

Note 1 - Summary of Significant Accounting Policies

The Port of Camas-Washougal was incorporated in 1935 and operates under the laws of the State of Washington applicable to a port district. The financial statements of the Port of Camas-Washougal have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

During 2004, the Port implemented GASB 34, *Basic Financial Statements-and Management Discussion and Analysis-for State and Local Governments* ("MDA") and GASB 38, *Certain Financial Statement Note Disclosures*. The Port changed the format of its financial statements, renaming retained earnings "net assets," included the MDA in its report, and made prescribed changes in the financial statement footnotes.

During 2004, the Port implemented GASB 40, *Deposit and Investment Risk Disclosure*. Implementation eliminated the note disclosure of Category 1, 2 and 3 investments and concentrates on risk of investments.

A. Reporting Entity - The Port of Camas-Washougal is a special purpose government that provides airport hangar rentals, moorage, land and industrial development, and public recreation facilities to the general public and is supported primarily through user charges and the property tax levy.

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 of Camas-Washougal has no component units.

B. Basis of Accounting and Reporting - Accounting records of the Port of Camas-Washougal are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Port of Camas-Washougal uses the *Budgeting, Accounting and Reporting System for GAAP Port Districts* in the State of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net assets (or balance sheet). Their reported fund equity (total net assets) is segregated into invested in capital assets, net of related debt, restricted and unrestricted net assets. The operating statement presents 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 its operating, noncapital financing, capital and related financing, and investing activities.

The Port of Camas-Washougal uses the full accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate funds.

The Port accounts for business operating revenues and expenses as "operating revenue and expense." Operating revenues are derived from airport, marina and industrial park fees and rents. Operating expenses are the direct expenses incurred while conducting these activities. General and administrative costs are those that relate to the Port as a whole, including staff compensation and benefits, commissioner compensation and benefits, membership fees and dues, communication costs, legal fees, marketing, and other indirect costs.

The Port accounts for all other revenue and expense as non-operating revenue or expense. Included are property and other tax receipts, interest income on investments, bond interest expense and other non-operating revenue and expense.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Assets, Liabilities and Net Assets -

- **Cash and cash equivalents** - It is the Port's policy to invest all temporary cash surpluses. At December 31, 2007 and 2006, the treasurer was holding \$7,160,772 and \$6,683,308 in short-term investments of surplus cash. These amounts are classified in the *Comparative Statement of Net Assets* as *Cash and cash equivalents* as either unrestricted or restricted. See Note 2.

For the purposes of the *Comparative 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.

- **Receivables** - Taxes receivable consist of property taxes and related interest and penalties. See Note 3.

Customer accounts receivable consists of amounts owed from private individuals or organizations for goods provided and services rendered.

Contracts receivable consists of amounts owed from private individuals or organizations under contract for land sales.

- **Inventories** - Inventories are valued by the first-in, first-out method, which approximates market value. Inventory consists of fuel held for sale at the marina and airport.
- **Prepaid expenses** - Expense items of a nature which will benefit future periods are recognized as prepaid expenses and expensed over their useful lives.
- **Restricted assets** - In accordance with bond resolutions (and certain related agreements), separate restricted accounts are required. Identified in Note 7, \$378,400 is restricted as bond reserves while \$1,338 is restricted to reimbursement of deposits held, for total restricted assets of \$379,738.

These accounts contain resources for debt service and, when applicable, project construction. The current portion of related liabilities are shown as accrued interest and current portion of long-term debt. Specific debt service reserve requirements are described in Note 7.

- **Capital assets** - Capital assets are stated at cost. Depreciation of capital assets is computed using the straight-line method, based on estimated useful lives. See Note 4.
- **Prepaid bond issuance costs and original issue discount** - Costs relating to the sale of bonds are deferred and amortized over the lives of the various bonds. The bond issuance cost and the original issue discount for bonds issued was \$19,413 and \$19,568 for 2007 and 2006, respectively.
- **Employee leave benefits** - Employee absences are funded from current revenues when taken. Unused vacation time may be carried forward so long as total hours earned do not exceed 240. Costs are expensed when vacation is earned, and is accrued on a monthly basis. Sick leave is accumulated at the rate of one day for each full month of service up to a maximum of 120 days and is forfeited upon termination, except in the case of death or retirement, when all unused sick leave may be exchanged for compensation at the rate of 2 sick days for 1 day of compensation.

