



PORT OF KLICKITAT

Bingen, Washington
and
Dallesport, Washington

FINANCIAL STATEMENTS

December 31, 2015

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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, <i>Revenues and Expenses</i>	X
Schedule 09, <i>Liabilities</i>	X
Schedule 15, <i>State Financial Assistance</i>	X
Schedule 16, <i>Expenditures of Federal Awards</i>	X
Schedule 19, <i>Labor Relations Consultants</i>	X
Schedule 21, <i>Risk Management</i>	X
Schedule 22, <i>Annual Questionnaire for Accountability Audit</i> 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, 2015

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

AUDIT CONTACT or PREPARER INFORMATION and CERTIFICATION:

Audit Contact or Preparer Name and Title Margie Ziegler, Port Auditor

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Contact E-mail Address mziegler@portofklickitat.com

I certify this 26th day of May, 2016, that the 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. I acknowledge and understand our responsibility for the design and implementation of controls to ensure accurate financial reporting, comply with applicable laws and safeguards public resources, including controls to prevent and detect fraud. Finally, I acknowledge and understand our responsibility for immediately submitting corrected annual report information if any errors or an omission in such information is subsequently identified.

Audit Contact or Preparer Signature: 

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

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, 2015. 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 \$14.1 million as of December 31, 2015 (reported as *total net position*). This represented an increase of \$0.2 million from the Port's total net position of \$13.9 million as of December 31, 2014.
- Of the \$14.1 million and \$13.9 million in total net position as of December 31, 2015 and 2014, respectively, \$3.1 million in 2015 and \$2.9 million in 2014 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. \$10.8 million and \$10.7 million in 2015 and 2014, respectively, was invested in capital assets, net of related debt and \$0.2 million and \$0.3 million in 2015 and 2014, 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 \$12.0 million of net capital assets less related debt of \$1.2 million in 2015 and \$12.0 million of net capital assets less related debt of \$1.3 million in 2014, 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, as well as the addition of deferred outflows and subtraction of deferred inflows. The difference between these items 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.

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

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 - 43 of this report.

Financial Analysis

The largest portion of the Port's net position (76.5 percent as of December 31, 2015 as compared to 77.1 percent as of December 31, 2014) 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.

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

Condensed Comparative Financial Data

Net Position
(in thousands of dollars)

	2015	2014
ASSETS		
Current assets and other assets	\$ 3,926	\$ 3,518
Capital assets, net	11,925	11,980
Total assets	15,851	15,498
DEFERRED OUTFLOWS OF RESOURCES	21	-
LIABILITIES		
Current liabilities	250	248
Long-term liabilities	1,531	1,376
Total liabilities	1,781	1,624
DEFERRED INFLOWS OF RESOURCES	28	-
NET POSITION		
Net investment in capital assets	10,762	10,691
Restricted	242	251
Unrestricted	3,059	2,932
Total net position	\$ 14,063	\$ 13,874

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

Change in Net Position
(in thousands of dollars)

	2015	2014
OPERATING REVENUES		
Marine terminal operations	74	66
Water system operations	48	50
Royalties	132	111
Property lease and rental operations	747	666
Total operating revenues	<u>1,001</u>	<u>893</u>
NONOPERATING REVENUES		
Investment income	5	3
Property taxes - general	247	242
Gain on disposal of assets	-	(28)
Other nonoperating revenues	23	26
Total nonoperating revenues	<u>275</u>	<u>243</u>
Total revenues	<u>1,276</u>	<u>1,136</u>
OPERATING EXPENSES		
General operations	55	90
Maintenance	190	170
General and administrative	396	330
Depreciation	289	295
Total operating expenses	<u>930</u>	<u>885</u>
NONOPERATING EXPENSES		
Interest expense	15	17
Other nonoperating expenses	4	-
Total nonoperating expenses	<u>19</u>	<u>17</u>
Total expenses	<u>949</u>	<u>902</u>
Income before contributions	327	234
Capital contributions	50	43
Special Item	-	(1,069)
Change in net position	377	(792)
Net position as of January 1	<u>13,874</u>	<u>14,666</u>
Change in accounting principles	(188)	-
Net position as of December 31	<u>14,063</u>	<u>13,874</u>

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

Operations

2015 activities resulted in a net increase in the Port's net position of \$0.2 million. There were no significant changes in the Port's operating activities during the year ended December 31, 2015. The Port's overall financial position has improved in 2015. The primary reason for the improvement in net position is improved operating income, and return to normal expense after building demolition was completed in 2014. The increase in net position from activities of \$378,000 was offset by a decrease in beginning net position of approximately \$188,000 resulting from a change in accounting principles, for implementation of a new government accounting standard which requires the Port to record its share of net position liability and related balances.

