PORT OF KLICKITAT

Bingen, Washington
and
Dallesport, Washington

FINANCIAL STATEMENTS

December 31, 2008

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ANNUAL REPORT

Port of Klickitat
(Name of Government)

1741
MCAG No.

Submitted pursuant to RCW 43.09.200

to the

STATE AUDITOR'S OFFICE

FOR THE FISCAL YEAR ENDED December 31, 20 08

Certified correct this 30th day of May, 20 09

to the best of my knowledge and belief:

NAME Margie Ziegler

TITLE Port Auditor

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See accountant's compilation report.

Jan T. Fancher, CPA, PLLC

CERTIFIED PUBLIC ACCOUNTANT

A Professional Limited Liability Company

May 30, 2009

Board of Commissioners
Port of Klickitat
Bingen, Washington

I have compiled the accompanying statement of net assets of the Port of Klickitat as of December 31, 2008, and the related statements of revenues and expenses and changes in fund net assets, and cash flows for the year then ended, in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Port of Klickitat.

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

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

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Management Discussion and Analysis

The 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, 2008. This discussion and analysis 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.

Financial Highlights

- Total assets of the Port of Klickitat exceeded its liabilities by $10.9 million as of December 31, 2008 (reported as *net assets*). This represented an increase of $0.6 million from the Port's net assets of $10.2 million as of December 31, 2007.

- Of the $10.3 million and $10.2 million in net assets as of December 31, 2008 and 2007, respectively, $2.8 million in 2008 and $2.0 million in 2007 are "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the Port's ongoing obligations to citizens and creditors. The remaining $8.1 million and $8.2 million in 2008 and 2007, respectively, was invested in capital assets, net of related debt. Capital assets, net of related debt represent the net book value of all the Port's property, plant and equipment (including infrastructure assets). This amount was $11.6 million less related general obligation bonds and loans payable of $3.5 million in 2008 and $11.9 million less related general obligation bonds and loans payable of $3.6 million in 2007.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Port's basic financial statements. The Port's basic financial statements included 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 basis (full accrual) as would be reflected in the government-wide financial statements.

The following is a brief discussion of the financial statements found on pages 9 - 12 of this report.

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

Overview of the Financial Statements, Continued

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

- *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 13 - 33 of this report.

Financial Analysis

The Port's total assets exceeded liabilities by $10.9 million at December 31, 2008 as compared to $10.2 million at December 31, 2007.

The largest portion of the Port's net assets (80.2 percent as of December 31, 2008 as compared to 85.2 percent as of December 31, 2007) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, infrastructure, and construction in progress) less any related debt used to acquire those assets that is still outstanding. Although the Port's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Financial Data

Port of Klickitat's Net Assets
(in thousands of dollars)

	2008	2007
ASSETS		
Current assets	$ 2,666	$ 1,918
Capital assets	11,616	11,880
Other noncurrent assets	210	153
Total assets	14,492	13,951
LIABILITIES		
Long-term liabilities outstanding	3,397	3,518
Other liabilities	246	233
Total liabilities	3,643	3,751
NET ASSETS		
Invested in capital assets, net of related debt	8,097	8,244
Restricted for asset acquisition	--	--
Unrestricted	2,753	1,956
Total net assets	$ 10,850	$ 10,200

PORT OF KLICKITAT
MANAGEMENT DISCUSSION AND ANALYSIS, CONTINUED
For the year ended December 31, 2008

Port of Klickitat's Change in Net Assets
(in thousands of dollars)

	2008	2007
OPERATING REVENUES		
Marine terminal operations	$ 36	--
Water system operations	10	--
Property lease and rental operations	819	--
Total operating revenues	865	--
NONOPERATING REVENUES		
Investment income	56	--
Property taxes - general	230	--
Property taxes - I.D.D.	448	--
Other nonoperating revenues	48	--
Total nonoperating revenues	782	--
Total revenues	1,647	--
OPERATING EXPENSES		
General operations	39	--
Maintenance	159	--
General and administrative	327	--
Depreciation	334	--
Total operating expenses	859	--
NONOPERATING EXPENSES		
Interest expense	138	--
Other nonoperating expenses	--	--
Total nonoperating expenses	138	--
Total expenses	997	--
Income before contributions	650	--
Capital contributions	--	--
Change in net assets	650	--
Net assets as of January 1	10,200	--
Net assets as of December 31	$ 10,850	$ --

Overall Analysis of Financial Position and Results of Operations

2008 activities resulted in a net increase in the Port's net assets of $0.6 million. There were no significant changes in the Port's activities during the year ended December 31, 2008.

