at December 31, 2009 as compared to $11.1 million at December 31, 2008.

The largest portion of the Port's net assets (70.0 percent as of December 31, 2009 as compared to 74.0 percent as of December 31, 2008) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure and construction in progress) less any related debt used to acquire those assets. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Comparative Financial Data

Net Assets
(in thousands of dollars)

		2009		2008
ASSETS				
Current assets	$	2,625	$	2,148
Capital assets		11,790		11,713
Other noncurrent assets		328		333
Noncurrent assets		774		518
Total assets		15,517		14,712
LIABILITIES				
Long-term liabilities outstanding		3,239		3,397
Other liabilities		286		246
Total liabilities		3,525		3,643
NET ASSETS				
Invested in capital assets, net of related debt		8,392		8,194
Restricted for asset acquisition		--		--
Unrestricted		3,600		2,875
Total net assets	$	11,992	$	11,069

Condensed Comparative Financial Data, Continued

Change in Net Assets
(in thousands of dollars)

	2009	2008
OPERATING REVENUES		
Marine terminal operations	$ 29	$ 36
Water system operations	52	10
Property lease and rental operations	1,031	819
Other operating revenues	9	--
Total operating revenues	1,121	865
NONOPERATING REVENUES		
Investment income	19	56
Property taxes - general	212	230
Property taxes - IDD	453	448
Other nonoperating revenues	85	48
Total nonoperating revenues	769	782
Total revenues	1,890	1,647
OPERATING EXPENSES		
General operations	34	39
Maintenance	182	159
General and administrative	340	327
Depreciation	269	262
Total operating expenses	825	787
NONOPERATING EXPENSES		
Interest expense	126	138
Other nonoperating expenses	44	4
Total nonoperating expenses	170	142
Total expenses	995	929
Income before contributions	895	718
Capital contributions	28	--
Change in net assets	923	718
Net assets as of January 1, as restated, See Notes 1 and 4	11,069	10,351
Net assets as of December 31	$ 11,992	$ 11,069

Overall Analysis of Financial Position and Result of Operations

2009 activities resulted in a net increase in the Port's net assets of $0.9 million. There were no significant changes in the Port's activities during the year ended December 31, 2009. The Port's overall financial position has improved in 2009.

Highlights of the 2009 year that impacted the Port's financial position and the results of operations included the following activities:

Because of the successful operations of one of the Port's businesses, in 2009 the Port received more than $200,000 of additional royalties for sale of rock.

The Port also received larger than normal amounts of miscellaneous tax revenues for 2009 from various sources. See the supplementary schedule on page 43.

The Port's building and property activities included the completion of a major reroofing project of the 101 Parallel Building. The Port also continued the conversion to their new exterior lighting standard. Other property activities included the beginning of a weed management program at Bingen Lake and the completion of the Dow Road saltcake site cleanup. The Port received a $27,908 Department of Ecology grant to assist in the cleanup.

The Port's infrastructure efforts included the approval of the SEPA and JARPA and the receipt of the associated permit for the Bingen Point grading and infrastructure project, the extension of the electric service 600 feet north along Parallel Avenue and preparations for Harbor Drive realignment and utilities extension. The Port was awarded a $99,000 USDA grant for use in the realignment and utilities extension, which will be completed in 2010.

The Port continued its business development outreach and concluded the Mt. Adams Orchards project at the Dallesport Industrial Park.

During 2009, the Port hired new Port Counsel and a new Financial Consultant.

Following the Port's 2008 change from a cash framework of accounting to an accrual framework of accounting, it issued its first accrual financial statements in 2009, which involved extensive research into the historical asset records of the Port. Continuing research in 2009 resulted in the identification of additional capital assets and other assets, which were recorded on the books, net of any historical accumulated depreciation. The 2008 financial statements were restated to reflect this change. It also successfully completed its Department of Revenue Leasehold Tax audit. See Notes 1 and 4.

Capital Asset and Long-Term Debt Activity

Capital Assets

The Port's investment in capital assets as of December 31, 2009 was $11.8 million (net of accumulated depreciation of $2.0 million). This investment in capital assets includes land and land rights, infrastructure, buildings and other improvements, furnishings and equipment, and construction in progress.

The Port invested approximately $343,420 in capital assets, construction in progress and preliminary studies during the year ended December 31, 2009. The Port's remaining capital commitments at year-end were approximately $0.

Additional information on the Port's capital assets can be found in Note 4 to the financial statements.

Capital Assets
(in thousands of dollars)

		2009
Land	$	2,308
Buildings		8,530
Other improvements		2,175
Docks and marina ramps		598
Trucks and vehicles		24
Machinery and equipment		45
Furniture and fixtures		3
Office equipment		11
Construction in progress		62
Total capital assets before accumulated depreciation		13,756
Less accumulated depreciation		(1,966)
Total capital assets, net	$	11,790

See accountant's compilation report.

Capital Asset and Long-Term Debt Activity, Continued

Long-Term Debt Activity

At December 31, 2009, the Port had outstanding general obligation bond debt of $1.8 million. The Port had no revenue bonds outstanding at any time during the year ended December 31, 2009. The Port had other long-term debt outstanding of $1.6 million at December 31, 2009. The Port did not incur any additional long-term debt in 2009. The Port is preparing for the payoff of the 2006 General Obligation bonds on October 17, 2011. The Port is utilizing an IDD tax levy to facilitate the bond payoff of $974,146. The bond was used for buildings and structures utilized by a major tenant.

Additional information on the Port's long-term debt activity can be found in Note 10 to the financial statements.

Other Potentially Significant Matters

All known facts, decisions and conditions that are expected to have a significant effect on the Port's financial position have been addressed in these financial statements.

Requests for Information

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Port's finances and to show the Port's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Port of Klickitat, Port Auditor, 154 E. Bingen Point Way, Suite A, Bingen, Washington 98605, or by phone at (509) 493-1655.