Highlights of the 2015 year that impacted the Port's financial position and the results of operations include the following activities:

- The Port filled the former RAMCo disposal site with concrete rubble, capped the site with approximately two feet of native soil, and executed an environmental covenant with the Washington Department of Ecology.
- Grant funds were used to improve the portion of DIP Lot 80 leased to Dirt Hugger.
- The Port presented a \$71,000 operating surplus. Operating revenues increased 12% while operating expenses increased 5%.

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

Capital Asset and Long-Term Debt Activity

Capital Assets

The Port's investment in capital assets remained stable at \$12.0 million as of December 31, 2015 and 2014 (net of accumulated depreciation of \$3.4 million and \$3.1 million, respectively). This investment in capital assets includes land, construction in progress, intangible assets, buildings, machinery, equipment and infrastructure.

The Port invested approximately \$233,000 and \$115,000 in capital assets during the years ended December 31, 2015 and 2014, respectively. The Port's remaining capital commitments were approximately \$6,942 and \$57,790 as of December 31, 2015 and 2014, 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)

	2015	2014
Land	3,350	3,189
CIP	125	68
Intangible Assets	144	144
Buildings	7,313	7,308
Other Imp.	3,709	3,702
Dock & Marina	598	598
Truck & Vehicles	24	24
Machinery & Equip	60	59
Furn & Fixtures	3	2
Office Equip	7	7
Total Capital Assets before accumulated depreciation/amortization	15,333	15,101
Less accumulated depreciation/amortization	(3,408)	(3,120)
Total Capital Assets, net	11,925	11,981

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2015

Capital Asset and Long-Term Debt Activity, Continued

Long-Term Debt Activity

At December 31, 2015, 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, 2015. The Port had other long-term debt outstanding of \$1.2 million at December 31, 2015. In 2015, the Port's long-term debt decreased by \$0.1 million, from \$1.3 million in 2014.

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, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,506,181
Restricted assets	
Cash and cash equivalents	279,270
Taxes Receivable	3,063
Interest Receivable	11
Taxes receivable	17,291
Accounts receivable, net	26,980
Interest receivable	704
Prepaid expenses	21,647
	<hr/>
Total current assets	3,855,147
	<hr/>

NONCURRENT ASSETS

Restricted assets	
Cash and cash equivalents	15,000
Capital Assets not being depreciated	
Land	3,350,406
Construction in Progress	124,875
Capital assets being depreciated/amortized	
Property, plant and equipment	11,714,566
Intangible Assets	143,515
Less accumulated depreciation/amortization	(3,408,207)
Other noncurrent assets	
Preliminary surveys, net	56,038
	<hr/>
Total noncurrent assets	11,996,193
	<hr/>
Total assets	15,851,340
	<hr/>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Related to Pension	20,896
Total Deferred Outflows of Resources	<hr/> 20,896

Total Assets and Deferred Outflows of Resources	15,872,236
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PORT OF KCLICKITAT
STATEMENT OF NET POSITION
December 31, 2015

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	11,776
Accrued employee benefits	3,886
Accrued wages	10,122
Accrued compensated absences	-
Leasehold taxes payable	21,267
Sales Tax payable	1,377
Other payable	4,405
Accrued interest payable	11,507
Retainage payable	2,607
Current Portion of long-term obligations	118,771
Customer deposits and prepayments	64,181

Total current liabilities	249,899
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NONCURRENT LIABILITIES

Employee leave benefits	20,689
Other post-employment benefits	90,307
Other noncurrent liabilities	201,314
Net Pension Liability	173,968
Due to other governments	1,045,038

Total noncurrent liabilities	1,531,316
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Total Liabilities	1,781,215
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Deferred Inflows of Resources

Related to Pensions	27,596
Total Deferred Inflows of Resources	27,596

NET POSITION

Net Investment in capital assets	10,761,346
Restricted for:	
Industrial Development District	51,607
Sales Tax deferral	-
Security deposit	64,181
Water system reserve	112,082
Other	15,000
Unrestricted	3,059,209

TOTAL NET POSITION	\$ 14,063,425
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PORT OF KLICKITAT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
December 31, 2015

