PORT OF KLICKITAT

Bingen, Washington
and
Dallesport, Washington

FINANCIAL STATEMENTS

December 31, 2013

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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 01, *Revenues and Expenses*	X
Schedule 09, *Liabilities*	X
Schedule 16, *Expenditures of Federal Awards and State Financial Assistance*	X
Schedule 19, *Labor Relations Consultants*	X
Schedule 21, *Risk Management*	X
Schedule 22, *Annual Questionnaire for Accountability Audit*[1]	N/A

[1] Only port districts with annual revenue usually less than $300,000 are required to prepare this schedule.

ANNUAL REPORT CERTIFICATION

Port of Klickitat
(Official Name of Government)

1741
MCAG No.

Submitted pursuant to RCW 43.09.230 to the Washington State Auditor's Office

For the Fiscal Year Ended December 31, 2013

GOVERNMENT INFORMATION:

Official Mailing Address 154 E. Bingen Point Way, Suite A, Bingen, WA 98605

Official Website Address www.portofklickitat.com

Official E-mail Address port@portofklickitat.com

Official Phone Number (509) 493-1655

PREPARER INFORMATION and CERTIFICATION:

Preparer Name and Title Margie Ziegler, Port Auditor

Contact Phone Number (509) 493-1655

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I do hereby certify 23rd day of May, 2014, that annual report information is complete, accurate and in conformity with the Budgeting, Accounting and Reporting Systems Manual, to the best of my knowledge and belief, having reviewed this information and taken all appropriate steps in order to provide such certification.

Moreover, I acknowledge and understand that management and the governing body are responsible for:

- The design and implementation of policies and procedures to safeguard public resources and ensure compliance with applicable laws and regulations, including internal controls to prevent and detect fraud.
- Compliance with applicable state and local laws and regulations.
- Immediately submitting corrected annual report information if any error in submitted information is subsequently identified.

Preparer Signature: Margie Ziegler

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2013

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, 2013. 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 and notes to the financial statements.

Discussion of the Basic Financial Statements

Financial Highlights

- Total assets of the Port exceeded its total liabilities by $14.7 million as of December 31, 2013 (reported as *total net position*). This represented an increase of $0.4 million from the Port's total net position of $14.3 million as of December 31, 2012.

- Of the $14.7 million and $14.3 million in total net position as of December 31, 2013 and 2012, respectively, $2.7 million in 2013 and $2.6 million in 2012 are "unrestricted net position". Unrestricted net position represents the amount available to be used to meet the Port's ongoing obligations to citizens and creditors. $11.8 million and $11.0 million in 2013 and 2012, respectively, was invested in capital assets, net of related debt and $0.2 million and $0.9 million in 2013 and 2012, respectively, was invested in restricted assets. Net investment in capital assets 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. Net investment in capital assets was made up of $13.2 million of net capital assets less related debt of $1.4 million in 2013 and $13.2 million of net capital assets less related debt of $2.2 million in 2012, 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 10 - 14 of this report.

- The Statement of Net Position 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 position. Over time, increases or decreases in net position 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 Position reflects the change in the Port's financial position (net position) during the current year. All changes in net position 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 - 45 of this report.

Financial Analysis

The largest portion of the Port's net position (79.5 percent as of December 31, 2013 as compared to 76.4 percent as of December 31, 2012) reflects its investment in capital assets (e.g. land, construction in progress, intangible assets, buildings, machinery, equipment and infrastructure) 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 Position
(in thousands of dollars)

	2013	2012
ASSETS		
Current assets	$ 3,105	$ 3,491
Capital assets, net	13,161	13,210
Other noncurrent assets	67	52
Total assets	16,333	16,753
LIABILITIES		
Current liabilities	1,421	310
Long-term liabilities	246	2,098
Total liabilities	1,667	2,408
NET POSITION		
Net investment in capital assets	11,730	10,966
Restricted for asset acquisition	226	826
Unrestricted	2,710	2,553
Total net position	$ 14,666	$ 14,345

Change in Net Position
(in thousands of dollars)

	2013	2012
OPERATING REVENUES		
Marine terminal operations	$ 80	$ 60
Water system operations	32	20
Royalties	153	87
Property lease and rental operations	612	700
Total operating revenues	877	867
NONOPERATING REVENUES		
Investment income	5	7
Property taxes - general	232	226
Property taxes - IDD	--	484
Gain on disposal of assets	8	--
Other nonoperating revenues	29	65
Total nonoperating revenues	274	782
Total revenues	1,151	1,649
OPERATING EXPENSES		
General operations	40	31
Maintenance	207	175
General and administrative	445	416
Depreciation	311	292
Total operating expenses	1,003	914
NONOPERATING EXPENSES		
Interest expense	56	60
Other nonoperating expenses	3	4
Total nonoperating expenses	59	64
Total expenses	1,062	978
Income before contributions	89	671
Capital contributions	200	--
Change in net position	289	671
Net position as of January 1	14,345	13,674
Change in accounting principle	(11)	--
Prior period adjustment	43	--
Net position as of December 31	$ 14,866	$ 14,345

Overall Analysis of Financial Position and Result of Operations

2013 activities resulted in a net increase in the Port's net position of $0.4 million. There were no significant changes in the Port's activities during the year ended December 31, 2013. The Port's overall financial position has improved in 2013.

Highlights of the 2013 year that impacted the Port's financial position and the results of operations include the following activities:

- The Port completed the BP Infrastructure Improvement Project that served to realign Marina Way, extend Bingen Point Way and level Bingen Point Business Park (BPBP) Lots 10, 23 and 24.

