



PORT OF KLICKITAT

Bingen, Washington
and
Dallesport, Washington

FINANCIAL STATEMENTS

December 31, 2019

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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, 2019

GOVERNMENT INFORMATION:

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Official Website Address www.portofklickitat.com

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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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I certify this 21st day of May, 2020, 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, 2019

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, 2019. 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 \$15.8 million as of December 31, 2019 (reported as *total net position*). This represented an increase of \$0.4 million from the Port's total net position of \$15.4 million as of December 31, 2018.
- Of the \$15.8 million and \$15.4 million in total net position as of December 31, 2019 and 2018, respectively, \$4.6 million in 2019 and \$4.0 million in 2018 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. \$11.2 million and \$11.4 million in 2019 and 2018, respectively, was invested in capital assets, net of related debt and \$58 thousand and \$55 thousand in 2019 and 2018, 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 \$11.9 million of net capital assets less related debt of \$679 thousand in 2019 and \$12.2 million of net capital assets less related debt of \$803 thousand in 2018, 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 KLUCKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

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 - 44 of this report.

Financial Analysis

The largest portion of the Port's net position (71 percent as of December 31, 2019 as compared to 74 percent as of December 31, 2018) 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, 2019

Condensed Comparative Financial Data

Net Position
(in thousands of dollars)

	2019	2018
ASSETS		
Current assets and other assets	\$ 5,342	\$ 4,796
Capital assets, net	11,856	12,178
Total assets	17,198	16,974
DEFERRED OUTFLOWS OF RESOURCES	26	19
LIABILITIES		
Current liabilities	261	286
Long-term liabilities	1,067	1,239
Total liabilities	1,328	1,525
DEFERRED INFLOWS OF RESOURCES	53	49
NET POSITION		
Net investment in capital assets	11,177	11,375
Restricted	58	55
Unrestricted	4,608	3,989
Total net position	\$ 15,843	\$ 15,419

PORT OF KCLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

Change in Net Position
(in thousands of dollars)

	2019	2018
OPERATING REVENUES		
Marine terminal operations	47	54
Water system operations	57	61
Royalties	102	126
Property lease and rental operations	815	794
Total operating revenues	1,021	1,035
NONOPERATING REVENUES		
Investment income	101	75
Property taxes - general	277	268
Other nonoperating revenues	21	(17)
Total nonoperating revenues	399	326
Total revenues	1,420	1,361
OPERATING EXPENSES		
General operations	81	75
Maintenance	150	161
General and administrative	343	317
Depreciation	235	226
Total operating expenses	809	779
NONOPERATING EXPENSES		
Interest expense	8	10
Other nonoperating expenses	6	1
Total nonoperating expenses	14	11
Total expenses	823	790
Income before contributions	597	571
Change in net position	597	571
Net position as of January 1	15,419	14,997
Change in accounting principles	(173)	(150)
Net position as of December 31	15,843	15,419

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

Operations

Total operating revenues for the Port in 2019 were \$1.0 million, which represented a slight decrease over 2018 of \$14,000. This is due to reduced marine terminal operations. This activity decrease is due to The Dalles Dam navigation lock closures. The Port continues to utilize its capital assets to generate revenue mainly through land/building lease activities. Non-operating income for the year was stable with only a modest increase in investment income, approximately \$26,000, accounting for the increase.

Total operating expenses for 2019 were \$809,000, down approximately \$30,000 from the 2018. The decrease in expenses were seen in the maintenance category.

The result of small increases in revenues and decreases in expenses resulted in a \$423 thousand increase in net position for the year. The Port is committed to using its resources to create long-term economic opportunities for the community.

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

Capital Asset and Long-Term Debt Activity

Capital Assets

The Port's investment in capital assets remained stable at \$11.9 million and \$12.2 million as of December 31, 2019 and 2018 (net of accumulated depreciation of \$4.3 million and \$4.2 million, respectively). This investment in capital assets includes land, construction in progress, intangible assets, buildings, machinery, equipment and infrastructure.

The Port invested approximately \$25,000 and \$340,000 in capital assets during the years ended December 31, 2019 and 2018, respectively. The Port's remaining capital commitments were \$4,335 and \$4,335 as of December 31, 2019 and 2018, 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)

	2019	2018
Land	3,952	3,952
CIP	121	121
Intangible Assets	-	144
Buildings	7,295	7,295
Other Imp.	4,158	4,158
Dock & Marina	598	598
Truck & Vehicles	43	24
Machinery & Equip	36	36
Total Capital Assets before accumulated depreciation/amortization	16,203	16,328
Less accumulated depreciation/amortization	(4,347)	(4,150)
Total Capital Assets, net	11,856	12,178

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2019

Capital Asset and Long-Term Debt Activity, Continued

Long-Term Debt Activity

At December 31, 2019, 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, 2019. The Port had other long-term debt outstanding of \$.7 million at December 31, 2019. In 2019, the Port's long-term debt decreased by \$.1 million, from \$.8 million in 2018.