Operating Revenues

Marine Terminal operations	74,356
Water System operations	48,434
Royalties	132,173
Property Lease and rental operations	746,596

Total Operating Revenue	1,001,559
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Operating Expenses

General operations	55,113
Maintenance	190,431
General and administrative	396,117
Depreciation	288,872

Total Operating Expenses	930,533
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Operating Income	71,026
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Nonoperating Revenues (Expenses)

Investment income	5,238
Taxes levied for:	
General purposes	247,469
Miscellaneous taxes	21,686
Gain or (Loss) on disposition of assets	406
Interest expense	(14,854)
Election expense	(4,404)
Other nonoperating revenues (expenses)	881

Total nonoperating revenues (expenses)	256,422
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Income before contributions	327,448
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Capital contributions	50,370
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Increase in net position	377,818
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Net Position as of January 1	13,874,029
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Change in accounting principles	(188,422)
Net position as of December 31	\$ 14,063,425

PORT OF KLUCKITAT
STATEMENT OF CASH FLOWS
December 31, 2015

Cash flows from operating activities

Cash received from customers	\$ 885,208
Cash received from other operating activities	180,608
Cash payment for goods and services	(249,682)
Cash payments to employees	(362,850)
Other receipts	881
Other payments made	(4,405)
Net cash provided (used) by operating activities	<u>449,760</u>

Cash flows from noncapital financing activities

Proceeds from unrestricted property taxes	<u>275,108</u>
Net cash provided (used) by noncapital financing activities	<u>275,108</u>

Cash flows from capital and related financing activities

Proceeds from sale of assets	406
Payment of loans and notes	(125,354)
Receipt of capital contributions	85,370
Disbursements for purchase of capital assets	(232,788)
Interest and fiscal charges paid	(16,327)
Net cash provided (used) for capital and related financing activities	<u>(288,693)</u>

Cash flows from investing activities

Receipts of interest and dividends	<u>4,782</u>
Net cash provided by investing activities	<u>4,782</u>

Net increase (decrease) in cash and cash equivalents

	440,957
Cash and cash equivalents - January 1	<u>3,359,494</u>
Cash and cash equivalents - December 31	<u>\$ 3,800,451</u>

Reconciliation to statement of net position

Cash and cash equivalents - unrestricted	3,506,181
Cash and cash equivalents - restricted	279,270
Cash and cash equivalents - restricted, non-current	15,000
Cash and cash equivalents - December 31	<u>\$ 3,800,451</u>

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
December 31, 2015

Reconciliation of operating income (loss) to net cash provided (used) by operating activities

Operating income (loss)	\$ 71,026
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	288,872
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	(5,587)
Increase (decrease) in accounts payable	(512)
Increase (decrease) in customer deposits	2,327
Decrease (increase) in prepaid items	(623)
Increase (decrease) in unearned revenue	67,516
Increase (decrease) in other payables	38,018
Increase (decrease) in pension related balances	(7,754)
Other receipts (payments)	(3,524)
Total adjustments	<u>378,733</u>
Net cash used by operating activities	<u>\$ 449,760</u>

Noncash Transactions

None in 2015

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 Governmental Accounting Standards Board (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 GAAP, 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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 industrial properties and buildings, marine terminal, and the water system at the 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, 2015, the Port was holding \$141,858 in short-term residual investments of surplus cash invested with financial institutions through the Klickitat County Treasurer, \$3,364,223 in the Washington State Investment Pool and \$100 of cash on hand for total cash and equivalents of \$3,506,181. 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, 2015, the Port was holding \$226 in short-term residual investments of surplus cash invested with financial institutions through the Klickitat County Treasurer and \$242,633 in the Washington State Investment Pool for total cash and equivalents of \$242,859. Additionally, the Klickitat PUD held \$51,411 in cash restricted for the water system. This total amount of \$294,270 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.

PORT OF KLINKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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, 2015, the allowance for doubtful accounts was \$500.

Concentrations

For the year ended December 31, 2015, four customers accounted for 82 percent of operating revenue. No other customers individually exceeded 4 percent of operating revenue in 2015.

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.

PORT OF KLINKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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.

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, 2015.