- The Port completed an asphalt overlay on Marina Way.

- The Port declared the Dallesport Industrial Park (DIP) 101 Parallel Building surplus and prepared it for demolition in 2013.

- The Port continued improvements to the 1211 Bingen Point Building.

- The Port approved development plans for BPBP Lots 10, 23 and 24.

- Tenants moved out of DIP Lot 39 and BPBP Building 1A Suite B.

The Port is engaged in negotiations with the U.S. Environmental Protection Agency (EPA) regarding the Recycled Aluminum Metals Company (RAMCo) disposal site cleanup costs incurred by the USEPA in 2010 at the Port's Dallesport Industrial Park. In addition, the Port has contacted all known insurance companies with applicable policies. The financial impact of the cleanup to the Port is unknown pending EPA's evaluation of the Port's fiscal position and ability to pay claim and a determination of the obligations of the insurers involved.

Capital Asset and Long-Term Debt Activity

<u>Capital Assets</u>

The Port's investment in capital assets as of December 31, 2013 and 2012 was $13.16 million and $13.21 million, respectively, (net of accumulated depreciation of $3.1 million and $2.8 million, respectively). This investment in capital assets includes land, construction in progress, intangible assets, buildings, machinery, equipment and infrastructure.

The Port invested approximately $375,000 and $899,000 in capital assets and preliminary studies (combined) during the years ended December 31, 2013 and 2012, respectively. During 2013 the Port completed the BP Infrastructure Project transferring over $900,000 into land and other improvements. The Port's remaining capital commitments were approximately $11,853 and $206,176 as of December 31, 2013 and 2012, respectively.

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

Capital Assets
(in thousands of dollars)

	2013	2012
Land	$ 3,103	$ 2,867
Construction in progress	67	739
Intangible assets	106	220
Buildings	8,595	8,595
Other improvements	3,725	2,915
Docks and marina ramps	598	598
Trucks and vehicles	24	24
Machinery and equipment	56	56
Furniture and fixtures	2	2
Office equipment	7	6
Total capital assets before accumulated depreciation/ amortization	16,283	16,022
Less accumulated depreciation/ amortization	(3,123)	(2,812)
Total capital assets, net	$ 13,160	$ 13,210

Capital Asset and Long-Term Debt Activity, Continued

Long-Term Debt Activity

At December 31, 2013, the Port had outstanding general obligation bond debt of zero. The Port had no revenue bonds outstanding at any time during the year ended December 31, 2013. The Port had other long-term debt outstanding of $1.4 million at December 31, 2013. In 2013, the Port's long-term debt decreased by $0.8 million, from $2.2 million to $1.4 million. This decrease resulted from early payoff of a bond and from the scheduled debt payments.

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 POSITION
December 31, 2013

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	2,787,726
Investments		--
Restricted assets		
Cash and cash equivalents		216,176
Investments		--
Interest receivable		64
Taxes receivable		33,055
Accounts receivable, net		15,620
Interest receivable		284
Due from other governments		--
Other receivables		--
Prepaid expenses		21,913
Total current assets		3,074,838
NONCURRENT ASSETS		
Restricted assets		
Cash and cash equivalents		41,568
Capital assets not being depreciated		
Land		3,102,964
Construction in progress		67,149
Capital assets being depreciated/amortized		
Property, plant and equipment		13,006,526
Intangible assets		106,276
Less accumulated depreciation/amortization		(3,122,566)
Other noncurrent assets		
Preliminary surveys, net		56,842
Total noncurrent assets		13,258,759
Total assets		16,333,597

PORT OF KLICKITAT
STATEMENT OF NET POSITION
December 31, 2013

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	7,085
Accrued employee benefits	10,048
Accrued wages	10,102
Accrued compensated absences	--
Leasehold taxes payable	17,260
Sales tax payable	903
Other payable	--
Accrued interest payable	14,741
Contracts payable	--
Retainage payable	4,063
Current portion of long-term obligations	144,801
Customer deposits and prepayments	36,709
Total current liabilities	245,712
NONCURRENT LIABILITIES	
General obligation bonds, net	--
Employee leave benefits	21,862
Other post-employment benefits	45,534
Other noncurrent liabilities	65,129
Due to other governments	1,289,163
Total noncurrent liabilities	1,421,688
Total liabilities	1,667,400
NET POSITION	
Net investment in capital assets	11,730,447
Restricted for:	
Industrial Development District	40,329
Sales tax deferral	67,122
Security deposit	36,707
Water system reserve	72,082
Other	10,000
Unrestricted	2,709,510
TOTAL NET POSITION	$ 14,666,197

The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
For the year ended December 31, 2013

OPERATING REVENUES		
Marine terminal operations	$	80,107
Water system operations		32,105
Royalties		152,528
Property lease and rental operations		612,023
Total operating revenues		876,763
OPERATING EXPENSES		
General operations		118,490
Maintenance		184,086
General and administrative		389,052
Depreciation		310,835
Total operating expenses		1,002,463
Operating income (loss)		(125,699)
NONOPERATING REVENUES (EXPENSES)		
Investment income		4,999
Taxes levied for:		
General purposes		232,239
Industrial development district		--
Miscellaneous taxes		19,973
Gain on disposition of assets		7,966
Interest expense		(56,463)
Election expense		(2,818)
Other nonoperating revenues (expenses)		8,773
Total nonoperating revenues (expenses)		214,670
Income before contributions		88,971
Capital contributions		200,000
Increase in net position		288,971
Net position as of January 1		14,345,268
Change in accounting principles		(11,215)
Prior period adjustment		43,173
Net position as of December 31	$	14,666,197