Additional information on the Port's long-term debt activity can be found in Note 8 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, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	5,100,258
Restricted assets		
Cash and cash equivalents		123,388
Taxes Receivable		1,035
Interest Receivable		81
Taxes receivable		11,998
Accounts receivable, net		16,902
Interest receivable		7,152
Prepaid expenses		26,404
		26,404
Total current assets		5,287,217

NONCURRENT ASSETS

Capital Assets not being depreciated		
Land		3,952,108
Construction in Progress		120,970
Capital assets being depreciated/amortized		
Property, plant and equipment		12,129,902
Less accumulated depreciation/amortization		(4,346,886)
Other noncurrent assets		
Preliminary surveys, net		28,333
Contract Receivable		26,100
		26,100
Total noncurrent assets		11,910,527
Total assets		17,197,744

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows - Related to Pension		23,890
Deferred Outflows - Related to OPEB		1,772
Total Deferred Outflows of Resources		25,662

See accompanying notes to the financial statements

PORT OF KLICKITAT
STATEMENT OF NET POSITION
December 31, 2019

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	19,666
Accrued employee benefits	2,986
Accrued wages	12,350
Leasehold taxes payable	23,190
Sales Tax payable	914
Accrued interest payable	5,984
Current Portion of long-term obligations	125,588
Other post-employment benefits liability	3,544
Customer deposits and prepayments	66,864

Total current liabilities 261,087

NONCURRENT LIABILITIES

Employee leave benefits	17,806
Other post-employment benefits liability	283,232
Other noncurrent liabilities	108,167
Net Pension Liability	77,815
Asset Retirement Obligation liability	26,100
Due to other governments	553,085

Total noncurrent liabilities 1,066,204

Total Liabilities 1,327,292

Deferred Inflows of Resources

Related to Pensions 52,600

Total Deferred Inflows of Resources 52,600

NET POSITION

Net Investment in capital assets	11,177,421
Restricted for:	
Industrial Development District	57,640
Unrestricted	4,608,455

TOTAL NET POSITION \$ 15,843,516

See accompanying notes to the financial statements

PORT OF KLICKITAT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Year ended December 31, 2019

Operating Revenues	
Marine Terminal operations	47,192
Water System operations	56,504
Royalties	102,415
Property Lease and rental operations	814,705
	814,705
Total Operating Revenue	1,020,816
Operating Expenses	
General operations	81,273
Maintenance	150,070
General and administrative	342,870
Depreciation	234,704
	234,704
Total Operating Expenses	808,917
Operating Income	211,900
	211,900
Nonoperating Revenues (Expenses)	
Investment income	100,555
Taxes levied for:	
General purposes	276,599
Miscellaneous taxes	20,456
Interest expense	(7,892)
Other nonoperating revenues (expenses)	(3,469)
	(3,469)
Total nonoperating revenues (expenses)	386,249
	386,249
Increase in net position	598,149
Net Position as of January 1	15,418,798
	15,418,798
Prior Period Adjustment	(173,431)
	(173,431)
Net position as of December 31	\$ 15,843,516
	15,843,516

See accompanying notes to the financial statements

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
Year ended December 31, 2019

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For Year Ended December 31, 2019

Cash flows from operating activities	
Cash received from customers	\$ 944,220
Cash received from other operating activities	102,415
Cash payment for goods and services	(225,421)
Cash payments to employees	(405,130)
Other receipts	2,541
Other payments made	(6,010)
Net cash provided (used) by operating activities	<u>412,615</u>
Cash flows from noncapital financing activities	
Proceeds from unrestricted property taxes	296,573
Net cash provided (used) by noncapital financing activities	<u>296,573</u>
Cash flows from capital and related financing activities	
Payment of loans and notes	(123,831)
Disbursements for purchase of capital assets	(58,588)
Interest and fiscal charges paid	(9,318)
Net cash provided (used) for capital and related financing activities	<u>(191,737)</u>
Cash flows from investing activities	
Receipts of interest and dividends	101,622
Net cash provided by investing activities	<u>101,622</u>
Net increase (decrease) in cash and cash equivalents	
Cash and cash equivalents - January 1	619,073
Cash and cash equivalents - December 31	4,604,573
	<u>\$ 5,223,646</u>
Reconciliation to statement of net position	
Cash and cash equivalents - unrestricted	5,100,258
Cash and cash equivalents - restricted	123,388
Cash and cash equivalents - December 31	<u>\$ 5,223,646</u>

See accompanying notes to the financial statements

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
Year ended December 31, 2019

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For Year Ended December 31, 2019

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

Operating income (loss)	\$ 211,900
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	234,704
Change in assets and liabilities:	
Decrease (increase) in accounts receivable	50,232
Increase (decrease) in accounts payable	4,645
Increase (decrease) in customer deposits	238
Decrease (increase) in prepaid items	(12,021)
Increase (decrease) in unearned revenue	(24,652)
Increase (decrease) in other payables	(1,594)
Increase (decrease) in OPEB	(25,550)
Increase (decrease) in pension related balances	(21,818)
Other receipts (payments)	<u>(3,469)</u>
Total adjustments	<u>200,715</u>
Net cash used by operating activities	<u>\$ 412,615</u>

Noncash Transactions

None in 2019

See accompanying notes to the financial statements

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
Year ended December 31, 2019

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
For the Year Ended December 31, 2019

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.