- **Long-term debt** - See Note 7.

PORT OF CAMAS-WASHOUGAL
 NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

- **Deferred revenues** - These amounts are not recognized as revenue until the revenue recognition criteria has been met.
- **Net Assets** - Formerly the "equity" section, net assets now conform to the GASB reporting guidelines which, for the years reported, separate net assets into that which is invested in capital assets, net of related debt, and that which is unrestricted.
- **Use of estimates** - The preparation of the financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2 - Deposits and Investments

The Port's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

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

Regulatory oversight is provided by the Finance Committee, which by statute consists of the Treasurer, the Auditor, and the Chairman of the Board of County Commissioners. The committee approves the investment policy and makes all appropriate rules and regulations to carry out the provisions of RCW 36.48.010 through 36.48.060.

The Clark County Investment Pool does not report any securities at amortized cost. All securities are reported at fair market value. The investment pool is not SEC registered. Authority to manage the Investment Pool is derived from the Revised Code of Washington ("RCW") in RCW 36.29.022.

The Clark County Investment Pool reduces credit risk by purchasing securities rated at the highest quality by credit rating organizations such as Moody's, Standard & Poor's, or Fitch. As of December 31, 2007, 60.2% of the portfolio was invested in securities rated 'AAA', 12.7% in 'A-1+' rated securities, 18.7% invested in the State LGIP, and 8.4% in CDs and overnight bank deposits collateralized by the Washington Public Depository.

Deposits and investments as of December 31, by investment type:	2007		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Deposits	\$ 2,250	\$ 1,338	\$ 3,588
Clark County Investment Pool	6,778,784	378,400	7,157,184
	<u>\$ 6,781,034</u>	<u>\$ 379,738</u>	<u>\$ 7,160,772</u>
	2006		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Deposits	\$ 2,250	\$ 3,268	\$ 5,518
Clark County Investment Pool	6,341,628	336,162	6,677,790
	<u>\$ 6,343,878</u>	<u>\$ 339,430</u>	<u>\$ 6,683,308</u>

PORT OF CAMAS-WASHOUGAL
NOTES TO FINANCIAL STATEMENTS

Note 2 - Deposits and Investments (Continued)

Cash and cash equivalents by source/use of funds:	2007	2006
General Unrestricted Use	\$ 6,781,034	\$ 6,343,878
Deposit Reimbursement Fund	1,338	3,268
General Obligation Bond Reserve Fund	366,929	253,496
Revenue Bond Reserve Fund	11,471	82,666
Cash in Escrow	-	-
	<u>\$ 7,160,772</u>	<u>\$ 6,683,308</u>

Note 3 - Property Taxes

The Clark County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Collections are distributed at the end of each month to the Port by the County Treasurer. A revaluation of all property is required every four years.

The property tax calendar is as follows:

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 established for next year's levy at 100% of market value.
October 31	Second installment is due.

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

The Port may levy up to \$0.45 per \$1,000 of assessed valuation for general governmental services. The Washington State Constitution and Washington State law, in RCW 84.55.010, limit the rate. The district may also levy taxes at a lower rate.

The Port's regular levy for 2007 was \$.208 per \$1,000 on an assessed valuation of \$5,448,645,404 for a total regular levy of \$1,136,206. In addition, the Port's bond fund levy was \$.164 per \$1,000 for a total of \$896,030. The total levy for 2007 was \$.372 per \$1,000 resulting in a total tax levy of \$2,032,236.

The Port's regular levy for 2006 was \$.267 per \$1,000 on an assessed valuation of \$4,328,674,091 for a total regular levy of \$1,155,756. In addition, the Port's bond fund levy was \$.168 per \$1,000 for a total of \$728,343. The total levy for 2006 was \$.435 per \$1,000 resulting in a total tax levy of \$1,884,099.

Note 4 - Capital Assets

Major expenditures for capital assets, including capital leases and 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.

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 80 years.

PORT OF CAMAS-WASHOUGAL
NOTES TO FINANCIAL STATEMENTS

Note 4 - Capital Assets cont.