The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 759,996
Cash received from other operating activities	184,633
Cash payments for goods and services	(294,944)
Cash payments to employees	(391,752)
Other receipts	51,946
Other payments made	(1,115)
Net cash provided (used) by operating activities	308,764
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Proceeds from unrestricted property taxes	281,012
Net cash provided (used) by noncapital financing activities	281,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from sale of assets	7,966
Payment of bonds	(817,321)
Disbursements for purchase of capital assets	(84,090)
Interest and fiscal charges paid	(51,278)
Net cash provided (used) for capital and related financing activities	(944,723)
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts of interest and dividends	5,307
Net cash provided (used) by investing Activities	5,307
Net Increase (decrease) in cash and cash equivalents	(349,640)
Cash and cash equivalents – January 1	3,395,110
Cash and cash equivalents – December 31	$ 3,045,470
Reconciliation to statement of net position	
Cash and cash equivalents – unrestricted	2,787,726
Cash and cash equivalents – restricted for customer deposits and other reserves	257,744
Cash and cash equivalents – December 31	$ 3,045,470

The accompanying notes are an integral part of these financial statements.

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2013

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Operating income (loss)	$ (125,699)
Adjustments to reconcile loss operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	310,835
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	4,506
Increase (decrease) in customer deposits	(1,769)
Decrease (increase) in prepaid items	(1,263)
Increase (decrease) in other payables	(5,958)
Other expenses (payments	128,112
Total adjustments	434,463
Net cash provided (used) by operating activities	$ 308,764

NONCASH TRANSACTIONS

Capital assets donated	$ 200,000

The accompanying notes are an integral part of these financial statements.

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 GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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).

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 Position. The reported fund equity (total net position) is segregated into net position invested in capital assets, net of related debt, restricted and unrestricted net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in total net position. The Port discloses changes in cash flows by a separate statement that presents their operating, noncapital financing, capital and related financing and investing activities.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Accounting and Reporting, Continued

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 revenues also include the water system at Dallesport Industrial Park. 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

Cash and Cash Equivalents - See Note 2 and the Statement of Cash Flows.

It is the Port's policy to invest all temporary cash surpluses. At December 31, 2013, the Port was holding $125,051 in short-term residual investments of surplus cash invested with financial institutions through the Klickitat County Treasurer, $-0- with Columbia State Bank, $2,662,575 in the Washington State Investment Pool and $100 of cash on hand for total cash and equivalents of $2,787,726. This amount is classified on the Statement of Net Position as Cash and cash equivalents.

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

Cash and Cash Equivalents - Restricted - See Note 2 and the Statement of Cash Flows.

At December 31, 2013, the Port was holding $820 in short-term residual investments of surplus cash invested with financial institutions through the Klickitat County Treasurer and $225,356 in the Washington State Investment Pool for total cash and equivalents of $226,176. Additionally, the Klickitat PUD was holding $31,568 in cash restricted for the water system. This amount is classified in the Statement of Net Position as Restricted assets - Cash and cash equivalents.

Investments - See Notes 2 and 10.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Receivables, Continued

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.

Allowance for doubtful accounts consists of the estimated amounts of customer accounts that will never be collected. The allowance is estimated from an annual review of historical and current customer activities. As of December 31, 2013, 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, 2013, three lessees accounted for 65 percent of operating revenue. The Port's aggregate mine at its Dallesport Industrial Park accounted for 18 percent of operating revenue in 2013. No other customers individually exceeded 4 percent of operating revenue in 2013.

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:

Assets, Liabilities and Equities, Continued

Amounts Due From Other Governments

This account includes amounts due from other governments for grants, entitlements, temporary loans, taxes and charges for services. See Note 14.

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 and Liabilities

In accordance with contractual agreements, restricted asset accounts are established, which are restricted for specific uses, including construction and debt service. There are no related restricted liabilities at December 31, 2013.

The restricted assets at December 31, 2013 consist of the following:

Current restricted assets	
Cash - Industrial Development District (IDD)	$ 820
Investments - State Pool	
Building 1E sales tax	67,122
Customer deposits	36,707
Water system reserve	72,082
IDD	39,445
Total Investments - State Pool	215,356
Interest receivable - IDD	64
Total current restricted assets	216,240
Noncurrent restricted assets	
Investments - State Pool	
Executive retention program	10,000
Water System PUD	31,568
Total noncurrent restricted assets	41,568
Total restricted assets	$ 257,808

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Deferred Compensation Plan

In 2010, the Port activated an executive incentive plan. $2,500 was reclassified to restricted assets for 2013 and 2012, respectively, for a total of $10,000 at December 31, 2013, in accordance with the agreement terms. The funds are being held within the Port's investments account at the Washington State Investment Pool. The employee vesting at December 31, 2013 and 2012 was 50% and 25%, respectively.

Capital Assets and Depreciation

Capital assets, including intangible assets are detailed in Note 4. Intangible assets represent the cost of long-lived organizational master plans.

Other Assets, net, Non-current

Other assets, net represent preliminary surveys and investigations not yet finalized. Other assets were $56,842 at December 31, 2013, net of accumulated amortization. See Note 5.

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 short-term and long-term compensated absence balances at December 31, 2013 were $-0- and $21,862, respectively.