The restricted assets at December 31, 2015 consist of the following:

Current restricted assets

Cash - Industrial Development District (IDD)	\$ 226
Water System PUD	51,411
Total Cash	<u>51,637</u>
Investments - State Pool	
Customer deposits	64,181
Water System Reserve	112,082
IDD Taxes	51,370
Total Investments - State Pool	<u>227,633</u>
Taxes Receivable	3,064
Interest Receivable - IDD	<u>11</u>
Total Current Restricted Assets	<u>282,344</u>

Noncurrent restricted assets

Investments - State Pool	
Executive retention program	15,000
Total noncurrent restricted assets	<u>15,000</u>

Total Restricted Assets	<u>\$ 297,344</u>
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PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 2015 and 2014, respectively, for a total of \$15,000 at December 31, 2015, 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, 2015 was 75%.

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 and are detailed in Note 6. Other assets were \$56,038 at December 31, 2015, net of accumulated amortization.

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. The accrued short-term and long-term compensated absence balance at December 31, 2015 is \$20,689.

Compensatory leave time may accumulate up to a maximum of eighty hours per hourly employee, unless approved by 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.

PORT OF KLINKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Pensions

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

Advertising

The Port expenses its advertising costs as they are incurred. Advertising expense for the year ended December 31, 2015 was \$100.

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. Lessee's failure to pay or abandonment of the property and lease can be covered by the funds held and accessible to the Port.

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.

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Operating and Nonoperating Revenues and Expenses

Charges for the use of Port facilities, including industrial properties and buildings, marine terminal, and the water system at the Dallesport Industrial Park, 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Implementation of New Governmental Accounting Standards Board Pronouncements

The Port implemented GASB 68, *Accounting and Financial Reporting for Pensions* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. As a result of implementing this standard, the Port recognized an adjustment to beginning net position of \$188,422, presented as a change in accounting principles.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

As of December 31, 2015, the carrying amount of the Port's unrestricted and restricted cash deposits with financial institutions was \$141,858 and \$226, respectively. In addition, the Klickitat PUD holds water system cash on behalf of the Port, in the amount of \$51,411.

The Port's deposits at year-end were entirely covered by the 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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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, 2015, the Port had the following investments, which are classified as cash and cash equivalents:

<u>Investment</u>	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
State Investment Pool	55 Days	\$ <u>3,606,856</u>
Total		\$ <u>3,606,856</u>

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.

PORT OF KLINKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 principle, 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 2015 and 2014 was \$0.17650 and \$0.18174 per \$1,000 on a total assessed valuation of \$1,399,954,988 and \$1,335,259,985 for total regular levies of \$247,088 and \$242,671, 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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 2015, 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

Impaired Capital Assets

The Port does not have any impaired capital assets. However, Bingen Lake and the surrounding wetland and buffer, which totals 36.33 acres, is 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.

PORT OF KLIKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Capital assets activity for the year ended December 31, 2015 was as follows:

<u>Asset Category</u>	<u>Ending Balance 12/31/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 12/31/2015</u>
Capital Assets not being depreciated				
Land	\$ 3,189,461	\$ 160,945	-	\$ 3,350,406
Construction in progress	67,812	188,765	131,702	124,875
Total capital assets not being depreciated	3,257,273	349,710	131,702	3,475,281
Capital assets being depreciated/amortized				
Buildings and structures	7,308,075	5,165	-	7,313,240
Other improvements	3,701,707	7,471	-	3,709,178
Docks and marina ramps	597,913			597,913
Trucks and vehicles	23,741			23,741
Machinery and equipment	59,238	1,255		60,493
Furniture and fixtures	2,116	754		2,870
Intangible assets	143,515			143,515
Office equipment	7,114	615	598	7,131
Total capital assets being depreciated	11,843,419	15,260	598	11,858,081
Less accumulated depreciation for				
Buildings and structures	1,269,426	112,660		1,382,086
Other improvements	1,421,541	147,800		1,569,341
Docks and marina ramps	354,238	14,948		369,186
Trucks and vehicles	19,888	1,778		21,666
Machinery and equipment	36,773	5,591		42,364
Furniture and fixture	1,499	287		1,786
Intangible assets	9,822	5,571		15,393
Office equipment	6,537	247	399	6,385
Total accumulated depreciation	3,119,724	288,882	399	3,408,207
Total capital assets being depreciated, net	8,723,695	(273,622)	199	8,449,874
Total capital assets, net	\$ 11,980,968	\$ 76,088	\$ 131,901	\$ 11,925,155

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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 2015.