PORT OF KLICKITAT
STATEMENT OF NET ASSETS
December 31, 2009

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 123,206
Investments	1,534,223
Restricted assets	
Cash and cash equivalents	9,117
Investments	884,214
Taxes receivable	44,114
Accounts receivable, net	6,249
Interest receivable	859
Other receivables	2,800
Prepaid expenses	20,279
Total current assets	2,625,061
NONCURRENT ASSETS	
Restricted assets	
Investments	774,145
Capital assets not being depreciated	
Land	2,307,869
Construction in progress	62,477
	2,370,346
Capital assets being depreciated	
Property, plant and equipment	11,385,565
	13,755,911
Less accumulated depreciation	(1,965,977)
Total net capital assets	11,789,934
OTHER NONCURRENT ASSETS	
Intangible assets, net	230,676
Deferred charges	97,328
Total other noncurrent assets	328,004
Total assets	15,517,144

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	7,199
Accrued employee benefits	7,009
Accrued compensated absences	21,404
Leasehold taxes payable	18,643
Sales tax payable	2,682
Other payable	308
Accrued interest payable	20,930
Current portion of long-term obligations	166,247
Customer prepayments	3,554
Customer deposits	38,375
Total current liabilities	286,351
NONCURRENT LIABILITIES	
General obligation bonds, net	1,737,219
Other post-employment benefits	7,192
Other noncurrent liabilities	1,494,466
Total noncurrent liabilities	3,238,877
Total liabilities	3,525,228
NET ASSETS	
Invested in capital assets, net of related debt	8,392,002
Restricted for asset acquisition	--
Unrestricted	3,599,914
TOTAL NET ASSETS	$ 11,991,916

See accountant's compilation report.
The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the year ended December 31, 2009

OPERATING REVENUES	
Marine terminal operations	$ 28,791
Water system operations	51,560
Property lease and rental operations	1,031,056
Other operating revenues	9,904
Total operating revenues	1,121,311
OPERATING EXPENSES	
General operations	34,402
Maintenance	181,384
General and administrative	339,645
Depreciation	269,074
Total operating expenses	824,505
Operating income	296,806
NONOPERATING REVENUES (EXPENSES)	
Investment income	18,729
Taxes levied for:	
General purposes	211,914
Industrial development district	453,052
Miscellaneous taxes	84,528
Interest expense	(126,162)
Election expense	(2,442)
Environmental expense	(36,848)
Other nonoperating expenses	(4,117)
Total nonoperating revenues (expenses)	598,654
Income before contributions	895,460
Capital contributions	27,908
Increase in net assets	923,368
Net assets as of January 1, as restated, See Notes 1 and 4	11,068,548
Net assets as of December 31	$ 11,991,916

See accountant's compilation report.
The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and others	$	1,118,449
Cash payments to suppliers for goods and services		(260,156)
Cash payments to employees and on their behalf		(229,954)
Net cash provided by operating activities		628,339
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received		662,785
Other tax receipts		84,528
Net cash provided by noncapital financing activities		747,313
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions		27,908
Purchase and construction of capital assets		(345,421)
Principal paid on capital debt		(114,039)
Interest paid on capital debt		(135,099)
Other payments		(38,450)
Net cash used by capital and related financing activities		(605,101)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(748,109)
Interest received		21,578
Net cash used by investing activities		(726,531)
Net increase in cash and cash equivalents		44,020
Cash and cash equivalents as of January 1		88,303
Cash and cash equivalents as of December 31	$	132,323

See accountant's compilation report.
The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS, CONTINUED
For the year ended December 31, 2009

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Income from operations	$	296,806
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation		269,074
(Increase) decrease in:		
Accounts receivable		(62)
Other current assets		58,040
Increase in:		
Accounts payable		2,046
Other current liabilities		2,435
Total adjustments		331,533
Net cash provided by operating activities	$	628,339

Supplemental disclosure of non-cash transactions:
The Port did not have any non-cash financing, capital or investing activities for the year ended December 31, 2009.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Port of Klickitat was created in 1945 and operates under the laws of the State of Washington applicable to Port districts. The financial statements of the Port have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America, as they are applied to governments. The accounting policies of the Port conform to accounting principles generally accepted in the United States of America, as applicable to proprietary funds of governmental units, except as otherwise noted. The Port has chosen to apply Financial Accounting Standards Board (FASB) guidance issued after November 20, 1989 to the extent that it does not conflict with or contradict the guidance of the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

In June 1999, GASB approved Statement 34, *Basic Financial Statements-and Management Discussion and Analysis - for State and Local Governments.* This and consecutive statements are reflected in the accompanying financial statements (including notes to financial statements).

Reporting Entity

The Port is located in Klickitat County, Washington and its territory covers less than the entire county. The Port is a special purpose government that provides marine terminal, marina and industrial park facilities and services to the general public and is supported by user charges, property lease revenues, ad valorem property taxes levied for operations and debt services and other miscellaneous taxes.

The Port is governed by an elected three member board. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. The Port is a primary government and does not have any component units.

Basis of Accounting and Reporting

The accounting records of the Port are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 of the Revised Code of Washington (RCW). Effective January 1, 2008, the Port uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State of Washington. Prior to January 1, 2008, the Port used the *Budgeting, Accounting and Reporting System (BARS) for Cash Basis Port Districts* in the State of Washington.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Effective January 1, 2008, the Port accounts for funds on a cost of services or an economic resources measurement basis. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their Statement of Net Assets. The reported fund equity (total net assets) is segregated into invested in capital assets, net of related debt, restricted and unrestricted net assets. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net total assets. The Port discloses changes in cash flows by a separate statement that presents the operating, noncapital financing, capital and related financing and investing activities.

Effective January 1, 2008, the Port uses the accrual framework of accounting where revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are earned. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The Port distinguishes between operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for the use of Port facilities, including the marina, utilities and industrial property and facility rental. Operating expenses for the Port include 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. Nonoperating revenues include ad valorem tax levy revenues, interest income, grant reimbursements and other revenues. Nonoperating expenses include interest expense, election expense and other expenses.

Assets, Liabilities and Equities

<u>Cash and Cash Equivalents</u> - See Note 2 and the Statement of Cash Flows.

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2009, the Port was holding $123,150 in short-term residual investments of surplus cash invested with the Klickitat County Treasurer and $56 of cash on hand for total cash and equivalents of $123,206. This amount is classified on the Statement of Net Assets as cash and cash equivalents.

<u>Cash and Cash Equivalents - Restricted</u> - See Note 2 and the Statement of Cash Flows.

At December 31, 2009, the Port was holding $9,117 in short-term residual investments of surplus cash invested with financial institutions at the Klickitat County Treasurer. This amount is classified in the Statement of Net Assets as cash and cash equivalents - restricted.

<u>Investments</u> - See Notes 2 and 10.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Receivables

Taxes receivable consists of property taxes and related interest and penalties. Because such taxes are considered liens on property and all property taxes are ultimately collected with interest at the statutory rate, the Port has not established a reserve for doubtful taxes receivable. See Note 3.

Accrued interest receivable consists of amounts earned on investments at the end of the year.

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. Receivables are recorded when either the asset or revenue recognition criteria have been met as discussed in Note 1, Basis of Accounting and Reporting. Accounts receivable are reported net of an allowance for amounts estimated to be uncollectible. Any amounts written off are adjusted to the allowance for doubtful accounts. The Port uses the reserve method of accounting for doubtful accounts, which is maintained based on historical analysis, as a percentage of outstanding receivables. Accounts receivable are written off according to criteria established by the Port. Any amounts written off are adjusted to the allowance for doubtful accounts.