Advertising

The Port expenses its advertising costs as they are incurred. Advertising expense for the year ended December 31, 2013 totaled $100.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

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

The Port of Klickitat may issue general obligation bonds to finance the acquisition and construction of capital assets. 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 discount. See Note 10.

Original Issue Discount - See Note 10.

Net Position

Net Investment in Capital Assets - Represents the historical cost of capital assets reduced for accumulated depreciation less outstanding debt and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets.

Restricted - Represents restricted 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 and deferred outflows of resources related to those assets. The Port maintains a variety of internal use restrictions on various funds; however, none of these funds are restricted as defined here.

Unrestricted - Represents the net amount of the assets, deferred outflow of resources liabilities and deferred inflow of resources not included in the determination of net investment in capital assets or the restricted portion of net position.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Accounting and Reporting Changes

Effective for year ending December 31, 2013, the Port implemented the Governmental Accounting Standards Board (GASB) Statement No. 65, Items Previously Reported as Assets and Liabilities. This established accounting and financial reporting standards that reclassify, as *Deferred Outflows of Resources* or *Deferred Inflows of Resources*, certain items that were previously reported as *Assets* and *Liabilities* and recognizes, as *Outflows of Resources* or *Inflows of Resources*, certain items that were previously reported as *Assets* and *Liabilities*. The major impact on the Port was the removal of deferred bond issuance costs which are required to be recognized in the period that bonds are issued.

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.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

As of December 31, 2013, the carrying amount of the Port's unrestricted and restricted cash deposits with financial institutions was $125,051 and $820, 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 Chapter 39.58 RCW) 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.

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

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, 2013, the Port had the following investments, which are classified as cash and cash equivalents:

Investment	Weighted Average Maturity	Fair Value
State Investment Pool	55 Days	$ 2,887,931
Total		$ 2,887,931

The Port invests its cash reserves in and utilizes short-term cash management through the Washington State Local Government Investment Pool (LGIP). The LGIP is similar to a money market fund recognized by the Securities and Exchange Commission. The LGIP investments are limited to high quality obligations with limited maximum and average maturities and are valued at cost.

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.

NOTE 3 - PROPERTY TAX:

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 performed every year.

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.

NOTE 3 - PROPERTY TAX, CONTINUED:

Property taxes are recorded as a receivable and revenue when levied. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. Prior year tax levies were recorded using the same principal, and delinquent taxes evaluated annually.

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 2013 and 2012 was $0.17103 and $0.16615 per $1,000 on a total assessed valuation of $1,366,395,546 and $1,383,684,439 for total regular levies of $233,688 and $229,898, respectively.

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 cost. 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.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

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 2013, 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. However, the Port has identified Bingen Lake, the surrounding wetland and buffer, which totals 36.33 acres as an identified wetland and as such, is subject to various governmental agency restrictions as to its future development. The subject lake and wetland is being carried on the Port's books at its allocated historical cost of $7,820 from when it was first purchased in 1959.

In 1987, the Port had an engineering firm delineate the wetland. The lake, wetland and buffer are subject to the Klickitat County Critical Areas Ordinance adopted January 27, 2004, Washington Administrative Code (WAC) 173-22, Water Pollution Control Act (Chapter 90.48 RCW), Shoreline Management Act (Chapter 90.58 RCW) and Growth Management Act (Chapter 36.70A RCW). Developable lands that are adjacent to the identified lake and wetland could potentially be enhanced by such adjacent habitat. As there is no determination if the value of the identified lake and wetland is less than the carrying value of $7,820, the Port has not made any reductions to the carrying value of the lake and wetland on its books at this time.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Capital assets activity for the year ended December 31, 2013 was as follows:

Asset Category	Ending Balance 12/31/12	Increases	Decreases	Ending Balance 12/31/13
Capital assets not being depreciated				
Land	$ 2,866,736	$ 236,228	$ --	$ 3,102,964
Construction in progress	738,734	317,840	989,426	67,149
Total capital assets not being depreciated	3,605,470	554,068	989,426	3,170,113
Capital assets being depreciated/amortized				
Buildings and structures	8,594,552	--	--	8,594,552
Other improvements	2,915,316	809,715	--	3,725,031
Docks and marina ramps	597,913	--	--	597,913
Trucks and vehicles	23,741	--	--	23,741
Machinery and equipment	56,059	--	--	56,059
Furniture and fixtures	2,116	--	--	2,116
Intangible assets	220,276	--	114,000	106,276
Office equipment	6,544	570	--	7,114
Total capital assets being depreciated	12,416,517	810,285	114,000	13,112,802
Less accumulated depreciation for				
Buildings and structures	1,288,476	155,723	--	1,444,199
Other improvements	1,149,570	128,121	--	1,277,691
Docks and marina ramps	324,342	14,948	--	339,290
Trucks and vehicles	16,332	1,778	--	18,110
Machinery and equipment	26,386	5,180	--	31,566
Furniture and fixtures	1,075	212	--	1,287
Intangible assets	--	4,251	--	4,251
Office equipment	5,551	623	--	6,174
Total accumulated depreciation	2,811,731	310,836	--	3,122,568
Total capital assets being depreciated, net	9,604,786	499,449	114,000	9,990,234
Total capital assets, net	$ 13,210,256	$ 1,053,517	$ 1,103,426	$ 13,160,347

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Interlocal Agreement - Equipment

During 2010, the Port entered into an interlocal cost sharing agreement with the City of Bingen and the City of White Salmon to share equally in the cost of a piece of pavement marking equipment. The Port did not incur any expenses under the interlocal agreement in 2013.