During 2008, the Port updated the Dallesport Industrial Park Water System Master Plan.

The Port is in the process of completing a major reroofing project of 101 Parallel Building.

The Port acquired a new backhoe to assist in new infrastructure improvement projects.

The Port completed replacing all of the lighting system in one building as a part of their ongoing improvement plan.

During 2008, N.W. Natural Gas moved the transmission pipeline so that it no longer splits previously affected parcels of land.

The Port moved a powerline, which allowed the Port to enter into a twenty-five year lease agreement for the affected parcel.

Capital Assets

The Port's investment in capital assets as of December 31, 2008 amounts to $11.6 million (net of accumulated depreciation of $1.2 million). This investment in capital assets includes land and land rights, infrastructure, buildings and other improvements, furnishings and equipment, as well as construction in progress.

The Port invested approximately $130,000 in capital assets, construction in progress and preliminary studies during the year ended December 31, 2008. The Port's remaining commitments at year-end were approximately $220,000.

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

Port of Klickitat's Capital Assets
(in thousands of dollars)

		2008
Land	$	624
Buildings		7,956
Other improvements		3,839
Docks and marina ramps		344
Trucks and automobiles		24
Machinery and equipment		38
Furniture and fixtures		13
Construction in progress		7
Total capital assets before accumulated depreciation		12,845
Less accumulated depreciation		(1,229)
Total capital assets, net	$	11,616

General Obligation Bonds and Other Long-Term Debt

At December 31, 2008, the Port had general obligation bond debt outstanding of $1.9 million. The Port had no revenue bonds outstanding at any time during the year ended December 31, 2008. The Port had other long-term debt outstanding of $1.6 million at December 31, 2008. Additional information on the Port's general obligation bonds and loans payable obligations is presented in Note 9 to the financial statements.

Contacting the Port's Financial Management

This financial report is designed to provide our 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. If you have questions about this report or if you need additional financial information, please contact Margie Ziegler, Port Auditor at the Port of Klickitat, 154 E. Bingen Point Way, Bingen, Washington 98605, or by phone at (509) 493-1655.

PORT OF KLICKITAT
STATEMENT OF NET ASSETS
December 31, 2008

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	74,122
Investments		1,290,666
Taxes receivable, net		41,933
Accounts receivable, net		6,187
Interest receivable		3,708
Prepaid expenses		81,119
Cash and cash equivalents - restricted		14,181
Investments - restricted		1,153,807
Total current assets		2,665,723
NONCURRENT ASSETS		
Capital assets not being depreciated		
Land		624,017
Construction in progress		7,669
		631,686
Capital assets being depreciated		
Property, plant and equipment		12,213,589
		12,845,275
Less accumulated depreciation		(1,229,534)
Total net capital assets		11,615,741
OTHER NONCURRENT ASSETS		
Intangible assets, net		110,713
Deferred charges		100,159
Total other noncurrent assets		210,872
Total assets		14,492,336

LIABILITIES

CURRENT LIABILITIES	
Accounts payable	5,153
Accrued employee benefits	6,758
Accrued compensated absences	15,570
Leasehold taxes payable	21,129
Sales tax payable	2,769
Accrued interest payable	28,944
Current portion of long-term obligations	122,155
Customer deposits	43,312
Total current liabilities	245,790
NONCURRENT LIABILITIES	
General obligation bonds, net	1,816,115
Other noncurrent liabilities	1,580,893
Total noncurrent liabilities	3,397,008
Total liabilities	3,642,798
NET ASSETS	
Invested in capital assets, net of related debt	8,096,579
Restricted for asset acquisition	--
Unrestricted	2,752,959
TOTAL NET ASSETS	$ 10,849,538

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

PORT OF KLICKITAT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
For the year ended December 31, 2008

OPERATING REVENUES		
Marine terminal operations	$	36,196
Water system operations		10,138
Property lease and rental operations		818,833
Total operating revenues		865,167
OPERATING EXPENSES		
General operations		38,630
Maintenance		159,258
General and administrative		327,645
Depreciation		333,858
Total operating expenses		859,391
Income from operations		5,776
NONOPERATING REVENUES (EXPENSES)		
Investment income		55,638
Taxes levied for general purposes		230,254
Taxes levied for IDD purposes		447,855
Miscellaneous taxes		48,090
Other nonoperating revenues		513
Interest expense		(137,921)
Other nonoperating expenses		(565)
Total nonoperating revenues (expenses)		643,864
Income before contributions		649,640
Capital contributions		--
Increase in net assets		649,640
Net assets as of January 1, See Notes 1 and 11		10,199,898
Net assets as of December 31	$	10,849,538