NOTE 5 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

The Port has various active construction projects as of December 31, 2015. At year-end the Port's commitments with contractors are as follows:

<u>Project</u>	<u>Spent To-Date</u>	<u>Remaining Commitment</u>
Marina Recreation Planning	\$ 60,210	\$ 4,335
RAMCo Site Cap Project	53,187	2,607
	<u>\$ 113,397</u>	<u>\$ 6,942</u>

Of the committed balance of \$6,942 the Port has raised all necessary funds.

NOTE 6 - OTHER ASSETS NET

Other assets, Net	
Preliminary study and investigation	<u>\$ 56,038</u>
Total other assets, net	<u>\$ 56,038</u>

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS:

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, *Accounting and Financial Reporting for Pensions* for the year 2015:

Aggregate Pension Amounts – All Plans	
Pension liabilities	\$ 173,968
Deferred outflows of resources	\$ 20,896
Deferred inflows of resources	\$ 27,596
Pension expense/expenditures	\$ 13,910

State Sponsored Pension Plans

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

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available 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 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

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

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Public Employees' Retirement System (PERS), Continued

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

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 1				
Actual Contribution Rates:			Employer	Employee
January	through	June	9.21%	6.00%
2015				
July	through	December	11.18%	6.00%
2015				

The Port's actual contributions to the plan were \$0 for the year ended December 31, 2015.

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

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Contributions, Continued

credit and are at least 55 years old can retire under one of two provisions:

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

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

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

Contributions

The **PERS Plan 2/3** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Contributions, Continued

Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

The Port's actual contributions to the plan were \$21,664 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015 reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases:** In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Actuarial Assumptions, Continued

Mortality rates were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the *2007-2012 Experience Study Report*, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.
- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

PORT OF KLUCKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%
	100%	

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Estimated Rates of Return by Asset Class, Continued

Sensitivity of NPL

The table below presents the district's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the district's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS 1	\$ 112,534	\$ 92,431	\$ 75,143
PERS 2/3	238,419	81,537	(38,581)

Pension Plan Fiduciary Net Position

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

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

At June 30, 2015, the Port reported a total pension liability of \$173,968 for its proportionate share of the net pension liabilities as follows:

	Liability (or Asset)
PERS 1	\$ 92,431
PERS 2/3	81,537

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

	Proportionate Share 6/30/14	Proportionate Share 6/30/15	Change in Proportion
PERS 1	0.001791%	0.001767%	-0.000024%
PERS 2/3	0.002306%	0.002282%	-0.000024%

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

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

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

The collective net pension liability (asset) was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

Pension Expense

For the year ended December 31, 2015, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	\$ 4,275
PERS 2/3	\$ 9,635
TOTAL	\$ 13,910

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ 5,057
Contributions subsequent to the measurement date	5,254	-
TOTAL	\$ 5,254	\$ 5,057

PORT OF KCLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 - PENSION PLANS, CONTINUED:

Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,667	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	21,767
Changes of assumptions	131	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	772
Contributions subsequent to the measurement date	6,844	-
TOTAL	\$ 15,642	\$ 22,539

Deferred outflows of resources related to pensions resulting from the Port's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1	PERS 2/3
2016	\$ (1,960)	\$(6,137)
2017	(1,960)	(6,137)
2018	(1,960)	(6,137)
2019	823	4,670
2020	-	-
Thereafter	-	-
Total	(5,057)	(13,740)

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

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, 2015, there are 507 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- \$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 a 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 a property loss.
- Enduris is responsible for the \$4,000 deductible on boiler and machinery loss.

Enduris acquires reinsurance from unrelated insurance companies on a "per occurrence" basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is 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, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Liability coverage limit is \$10 million per occurrence and property coverage limit is \$1 billion per occurrence. Enduris offers crime coverage up to a limit of \$1 million per occurrence.

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 8 - RISK MANAGEMENT, CONTINUED:

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:

Long-Term Debt

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.

Subordinated interagency loans outstanding at December 31, 2015 are as follows:

<u>Description/Purpose</u>	<u>Amount</u>	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>
CTED-CERB Loan/B. Pt. Ph 1, Bldg 1B	\$ 353,606	1/27/2020	3.00%	128,923
CTED-CERB Loan/B. Pt. Ph 1, Bldg 1D	\$ 650,000	7/1/2024	1.00%	401,579
CTED-CERB Loan/B. Pt. Ph 1, Bldg 1E	\$ 525,000	1/1/2027	1.60%	405,974
CTED-CERB Loan/B. Pt. Harbor Dr	\$ 310,000	7/1/2026	0.00%	<u>227,333</u>
Total subordinated interagency loans outstanding				1,163,809
Less current portion				<u>(118,771)</u>
Long-term portion				<u>\$ 1,045,038</u>