Construction Commitments

The Port has various active construction projects as of December 31, 2013. At year-end the Port's commitments with contractors are as follows:

Project	Spent To-Date	Remaining Commitment
Marina Way Overlay Project	$ 69,279	$ 4,063
Marina Recreation Planning	$ 56,755	$ 7,790
	$ 126,034	$ 11,853

NOTE 5 - OTHER ASSETS NET

Other assets, Net	
Preliminary study and investigation	$ 56,842
Total other assets, net	$ 56,842

NOTE 6 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

The Port is in compliance with all finance-related legal and contractual provisions.

NOTE 7 - PENSION PLANS:

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 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 the GASB Statement 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

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs. Approximately 50% of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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.

PERS members 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 exercised an option to transfer their membership to Plan 3. PERS members 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 Plan 3. The option must be exercised within 90 days of employment. Employees who fail to choose within 90 days default to Plan 3.

PERS is comprised of and reported as three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members, and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined

NOTE 7 - PENSION PLANS, CONTINUED:

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

Plan Description, Continued

benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS Plan 1 and Plan 2 retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by the Director of DRS. During DRS' Fiscal Year 2013, the rate was five and one-half percent compounded quarterly. Members in PERS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon, in lieu of any retirement benefits, upon separation from PERS-covered employment.

PERS Plan 1 members are vested after the completion of five years of eligible service.

PERS Plan 1 members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with 25 years of service, or at age of 60 with at least five years of service. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits.

The monthly benefit is 2% of the average final compensation (AFC) per year of service, but the benefit may not exceed 60% of the AFC. The AFC is the monthly average of the 24 consecutive highest-paid service credit months.

PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity. The benefit amount is $350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60, at which time the benefit is converted to the member's service retirement amount.

NOTE 7 - PENSION PLANS, CONTINUED:

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

Plan Description, Continued

A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the benefit amount is 2% of the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of a survivor option. Plan 1 members may elect to receive an optional COLA amount (based on the Consumer Price Index), capped at 3% 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 are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. 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 3% annually.

PERS Plan 2 members who have at least 20 years of service credit, and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 1, 2013:

- With a benefit that is reduced by 3% for each year before age 65; or.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service.

PERS Plan 2 retirement benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. As established by Chapter 41.34 RCW, employee contribution rates to the defined contribution component range from 5% to 15% of salaries, based on member choice. Members who do not choose a contribution rate default to a 5% rate. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

NOTE 7 - PENSION PLANS, CONTINUED:

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

Plan Description, Continued

PERS Plan 3 defined contribution retirement benefits are dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions. Any expenses incurred in conjunction with self-directed investments are paid by members. Absent a member's self-direction, PERS Plan 3 contributions are invested in the Retirement Strategy Fund that assumes the member will retire at age 65.

For DRS' fiscal year 2013, PERS Plan 3 employee contributions were $99.0 million, and plan refunds paid out were $69.4 million.

The defined benefit portion of PERS Plan 3 provides members a monthly benefit that is 1% of the AFC per year of service. The AFC is the monthly average of the 60 consecutive highest-paid service months. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

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 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, and were hired before May 1, 2013, they have the choice of a benefit that is reduced by 3% for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.
- If they have 30 service credit years, are a least 55 years old, and were hired after May 1, 2013, they have the option to retire early by accepting a reduction of 5% for each year before age 65.

PERS Plan 3 benefits are actuarially reduced to reflect the choice, if made, of a survivor option.

NOTE 7 - PENSION PLANS, CONTINUED:

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

Plan Description, Continued

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2% of the AFC per year of service. For Plan 3, the monthly benefit amount is 1% of the AFC per year of service. These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and 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 3% annually.

PERS members meeting specific eligibility requirements have options available to enhance their retirement benefits. Some of these options are available to their survivors.

A one-time duty-related death benefit is provided to the beneficiary or the estate of a PERS member who dies as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of the member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,176 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2012:

Retirees and Beneficiaries Receiving Benefits	82,242
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	30,515
Active Plan Members Vested	106,317
Active Plan Members Non-Vested	44,273
Total	263,347

NOTE 7 - PENSION PLANS, CONTINUED:

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

Funding Policy

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6% for state agencies and local government unit employees, and at 7.5% 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5% to 15%.

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, 2013, are as follows:

Members Not Participating in JBM:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer *	9.21%**	9.21%**	9.21% ***
Employee	6.00%****	4.92%****	*****

* The employer rates include the employer administrative expense fee currently set at 0.18%.
** The employer rate for state elected officials is 13.73% for Plan 1 and 9.21% 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 4.92% for Plan 2.
***** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2013	$ 0	$ 15,934	$ 0
2012	$ 0	$ 14,076	$ 0
2011	$ 0	$ 11,728	$ 0

NOTE 8 - RISK MANAGEMENT:

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

Insurance settlements, if any, have not exceeded insurance coverage in each of the past three years.

The Port is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2013, there are 486 Enduris members representing a broad array of special purpose districts throughout the state.

Enduris members share in the self-insured retention, jointly purchase excess and/or reinsurance coverage and provide risk management services and other related administrative services. Enduris provides "per occurrence" based policies for all lines of liability coverage including Public Official's Liability. The Property coverage is written on an "all risk", blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, electronic data processing equipment, and business interruption, course of construction and additions, property in transit, fine arts, and 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.