As of December 31, 2009, the allowance for doubtful accounts was $500.

Interest receivable consists of interest earned on investments, not yet received, and is net of an allowance of zero.

Concentrations

For the year ended December 31, 2009, two customers accounted for 59.17 percent of operating revenue. No other customers individually exceeded 10.00 percent of operating revenue.

Significant Risks and Uncertainties

The Port is subject to certain business risks that could have a material impact on future operations and financial performance. These risks include economic conditions, federal, state and local government regulations and changes in law.

Fair Value of Financial Instruments

The Port's financial instruments consist of cash and cash equivalents, investments, taxes receivable, accounts receivable, interest receivable, deferred rent receivable, accounts payable, general obligation bonds payable and loans payable for which their current carrying amounts approximate fair market value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Inventories

The Port expenses office supplies, maintenance parts, inventory and supplies in the period they are acquired. If these items were inventoried, no material change in net income would result.

Restricted Assets

In accordance with certain agreements, separate restricted accounts are required to be established. The assets held in these accounts are restricted for specific uses, including construction and debt service. Restricted cash and cash equivalents and investments at December 31, 2009 are composed of the following:

Current restricted assets		
G.O. bond debt service	$	646,969
Building 1D sales tax		73,864
Building 1E sales tax		122,041
Customer deposits		38,375
Water system reserve		12,082
		893,331
Noncurrent restricted assets		
2006 G.O. bond redemption		774,145
Total restricted assets	$	1,667,476

Deferred Compensation Plan

In 2009, the Port has approved the establishment of an Executive Director incentive plan. See Note 16.

Capital Assets and Depreciation - See Note 4.

Intangible Assets, Net

Intangible assets, net represents the cost of long-lived organizational master plans, net of accumulated amortization. If construction results, the related costs become part of the cost of the asset. If the project is abandoned, related costs are charged to expense. Total intangible assets was $247,812 at December 31, 2009. The total accumulated amortization was $17,136 at December 31, 2009. See Note 5.

Deferred Charges

Deferred charges represent preliminary surveys and investigations and bond issuance costs, net of amortization. See Note 5.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Port records unpaid vacation and sick leave for compensated absences as an expense and liability when incurred.

Compensatory leave time may accumulate up to a maximum of eighty hours per hourly employee, unless approved by both the employee and the Executive Director. The employee may elect to receive compensatory time off instead of cash payment for overtime pay (both are computed at 1.5 times the hours worked).

Vacation leave, which may be accumulated up to an employee's amount of vacation hours accrued during a twenty four month period, is payable upon separation, retirement or death. Sick leave may accumulate up to 1,056 hours and upon separation or retirement, employees receive payment of unused sick leave up to a maximum of 120 hours. The accrued compensated absences balance at December 31, 2009 was $21,404.

Advertising

The Port expenses its advertising costs as they are incurred. Advertising expense for the year ended December 31, 2009 totaled $363.

Customer Deposits

The Port is required by law to hold a performance or security deposit on all leases and is in compliance with the law. Tenant's failure to pay or abandonment of the property and lease can be covered by the funds held and accessible to the Port.

Long-Term Debt - See Note 10.

Original Issue Discount - See Note 10.

Net Assets

Net assets are reported under one of three classifications as required by GASB Statement #34.

Invested in Capital Assets, Net of Related Debt - Represents the historical cost of capital assets reduced for accumulated depreciation less outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Represents net assets that have been externally restricted by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Port maintains a variety of internal use restrictions on various funds; however, none of these funds is restricted as defined here. There are no restricted net assets for the year ended December 31, 2009.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Net Assets, Continued

Unrestricted - Represents net assets not included in either of the other two categories of net assets.

Operating and Nonoperating Revenues and Expenses

Charges for services provided by the Port, including utility operations and marine terminal, marina and industrial property and facility use, are reported as operating revenues. Costs associated with these operating segments are reported as operating costs. Ad Valorem and other tax revenues, as well as grants, settlements and other miscellaneous revenues are reported as nonoperating revenues. Interest on debt, costs of elections and other miscellaneous costs are reported as nonoperating expenses.

Accounting and Reporting Changes

Effective for fiscal year December 31, 2009 reporting, the Port implemented the following new standard issued by the Governmental Accounting Standards Board (GASB):

Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.* This statement establishes standards for the measurement and recognition of "other post-employment benefits." The Port has applied the alternative measurement method for employers with fewer than one hundred plan members for purposes of this statement. See Note 15.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Restatement

Subsequent to the issuance of its 2008 initial accrual financial statements, the Port discovered and corrected an error in the calculation of net capital assets and other assets. As a result of the error, beginning net capital assets and other assets were understated by $219,010. Accordingly, the beginning balance of net assets has been adjusted by the correction. The adjustments were based on continuing research into the identification of the historical costs of the capital assets and other assets of the Port. See Note 4 and the Management Discussion and Analysis.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

As of December 31, 2009, the carrying amount of the Port of Klickitat's unrestricted and restricted cash deposits with financial institutions was $123,150 and $9,117, respectively.

The Port's deposits at year-end were entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC). The FDIC covers the Port's insured deposits. The PDPC provides collateral protection. The PDPC (established under RCW Chapter 39.58) constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool.

Investments

Investments are stated at fair value. Interest on debt securities held as investments is recognized in nonoperating revenues when earned. Changes in the fair value of investments are included in nonoperating revenues (for unrealized gains) or nonoperating expense (for unrealized losses).

As of December 31, 2009, the Port had the following investments:

Classification	Washington State Investment Pool	Maturities	Fair Value
Current investments	$ 1,534,223	Liquid	$ 1,534,223
Current investments - restricted, See Notes 1 and 10	884,214	Liquid	884,214
Noncurrent investments - restricted, See Notes 1 and 10	774,145	Liquid	774,145
Total	$ 3,192,582		$ 3,192,582

As required by state law, all investments of Port funds are obligations of the U.S. Government, U.S. agency issues, obligations of the State of Washington, general obligations of Washington State municipalities, or certificates of deposit with Washington State Banks or savings and loan institutions.

The Port held no derivatives or similar transactions.

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 to the Port of Klickitat's account daily as they are received by the Klickitat County Treasurer. A revaluation of all property is required every four years.

Property Tax Calendar

January 1	Taxes are 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 taxes are recorded as revenues in January of the year for which the tax is levied. Current and past-due taxes are shown as a receivable. 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 may levy up to $0.45 per $1,000 of assessed valuation for general Port purposes. This amount may be reduced for any of the following reasons:

a. Washington State law, in RCW Chapter 84.55.010, as amended by initiative 747, limits the growth of regular property taxes to one percent per year, after adjustments for new construction. If the assessed valuation increases by more than one percent due to revaluation, the levy rate will be decreased.

b. The Port may voluntarily levy taxes below the legal limit.

c. The State Constitution limits total regular property taxes to one percent of assessed valuation. If the combined taxes of all districts within the county exceed this amount, each is proportionately reduced until the total is at or below the one percent limit.