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 10 - LONG-TERM DEBT, CONTINUED:

Long-Term Debt, Continued

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

Year ending December 31	Total	Principal	Interest
2016	\$ 133,150	\$ 118,771	\$ 14,379
2017	133,150	120,423	12,727
2018	133,150	122,110	11,040
2019	133,150	123,831	9,319
2020	133,150	125,588	7,562
2021 - 2025	478,115	459,275	18,840
2026 - 2027	95,571	93,811	1,760
	<u>\$ 1,239,436</u>	<u>\$ 1,163,809</u>	<u>\$ 75,627</u>

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, 2015.

Changes in Long-Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2015	Additions	Reductions	Ending Balance 12/31/2015	Due Within One Year
Employee Leave Benefits	\$ 23,047	\$ -	\$ 2,358	\$ 20,689	\$ -
Other post-employment benefits	55,813	34,494	-	90,307	-
Net Pension Liability*	136,835	37,133	-	173,968	-
Loans Payable	1,289,163	-	125,354	1,163,809	118,771
Total Long-Term Liabilities	<u>\$ 1,504,858</u>	<u>\$ 71,627</u>	<u>\$ 127,712</u>	<u>\$ 1,448,773</u>	<u>\$ 118,771</u>

*The beginning balance of the net pension liability was added upon implementation of GASB 68.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 11 - LEASE COMMITMENTS:

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
2016	\$ 792,323
2017	510,180
2018	497,234
2019	344,513
2020	268,156
2021 - 2025	1,431,396
2026 - 2030	1,199,813
2031 - 2035	1,004,485
2036 - 2040	864,852
2041 - 2045	688,578
2046 - 2050	639,314
2051 - 2055	671,925
2056 - 2060	706,200
2061 - 2065	478,227
Total	<u>\$ 10,097,196</u>

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 11 - LEASE COMMITMENTS, CONTINUED:

Property Leases, Continued

Property lease revenue for the year ended December 31, 2015 was \$746,596. The total cost of leased property for December 31, 2015, was \$7,219,303. Accumulated depreciation on the leased property as of December 31, 2015, was \$1,342,801.

NOTE 12 - RESTRICTED NET POSITION:

The Port's Statement of Net Position reports \$242,870 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 2015, 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.

NOTE 14 - CAPITAL CONTRIBUTIONS - GRANTS:

In 2015 U.S. Department of Agriculture Rural Development approved a grant of \$50,000 to the Port for the Dirt Hugger Project. The grant was expended and reimbursed in 2015.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description

In addition to the pension benefits described in Note 7, the Port participates in a cost sharing multiple-employer defined benefit other post-employment benefit (OPEB) plan. This plan is administered by the Health Care Authority (HCA) per RCW 41.05.065, the Public Employees Benefits Board (PEBB) created within the HCA, 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. Benefits are offered to retirees at a subsidized rate.

The benefits are provided in accordance with a substantive plan, in which the plan terms are understood by the employers and plan member, but not formalized in a contract or plan document. 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.

As of year-end, there were no Port employees that had retired and were receiving these benefits.

This OPEB plan does not issue a stand-alone financial report but it is included in the report of the State of Washington, Office of Financial Management. This report can be obtained from the following website: <http://www.ofm.wa.gov/cafr/>.

Funding Policy:

This plan is not currently funded. The Port was required to contribute \$35,489 at December 31, 2015, but only contributed \$0. The amount contributed differs from the Annual Required Contribution (ARC) because the plan is financed on a pay-as-you-go-basis. The difference between the OPEB Costs and the required contribution is called the Net OPEB Obligation (NOO). This amount of \$90,307 is the actuarial accrued liability recognized on the statement of net position at December 31, 2015.

The total unfunded actuarial liability (UAAL) is 201,306. The covered payroll (annual payroll of active employees covered by the plan) was \$222,198 and the ratio of the UAAL to the covered payroll was 90.6 percent.

PORT OF KLINKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

The Port's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2015	\$ 34,494	0%	\$ 90,307
2014	10,279	0%	55,813
2013	9,195	0%	45,534

Annual OPEB Cost and Net OPEB Obligation

The Port's annual other postemployment benefit (OPEB) cost (expense) is determined based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the Alternative measurement method parameters of GASB Statement 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 liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Port's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Port's net OPEB obligation.