Members make an annual contribution to fund Enduris. Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis:

> $1,000,000 deductible on liability loss - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $999,000 on liability loss;
>
> $250,000 deductible on property loss - 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.

NOTE 8 - RISK MANAGEMENT, CONTINUED:

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:

See Note 10 for current portion of long-term debt.

NOTE 10 - LONG-TERM DEBT:

<u>Long-Term Debt</u>

The Port is liable for subordinated interagency Washington State Community Economic Revitalization Board (CERB) loans. These loans are payable from the revenues of the Port.

NOTE 10 - LONG-TERM DEBT, CONTINUED:

Long-Term Debt, Continued

Subordinated interagency loans outstanding at December 31, 2013 are as follows:

Description / Purpose	Original Amount	Maturity	Interest Rate	Amount
CERB Loan/B. Pt. Infrastructure	$108,000	7/01/2015	4.00%	$ 16,091
CERB Loan/B. Pt. SBDC Bldg.	$262,500	7/01/2014	3.00%	21,348
CERB Loan/B. Pt. Ph 1, Bldg. 1B	$353,606	1/27/2020	3.00%	175,388
CERB Loan/B. Pt. Ph 1, Bldg. 1D	$650,000	7/01/2024	1.00%	486,039
CERB Loan/B. Pt. Ph 1, Bldg. 1E	$525,000	1/01/2027	1.60%	466,431
CERB Loan/B. Pt. Harbor Drive	$310,000	07/01/2026	0%	268,667
Total subordinated interagency loans outstanding				1,433,964
Less current portion				(144,801)
Long-term portion				$ 1,289,163

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

Year ending December 31	Total	Principal	Interest
2014	$ 163,670	$ 144,801	$ 18,869
2015	141,681	125,355	16,326
2016	133,150	118,771	14,379
2017	133,150	120,423	12,727
2018	133,150	122,110	11,040
2019 - 2023	581,297	550,087	31,210
2024 - 2027	258,688	252,418	6,270
	$ 1,544,785	$ 1,433,964	$ 110,821

NOTE 10 - LONG-TERM DEBT, CONTINUED:

Long-Term Debt, Continued

The accompanying Schedule of Liabilities (Schedule 09) provides a listing of the outstanding debt of the Port and summarizes the Port's debt transactions for the year ended December 31, 2013. The debt service requirements, including interest, are as follows:

Year ending December 31	Other Debt	Total Debt
2014	$ 163,670	$ 163,670
2015	141,681	141,681
2016	133,150	133,150
2017	133,150	133,150
2018	133,150	133,150
2019 - 2023	581,297	581,297
2024 - 2027	258,688	258,688
	$ 1,544,785	$ 1,544,785

At December 1, 2013, the Port defeased $620,000 of 2003 general obligation bonds with cash. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next nine years saving $180,789 in future interest payments.

Changes in Long-Term Liabilities

During the year ended December 31, 2013, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/12	Additions	Reductions	Ending Balance 12/31/13	Due Within One Year
G.O. bonds payable	$ 675,000	$ --	$ 675,000	$ --	$ --
Less issuance discounts	(9,157)	--	(9,157)	--	--
Total G.O. bonds payable	665,843	--	665,843	--	--
Employee leave benefits	17,202	4,660	--	21,862	--
Other post-employment benefits	36,339	9,195	--	45,534	--
Loans payable	1,576,285	--	142,321	1,433,964	144,801
Total long-term liabilities	$ 2,295,669	$ 13,855	$ 808,164	$ 1,501,360	$ 144,801

NOTE 11 - LEASE COMMITMENTS:

Operating Lease

The Port leased a piece of equipment under a non-cancelable operating lease, which ended April 2013. The total cost for the lease, including maintenance and usage charges was $1,115 for the year ended December 31, 2013.

Property Leases

As part of its normal operations, the Port of Klickitat leases land and buildings under 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 renewal options, run for one to fifty 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
2014	$ 626,897
2015	590,052
2016	544,002
2017	375,880
2018	384,880
2019 - 2023	903,334
2024 - 2028	825,693
2029 - 2033	361,217
2034 - 2038	302,208
2039 - 2043	100,498
2044 - 2048	105,625
2049 - 2053	111,013
2054 - 2058	116,676
2059 - 2061	58,538
Total	$ 5,406,513

NOTE 11 - LEASE COMMITMENTS, CONTINUED:

Property Leases, Continued

Property lease revenue for the year ended December 31, 2013 was $612,023. The total cost of leased property for December 31, 2013, was $8,499,528. Accumulated depreciation on the leased property as of December 31, 2013, was $1,408,193.

NOTE 12 - RESTRICTED NET POSITION:

The Port's Statement of Net Position reports $226,240 of restricted net position, all of which is restricted by government law or regulation, constitutional provision or contractual agreement.

NOTE 13 - CONTINGENCIES AND LITIGATION:

The Port of Klickitat has recorded in its financial statements all material liabilities. For 2013, 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 Chapter 82.60 RCW, 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 Chapter 82.60 RCW.

NOTE 13 - CONTINGENCIES AND LITIGATION, CONTINUED:

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 $67,122 as of December 31, 2013. If the tenant does not maintain an eligible use and/or number of employees through December 31, 2015, 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 - 2010	$ 122,040
2011	$ 109,836
2012	$ 91,530
2013	$ 67,122
2014	$ 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.