The Port's regular levy for 2009 and 2008 was $0.13952 and $0.23137 per $1,000 on a total assessed valuation of $1,548,044,469 and $982,233,718 for total regular levies of $215,979 and $227,259, respectively.

The Port has assessed an Industrial Development District (IDD) levy for repayment of debt and new infrastructure improvements under RCW Chapters 53.35.110 and 53.36.100. The Port's IDD levy for 2009 and 2008 was $0.29821 and $0.45000 per $1,000 on a total assessed valuation of $1,548,044,469 and $982,233,718 for a total IDD levy of $461,649 and $442,005, respectively. The levy will run for a period of six years, with revenues to be received from 2007 through 2012.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION:

Major expenses for capital assets, including major repairs that increase the useful life of an asset, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost, or where historical cost is not known, at estimated historical costs. Donations of capital assets from developers and customers are recorded at estimated fair market values at the date of donation. Certain capital assets were acquired from other governmental entities in prior years and these assets are also recorded at their estimated fair market value at the time of the donation. The Port of Klickitat's capitalization threshold is $500. The Port maintains detailed depreciable infrastructure records.

The Port acquired certain assets with funding provided by federal and state financial assistance programs. Depending upon the terms of the agreements involved, the funding governmental unit could retain an equity interest in these assets resulting in the assets reverting back to the agency if the assets are not used for their intended purposes. However, the Port has sufficient legal interest to accomplish the purposes for which the assets were acquired and has included such assets within the applicable account.

An allowance for funds used during construction is capitalized, when material, as part of the cost of the asset. The procedure is intended to remove the cost of financing construction activity from the operating statements and to treat such costs in the same manner as construction labor and material costs. During 2009, the Port had no capitalized net interest costs and did not offset any interest costs by any interest income.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives using the straight-line method, full month convention, with useful lives of 3 to 70 years. The major categories are:

Buildings and structures	30 - 70 years
Other improvements	10 - 60 years
Docks and marina ramps	20 - 40 years
Trucks and vehicles	5 - 10 years
Machinery and equipment	5 - 10 years
Furniture and fixtures	5 - 10 years
Office equipment	3 - 5 years

<u>Impaired Capital Assets</u>

The Port does not have any impaired capital assets.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Capital assets activity for the year ended December 31, 2009 was as follows:

Asset Category	Ending Balance 12/31/08	Increases	Decreases	Ending Balance 12/31/09
Capital assets not being depreciated				
Land	$ 2,307,869	$ --	$ --	$ 2,307,869
Construction in progress	7,669	331,333	276,525	62,477
Total capital assets not being depreciated	2,315,538	331,333	276,525	2,370,346
Capital assets being depreciated				
Buildings and structures	8,299,975	230,207	--	8,530,182
Other improvements	2,121,450	53,773	--	2,175,223
Docks and marina ramps	597,913	--	--	597,913
Trucks and vehicles	23,741	--	--	23,741
Machinery and equipment	38,440	6,493	--	44,933
Furniture and fixtures	2,760	--	--	2,760
Office equipment	9,843	970	--	10,813
Total capital assets being depreciated	11,094,122	291,443	--	11,385,565
Less accumulated depreciation for				
Buildings and structures	674,016	152,780	--	826,796
Other improvements	740,661	92,280	--	832,941
Docks and marina ramps	264,550	14,948	--	279,498
Trucks and vehicles	7,233	2,374	--	9,607
Machinery and equipment	8,363	4,268	--	12,631
Furniture and fixtures	267	340	--	607
Office equipment	1,814	2,083	--	3,897
Total accumulated depreciation	1,696,904	269,073	--	1,965,977
Total capital assets being depreciated, net	9,397,218	22,370	--	9,419,588
Total capital assets, net	$ 11,712,756	$ 353,703	$ 276,525	$ 11,789,934

The ending balances of the capital assets activity for December 31, 2008 were restated to reflect the capital asset changes on the restated December 31, 2008 financial statements. See Note 1 and the Management Discussion and Analysis.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Construction Commitments

The Port has an active construction project as of December 31, 2009. At year-end the Port's commitments with contractors are as follows:

Project	Spent To-Date	Remaining Commitment
Infrastructure improvements	$ 62,477	$ --
	$ 62,477	$ --

NOTE 5 - OTHER NONCURRENT ASSETS:

Intangible assets, net of amortization	
Plans	$ 210,867
Bond issuance costs	
2003 G.O. bonds	22,431
2006 G.O. bonds	14,514
	36,945
Less accumulated amortization	(17,136)
Bond issuance costs, net of amortization, See Note 10	19,809
Total intangible assets, net of amortization	230,676
Deferred charges	
Preliminary study and investigation	97,328
Total deferred charges	97,328
Total other noncurrent assets	$ 328,004

NOTE 6 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

There have been no material violations of finance-related legal or contractual provisions.

NOTE 7 - PENSION PLAN:

Substantially all Port of Klickitat 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 Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov. The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

Public Employees' Retirement System (PERS) Plans 1, 2, and 3

Plan Description

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments.

PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

NOTE 7 - PENSION PLAN, CONTINUED:

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) This annual benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, which is increased three percent annually. Plan 1 members may also elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at one percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, PERS 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. PERS Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Employee Retirement Benefits Board.

NOTE 7 - PENSION PLAN, CONTINUED:

There are 1,192 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2008:

Retirees and Beneficiaries Receiving Benefits	$ 73,122
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	27,267
Active Plan Members Vested	105,212
Active Plan Members Non-Vested	56,456
Total	$ 262,057

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2009, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer *	5.31%**	5.31%**	5.31% ***
Employee	6.00%****	3.90%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

NOTE 7 - PENSION PLAN, CONTINUED:

Both the Port and the employees made the required contributions. The Port's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2009	$ 0	$ 14,103	$ 0
2008	$ 0	$ 14,215	$ 0
2007	$ 0	$ 10,007	$ 0

NOTE 8 - RISK MANAGEMENT:

The Port of Klickitat maintains insurance against most normal hazards for commercial automobile, property loss and general liability.

The Port is a member of Enduris. RCW Chapter 48.62 authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2009, there are 444 Enduris members representing a broad range of special purpose districts.

Enduris allows members to jointly purchase excess insurance coverage, share in the self-insured retention, establish a plan for total self-insurance, and provide excellent risk management services and other related services. Enduris provides "occurrence" policies for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk" basis blanket form using current Statement of Values. The Property coverage includes mobile equipment, electronic data processing equipment, valuable papers, building ordinance coverage, property in transit, extra expense, consequential loss, accounts receivable, fine arts, inventory or appraisal cost, automobile physical damage to insured vehicles. Boiler and machinery coverage is included on a blanket limit of $100 million for all members. Enduris offers employee dishonesty coverage up to a liability limit of $1,000,000.