	2015
Actuarial Required Contribution (ARC)	\$ 35,489
Interest on Net OPEB Obligation (NOO)	2,233
Adjustment to NOO	(3,228)
Annual OPEB Cost	34,494
Employer Contributions	-
Increase (Decrease) in NOO	34,494
Net OPEB Obligation January 1	55,813
Net OPEB Obligation December 31	\$ 90,307

Actuarial Methods and Assumptions:

The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

NOTE 15 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

Additionally, calculations are based on the types of benefits provided under the terms of the plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. The specific actuarial methods and significant assumptions used to determine the ARC for the current year are as follows:

Valuation Date	1/1/2015
Actuarial Cost Method	Projected Unit Credit
Method used to determine the actuarial value of assets	N/A
Interest Rate for Discounting Future Liabilities	4%
Projected Payroll Growth	3.75%
Expected Retirement Age	62.4
Investment Return	N/A
Healthcare Cost Trend Rate - Initial	6.7%
Healthcare Cost Trend Rate - Ultimate	4.5%
Amortization Period - Open	20

Retirement, disablement, termination and mortality rates were assumed to follow the PERS 2 rates used in the June 30, 2015 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 2015. The results were based on grouped data with 4 active groupings and 4 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 20 years. The assumptions are individually and collectively reasonable for the purposes of this evaluation.

NOTE 16 - SUBSEQUENT EVENTS:

The Port has evaluated subsequent events through May 26, 2016, which is the date the financial statements were available to be issued.

In April 2016, the Port leased Dallesport Industrial Park Lot 90 to Klickitat County.

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 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

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

PORT OF KCLICKITAT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFIT
SCHEDULE OF FUND PROGRESS
For the Year Ended December 31, 2015

Actuarial Valuation Date	Fiscal Year Ended	Actuarial Value of Assets	Actuarial Accrued Liabilities Entry Age	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2013	12/31/2013	\$ -	\$ 43,911	\$ 43,911	0.0%	\$ 199,110	22.1%
12/31/2014	12/31/2014	-	54,118	54,118	0.0%	206,994	26.1%
12/31/2015	12/31/2015	-	201,306	201,306	0.0%	222,198	90.6%

PORT OF KCLICKITAT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2015

PERS 1
As of June 30
Last 2 Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.006313%	\$ 90,222	\$ -	N/A	59.10%
2014	0.005270%	\$ 92,431	\$ -	N/A	61.19%

PERS 2/3
As of June 30
Last 2 Fiscal Years

<u>Year Ended June 30,</u>	<u>Employer's proportion of the net pension liability (asset)</u>	<u>Employer's proportionate share of the net pension liability</u>	<u>Employer's covered employee payroll</u>	<u>Employer's proportionate share of the net pension liability as a percentage of covered employee payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.006598%	\$ 46,613	\$ 202,524	23.02%	89.20%
2014	0.005305%	\$ 81,537	\$ 197,426	41.30%	93.29%

PORT OF KLICKITAT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
December 31, 2015

PERS 1
As of December 31
Last 2 Fiscal Years

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employer payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2015	\$ 9,489	\$ (9,489)	\$ -	\$ -	N/A
2014	8,282	(8,282)	-	-	N/A

PERS 2/3
As of December 31
Last 2 Fiscal Years

<u>Year Ended December 31,</u>	<u>Statutorily or contractually required contributions</u>	<u>Contributions in relation to the statutorily or contractually required contributions</u>	<u>Contribution deficiency (excess)</u>	<u>Covered employer payroll</u>	<u>Contributions as a percentage of covered employee payroll</u>
2015	\$ 12,175	\$ (12,175)	\$ -	\$ 213,191	5.71%
2014	10,243	(10,243)	-	201,139	5.09%

PORT OF KCLICKITAT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - PENSION
December 31, 2015

As of December 31
Last Two Fiscal Years

Note 1: Information Provided

The Port implemented GASB 68 for the year ended December 31, 2015, therefore there is no data available for years prior to 2014.

There are no Port employees participating in the PERS 1 plan in 2014 or 2015; therefore, there is no covered payroll or contribution data to report under PERS 1. A portion of the total PERS 1 plan liability is shared by PERS 2/3 employers, and as such the PERS 1 liability and employer's share for the District are presented.

Note 2: Significant Factors

There were no changes of benefit terms, significant changes in the employees covered under the benefit terms or in the use of different assumptions.

Note 3: Change in contribution rate

The employer contribution rates for both PERS 1 and PERS 2/3 plans increased from 9.21% to 11.18% for pay periods beginning July 2015.