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

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS
For the year ended December 31, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers and others	$ 868,511
Cash payments to suppliers for goods and services	(289,472)
Cash payments to employees and on their behalf	(226,786)
Net cash provided by operating activities	352,253
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	662,383
Nonoperating revenues	48,090
Net cash provided by noncapital financing activities	710,473
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	35,000
Purchase and construction of capital assets	(127,624)
Principal paid on capital debt	(118,446)
Interest paid on capital debt	(138,537)
Other payments	(117)
Net cash used by capital and related financing activities	(349,724)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(717,447)
Interest and dividends received	58,619
Net cash used by investing activities	(658,828)
Net increase in cash and cash equivalents	54,174
Cash and cash equivalents as of January 1	34,129
Cash and cash equivalents as of December 31	$ 88,303

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

PORT OF KLICKITAT
STATEMENT OF CASH FLOWS, CONTINUED
For the year ended December 31, 2008

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Income from operations	$ 5,776
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation and amortization	333,858
(Increase) decrease in:	
Accounts receivable	3,344
Other current assets	(1,983)
Increase (decrease) in:	
Accounts payable	(3,259)
Other current liabilities	14,517
Total adjustments	346,477
Net cash provided by operating activities	$ 352,253

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

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

Reporting entity

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

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

Basis of accounting and reporting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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

Effective January 1, 2008, the Port uses the full-accrual basis of accounting where revenues and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

The Port distinguishes between operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses result from providing services and producing and delivering goods in connection with the Port's principal ongoing operations. The principal operating revenues of the Port are charges to customers for the use of Port facilities, including the marine terminal, marina, utilities and industrial park rentals. 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 of Klickitat's policy to invest all temporary cash surpluses. At December 31, 2008, the Port was holding $74,071 in short-term residual investments of surplus cash invested with financial institutions including $55,114 at the Klickitat County Treasurer and $18,957 at the Columbia River Bank and $51 of cash on hand for total cash and equivalents of $74,122. This amount is classified on the statement of net assets as cash and cash equivalents.

Cash and cash equivalents - restricted - See Note 2.

At December 31, 2008, the Port was holding $14,181 in short-term residual investments of surplus cash invested with financial institutions at the Klickitat County Treasurer. This amount is classified in the statement of net assets as cash and cash equivalents - restricted.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Investments - See Note 2.

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).

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.

Customer 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.

The Port uses the reserve method of accounting for doubtful accounts. As of December 31, 2008, the Port's reserve was $500. The amount of accounts receivable shown in the financial statements is net of this reserve amount.

Deferred rent receivable consists of amounts that are being paid on a pro-rata basis throughout the current year under agreed upon terms. All applicable leasehold taxes associated with the deferral have been paid previously.

Interest receivable consists of interest earned on investments.

Concentrations

For the year ended December 31, 2008, two customers accounted for 56 percent of operating revenue. No other customers individually exceeded 10 percent of operating revenue in 2008.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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.

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.

Capital assets and depreciation - See Note 4.

Intangible assets, net

Intangible assets, net represents the cost of long-lived organizational master plans, net of accumulated amortization. If construction results, the related costs become part of the cost of the asset. If the project is abandoned, related costs are charged to expense.

Deferred charges

Deferred charges represent preliminary surveys and investigations and bond issuance costs net of 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.

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

Vacation leave, which may be accumulated up to an employee's amount of vacation hours accrued during a twenty four month period, is payable upon separation, retirement or death. Sick leave may accumulate up to 1,056 hours and upon separation or retirement, employees receive payment of unused sick leave up to a maximum of 120 hours. The accrued compensated absences balance at December 31, 2008 was $15,670.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Advertising

The Port expenses its advertising costs as they are incurred. Advertising expense for the year ended December 31, 2008 totaled $1,340.

Long-term debt - See Note 9.

Original issue discount - See Note 9.

Net assets

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

Invested in capital assets, net of related debt - Represents the historical cost of capital assets reduced for accumulated depreciation less outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted - Represents net assets that have been externally restricted by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Port maintains a variety of internal use restrictions on various funds; however, none of these funds is restricted as defined here. There are no restricted net assets for the year ended December 31, 2008.