NOTE 8 - RISK MANAGEMENT, CONTINUED:

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a "per occurrence":

$500,000 deductible on liability loss (9/1/08-12/31/08) - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $499,000 on liability loss;
$750,000 deductible on liability loss (1/1/09-8/31/09) - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $749,000 on liability loss;
$100,000 deductible on property loss (9/1/08-6/30/09) - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $99,000 on property loss. Enduris is responsible for the $4,000 deductible on boiler and machinery loss;
$250,000 deductible on property loss (7/1/09-8/31/09) - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $249,000 on property loss. Enduris is responsible for the $4,000 deductible on boiler and machinery loss.

Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. 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 Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

NOTE 9 - SHORT-TERM DEBT:

The Port has no short-term debt other than current portion of long-term debt. See Note 10.

NOTE 10 - LONG-TERM DEBT:

Long-Term Debt

The Port of Klickitat issues general obligation bonds to finance the acquisition and construction of capital assets. Unamortized debt issuance costs are recorded as deferred charges and the bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by amortization of debt issuance costs and discount. The Port is also liable for subordinated interagency Community Trade and Economic Development - Community Economic Revitalization Board (CTED-CERB) loans. These loans are payable from the revenues of the Port.

General obligation bonds outstanding at December 31, 2009 are as follows:

Description / Purpose	Original Amount	Maturity	Interest Rate	Amount
2003 General Obligation Bonds/ Bldg. 1D	$1,100,000	12/01/2022	1.50 - 5.50%	$ 820,000
2006 General Obligation Bonds/ Bldg. 1E	$1,100,000	10/17/2011	7.05%	1,008,966
Total general obligation bonds outstanding				1,828,966
Less current portion				(79,820)
				1,749,146
Less unamortized bond discount, net of amortization				(11,927)
Total long-term general obligation bonds, net of current portion and amortized bond discount, net				$ 1,737,219

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31	Total	Principal	Interest
2010	$ 194,666	$ 79,820	$ 114,846
2011	1,134,496	1,024,146	110,350
2012	88,838	50,000	38,838
2013	91,388	55,000	36,388
2014	88,500	55,000	33,500
2015 - 2019	445,338	325,000	120,338
2020 - 2024	266,950	240,000	26,950
	$ 2,310,176	$ 1,828,966	$ 481,210

NOTE 10 - LONG-TERM DEBT, CONTINUED:

During 2009, due to current national housing market conditions, the Port's 2003 general obligation bond insurer's rating was downgraded by two reporting agencies.

The 2006 General Obligation (G.O.) bond is due and payable on October 17, 2011. A portion of the Port's Industrial Development District (IDD) tax levy was obtained to relinquish this debt. The Port has the funds collected for the 2006 G.O. bond repayment, which are held in the Port's restricted investment account. See Notes 1 and 2.

Subordinated interagency loans outstanding at December 31, 2009 are as follows:

Description / Purpose	Original Amount	Maturity	Interest Rate	Amount
CTED-CERB Loan/B. Pt. Infrastructure	$108,000	7/01/2015	4.00%	$ 44,722
CTED-CERB Loan/B. Pt. SBDC Bldg.	$262,500	7/01/2014	3.00%	100,702
CTED-CERB Loan/B. Pt. Ph 1, Bldg. 1B	$353,606	1/27/2020	3.00%	260,469
CTED-CERB Loan/B. Pt. Ph 1, Bldg. 1D	$650,000	7/01/2024	1.00%	650,000
CTED-CERB Loan/B. Pt. Ph 1, Bldg. 1E	$525,000	1/01/2027	1.60%	525,000
Total subordinated interagency loans				1,580,893
Less current portion				(86,427)
Total long-term portion of subordinated interagency loans outstanding				$ 1,494,466

The annual debt service requirements to maturity for subordinated interagency loans are as follows:

Year ending December 31:	Total	Principal	Interest
2010	$ 106,103	$ 86,427	$ 19,676
2011	106,120	88,280	17,840
2012	143,590	119,235	24,355
2013	143,607	121,654	21,953
2014	143,625	124,134	19,491
2015 - 2019	570,948	507,157	63,791
2020 - 2024	449,813	425,153	24,660
2025 - 2029	112,355	108,853	3,502
	$ 1,776,161	$ 1,580,893	$ 195,268

NOTE 10 - LONG-TERM DEBT, CONTINUED:

Bond Issuance Costs and Bond Issuance Discount

Unamortized bond issuance costs are recorded as deferred charges in other noncurrent assets. The Port's unamortized bond issuance costs, net of accumulated amortization at December 31, 2009 was $19,809. Current amortization is $4,034 per year. See Note 5.

Bonds are displayed net of discount. Annual interest expense is increased by the amortization of bond issuance discount. Unamortized bond discount, net of accumulated amortization at December 31, 2009 was $11,927. Current bond discount amortization is $923 per year.

Conduit Debt

The Port has issued no conduit debt.

Changes in Long-Term Liabilities

During the year ended December 31, 2009, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/09	Additions	Reductions	Ending Balance 12/31/09	Due Within One Year
G.O. bonds payable	$ 1,906,478	$ --	$ 77,512	$ 1,828,966	$ 79,820
Less issuance discounts	(12,850)	--	(923)	(11,927)	--
Total G.O. bonds payable	1,893,628	--	76,589	1,817,039	79,820
Loans payable	1,625,536	--	44,643	1,580,893	86,427
Total long-term liabilities	$ 3,519,164	$ --	$ 121,232	$ 3,397,932	$ 166,247

NOTE 11 - LEASE COMMITMENTS:

Operating Lease

The Port leases a piece of equipment under a non-cancelable operating lease. The total cost for the lease, including maintenance and usage charges was $3,455 for the year ended December 31, 2009. The future minimum lease payments for these leases are as follows:

Year	Total
2010	$ 1,720
2011	1,720
2012	1,720
2013	430
2014	--
Total	$ 5,590

Capital Leases

The Port has no capital leases.

Property Leases

As part of its normal operations, the Port of Klickitat leases land and buildings under non-cancelable operating leases to tenants who intend to utilize the facilities to generate direct benefits within the community.

The Port's objective is that lease terms be for a length of time that will assist in insuring economic stability and a fair return on the value of the facilities being leased. Lease terms, not including one to five year renewal options, run for one to ten years. In addition, there are properties that are rented on a month-to-month basis. All leases are accounted for as operating leases.