Capital assets activity for the year ended December 31, 2007 was as follows:

	Beginning Balance 1/1/2007	Increases	Decreases	Ending Balance 12/31/2007
Capital assets, not being depreciated				
Land and land rights	\$ 5,958,966	\$ 606,594	\$ -	\$ 6,565,560
Construction in progress	1,069,634	828,529	859,097	1,039,066
Capital capital assets, not being depreciated	7,028,600	1,435,123	859,097	7,604,627
Capital assets, being depreciated				
Structures and improvements	20,651,806	524,884	1,100	21,175,590
Vehicles	184,451	16,461	-	200,912
Equipment, furniture and fixtures	478,308	69,455	22,419	525,345
Total capital assets, being depreciated	21,314,565	610,800	23,519	21,901,846
Less accumulated depreciation for:				
Structures and improvements	(8,072,629)	10,423	(576,000)	(8,638,206)
Vehicles	(163,404)	8,077	(12,000)	(167,327)
Equipment, furniture and fixtures	(352,543)	-	(24,224)	(376,767)
Total accumulated depreciation	(8,588,576)	18,500	(612,224)	(9,182,300)
Net capital assets	\$ 19,754,589	\$ 2,064,423	\$ 270,391	\$ 20,324,173

Capital assets activity for the year ended December 31, 2006 was as follows:

	Beginning Balance 1/1/2006	Increases	Decreases	Ending Balance 12/31/2006
Capital assets, not being depreciated				
Land and land rights	\$ 5,801,591	\$ 157,436	\$ 61	\$ 5,958,966
Construction in progress	844,279	523,451	298,096	1,069,634
Capital capital assets, not being depreciated	6,645,870	680,887	298,157	7,028,600
Capital assets, being depreciated				
Structures and improvements	20,314,122	355,791	18,107	20,651,806
Vehicles	184,451	-	-	184,451
Equipment, furniture and fixtures	446,835	31,473	-	478,308
Total capital assets, being depreciated	20,945,408	387,264	18,107	21,314,565
Less accumulated depreciation for:				
Structures and improvements	(7,475,221)	(597,408)	-	(8,072,629)
Vehicles	(159,240)	-	(4,164)	(163,404)
Equipment, furniture and fixtures	(318,846)	(33,697)	-	(352,543)
Total accumulated depreciation	(7,953,307)	(631,106)	(4,164)	(8,588,576)
Net capital assets	\$ 19,637,971	\$ 437,046	\$ 312,100	\$ 19,754,589

Note 5 - Construction In Progress

For 2007, construction in progress of \$828,529 represents expense of ongoing year-end projects for which authorizations total \$3,178,500. The airport drainage project will continue into 2008 with retainage release; the east Industrial Park expansion project will continue into 2008; and building 14 construction will continue into 2008.

For 2006, construction in progress of \$523,451 represents expense of ongoing year-end projects for which authorizations total \$1,678,900. None of these projects require future financing. Estimated additional funds needed for completion are \$329,000.

Note 6 - Pension Plans

Substantially all of the Port's 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 27, *Accounting for Pensions by State and Local Government Employers*.

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 plan. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals and Superior courts (other than judges 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. 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.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at age 55 with 25 years of service. The annual benefit is 2 percent of the average final compensation per year of service, capped at 60 percent. The average final compensation is based on the greatest compensation during any 24 eligible consecutive compensation months. If qualified, after reaching this age of 66 a cost-of-living allowance is granted based on years of service credit and is capped at 3 percent annually.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at age 55 with 20 years of service,

Note 6 - Pension Plans (Continued)

with an allowance of 2 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period.

Plan 2 retirements 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 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 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 1 percent of the average final compensation per year of service. The average final compensation is based on the greatest compensation during any eligible consecutive 60-month period. Effective June 7, 2006, Plan 3 members are vested in their defined benefit portion of their plan after ten years of service; or after five years 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 at age 55 with 10 years of service. Retirements 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 3 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 1,188 participating employers in PERS. Membership in PERS consisted of the following as of the last actuarial valuation date for the plans of September 30, 2006:

Retirees and beneficiaries receiving benefits	70,201
Terminated plan members entitled to but not yet receiving benefits	25,610
Active plan members vested	105,215
Active plan members non-vested	49,812
Total	250,838