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

Operating and nonoperating revenues and expenses

Charges for services provided by the Port as well as for the use of the marine terminal, marina and industrial property (land and buildings) and utility operations 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 generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits

As of December 31, 2008, the carrying amount of the Port's cash deposits with financial institutions was $74,071.

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

Investments

As of December 31, 2008, the Port had the following investments:

Classification	Washington State Investment Pool	Maturities	Fair Value
Investments	$ 1,290,666	Liquid	$ 1,290,666
Investments-restricted	1,153,807	Liquid	1,153,807
Total	$ 2,444,473		$ 2,444,473

The Port's investments are categorized to give an indication of the risk assumed at year-end. The following summary shows the Port's investments at year-end categorized by risk. Category 1 includes investments that are insured, registered or held by the Port or its agent in the Port's name.

Category	December 31, 2008
Category 1	$ 2,444,473

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

The Port held no derivatives or similar transactions.

NOTE 3 - PROPERTY TAXES:

The Klickitat County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed to the Port's account daily as they are received by the Klickitat County Treasurer. A revaluation of all property is required every four years.

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties.
February 14	Tax bills are mailed.
April 30	First of two equal installment payments is due.
May 31	Assessed value of property established for next year's levy at 100 percent of market value.
October 31	Second installment is due.

Property taxes are recorded as revenues in January of the year for which the tax is levied. Current and past-due taxes are shown as a receivable. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible. State law allows for the sale of property for failure to pay taxes.

The Port may levy up to $0.45 per $1,000 of assessed valuation for general Port purposes. This amount may be reduced for any of the following reasons:

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

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

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

The Port's regular levy for 2008 and 2007 was $0.23137 and $0.18838 per $1,000 on a total assessed valuation of $982,233,718 and $932,255,400 for total regular levies of $227,259 and $175,618, respectively.

The Port has assessed an Industrial Development District (IDD) levy for repayment of debt and new infrastructure improvements under RCW Chapters 53.35.110 and 53.36.100, in the amount of $0.45 per $1,000 on a total assessed valuation of $982,233,718 and $932,255,400 for a total IDD levy of $442,005 and $419,515 in 2008 and 2007, respectively. The levy will run for a period of six years, with revenues to be received from 2007 through 2012.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION:

Major expenses for capital assets, including major repairs that increase useful lives, are capitalized. Maintenance, repairs and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost or estimated historical cost, where historical cost is not known. 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 many years ago and these assets are also recorded at estimated fair market value at the time of the donation.

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

An allowance for funds used during construction is capitalized, when material, as part of the cost of the asset. The procedure is intended to remove the cost of financing construction activity from the operating statements and to treat such costs in the same manner as construction labor and material costs. During the year ended December 31, 2008, the Port's eligible capital interest costs were not considered to be material and, therefore, were not capitalized.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives using the straight-line method with useful lives of 3 to 40 years.

<u>Impaired capital assets</u>

The Port does not have any impaired capital assets.

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Sale of easement

Capital assets activity for the year ended December 31, 2008 was as follows:

Asset Category	Ending Balance 12/31/07	Increases	Decreases	Ending Balance 12/31/08
Capital assets not being depreciated				
Land	$ 624,017	$ --	$ --	$ 624,017
Construction in progress	--	7,669	--	7,669
Total capital assets not being depreciated	624,017	7,669	--	631,686
Capital assets being depreciated				
Buildings	7,933,394	22,209	--	7,955,603
Other improvements	3,807,971	30,859	--	3,838,830
Docks and marina ramps	344,372	--	--	344,372
Trucks and automobiles	23,741	--	--	23,741
Machinery and equipment	35,720	2,720	--	38,440
Furniture and fixtures	10,095	2,508	--	12,603
Total capital assets being depreciated	12,155,293	58,296	--	12,213,589
Less accumulated depreciation for				
Buildings	782,880	200,717	--	983,597
Other improvements	24,103	105,042	--	129,145
Docks and marina ramps	84,658	17,219	--	101,877
Trucks and automobiles	4,859	2,374	--	7,233
Machinery and equipment	3,059	2,542	--	5,601
Furniture and fixtures	151	1,930	--	2,081
Total accumulated depreciation	899,710	329,824	--	1,229,534
Total capital assets being depreciated, net	11,255,583	(271,528)	--	10,984,055
Total capital assets, net	$ 11,879,600	$ (263,859)	$ --	$ 11,615,741

NOTE 4 - CAPITAL ASSETS AND DEPRECIATION, CONTINUED:

Construction Commitments

The Port of Klickitat has an active construction project as of December 31, 2008. At year-end the Port's commitments with contractors are as follows:

Project	Spent To-Date	Remaining Commitment
Dallesport Bldg 101 Roof	$ 7,669	$ 222,538
	$ 7,669	$ 222,538

NOTE 5 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

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

NOTE 6 - PENSION PLAN:

Substantially all Port of Klickitat full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27.*

NOTE 6 - PENSION PLAN, CONTINUED:

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

Plan Description

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

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

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

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

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

NOTE 6 - PENSION PLAN, CONTINUED:

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

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

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

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	$ 71,244
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Non-Vested	52,575
Total	$ 255,849

NOTE 6 - PENSION PLAN, CONTINUED:

Funding Policy

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

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer *	8.31%**	8.31%**	8.31% ***
Employee	6.00%****	5.45%****	*****

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

** The employer rate for state elected officials is 12.39% for Plan 1 and 8.31% for Plan 2 and Plan 3.

*** Plan 3 defined benefit portion only.

**** The employee rate for state elected officials is 7.50% for Plan 1 and 5.45% for Plan 2.

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

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

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

NOTE 7 - RISK MANAGEMENT:

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

The Port of Klickitat is a member of Enduris. RCW Chapter 48.62 authorizes the governing body of any one or more governmental entity to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW Chapter 39.34, the Interlocal Cooperation Act. Enduris was formed July 10, 1987, when two (2) counties and two (2) cities in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2008, there are 427 Enduris members representing a broad range of special purpose districts.

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

Members make an annual contribution to fund Enduris. Enduris acquires insurance from unrelated insurance companies that is subject to a "per occurrence" $500,000 deductible on liability loss, $100,000 deductible on property loss, and $5,000 deductible on boiler and machinery loss. The member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $499,000 on liability losses, $99,000 on property loss, $4,000 on boiler and machinery loss. Insurance carriers cover all losses over the deductibles as shown to the policy maximum limits. Since Enduris is a cooperative program, there is a joint liability among the participating members.

NOTE 7 - RISK MANAGEMENT, CONTINUED:

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Intergovernmental Contract (Master Agreement) 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 Intergovernmental Contract.

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 8 - SHORT-TERM DEBT:

The Port has no short-term debt.

NOTE 9 - LONG-TERM DEBT:

Long-term debt

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

NOTE 9 - LONG-TERM DEBT, CONTINUED:

General obligation bonds currently outstanding are as follows:

Description	Original Amount	Interest Rate	Maturity	2008
Taxable Exempt G.O. Bonds				
2003 General Obligation Bonds	$1,100,000	1.50 - 5.50%	12/1/2002	$ 865,000
2006 General Obligation Bonds	$1,100,000	7.05%	10/17/2011	1,041,478
Total general obligation bonds outstanding				1,906,478
Less current portion				(77,512)
				1,828,966
Unamortized bond discount, net				12,851
Total long-term general obligation bonds, net				$ 1,816,115

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

Year ending December 31	Total	Principal	Interest
2009	$ 196,556	$ 77,512	$ 119,044
2010	194,666	79,820	114,846
2011	1,134,496	1,024,146	110,350
2012	88,838	50,000	38,838
2013	91,388	55,000	36,388
2014 - 2018	446,788	310,000	136,788
2019 - 2023	354,000	310,000	44,000
2024 - 2028	--	--	--
Thereafter	--	--	--
	$ 2,506,732	$ 1,906,478	$ 600,254

During 2008, due to current national housing market conditions, the Port's 2003 general obligation bond insurer's rating were downgraded by two reporting agencies.

NOTE 9 - LONG-TERM DEBT, CONTINUED:

Subordinated interagency loans outstanding are as follows:

Description	Original Amount	Interest Rate	Maturity	2008
CTED-CERB Loan/B. Pt. Infrastructure	$108,000	4.00%	7/15/2020	$ 51,205
CTED-CERB Loan/B. Pt. SBDC Bldg.	$262,500	3.00%	7/14/2014	119,117
CTED-CERB Loan/B. Pt. Ph 1, Bldg. 1B	$353,606	3.00%	1/27/2020	280,214
CTED-CERB Loan/B. Pt. Ph1, Bldg. 1D	$650,000	1.00%	7/1/2024	650,000
CTED-CERB Loan/B. Pt. Ph 1, Bldg. 1E	$525,000	1.60%	1/1/2027	525,000
Total subordinated interagency loans				1,625,536
Less current portion				(44,643)
Total long-term portion of subordinated interagency loans outstanding				$ 1,580,893

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

Year ending December 31:	Total	Principal	Interest
2009	$ 59,207	$ 44,643	$ 14,565
2010	106,104	86,427	19,676
2011	106,120	88,280	17,840
2012	143,589	119,235	24,355
2013	143,607	121,654	21,953
2014 - 2018	602,089	528,126	73,963
2019 - 2023	477,964	446,753	31,210
2024 - 2028	196,688	190,418	6,270
Thereafter	--	--	--
	$ 1,835,368	$ 1,625,536	$ 209,832

Debt Issuance Costs

Unamortized debt issuance costs are recorded as deferred charges and bonds are displayed net of discount. Annual interest expense is increased by the amortization of debt issuance discount.