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

The Port's cash and cash equivalents are considered to be cash on hand, certificates of deposit, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. 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).

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.

Certain Investments for the Port are reported at fair value in accordance with GASB statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. Likewise, some investments are reported at amortized cost

Investments - See Note 2.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Receivables

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

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

Accounts receivable consists of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared. Receivables are recorded when either the asset or revenue recognition criteria have been met as discussed in Note 1, Basis of Accounting and Reporting. Accounts receivable are reported net of an allowance for amounts estimated to be uncollectible. Any amounts written off are adjusted to the allowance for doubtful accounts. The Port uses the reserve method of accounting for doubtful accounts, which is maintained based on historical analysis, as a percentage of outstanding receivables. Accounts receivable are written off according to criteria established by the Port. Any amounts written off are adjusted to the allowance for doubtful accounts.

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, 2019, the allowance for doubtful accounts was \$500.

Concentrations

For the year ended December 31, 2019, four customers accounted for 86 percent of operating revenue. No other customers individually exceeded 4 percent of operating revenue in 2019.

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

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.

The restricted assets at December 31, 2019 consist of the following:

Current restricted assets

Investments - State Pool	
Customer deposits	\$ 66,864
IDD	56,443
Total Investments - State Pool	<u>123,307</u>
Cash - Industrial Development District (IDD)	81
Taxes Receivable	1,035
Interest Receivable - IDD	<u>81</u>
Total Current Restricted Assets	<u>\$ 124,504</u>

Capital Assets and Depreciation

Capital assets, including intangible assets are detailed in Note 4.

Other Assets, net, Non-current

Other assets, net represent preliminary surveys and investigations not yet finalized. Other assets were \$28,333 at December 31, 2019, net of accumulated amortization.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Assets, Liabilities and Equities, Continued

Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. The Port records unpaid vacation and sick leave for compensated absences as an expense and liability when incurred. The accrued compensated absence balance at December 31, 2019 is \$18,513. The current portion of \$707 is classified as accrued wages on the Statement of Net Position.

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.

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. See Note 6, Pensions.

Total Other Post Employment Benefits Liability

See Note 12, Other Post Employment Benefits.

Deferred Outflows of Resources and Deferred Inflows of Resources

A Deferred Outflow of Resources is a consumption of net position that is applicable to future periods. Deferred Inflows of Resources are acquisitions of net position in one period that are applicable to future periods. These are distinguished from assets and liabilities in the statement of net position. The District recognizes Deferred Outflows and Deferred inflows related to pension liability and OPEB liability.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Assets, Liabilities and Equities, Continued

Advertising

The Port expenses its advertising costs as they are incurred. Advertising expense for the year ended December 31, 2019 was \$105.

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 statutory, constitutional or contractual provisions and deferred outflows of resources related to those assets, less related liabilities. 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.

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS:

As of December 31, 2019, the Port cash, cash equivalents, and investments as reported on the Statement of Net Position are as follows:

Cash on hand	\$	103,039
State Treasurer's Investment Pool		5,057,930
Cash held by Klickitat PUD		62,677
Total cash and investments	\$	<u>5,223,646</u>

The investments in the Washington State Local Government Investment Pool are classified as cash equivalents.

Deposits

As of December 31, 2019, the carrying amount of the Port's unrestricted and restricted cash deposits with financial institutions was \$102,858 and \$81, respectively. In addition, the Klickitat PUD holds water system cash on behalf of the Port, in the amount of \$62,677.

Custodial risk for deposits is the risk that, in the event of a bank failure, the government's deposits may not be returned. 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.

Investments

The Port is currently invested in the Washington State Local Government Investment Pool (LGIP), which is reported at amortized cost. The LGIP operates in accordance with appropriate state laws and regulations. The LGIP transacts with its participants at a stable net asset value per share and meets the portfolio maturity, quality, diversification, liquidity and shadow pricing requirements that allows it to report at amortized costs. Further, The LGIP is classified as an unrated 2a-7 investment pool per the Securities and Exchange Commission

The weighted average maturities of the LGIP are less than three (3) months and approximately one (1) year, respectively, with cash available to the Port on demand. The on demand availability of these funds defines them as cash equivalent liquid investments and not subject to interest rate risk. Cash investments are not subject to interest rate risk or any market value reporting requirements. All LGIP investments are either obligations of the United States government, government-sponsored enterprises, or insured demand deposit accounts and certificates of deposits, meaning credit risk is very limited. The investments are either fully insured or fully held by a third party custody provider in the name of the LGIP. The LGIP is audited by the Washington State Auditor's Office and regulated by Washington RCWs and the LGIP Advisory Committee.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS, CONTINUED:

Investments, Continued

Investments Measured at Amortized Cost

As of December 31, 2019, the Port presents the LGIP investment of \$5,057,929 at amortized cost. This is reported at amortized cost because the State Pool has elected to measure in this manner. The only restriction on withdrawals from the State Investment Pool is when a deposit is received by ACH. In this case, a five day waiting period exists.

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.

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 3 - PROPERTY TAX, CONTINUED:

- 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 2019 was \$0.16026 per \$1,000 on a total assessed valuation of \$1,715,721,041 for total regular levy of \$274,962.