The Port has been identified by the U.S. Environmental Protection Agency (EPA) as a Potentially Responsible Party at the RAMCo Aluminum Waste Disposal Site located in the Port's Dallesport Industrial Park, Dallesport, Washington. In 2010, the EPA conducted a Time-Critical Removal Action that included the removal and disposal of approximately 40,000 tons of waste material. On February 28, 2013, the EPA issued a demand letter to the Port requesting reimbursement of $2,190,529.55 for all response costs incurred by the EPA. In 2007, the Washington Department of Ecology (DoE) agreed to perform a cleanup of the site at its expense, but after performing work in 2008 and 2009, DoE's cleanup was taken over by the EPA. Through its legal counsel, the Port has sought information on other Potentially Responsible Parties from the EPA, is investigating any applicable insurance policies, and has sought a reduction in the amount requested as a result of the Port's limited financial ability to pay the EPA's response costs. The Port expects that any post-reduction balance will be paid over time, which may exceed ten years. Although the Port believes its reserves are adequate, there can be no assurance that the ultimate payments will not exceed the amount of the Port's reserves and will not have a material effect on the Port's financial position or cash flow.

NOTE 14 - CAPITAL CONTRIBUTIONS - GRANTS:

In 2012 Klickitat County approved a grant of $200,000 to the Port for the BP Infrastructure Improvement Project. The grant was received in 2013 and expended in 2012 and 2013.

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), 54 of the state's K-12 schools and educational service districts (ESDs) and 207 political subdivisions and tribal governments, including the Port. Additionally, the PEBB plan is available to the retirees of the remaining 243 K-12 schools and ESDs. As of June 2013, membership in the PEBB plan consisted of the following:

	Active Employees	Retirees[1]	Total
State	107,003	28,633	135,636
K-12 schools and ESDs[2]	1,838	30,354	32,192
Political subdivisions	11,840	1,392	13,232
Total	120,681	60,379	181,060

[1] Retirees include retired employees, surviving spouses, and terminated members entitled to a benefit.
[2] In Fiscal Year 2013, there were 101,189 full-time equivalent active employees in the 243 K-12 schools and ESDs that elected to limit participation in PEBB only to their retirees.

	Active Employees	Retirees	Total
Port of Klickitat	4	--	4

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED

Plan Description and Funding Policy, Continued

For Washington State Fiscal Year 2013, the estimated monthly cost for PEBB benefits for active employees (average across all plans and tiers) is as follows:

Required Premium[3]		
Medical	$	913
Dental		82
Life		4
Long-term disability		2
Total	$	1,001

Contributions		
Employer contribution	$	865
Employee contribution		136
Total	$	1,001

[3] Per 2013 Index Rate Model 7.2.

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 2012, the average weighted implicit subsidy was valued at $330 per member per month, and in calendar year 2013, the average weighted implicit subsidy is projected to be $294 per member per month.

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 2012, the explicit subsidy was $150 per member per month, and it remained $150 per member per month in calendar year 2013.

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

Plan Description and Funding Policy, Continued

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 budget process. In fiscal year 2013, the cost of the subsidies was approximately 6.0 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:

Plan Description and Funding Policy, 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 2013, the amount contributed to the plan, and changes in the net OPEB obligation (NOO):

Annual OPEB Cost			Net OPEB Obligation		
Annual required contribution	$	9,842	NOO beginning of year	$	36,339
Interest on NOO		1,454	Annual OPEB cost		9,195
Amortization on NOO		(2,101)	Contributions made		--
Annual OPEB cost	$	9,195	NOO end of year*	$	45,534

* Estimated

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for Fiscal Years 2013, 2012 and 2011 was as follows:

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 9,195	0%	$ 45,534
2012	$ 10,249	0%	$ 36,339
2011	$ 11,010	0%	$ 26,090

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS, CONTINUED:

Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the latest date for which information is available, was as follows (expressed in thousands):

Unfunded Actuarial Accrued Liability (UAAL)		
Actuarial accrued liability (AAL)	$	43,911
Actuarial value of plan assets		--
Unfunded actuarial accrued liability (UAAL)	$	43,911
UAAL/Covered Payroll		
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	$	199,110
UAAL as a percentage of covered payroll		22.1%

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.

Actuarial Methods and Assumptions

The Port has used the alternative measurement method permitted under GASB Statement No. 45. A single retirement age of 62.20 was assumed for all active members to determine the AAL and normal cost. Retirement, disablement, termination and mortality rates were assumed to follow the PERS 2 rates used in the June 30, 2013 actuarial valuation report issued by the Office of the State Actuary (OSA). Healthcare costs and trends were determined by Milliman and used by OSA in the state-wide PEBB study performed in 2013. The results were based on grouped data with four active groupings and four inactive groupings. The actuarial cost method used to determine the AAL was Projected Unit Credit. The AAL and NOO are amortized on an open basis as a level dollar over 30 years. These assumptions are individually and collectively reasonable for the purposes of this valuation.

NOTE 16 - SUBSEQUENT EVENTS:

The Port has evaluated subsequent events through May 23, 2014, which is the date the financial statements were available to be issued.

In February 2014, the Port razed the 101 Parallel Building at the Dallesport Industrial Park and its related infrastructure to clear the land for a tenant constructed building. As a result, the Port removed $1.4 million in assets and related accumulated depreciation.

The Port is in the process of various land and building improvements as a part of their ongoing commitment to capital infrastructure to enhance its leasing opportunities. The Port has entered into various contracts with engineers and architects as a part of its capital improvement plan.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

The Port is presenting a prior period adjustment in the amount of $43,173 to recognize the beginning cash held by the Public Utility District No 1. of Klickitat County (PUD). This represents the cash being held by the PUD at December 31, 2012 under an interlocal agreement for operation and maintenance of the Dallesport Industrial Park Water System that is owned by the Port.