The Port's unamortized debt issuance costs, net of accumulated amortization at December 31, 2008 was $12,850. Current amortization is $923 per year.

NOTE 9 - LONG-TERM DEBT, CONTINUED:

Leases

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 $1,233 for the year ended December 31, 2008. The future minimum lease payments for these leases are as follows:

Year	Total
2009	$ 1,720
2010	1,720
2011	1,720
2012	1,720
2013	430
	7,310
Thereafter	--
Total	$ 7,310

The Port has no capital leases.

Conduit debt

The Port has issued no conduit debt.

Changes in long-term liabilities

	Beginning Balance 1/1/08	Additions	Reductions	Ending Balance 12/31/08	Due Within One Year
G.O. bonds	$ 1,906,477	$ --	$ 77,512	$ 1,828,965	$ 77,512
Less issuance discounts	(13,773)	--	(923)	(12,850)	--
Total G.O. bonds payable	1,892,704	--	76,589	1,816,115	77,512
Loans payable	1,625,536	--	44,643	1,580,893	44,643
Total long-term liabilities	$ 3,518,240	$ --	$ 121,232	$ 3,397,008	$ 122,155

NOTE 10 - CONTINGENCIES AND LITIGATION:

The Port has recorded in its financial statements all material liabilities. For 2008, 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 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.

The Port constructed Building 1D, a qualifying building for a tenant in 2004 and 2005, and entered into a five year lease for the premises. The Port obtained financing for the project from, among other sources, the State of Washington ("State") Community Economic Revitalization Board (CERB). Under RCW Chapter 82.60, and because the project is located in an area defined by the State as a depressed rural area, the project is eligible for a deferral of sales tax due on the building components and construction. If certain requirements are met, the deferred tax due is never paid and becomes an exemption from sales tax. See RCW Chapter 82.60. The sales tax deferred and potentially exempt on this project is $120,869.

If the tenant does not remain in business with a certain number of employees using the building through 12/31/2011, then the Port will have to pay part or all of the sales tax due based on a sliding scale depending on the time when the conditions are no longer met. RCW Chapter 82.60.060 sets forth the repayment schedule which also corresponds to the forgiveness schedule under RCW Chapter 82.60.065 as follows:

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

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

Additionally, the Port constructed Building 1E, a qualifying building for a tenant in 2006 and completed 9/17/2007, and entered into a five year lease for the premises. The Port obtained financing for the project from, among other sources, the State of Washington ("State") Community Economic Revitalization Board (CERB). Under RCW Chapter 82.60, and because the project is located in an area defined by the State as a depressed rural area, the project is eligible for a deferral of sales tax due on the building components and construction. If certain requirements are met, the deferred tax due is never paid and becomes an exemption from sales tax. See RCW Chapter 82.60.

NOTE 10 - CONTINGENCIES AND LITIGATION, CONTINUED:

The potential liability is similar to Building 1D. The Port has established a reserve fund to retire this contingent liability in the event it is required to be paid.

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

NOTE 11 - ACCOUNTING AND REPORTING CHANGES:

The prior year comparison column for the Statement of Revenue, Expenses and Changes in Net Fund Assets will not be available until the following year when the Port will have three full accrual balance sheets completed. The Port will present the two year format for the Statement of Revenue, Expenses and Changes in Fund Net Assets for the year ended December 31, 2009.

On January 1, 2008, the Port elected to change its method of accounting from the cash basis of accounting, which is allowed under the State of Washington's *Budgeting Accounting and Reporting System for Cash Basis Port Districts (BARS)*, to the full accrual basis of accounting, which is allowed under the State of Washington's *Budgeting Accounting and Reporting System for GAAP Port Districts*. The effect of this accounting change was to establish full accrual accounting for the assets and liabilities on the Statement of Net Assets at December 31, 2008 and 2007, respectively. Applying the full accrual basis of accounting to the assets and liabilities on the Statement of Net Fund Assets at December 31, 2007 was necessary in order to have correct full accrual balances for the start of 2008 for the preparation of the Statement of Revenues, Expenses and Changes in Net Fund Assets for the year ended December 31, 2008.