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 acquisition value 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 acquisition value at the time of the donation. The Port of Klickitat's capitalization threshold is \$5,000. 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
For the Year Ended December 31, 2019

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.

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 - 20 years
Machinery and equipment	5 - 20 years
Furniture and fixtures	5 - 10 years
Office equipment	3 - 5 years
Infrastructure	20 - 40 years
Other improvements	10 - 60 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 KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Capital assets activity for the year ended December 31, 2019 was as follows:

<u>Asset Category</u>	Restated* Ending Balance 12/31/2018	Increases	Decreases	Ending Balance 12/31/2019
Capital Assets not being depreciated				
Land	\$ 3,952,108	\$ -	-	\$ 3,952,108
Construction in progress	120,970	-	-	120,970
Total capital assets not being depreciated	4,073,078	-	-	4,073,078
Capital assets being depreciated/amortized				
Buildings and structures	7,294,832	-	-	7,294,832
Other improvements	4,158,496	-	-	4,158,496
Docks and marina ramps	597,913	-	-	597,913
Trucks and vehicles	23,741	24,815	5,960	42,596
Machinery and equipment	36,066	-	-	36,066
Total capital assets being depreciated	12,111,047	24,815	5,960	12,129,902
Less accumulated depreciation for				
Buildings and structures	1,708,952	111,678	-	1,820,631
Other improvements	1,942,513	111,008	-	2,053,521
Docks and marina ramps	408,143	9,058	-	417,196
Trucks and vehicles	23,740	2,296	5,960	20,077
Machinery and equipment	34,793	664	-	35,457
Total accumulated depreciation	4,118,141	234,704	5,960	4,346,886
Total capital assets being depreciated, net	7,992,906	(209,889)	-	7,783,016
Total capital assets, net	\$ 12,065,984	\$ (209,889)	\$ -	\$ 11,856,094

*The Port restated the 12/31/18 balance by \$111,411 to remove plans and studies from intangible assets, as it was determined they did not meet the accounting definition.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 5 – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Construction Commitments

The Port has various active construction projects as of December 31, 2019. 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
	<u>\$ 60,210</u>	<u>\$ 4,335</u>

Of the committed balance of \$4,335 the Port has raised all necessary funds.

NOTE 6 - PENSION PLANS:

The following table represents the aggregate pension amounts for all plans for the year 2019:

Aggregate Pension Amounts - All Plans	
Pension liabilities	\$ 77,815
Deferred outflows of resources	23,890
Deferred inflows of resources	52,600
Pension expense/expenditures	6,626

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

Public Employees' Retirement System (PERS)

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

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and 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 2019 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee
January - June 2019:		
PERS Plan 1	7.52%	6.00%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Total	12.83%	6.00%
July-December 2019:		
PERS Plan 1	7.92%	6.00%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Total	12.86%	6.00%

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

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

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

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 Council

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

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 2019 were as follows:

PERS Plan 2/3		
Actual Contribution Rates:	Employer 2/3	Employee 2
January - June 2019:		
PERS Plan 2/3	7.52%	7.41%
PERS Plan 1 UAAL	5.13%	
Administrative Fee	0.18%	
Employee PERS Plan 3		Varies
Total	12.83%	7.41%
July–December 2019:		
PERS Plan 2/3	7.92%	7.90%
PERS Plan 1 UAAL	4.76%	
Administrative Fee	0.18%	
Employee PERS Plan 3		varies
Total	12.86%	7.90%

The Port’s actual PERS plan contributions were \$11,218 to PERS Plan 1 and \$17,637 to PERS Plan 2/3 for the year ended December 31, 2019.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2019 with a valuation date of June 30, 2018. 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* and the *2017 Economic Experience Study*.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

Additional assumptions for subsequent events and law changes are current as of the 2018 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2019. Plan liabilities were rolled forward from June 30, 2018, to June 30, 2019, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.50% salary inflation
- **Salary increases:** In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.4%

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. 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.

Actuarial results reflect the following changes in assumptions and methods since the last valuation.

- OSA updated modeling to reflect providing benefit payments to the date of initial retirement eligibility for terminated vested members who delay application for retirement benefits.
- OSA updated Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of \$62.50 per month.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members.

Consistent with current law, the asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.50%.)

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

Consistent with the long-term expected rate of return, a 7.40% 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 Plans 2 and 3, whose rates include a component for the PERS Plan 1 liability). Based on those assumptions, the pension plan's 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 7.40% was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the Office of the State Actuary (OSA) reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

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, 2019, 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%	2.20%
Tangible Assets	7%	5.10%
Real Estate	18%	5.80%
Global Equity	32%	6.30%
Private Equity	23%	9.30%
	100%	

Sensitivity of the Net Pension Liability/ (Asset)

The table below presents the Port's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent, as well as what the District's proportionate share of the net

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.4 percent) or 1-percentage point higher (8.4 percent) than the current rate.

	1% Decrease 6.40%	Current Rate 7.40%	1% Increase 8.40%
PERS 1	73,486	58,680	45,834
PERS 2/3	146,761	19,135	(85,590)

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, 2019, the Port reported a total pension liability of \$77,815 for its proportionate share of the net pension liabilities as follows:

Plan	Liability or Asset
PERS 1	58,680
PERS 2/3	19,135

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

	Proportionate Share 6/30/18	Proportionate Share 6/30/19	Change in Proportion
PERS 1	0.00148%	0.00153%	0.00004%
PERS 2/3	0.00190%	0.00197%	0.00007%

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.