REVENUES AND EXPENSES

For the Year Ended December 31, 2015

MCAG	Fund Number	Fund Name	Account Code	Account Title	Amount
1741	401	General	3081900	Restricted Net Position-Beginning	250,442
1741	401	General	3086000	Net Investment in Capital Assets-Beginning	10,691,805
1741	401	General	3088900	Unrestricted Net Position-Beginning	2,931,782
1741	401	General	3111000	Property Tax	247,469
1741	401	General	3174000	Timber Excise Tax	21,686
1741	401	General	3446000	Airports and Ports Services	74,356
1741	401	General	3446000	Airports and Ports Services	180,608
1741	401	General	3611000	Investment Earnings	5,238
1741	401	General	3629000	Other Rents, Leases and Conncession Charges	26,957
1741	401	General	3629000	Other Rents, Leases and Conncession Charges	233,157
1741	401	General	3629000	Other Rents, Leases and Conncession Charges	486,482
1741	401	General	3699100	Miscellaneous Other	881
1741	401	General	3730000	Gains\Losses (Other than Investments)	406
1741	401	General	3741000	Capital Contributions - Direct\Indirect State Grant from Other State Agencies	50,370
1741	401	General	3880000	Prior Period(s) Adjustment(s)	(188,422)
1741	401	General	5014600	Depreciation - Airports and Ports	288,872
1741	401	General	5081900	Restricted Net Position-Ending	242,870
1741	401	General	5086000	Net Investment in Capital Assets-Ending	10,758,739
1741	401	General	5088900	Unrestricted Net Position-Ending	3,061,816
1741	401	General	5460010	Airports and Ports - Salaries	226,963
1741	401	General	5460020	Airports and Ports - Benefits	164,915
1741	401	General	5460030	Airports and Ports - Supplies	31,528
1741	401	General	5460040	Airports and Ports - Services	218,256
1741	401	General	5924680	Interest and Other Debt Service Cost	14,854
1741	401	General	5985040	Other Nonoperating Expenses - Services	4,404
1741	401	General	8100000	Cash, Cash Equivalents and Investments	3,800,451
1741	401	General	8200000	Other Current Assets	69,696
1741	401	General	8300000	Other Noncurrent Assets	11,981,193
1741	401	General	8400000	Deferred Outflows	20,896
1741	401	General	8500000	Current Liabilities	249,899
1741	401	General	8600000	Noncurrent Liabilities	1,531,316
1741	401	General	8700000	Deferred Inflows	27,596

SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2015

Debt Type	ID No.	Description	Maturity/ Payment Due Date	Beginning Balance 01/1/2015	Additions	Reductions	Ending Balance 12/31/15
Revenue Obligations							
	263.82	CTED-CERB LOAN - B.Pt. Infra, ISSUED 1992, DRAWN 1995	7/1/2014	\$ 8,203	-	8,203	-
	263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1B, ISSUED 2000	1/1/2014	152,499	-	23,576	128,923
	263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1D, ISSUED 2004	7/1/2014	444,019	-	42,440	401,579
	263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1E, ISSUED 2006	1/1/2014	436,442	-	30,469	405,974
	263.82	CTED-CERB LOAN - B.Pt. Phase 1, Harbor Drive, ISSUED 2011	7/1/2014	248,000	-	20,667	227,333
	259.12	Compensated Absences		23,047	-	2,358	20,689
	264.40	OPEB		55,813	34,494	-	90,307
	264.30	Pension Liabilities		-	173,968	-	173,968
		Total Liabilities		\$ 1,368,023	\$ 208,462	\$ 127,713	\$ 1,448,773

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2015

1	2	3	4
Grantor	Program Title	Identification Number	Amount
None			

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2015

1	2	3	4	5			6	7
Federal Agency Pass-Through Agency	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
U.S. Department Of Agriculture	Rural Development/ Rural Business Enterprise Grant (RBEG)	10.769			\$50,000	\$50,000		1.2

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

**NOTES TO THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended December 31, 2015

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards is 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 grant portion of the program costs. Entire program costs, including the Port's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

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

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended December 31, 2015

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 Thornsby, Executive DirectorDate: May 26, 2016Address: 154 E. Bingen Point Way, Suite A
Bingen, Washington 98605Fiscal Period: FYE 12/31/15Phone: (509) 493-1655Email: mthornsby@portofklickitat.com

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			