NOTE 18 - ACCOUNTING AND REPORTING CHANGES

The Port implemented GASB 65, Items Previously Reported as Assets and Liabilities on January 1, 2013. This established accounting and financial reporting standards that reclassify, as *Deferred Outflows of Resources* or *Deferred Inflows of Resources*, certain items that were previously reported as Assets and Liabilities and recognizes, as Outflows of Resources or Inflows of Resources, certain items that were previously reported as Assets and Liabilities. The statement of net position was modified to include new sections, entitled “Deferred inflows of resources” and “Deferred outflows of resources”.

Further, the Statement of Activities presents a change in accounting principles of $11,215 to remove the bond issue discounts that are to be recorded as a current period expense rather than deferred over the life of the bonds.

PORT OF KLICKITAT
SUPPLEMENTARY SCHEDULE OF OPERATING EXPENSES
For the year ended December 31, 2013

OPERATING EXPENSES - GENERAL OPERATIONS		
Marina utilities	$	3,632
Water system operations		24,496
General and administrative operations		
Advertising		100
Conferences		2,116
Dues		4,548
Insurances		31,607
Other expenses		2,788
Publications		258
Taxes		1,007
Telecommunications		3,733
Travel		6,228
Utilities		3,365
Property lease and rental utilities		34,612
Total operating expenses - general operations	$	118,490
OPERATING EXPENSES - MAINTENANCE		
Marina supplies and maintenance	$	1420
Marine terminal maintenance		--
Water system supplies and maintenance		519
Property lease and rental		
Salaries		75,008
Payroll taxes and benefits		50,570
Landscaping Services		20,069
Supplies and maintenance		27,806
Fuel and lubricants		3,383
Repairs		5,311
Total operating expenses – maintenance	$	184,086
OPERATING EXPENSES - GENERAL AND ADMINISTRATIVE		
Salaries	$	143,032
Payroll taxes and benefits		77,234
Legal notices		502
Legal services		11,676
Marketing		--
Office expenses and supplies		3,967
Outside services		
Accounting services		7,566
State Auditor		7,841
Miscellaneous		3,424
Survey		884
Administrative and office		125
Appraisal		2,800
Architecture and engineering		2,420
Preliminary study closeout		127,581
Total operating expenses - general and administrative	$	389,052

PORT OF KLICKITAT
SUPPLEMENTARY SCHEDULE OF NONOPERATING REVENUES - MISCELLANEOUS TAXES
For the year ended December 31, 2013

NONOPERATING REVENUES - MISCELLANEOUS TAXES		
Timber excise taxes	$	12,021
Leasehold excise taxes		1,050
State forest - DNR		5,108
PILT - DNR		1,794
Total nonoperating revenues - miscellaneous taxes	$	19,973

REVENUES AND EXPENSES

For the Year Ended December 31, 2013

Account Code	Account Title	Actual Amount
63100	Marine Terminal - User Charges	80107
64100	Other Misc Charges – Water Sales	184633
65100	Capital Contributions – Federal/State/Local	200000
66100	Property Lease and Rental - User Charges	20436
66400	Property Lease and Rental - Land	129297
66500	Real Property Rentals - Facilities	462290
69910	Interest	4999
69920	Ad Valorem (Property)Taxes	232239
69930	Miscellaneous Taxes	19973
69990	Other Non-Operating Revenues	60615
72100	Dock Operations	3632
72300	Marina Maintenance	1420
74100	Water System Operations	24496
74300	Water System Maintenance	519
76100	Property Lease and Rental Operations	34612
76300	Property Lease and Rental Maintenance	182146
78100	General and Administrative Operating Expenses	444801
78700	Depreciation Expense	310835
79990	Other Non-Operating Expenses	11916
79991	Interest Expense	56463
79992	Election Expense	2818

SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2013

ID. No.	Description	Maturity/Payment Due Date	Beginning Balance 01/01/2013	Additions	Reductions	BARS Code for Redemption of Debt Only	Ending Balance 12/31/2013
251.11	03 LTGO BONDS Bldg. 1D, ISSUED 2003	6/1/2013	675000		675000		--
263.81	CTED-CERB LOAN - B.Pt. Infra, ISSUED 1992, DRAWN 1995	7/1/2013	23675		7584		16091
263.81	CTED-CERB LOAN - B.Pt. SBDC Bldg., ISSUED 1993	7/1/2013	42075		20726		21348
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1B, ISSUED 2000	1/1/2013	197611		22223		175388
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1D, ISSUED 2004	7/1/2013	527643		41604		486039
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1E, ISSUED 2006	1/1/2013	495948		29517		466431
263.81	CTED-CERB LOAN - B.Pt. Phase 1, Harbor Drive, ISSUED 2011	7/1/2013	289333		20667		268667
259.11	Compensated Absences		17202	4660			21862
263.93	OPEB		36339	9195			45534

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2013

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.

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2013

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenses
Klickitat County – BP Infrastructure	C18013	$200,000

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2013

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards and the Schedule of State 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.

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended December 31, 2013

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 ____________ ____________

SCHEDULE OF RISK MANAGEMENT
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
Email: mthornsbury@portofklickitat.com

Date: May 23, 2014
Fiscal Period: FYE 12/31/13

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			