The collective net pension liability (asset) was measured as of June 30, 2019, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2018, with update procedures used to roll forward the total pension liability to the measurement date.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

Pension Expense

For the year ended December 31, 2019, the Port recognized pension expense as follows:

	Pension Expense
PERS 1	4,722
PERS 2/3	1,904

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2019, the Port reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on pension plan investments	\$ -	\$ (3,920)
Contributions subsequent to the measurement date	6,022	-
TOTAL	\$ 6,022	\$ (3,920)

PERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,482	\$ (4,114)
Net difference between projected and actual investment earnings on pension plan investments	-	(27,853)
Changes of assumptions	490	(8,029)
Changes in proportion and differences between contributions and proportionate share of contributions	1,877	(8,684)
Contributions subsequent to the measurement date	10,019	
TOTAL	\$ 17,868	\$ (48,680)

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6 - PENSION PLANS, CONTINUED:

TOTAL ALL PLANS	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,482	\$ (4,114)
Net difference between projected and actual investment earnings on pension plan investments	-	(31,773)
Changes of assumptions	490	(8,029)
Changes in proportion and differences between contributions and proportionate share of contributions	1,877	(8,684)
Contributions subsequent to the measurement date	16,041	-
TOTAL	\$ 23,890	\$ (52,600)

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, 2020. 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
2020	(865)	(10,159)
2021	(2,050)	(15,775)
2022	(732)	(7,820)
2023	(273)	(4,873)
2024	-	(2,478)
Thereafter	-	274

NOTE 7 - RISK MANAGEMENT:

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

Klickitat County Port District 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. The Pool was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW when two counties and two cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2019, there are 547 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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 7 - RISK MANAGEMENT, CONTINUED:

Members make an annual contribution to fund Pool and share in the self-insured retention. The self-insured retention is:

- \$1,000,000 self-insured retention on liability loss - the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$999,000 on a liability loss.
- \$250,000 self-insured retention on liability loss – the member is responsible for the first \$1,000 of the amount of each claim, while Enduris is responsible for the remaining \$249,000 on a property loss. For property losses related to boiler and machinery Enduris is responsible for the first \$4,000 of the claim.

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the self-insured retentions 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, cyber and automobile physical damage to insured vehicles. Liability coverage limit is \$20 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 remain in the Pool for a minimum of one 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 the Pool and are administered in house.

The Pool is governed by a Board of Directors which is comprised of seven board members. The Pool’s members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

PORT OF KCLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 8 - LONG-TERM DEBT:

Long-Term Debt

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

Subordinated interagency loans outstanding at December 31, 2019 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%	27,331
CTED-CERB Loan/B. Pt. Ph 1, Bldg 1D	\$ 650,000	7/1/2024	1.00%	227,531
CTED-CERB Loan/B. Pt. Ph 1, Bldg 1E	\$ 525,000	1/1/2027	1.60%	279,145
CTED-CERB Loan/B. Pt. Harbor Dr	\$ 310,000	7/1/2026	0.00%	<u>144,666</u>
Total subordinated interagency loans outstanding				678,673
Less current portion				<u>(125,588)</u>
Long-term portion				<u>\$ 553,085</u>

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 8 - 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
2020	\$ 133,150	\$ 125,588	\$ 7,562
2021	104,999	99,231	5,768
2022	104,999	100,218	4,781
2023	104,999	101,218	3,781
2024	104,999	102,231	2,768
2025 - 2027	258,688	150,187	6,270
	<u>\$ 811,834</u>	<u>\$ 678,673</u>	<u>\$ 30,930</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, 2018.

Changes in Long-Term Liabilities

During the year ended December 31, 2019, the following changes occurred in long-term liabilities:

	Beginning Balance 1/1/2019	Additions	Reductions	Ending Balance 12/31/2019	Due Within One Year
Employee Leave Benefits	\$ 18,812	\$ 707	\$ 1,007	\$ 18,512	\$ 707
Other post-employment benefits	310,554	-	23,778	286,776	3,544
Asset Retirement Obligation Liability	-	26,100	-	26,100	-
Net Pension Liability	98,785	-	20,970	77,815	-
Direct Placement Loans	802,504	-	123,831	678,673	125,588
Total Long-Term Liabilities	<u>\$ 1,230,655</u>	<u>\$ 26,807</u>	<u>\$ 169,586</u>	<u>\$ 1,087,876</u>	<u>\$ 129,839</u>

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 9 - LEASE COMMITMENTS:

Operating Lease

The Port leases a piece of equipment under a non-cancelable operating lease. The total cost for the lease, including maintenance and usage charges was \$1,865 for the year ended December 31, 2019. The future minimum lease payments for these leases are as follows:

Year	Total
2020	1,368
2021	1,368
2022	1,368
2023	1,368
2024	-
Total	\$ 5,472

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
2020	\$ 858,723
2021	713,459
2022	414,200
2023	266,465
2024	213,346
2025 - 2029	985,177
2030 - 2034	1,064,206
2035 - 2039	1,027,158
2040 - 2044	1,104,620
2045 - 2049	1,000,064
2050 - 2054	675,917
2055 - 2059	710,396
2060 - 2063	428,255
Total	\$ 9,461,986

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 9 - LEASE COMMITMENTS, CONTINUED:

Property Leases, Continued

Property lease revenue for the year ended December 31, 2019 was \$814,705. The total cost of leased buildings for December 31, 2019, was \$7,203,511. Accumulated depreciation on the leased property as of December 31, 2019, was \$1,776,130. Although ground leases are included in the minimum rental payments disclosed above, the cost of the leased land is not included in the cost of leased property as it is immaterial.