Minimum annual rental payments for all operating leases for the next five years and thereafter having non-cancelable terms exceeding one year are as follows:

Year	Total
2010	$ 684,106
2011	433,643
2012	297,258
2013	179,419
2014	92,651
	1,687,077
Thereafter	1,186,020
Total	$ 2,873,097

NOTE 11 - LEASE COMMITMENTS, CONTINUED:

Property lease revenue for the year ended December 31, 2009 was $1,031,056. The total cost of leased property for December 31, 2009 was $8,466,935. Accumulated depreciation on the leased property as of December 31, 2009 was $797,947.

NOTE 12 - CONTINGENCIES AND LITIGATION:

The Port of Klickitat has recorded in its financial statements all material liabilities. For 2009, there are no other claims, matters of litigation or assessments. In the opinion of management, the Port's insurance policies are adequate to pay all known or pending claims.

The Port participates in a number of federal and state assisted programs. The grants that the Port receives under these programs are subject to audit by 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.

Under RCW Chapter 82.60, a project located in an area defined by the State of Washington as a depressed rural area is eligible for a deferral of sales tax due on the building components and construction. If certain requirements are met, the deferred tax due is never paid and becomes an exemption from sales tax. See RCW Chapter 82.60.

The Port constructed Building 1D, a qualified tax-deferred building, for a tenant in 2004 and 2005, and entered into a five year lease for the premises. The sales tax deferred and potentially exempt on this project is $73,864 as of December 31, 2009. If the tenant does not maintain an eligible use and/or number of employees through December 31, 2011, then the Port will have to pay part or all of the sales tax due based on a sliding scale depending on the time when the conditions are no longer met. RCW Chapter 82.60.060 sets forth the repayment schedule which also corresponds to the forgiveness schedule under RCW Chapter 82.60.065 as follows:

December 31,	Amount
2004 - 2006	$ 134,299
2007	$ 120,869
2008	$ 100,724
2009	$ 73,864
2010	$ 40,290
Thereafter	$ --

The Port has established a restricted reserve fund to retire this contingent liability in the event it is required to be paid.

NOTE 12 - CONTINGENCIES AND LITIGATION, CONTINUED:

Additionally, the Port constructed Building 1E, a qualified tax-deferred building, for a tenant in 2006 and 2007 and entered into a five-year lease for the premises. The sales tax deferred and potentially exempt on this project is $122,040 as of December 31, 2009. If the tenant does not maintain an eligible use and/or number of employees through December 31, 2013, then the Port will have to pay part or all of the sales tax due based on a sliding scale depending on the time when the conditions are no longer met. RCW Chapter 82.60.060 sets forth the repayment schedule which also corresponds to the forgiveness schedule under RCW Chapter 82.60.065 as follows:

December 31,	Amount
2007 - 2009	$ 122,040
2010	$ 109,836
2011	$ 91,530
2012	$ 67,122
2013	$ 36,612
Thereafter	$ --

The Port has established a restricted reserve fund to retire this contingent liability in the event it is required to be paid.

NOTE 13 - CAPITAL CONTRIBUTIONS - GRANTS:

During 2009, the Port of Klickitat received a $27,908 Department of Ecology grant to assist in the cleanup of a saltcake site. The project was completed in 2009. See Note 14.

The Port was awarded a $99,000 USDA grant for use in the Harbor Drive realignment project. The project started in 2010 and is anticipated to be completed prior to year-end. See Note 16.

NOTE 14 - ENVIRONMENTAL REMEDIATION:

During 2009, the Port of Klickitat incurred environmental expenses of $36,848 for the cleanup of a saltcake site. The cleanup was completed in 2009 and the Port received a letter of completion from the Department of Ecology (DOE). The Port received a DOE grant for $27,908 to assist in the cleanup. See Note 13.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS:

Plan Description and Funding Policy

In addition to pension benefits as described in Note 7, the Port, through the Health Care Authority (HCA), administers an agent multiple-employer other post-employment benefit plan (OPEB). Per RCW 41.05.065, the Public Employees Benefits Board (PEBB) created within the Health Care Authority, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. PEBB programs include medical, dental, life and long-term disability.

Employers participating in the PEBB plan include the state (which includes general government agencies and higher education institutions), 56 of the state's K-12 schools and educational service districts (ESDs) and 205 political subdivisions, including the Port. Additionally, the PEBB plan is available to the retirees of the remaining 245 K-12 schools and ESDs. As of June 2009, membership in the PEBB plan consisted of the following:

	Active Employees	Retirees[1]	Total
State	$ 112,043	$ 25,458	$ 137,501
K-12 schools and ESDs[2]	2,222	26,715	28,937
Political subdivisions	11,586	1,017	12,603
Total	$ 125,851	$ 53,190	$ 179,041

[1] Retirees include retired employees, surviving spouses, and terminated members entitled to a benefit.
[2] In Fiscal Year 2009, there were 101,295 full-time equivalent active employees in the 245 K-12 schools and ESDs that elected to limit participation in PEBB only to their retirees.

	Active Employees	Retirees	Total
Port of Klickitat	4	0	4

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

For Washington State Fiscal Year 2009, the estimated monthly cost for PEBB benefits for active employees (average across all plans and tiers) is as follows:

Required Premium[3]			Contributions		
Medical	$	730	Employer contribution	$	728
Dental		73	Employee contribution		82
Life		5			
Long-term disability		2	Total	$	810
Total	$	810			

[3] Per 2009 Index Rate Model 4.3.

The relationship between the PEBB OPEB plan and its member 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 HCA, employers and plan members and the historical pattern of practice with regard to the sharing of benefit costs.

The PEBB retiree OPEB plan is available to employees who elect to continue coverage and pay the administratively established premiums at the time they retire under the provisions of the retirement system to which they belong. Retirees' access to PEBB plans depends on the retirement eligibility of their respective retirement system. PEBB members are covered in the following retirement systems: PERS, PSERS, TRS, SERS, WSPRS, and Higher Education.

Per RCW 41.05.022, retirees who are not yet eligible for Medicare benefits may continue participation in the state's Non-Medicare community-rated health insurance risk pool on a self-pay basis. Retirees in the Non-Medicare risk pool receive an implicit subsidy. The implicit subsidy exists because retired members pay a premium based on a claims experience for active employees and other Non-Medicare retirees. The subsidy is valued using the difference between the age-based claims costs and the premium. In Calendar Year 2008, the average weighted implicit subsidy was valued at $253 per member per month, and in Calendar Year 2009, the average weighted implicit subsidy was projected to be $272 per member per month.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

Retirees who are enrolled in both Parts A and B of Medicare may participate in the state's Medicare community-rated health insurance risk pool. Medicare retirees receive an explicit subsidy in the form of reduced premiums. Annually, the Health Care Authority administrator recommends an amount for the next calendar year's explicit subsidy for inclusion in the Governor's budget. In Calendar Year 2008, the explicit subsidy was $164 per member per month, and in Calendar Year 2009, the explicit subsidy was $183 per member per month.