NOTE 12 - SUBSEQUENT EVENTS:

Subsequent to December 31, 2008, a second Aluminum Salt Cake site was discovered on Port property. The first aluminum Salt Cake site was not on Port property. The Department of Ecology (DOE) determined that the site needed to be cleaned up. The Port entered into a contract for $26,750 for a contractor to complete the cleanup process and anticipates spending approximately another $10,000 as a part of that process. One thousand, two hundred and sixty three tons of affected material was removed. Soil testing and reports will be submitted to the DOE for final approval. The Port anticipates completion of the project by the end of July, 2009.

NOTE 12 - SUBSEQUENT EVENTS, CONTINUED:

Subsequent to December 31, 2008, the Port received approximately $100,000 additional revenue from their aggregate operations that was not previously in the Port's 2009 budget. The Port plans on using a portion of these additional funds for additional infrastructure improvements in 2009.

DETAIL OF REVENUES AND OTHER SOURCES

For Year Ended December 31, 2008

BARS Revenue Account No.	Description	Actual Revenue
631.00	Marine Terminal User Charges	$ 36,196
641.00	Water System User Charges	10,138
661.00	Property Lease/Rentals - User Charges	16,865
664.00	Property Lease/Rentals - Land	257,901
665.00	Real Property Rentals - Facilities	529,765
669.00	Property Lease/Rentals - Other	14,302
699.10	Interest Income	55,638
699.20	Ad Valorem Taxes	678,109
699.30	Miscellaneous Taxes	48,090
699.90	Other Revenues	513
	TOTAL REVENUES	$ 1,647,517

See accountant's compilation report.

DETAIL OF EXPENSES AND OTHER USES

For Year Ended December 31, 2008

BARS Expense Account No.	Description	Actual Expenses
721.00	Marina Operations	$ 4,197
723.00	Marina Maintenance	613
733.00	Marine Terminal Maintenance	72
741.00	Water System Operations	4,087
743.00	Water System Maintenance	544
761.00	Property Lease/Rentals Operations	30,346
763.00	Property Lease/Rentals Maintenance	158,029
781.00	General and Administrative Operating Expenses	327,645
787.00	Depreciation Expense	333,858
799.91	Interest Expense	137,921
799.93	Other Nonoperating Expenses	565
	TOTAL EXPENSES	$ 997,877

See accountant's compilation report.

Port of Klickitat

x GO Debt
_ Revenue Debt

SCHEDULE OF LONG-TERM DEBT

For Year Ended December 31, 2008

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 1/1/2008 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/2008 (1)+(2)-(3)
263.82	CTED-CERB LOAN - B.Pt. Infra	1992 DRAWN 95	1/1/2015	$ 57,440	$--	$ 6,235	$ 51,205
263.82	CTED-CERB LOAN - B.Pt. SBDC Bldg.	1993	7/1/2014	136,996	--	17,879	119,117
263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1B	2000	1/1/2020	299,383	--	19,169	280,214
263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1D	2004	7/1/2024	650,000	--	--	650,000
263.82	CTED-CERB LOAN - B.Pt. Phase 1, Bldg. 1E	2006	1/1/2027	525,000	--	--	525,000
251.11	03 LTGO BONDS Bldg.	2003	12/1/2022	910,000	--	45,000	865,000
251.11	06 LTGO BONDS Bldg. 1E	2006	10/17/2011	*1,071,641	--	30,163	1,041,478
	Total G.O. Debt			$3,650,460	$--	$118,446	$3,532,014

See accountant's compilation report.

Port of Klickitat

__ GO Debt
x Revenue Debt

SCHEDULE OF LONG-TERM DEBT

For Year Ended December 31, 2008

I.D. NO.	PURPOSE	DATE OF ORIGINAL ISSUE	DATE OF MATURITY	(1) BEGINNING OUTSTANDING DEBT 1/1/2008 (ENDING OUTSTANDING DEBT BALANCE FROM PRIOR YEAR)	(2) AMOUNT ISSUED IN CURRENT YEAR	(3) AMOUNT REDEEMED IN CURRENT YEAR	(4) ENDING OUTSTANDING DEBT 12/31/08 (1)+(2)-(3)
NONE							