NOTE 10 - RESTRICTED NET POSITION:

The Port's Statement of Net Position reports \$57,640 of restricted net position, all of which is restricted by government law or regulation, constitutional provision or contractual agreement.

NOTE 11 - CONTINGENCIES AND LITIGATION:

The Port of Klickitat has recorded in its financial statements all material liabilities. For 2019, 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 12 – DEFINED BENEFIT OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLANS:

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2019:

<u>Aggregate OPEB amounts - All Plans</u>	
OPEB Liabilities	\$286,776
Deferred outflows of resources	1,772
OPEB Expense	(21,075)

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

OPEB Plan Description

The Port administers a Post-Retirement Health Care Program under a single-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.

At December 31, 2019, there were eight active employees and no inactive employees receiving benefits nor entitled to receive benefits.

The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Assumptions and Other Input

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 Port's total OPEB liability of \$286,776 was measured as of June 30, 2019 with a valuation date of June 30, 2019. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The Entry Age actuarial cost method and the recognized immediately amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

Discount rate - Beginning of Measurement Year	3.87%
Discount Rate - End of Measurement Year	3.50%
Projected Salary Changes	3.5% + service based increases
Healthcare Trend Rates	Initial rate is approximately 7%, trends down to about 5% in the Mid-2020's
Inflation Rate	2.75%
Post-Retirement Participation Percentage	65%
Percentage with Spouse Coverage	45%

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index.

Mortality rates were based on the RP-2000 report's "Combined Healthy Table" and "Combined Disabled Table". The Society of Actuaries publishes this document. The Washington State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Age setback of one year was used. 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.

Specific assumptions are as follows:

It was assumed that two thirds of members will select a Uniform Medical Plan (UMP) and one third will select a Kaiser Permanente (KP) plan. The specific assumptions are as follows:

- UMP pre and post medicare costs and premiums are equal to the Uniform Medical Plan.
- The KP pre-medicare costs and premiums are 50/50 blend of KP classic and KP value.
- The KP post-medicare costs and premiums are equal to KP medicare.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

The estimated retirement service for each active cohort was based on the average entry age of 35, with a maximum service of 1 year. For example, an age 47 member is assumed to have 12 years of service. Service is a component of benefit eligibility. Assumptions for retirement, disability, termination and mortality are based on the 2017 Actuarial Valuation Report. For simplicity, all employees were assumed to be retirement eligible at age 55. To further simplify, the valuation relies on retirement rates for member with less than 30 years of services and assumed a 100% rate of retirement at age seventy.

Each cohort is assumed to be a 50/50 male/female split. It was further assumed that eligible spouses are the same age as the primary member.

Dental benefits are not included when including the Total OPEB Liability, as dental benefits represent less than 3 percent of the accrued benefit obligations under the 2018 PEBA OPEB AVR.

Sensitivity Rates

The following presents the total OPEB liability of the Port calculated using the current healthcare cost trend rate of 7.0 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0) or 1-percentage point higher (8.0%) that the current rate.

Health Care Trend Rate Sensitivity

	Current Health Care Trend Rate	
1% Decrease		1% Increase
\$ 245,015	\$ 286,776	\$ 339,359

The following presents the total OPEB liability of the (entity type) calculated using the discount rate of 3.5 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.5%) or 1-percentage point higher (4.5%) than the current rate.

Discount Rate Sensitivity

	Current Discount Rate	
1% Decrease		1% Increase
\$ 333,784	\$ 286,776	\$ 248,659

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 12 - OTHER POST-EMPLOYMENT BENEFITS (OPEB), CONTINUED:

Changes in the Total OPEB Liability

At the measurement date June 30, 2019, the changes in the total OPEB liability are as follows:

Service cost	\$ 13,345
Interest Cost	12,457
Changes in assumptions	(45,517)
Benefit payments	<u>(4,063)</u>
Net change in total OPEB liability	(23,778)
Total OPEB liability - beginning	310,554
Total OPEB liability - ending	<u>\$ 286,776</u>

The Port reported \$21,075 as OPEB expense for the calendar year 2019.

At December 31, 2019, the Port reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of \$1,772. This will be recognized as expense in the period ending December 31, 2020.

NOTE 13 - SUBSEQUENT EVENTS:

The Port has evaluated subsequent events through May 21, 2020, which is the date the financial statements were available to be issued.

In February 2020, the Governor of the State of Washington declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus have been ordered. These measures include closing schools, colleges and universities, cancelling public events, and limiting gathering sizes.