Retirees participating in the PEBB life insurance program received an explicit subsidy of $5 per member per month in Calendar Year 2008. The explicit subsidy was also $5 per member per month in Calendar Year 2009.

Administrative costs as well as implicit and explicit subsidies are funded by required contributions from participating employers. The subsidies provide monetary assistance for medical and life insurance benefits.

Contributions are set each biennium as part of the state's budget process. In Fiscal Year 2009, the cost of the subsidies was approximately 6.6 percent of the cost of benefits for active employees. The benefits are funded on a pay-as-you-go basis.

Each participating employer in the plan is required to disclose additional information with regard to funding policy, the employer's annual OPEB costs and contributions made, the funded status and funding progress of the employer's individual plan and actuarial methods and assumptions used.

The PEBB OPEB plan is accounted for as an agency fund on an accrual basis. The plan has no investments or other assets. The PEBB OPEB plan does not issue a publicly available financial report.

For information on the results of an actuarial valuation of the employer provided subsidies associated with the PEBB plan, refer to:
http://osa.leg.wa.gov/Actuarial_services/OPEB/OPEB.htm.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

Annual OPEB Cost and Net OPEB Obligation

The Port's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following tables show the components of the Port's annual OPEB cost for Fiscal Year 2009, the amount actually contributed to the plan, and changes in the net OPEB obligation (NOO):

Annual OPEB Cost			Net OPEB Obligation		
Annual required contribution	$	7,192	NOO beginning of year	$	--
Interest on NOO		--	Annual OPEB cost		7,192
Amortization on NOO		--	Contributions made		--
Annual OPEB cost	$	7,192	NOO end of year	$	7,192

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Year 2009 was as follows:

Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
$ 7,192	0%	$ 7,192

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, was as follows:

Unfunded Actuarial Accrued Liability (UAAL)		
Actuarial accrued liability (AAL)	$	15,435
Actuarial value of plan assets		--
Unfunded actuarial accrued liability (UAAL)	$	15,435

UAAL/Covered Payroll		
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	$	190,608
UAAL as a percentage of covered payroll		8.1%

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

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, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

We have used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 61.22 was assumed for all active members. Termination and mortality rates were assumed to follow the PERS 2 termination and mortality rates used in the September 30, 2005, actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Mercer and used by OSA in the statewide PEBB study performed in 2007. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the actuarial accrued liability was Projected Unit Credit. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 16 - SUBSEQUENT EVENTS:

In 2010, the Port of Klickitat acquired one acre of property adjacent to the Bingen Point properties from the BNSF for $42,983.

During 2010, the Port is finalizing the Executive Director incentive plan adopted in 2009. The Port will contribute to the plan based on tenure. The plan description, summary of significant accounting policies, funding policy, annual Other Post-Employment Benefit (OPEB), net OPEB cost, contributions and reserves, funding status and progress, and actuarial methods and assumptions are currently being determined. See Note 1.

The Port is in the process of working on the Harbor Drive realignment project in 2010, utilizing a USDA grant for $99,000. It is anticipated that the project will be completed prior to year-end. See Note 13.

SUPPLEMENTARY SCHEDULES

PORT OF KLICKITAT
SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES
For the year ended December 31, 2009

OPERATING EXPENSES - GENERAL OPERATIONS		
Marina utilities	$	4,201
Water system outside services		2,718
Water system utilities		702
		3,420
Property lease and rental utilities		26,781
Total operating expenses - general operations	$	34,402
OPERATING EXPENSES - MAINTENANCE		
Marina supplies and maintenance	$	355
Water system supplies and maintenance		9,264
Property lease and rental		
Salaries		73,727
Payroll taxes and benefits		40,454
Supplies and maintenance		43,035
Fuel and lubricants		4,010
Repairs		10,539
		171,765
Total operating expenses - maintenance	$	181,384
OPERATING EXPENSES - GENERAL AND ADMINISTRATIVE		
Salaries	$	154,657
Payroll taxes and benefits		72,489
Advertising		363
Conferences		2,704
Dues		4,066
Insurance		28,781
Legal notices		277
Legal services		2,014
Marketing		443
Office expenses and supplies		6,306
Other expenses		670
Outside services		
Accounting services		27,598
Survey		3,806
Administrative and office		5,385
Engineering		108
Preliminary study project close-out		8,901
Publications		57
Taxes		2,763
Telecommunications		4,960
Travel		10,504
Utilities		2,793
Total operating expenses - general and administrative	$	339,645

See accountant's compilation report.

PORT OF KLICKITAT
SUPPLEMENTARY SCHEDULE OF NONOPERATING REVENUES -
MISCELLANEOUS TAXES
For the year ended December 31, 2009

NONOPERATING REVENUES - MISCELLANEOUS TAXES		
Timber excise taxes	$	34,835
Leasehold excise taxes		2,778
Fish and wildlife taxes		3,456
State forest - DNR		37,222
PILT - DNR		5,704
Other taxes		533
Total nonoperating revenues - miscellaneous taxes	$	84,528

See accountant's compilation report.

DETAIL OF REVENUES AND OTHER SOURCES

For the Year Ended December 31, 2009

BARS Revenue Account No.	Description	Actual Revenue
631.00	Marine Terminal User Charges	$ 28,791
641.00	Water System User Charges	51,560
651.03.1	Capital Contributions - State	27,908
661.00	Property Lease and Rental - User Charges	15,362
664.00	Property Lease and Rental - Land	476,532
665.00	Real Property Rentals - Facilities	526,914
669.00	Property Lease and Rental - Other	12,248
689.00	Other	9,904
699.10	Interest Income	18,729
699.20	Ad Valorem Taxes	664,966
699.30	Miscellaneous Taxes	84,528
699.90	Other Nonoperating Revenues	750
600.00	TOTAL REVENUES	$ 1,918,192

See accountant's compilation report.

DETAIL OF EXPENSES AND OTHER USES

For the Year Ended December 31, 2009

BARS Expense Account No.	Description	Actual Expenses
721.00	Marina Operations	$ 4,201
723.00	Marina Maintenance	355
741.00	Water System Operations	3,420
743.00	Water System Maintenance	9,264
761.00	Property Lease and Rental Operations	26,781
763.00	Property Lease and Rental Maintenance	171,765
781.00	General and Administrative Operating Expenses	339,645
787.00	Depreciation Expense	269,074
799.90	Other Nonoperating Expenses	4,867
799.91	Interest Expense	126,162
799.92	Election Expense	2,442
799.98	Environmental Expense	36,848
700.00	TOTAL EXPENSES	$ 994,824

See accountant's compilation report.