MCAG NO. 1741

Port of Klickitat

Schedule Of Limitation Of Indebtedness
As Of December 31, 2008

Total Taxable Property Value $ 982,233,718

I. Indebtedness Without A Vote (Legal Limit .25% or .375% if I.B. applicable)			$ 2,455,584
A. General Purpose Indebtedness Without A Vote (Legal Limit .25%)		$ 2,455,584	
Indebtedness (Liabilities):			
GO Bonds	$ 1,906,478		
Others	$ 1,736,321		
Less Assets Available	$ (1,497,735)		
Indebtedness Incurred - Section A		$ 2,145,064	
Margin Of Indebtedness Available - Section A		$ 310,520	
B. Indebtedness For Acquisition Or Construction Of A Facility Without A Vote (Legal Limit .375%)		$ 3,683,376	
Indebtedness (Liabilities):			
GO Bonds	$ 1,906,478		
Others	$ 1,736,321		
Less Assets Available	$ (1,497,735)		
Indebtedness Incurred - Section B		$ 2,145,064	
Margin Of Indebtedness Available - Section B		$ 1,538,312	
Less: Indebtedness Incurred (Section A + B)			$ 2,145,064
Margin Of Indebtedness Available Without A Vote (Section A + B)			$ 310,520

See accountant's compilation report.

II. Indebtedness With A 3/5 Vote (Legal Limit .75%)		$ 7,366,753	
Indebtedness (Liabilities):			
GO Bonds	$ 1,906,478		
Others	$ 1,736,321		
Less Assets Available	$ (1,497,735)		
Indebtedness Incurred - Section II		$ 2,145,064	
Margin Of Indebtedness Available With 3/5 Vote		$ 5,221,689	
Total Indebtedness Allowable - Section I and II (Legal Limit .75%)			$ 7,366,753
Less: Indebtedness Incurred - Section I and II			$ 2,145,064
MARGIN OF INDEBTEDNESS AVAILABLE			$ 5,221,689
III. Additional Indebtedness For Airport Capital Improvement Purposes Without A Vote (Legal Limit .125%)		$ --	
Indebtedness (Liabilities):			
GO Bonds	$ --		
Others	$ --		
Less Assets Available	$ --		
Indebtedness Incurred - Section III		$ --	
Margin Of Indebtedness Available - Section III		$ --	
IV. Additional Indebtedness For Airport Capital Improvement Purposes With A 3/5 Vote (Legal Limit .375%)		$ --	
Indebtedness (Liabilities):			
GO Bonds	$ --		
Others	$ --		
Less Assets Available			
Indebtedness Incurred - Section IV	$ --	$ --	
Margin Of Indebtedness Available - Section IV		$ --	
Total Indebtedness Allowable - Section I - IV (Legal Limit 1.25%)			$ --
Less: Indebtedness Incurred (Section I-IV)			$ --
MARGIN OF INDEBTEDNESS AVAILABLE			$ --

V.	Additional Indebtedness For Foreign Trade Zone With a 3/5 Vote (Legal Limit 1.0%)	$ --
	Indebtedness (Liabilities):	
	GO Bonds	
	Others	
	Less Assets Available	
	Indebtedness Incurred - Section V	
	MARGIN OF INDEBTEDNESS AVAILABLE	$ 310,520

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2008

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

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

SCHEDULE OF STATE AND LOCAL FINANCIAL ASSISTANCE

For The Year Ended December 31, 2008

1	2	3
Grantor/ Program Title	Identification Number	Current Year Expenses
NONE		

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

See accountant's compilation report.

NOTES TO THE

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

For The Year Ended December 31, 2008

Note 1 - Basis of Accounting

The Schedule of Expenditures of Federal Awards and the Schedule of State and Local Financial Assistance are prepared on the same basis of accounting as the Port of Klickitat's financial statements. Effective January 1, 2008, the Port uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Fixed asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds.

Note 2 - Program Costs

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

Port of Klickitat

SCHEDULE OF LABOR RELATIONS CONSULTANT(S)

For the Year Ended December 31, 2008

Has your government engaged labor relations consultants? ____Yes _X_ No

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

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

Certified Correct this 30th day of May, 2009 to the best of my knowledge and belief:
Signature Margie Ziegler
Name Margie Ziegler
Title Port Auditor

See accountant's compilation report.

LOCAL GOVERNMENT RISK-ASSUMPTION WITHOUT FORMAL RISK FINANCING PLAN

Port of Klickitat

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

Date: May 30, 2009
Fiscal Period: December 31, 2008

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			

See accountant's compilation report.