While the Port does not expect this matter to negatively impact its operations, cash flows and net position, the related impact cannot be reasonably estimated at this time. The length of time these measures will be in place, and the full extent of the financial impact on the District is unknown at this time.

In March 2020, the Port entered into a contract with Crestline Construction for the NW Lot Boundary Fill Project and with Mackenzie to design a building for DIP Lot 39.

In May 2020, the Port entered into a lease with Hanging H construction to Lease BPT Lot 18 and with Rapid Ready Mix for DIP Lot 15.

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.

PORT OF KLICKITAT
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 14 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

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

NOTE 15 – ACCOUNTING AND REPORTING NOTE DISCLOSURE:

The Port implemented GASB 83, Certain Asset Retirement Obligations on January 1, 2019. This statement required the Port to recognize a liability on the Statement of Net Position, called an Asset Retirement Obligation (ARO) when the liability is incurred and reasonably estimable.

The Port implemented GASB statement Number 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement* on January 1, 2019. The objective of this standard is to improve note disclosures related to debt obligations. The standard defines debt as a liability that arises from a contractual obligation to pay cash (or other assets in lieu of cash) in one or more amounts that is fixed at the date the contractual obligation is established. It requires new disclosures related to amounts pledged for collateral of debt, unused lines of credit, terms related to default, termination or acceleration of debt and disclosures related to direct borrowings and direct placements. This implementation related to note disclosures only; no changes were required on the financial statements.

The Port also implemented GASB statement Number 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, on January 1, 2019. The objective of this standard is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. The Port will not longer capitalize interest incurred during construction of a project.

NOTE 16 – ASSET RETIREMENT OBLIGATION:

The Port is the permit holder for a surface mine reclamation permit issued by the Washington State Department of Natural Resources. When mining is complete chapter 78.44 of the Revised Code of Washington requires that the surface mine reclamation plan be enacted, and the land restored to its original condition. The Port has leased the right to use the permit to a subcontractor and as part of the terms of the lease the subcontractor must perform the reclamation required by law. The subcontractor has put up a bond as collateral for the lease naming the Port as the beneficiary. This bond is sufficient to cover the estimated cost of reclamation. The cost associated with reclamation has been provided to the Port by the subcontractor as a cost per acreage estimate. The Port has applied this estimate to the current acreage mined to arrive at a total estimated asset retirement obligation. The obligation will be paid from operating income; no assets have been set aside to fund this obligation. The asset retirement obligation liability at December 31, 2019 is \$26,100, which is offset by the contract receivable of \$26,100.

PORT OF KLICKITAT
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL LIABILITY AND RELATED RATIOS
LAST TWO CALENDAR YEARS

Total OPEB liability		2019	2018
Service cost	\$	13,345	13,188
Interest		12,457	11,248
Differences between experience data and assumptions		(45,517)	(14,872)
Benefit payments		(4,063)	
Net change in total OPEB liability		(23,778)	9,564
Total OPEB liability beginning		310,554	300,990
Total OPEB liability ending	\$	<u>320,118</u>	<u>310,554</u>
Covered employee payroll		238,532	230,323
Total OPEB liability as a percentage of covered employee payroll		120%	135%

Notes to schedule

1. Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.50%
2018	3.87%

2. The Port implemented GASB 75 in 2018, therefore no data is presented before then. Eventually, ten years of data will be presented.

3. There are no assets accumulated in a trust that meets the criteria of GASB 75, to pay related benefits.

PORT OF KLIKKITAT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 December 31, 2019

PERS 1

As of June 30
 Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.001526%	\$ 58,680	\$ 215,807	27.19%	67.12%
2018	0.001484%	66,276	214,191	30.94%	63.22%
2017	0.001601%	75,969	183,734	41.35%	61.24%
2016	0.001727%	92,748	206,882	44.83%	57.03%
2015	0.006313%	90,222	202,524	44.55%	59.10%
2014	0.005270%	92,431	197,426	46.82%	61.19%

PERS 2/3

As of June 30
 Last Six Fiscal Years

Year Ended June 30,	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability	Employer's covered payroll	Employer's proportionate share of the net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.001970%	\$ 19,135	\$ 215,807	8.87%	97.77%
2018	0.001904%	32,509	214,191	15.18%	95.77%
2017	0.002072%	71,992	183,734	39.18%	90.97%
2016	0.002213%	111,423	206,882	53.86%	85.82%
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, 2019

PERS 1
As of December 31
Last Six Calendar Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 11,218	\$ (11,218)	\$ -	\$ 227,805	4.92%
2018	11,082	(11,082)	-	218,818	5.06%
2017	9,761	(9,761)	-	199,127	4.90%
2016	9,463	(9,463)	-	198,389	4.77%
2015	9,489	(9,489)	-	213,191	4.45%
2014	8,282	(8,282)	-	201,139	4.12%

PERS 2/3
As of December 31
Last Six Calendar Years

Year Ended December 31,	Statutorily or contractually required contributions	Contributions in relation to the statutorily or contractually required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2019	\$ 17,637	\$ (17,637)	\$ -	\$ 227,805	7.74%
2018	16,412	(16,412)	-	218,818	7.50%
2017	13,677	(13,677)	-	199,127	6.87%
2016	12,360	(12,360)	-	198,389	6.23%
2015	12,175	(12,175)	-	213,191	5.71%
2014	10,243	(10,243)	-	201,139	5.09%

PORT OF KLICKITAT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - PENSION
 December 31, 2019

As of December 31
 Last Six Calendar Years

Note 1: Information Provided

GASB 68 was implemented for the year ended December 31, 2014, therefore there is no data available for years prior to 2014. Eventually, the schedules will show ten years of data.