MCAG NO. 1741

Port of Klickitat

x GO Debt
_ Revenue Debt

SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2009

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 1/1/2009 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/2009 (1)+(2)-(3)
251.11	03 LTGO BONDS Bldg. 1D	2003	12/1/2022	$ 865,000	$–	$ 45,000	$ 820,000
251.11	06 LTGO BONDS Bldg. 1E	2006	10/17/2011	1,041,478	–	32,512	1,008,966
263.81	CTED-CERB LOAN - B.Pt. Infra	1992 DRAWN 95	7/1/2015	51,205	–	6,483	44,722
263.81	CTED-CERB LOAN - B.Pt. SBDC Bldg.	1993	7/1/2014	119,117	–	18,415	100,702
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1B	2000	1/27/2020	280,214	–	19,745	260,469
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1D	2004	7/1/2024	650,000	–	–	650,000
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1E	2006	1/1/2027	525,000	–	–	525,000
	Total G.O. Debt			$3,532,014	$–	$122,155	$3,409,859

See accountant's compilation report.

MCAG NO. 1741

Port of Klickitat

__ GO Debt
x Revenue Debt

SCHEDULE OF LONG-TERM DEBT

For the Year Ended December 31, 2009

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 1/1/2009 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/09 (1)+(2)-(3)
NONE							

Port of Klickitat

Schedule Of Limitation Of Indebtedness
As Of December 31, 2009

Total Taxable Property Value $ 1,548,044,469

I. Indebtedness Without A Vote (Legal Limit .25% or .375% if I.B. applicable)			$ 5,805,167
A. General Purpose Indebtedness Without A Vote (Legal Limit .25%)		$ 3,870,111	
Indebtedness (Liabilities):			
GO Bonds	$ 1,828,966		
Others	$ 99,174		
Less Assets Available	$ (1,928,140)		
Indebtedness Incurred - Section A		$ --	
Margin Of Indebtedness Available - Section A		$ 3,870,111	
B. Indebtedness For Acquisition Or Construction Of A Facility Without A Vote (Legal Limit .375%)		$ 5,805,167	
Indebtedness (Liabilities):			
GO Bonds	$ 1,828,966		
Others	$ 99,174		
Less Assets Available	$ (1,928,140)		
Indebtedness Incurred - Section B		$ --	
Margin Of Indebtedness Available - Section B		$ 5,805,167	
Less: Indebtedness Incurred (Section A + B)			$ --
Margin Of Indebtedness Available Without A Vote (Section A + B)			$ 5,805,167

II. Indebtedness With A 3/5 Vote (Legal Limit .75%)		$ 11,610,334	
Indebtedness (Liabilities):			
GO Bonds	$ 1,828,966		
Others	$ 99,174		
Less Assets Available	$ (1,928,140)		
Indebtedness Incurred - Section II		$ --	
Margin Of Indebtedness Available With 3/5 Vote		$ 11,610,334	
Total Indebtedness Allowable - Section I and II (Legal Limit .75%)			$ 11,610,334
Less: Indebtedness Incurred - Section I and II			$ --
MARGIN OF INDEBTEDNESS AVAILABLE			$ 11,610,334
III. Additional Indebtedness For Airport Capital Improvement Purposes Without A Vote (Legal Limit .125%)		$ --	
Indebtedness (Liabilities):			
GO Bonds	$ --		
Others	$ --		
Less Assets Available	$ --		
Indebtedness Incurred - Section III		$ --	
Margin Of Indebtedness Available - Section III		$ --	
IV. Additional Indebtedness For Airport Capital Improvement Purposes With A 3/5 Vote (Legal Limit .375%)		$ --	
Indebtedness (Liabilities):			
GO Bonds	$ --		
Others	$ --		
Less Assets Available	$ --		
Indebtedness Incurred - Section IV		$ --	
Margin Of Indebtedness Available - Section IV		$ --	
Total Indebtedness Allowable - Section I - IV (Legal Limit 1.25%)			$ --
Less: Indebtedness Incurred (Section I-IV)			$ --
MARGIN OF INDEBTEDNESS AVAILABLE			$ 11,610,334

V. Additional Indebtedness For Foreign Trade Zone With a 3/5 Vote (Legal Limit 1.0%)		$ --	
Indebtedness (Liabilities):			
GO Bonds	$ --		
Others	$ --		
Less Assets Available	$ --		
Indebtedness Incurred - Section V		$ --	
Margin Of Indebtedness Available - Section V		$ --	
MARGINS OF INDEBTEDNESS AVAILABLE			$ 11,610,334

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2009

1	2	3	4	5			6
Federal Agency Name/ Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	Expenditures			Foot-Note Ref.
				From Pass-Through Awards	From Direct Awards	Total	
NONE							

The Accompanying Notes To The Schedule Of Expenditures of Federal Awards Are An Integral Part Of This Schedule.

See accountant's compilation report.

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

For the Year Ended December 31, 2009

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenses
Department of Ecology	G1000312	$ 27,908
Total State and Local Awards Expended		$ 27,908

The Accompanying Notes To The Schedule Of State and Local Financial Assistance Are An Integral Part Of This Schedule.

NOTES TO THE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

For the Year Ended December 31, 2009

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards and the Schedule of State and Local Financial Assistance are prepared on the same basis of accounting as the Port of Klickitat's financial statements. The Port uses the accrual framework of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds.

Note 2 - Program Costs

The amounts shown as current year expenses represent only the federal or state grant portions of the program costs. Entire program costs, including the Port's portion, may be more than shown.

Port of Klickitat

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended December 31, 2009

Has your government engaged labor relations consultants? ____Yes _X_ No

If yes, please provide the following information for each consultant:

Name of Firm
Name of Consultant
Business Address
Amount Paid To Consultant During Fiscal Year
Terms and Conditions, as Applicable, Including: Rates (e.g., hourly, etc.) ____ Maximum Compensation Allowed ____ Duration of Services ____ Services Provided ____ ____

Certified Correct this 28th day of May, 2010 to the best of my knowledge and belief:
Signature Margie Ziegler
Name Margie Ziegler
Title Port Auditor

LOCAL GOVERNMENT RISK-ASSUMPTION
WITHOUT FORMAL RISK FINANCING PLAN

Port of Klickitat

Program Manager: Mr. Marc Thornsbury, Executive Director
Address: 154 E. Bingen Point Way, Suite A
Bingen, Washington 98605
Phone: (509) 493-1655

Date: May 28, 2010
Fiscal Period: FYE 12/31/09

Property/Liability Risk Assumed:

Effective Date	Description of Risk	Amount (i.e., attachment point, etc.)	Change from prior year?
NONE			

Health/Welfare Risk Assumed:

Effective Date	Description of Risk	Number of Participants	Change from prior year?
NONE			