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: Covered payroll

Covered payroll has been presented in accordance with GASB 82, *Pension Issues*. Covered payroll includes all payroll on which a contribution is based.

Note 4: Contribution rates

Rates in effect during the periods covered by the Required Supplemental Information are below:

PERS 1

<u>From this</u> <u>Date</u>	<u>Through</u> <u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

PERS 2/3

<u>From this</u> <u>Date</u>	<u>Through</u> <u>this Date</u>	<u>Rate</u>
9/1/2013	6/30/2015	9.21%
7/1/2015	6/30/2017	11.18%
7/1/2017	8/31/2018	12.70%
9/1/2018	6/30/2019	12.83%
7/1/2019	current	12.86% *

* Employer contribution rate includes an administrative expense rate of 0.18%

REVENUES AND EXPENSES

For the Year Ended December 31, 2019

MCAG	Fund Number	Fund Name	Account Code	Account Title	Amount
1741	401	General	3081900	Restricted Net Position-Beginning	55,344
1741	401	General	3086000	Net Investment in Capital Assets-Beginning	11,374,890
1741	401	General	3088900	Unrestricted Net Position-Beginning	3,988,564
1741	401	General	3885000	Prior Period Adjustment	(173,431)
1741	401	General	3111000	Property Tax	276,599
1741	401	General	3370000	Local Grants, Entitlements and Other Payments	20,456
1741	401	General	3446000	Airports and Ports Services	47,192
1741	401	General	3446000	Airports and Ports Services	158,919
1741	401	General	3611000	Investment Earnings	100,555
1741	401	General	3446000	Operating Rents	785,418
1741	401	General	3446000	Operating Rents	29,287
1741	401	General	3699200	Miscellaneous Other Non-Operating	2,540
1741	401	General	5014600	Depreciation - Airports and Ports	234,704
1741	401	General	5081900	Restricted Net Position-Ending	57,640
1741	401	General	5086000	Net Investment in Capital Assets-Ending	11,177,421
1741	401	General	5088900	Unrestricted Net Position-Ending	4,608,455
1741	401	General	5460010	Airports and Ports - Salaries	261,447
1741	401	General	5460020	Airports and Ports - Benefits	97,209
1741	401	General	5460030	Airports and Ports - Supplies	35,709
1741	401	General	5460040	Airports and Ports - Services	179,847
1741	401	General	5914670	Debt Repayments - Airports and Ports	123,831
1741	401	General	5985040	Other Non-Operating Expenses	6,010
1741	401	General	5924680	Interest and Other Debt Service Cost - Airports and Ports	7,891
1741	401	General	5944660	Capital Expenditures/Expenses - Airports and Ports	24,815
1741	401	General	8100000	Cash, Cash Equivalents and Investments	5,223,645
1741	401	General	8200000	Other Current Assets	63,572
1741	401	General	8300000	Noncurrent Assets	11,910,527
1741	401	General	8400000	Deferred Outflows	25,662
1741	401	General	8500000	Current Liabilities	261,086
1741	401	General	8600000	Noncurrent Liabilities	1,066,204
1741	401	General	8700000	Deferred Inflows	52,600

SCHEDULE OF LIABILITIES

For the Year Ended December 31, 2019

Debt Type	ID No.	Description	Maturity/Payment Due Date	Beginning Balance 01/1/2019	Additions	Reductions	Ending Balance 12/31/19
Revenue Obligations							
	263.84	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1B, ISSUED 2000	1/1/2019	53,865	-	26,534	27,331
	263.84	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1D, ISSUED 2004	7/1/2019	271,695	-	44,164	227,531
	263.84	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1E, ISSUED 2006	1/1/2019	311,611	-	32,466	279,145
	263.84	CTED-CERB LOAN - B.Pt. Phase 1, Harbor Drive, ISSUED 2011	7/1/2019	165,333	-	20,667	144,666
	263.9	Asset Retirement Obligation Liability		-	26,100	-	26,100
	259.12	Compensated Absences		18,812	707	1,007	18,512
	264.40	OPEB		310,554	-	23,778	286,776
	264.30	Pension Liabilities		98,785	-	20,970	77,815
		Total Liabilities		\$ 1,230,655	26,807	169,585	1,087,876

SCHEDULE OF STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2019

1	2	3	4
Grantor	Program Title	Identification Number	Amount
None			

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2019

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		
None								

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, 2019

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, 2019

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 Director
Address: 154 E. Bingen Point Way, Suite A
Bingen, Washington 98605
Phone: (509) 493-1655
Email: mthornsby@portofklickitat.com

Date: May 21, 2020
Fiscal Period: FYE 12/31/19

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			