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 6 percent for state agencies and local government unit employees, and 7.5 percent for state government elected officers. 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. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

**PORT OF CAMAS-WASHOUGAL
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Pension Plans (Continued)

The required contribution rates expressed as a percentage of current year covered payroll, as of December 31, 2007, were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer*	6.13%	6.13%	6.13%**
Employee	6.00%	4.15%	***

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

** Plan 3 defined benefit portion only.

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

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

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2007	\$ -	\$ 26,192	\$ 5,327
2006	\$ -	\$ 15,895	-
2005	\$ 166	\$ 9,541	-

Note 7 - Long-Term Debt

A. Long-Term Debt

The Port issues general obligation and revenue bonds to finance the purchase and construction of capital assets. Bonded indebtedness has also been entered into, in prior years, to advance refund general obligation and revenue bonds. Long-term debt also includes a note payable in connection with a property acquired in 2004.

Note payable currently outstanding:

Purpose	Maturity	Interest Rate	Original Amount	Amount of Annual Installment
Property acquisition	2013	None	\$ 238,000	\$ 24,000

The annual debt service to maturity for the note payable is as follows:

Year Ending December 31,	Principal	Interest
2008	24,000	\$0
2009	24,000	-
2010	24,000	-
2011	24,000	-
2012	24,000	-
2013	4,000	-
Total	\$ 124,000	\$0

PORT OF CAMAS-WASHOUGAL
 NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt cont.

General obligation bonds currently outstanding are as follows:

Purpose	Maturity	Interest Rate	Original Amount	Amt of Annual Installment
2004 Series A Refunding, industrial additions	2012	1.3 to 4.5%	\$2,510,000	From \$344,000 to \$199,000
2004 Series B Refunding, industrial additions	2023	3.65 to 4.5%	\$1,650,000	From \$68,000 to \$120,000
2001 Series A Industrial additions	2019	5.0 to 6.5%	\$1,840,000	From \$190,000 to \$91,000
2001 Series B Industrial additions	2021	5.00%	\$500,000	From \$25,000 to \$215,000
1999 Series B Refunding, industrial additions	2013	5.70%	\$355,000	From \$20,000 to \$115,000
1999 Series C Refunding, industrial additions	2019	5.7 to 5.75%	\$495,000	From \$28,000 to \$95,000

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

Year Ending December 31,	Principal	Interest
2008	520,000	294,933
2009	505,000	270,760
2010	520,000	247,693
2011	345,000	223,005
2012	365,000	205,160
2013 - 2023	3,655,000	949,975
Total	\$ 5,910,000	\$ 2,191,526

Revenue bond currently outstanding:

Purpose	Maturity	Interest Rate	Original Amount	Amt of Annual Installment
2001 Revenue Refunding Bond Refunding, industrial additions	2009	3.0 to 5.25%	\$ 480,000	Approx. \$67,500

The annual debt service to maturity for the revenue bond:

Year Ending December 31,	Principal	Interest
2008	65,000	6,925
2009	70,000	3,675
Total	\$ 135,000	\$ 10,600

PORT OF CAMAS-WASHOUGAL
NOTES TO FINANCIAL STATEMENTS

Note 7 - Long-Term Debt cont.

Unamortized debt issue costs are recorded as deferred charges, and bonds are displayed net of premium or discount. Annual interest expense is decreased by amortization of debt premium and increased by the amortization of debt issue costs and discounts.

At December 31, 2007, the Port of Camas-Washougal has \$378,400 available in reserves as required by bond indentures.

B. Changes in Long-Term Liabilities

During the year ended December 31, 2007, the following changes occurred in long-term liabilities:

Description of Long-term Liabilities	Beginning Balance		Ending Balance		Due Within One Year
	1/1/2007	Additions	Reductions	12/31/2007	
Commission payable	\$ 2,089			\$ 2,089	\$ 2,089
Note payable	\$ 148,000		\$ 24,000	\$ 124,000	\$ 24,000
Bonds payable:					
G. O. bonds	6,410,000		500,000	\$ 5,910,000	520,000
Revenue bonds	200,000		65,000	\$ 135,000	65,000
Total bonds payable	6,610,000		565,000	6,045,000	585,000
Total long-term liabilities	\$ 6,760,089	\$ -	\$ 589,000	\$ 6,171,089	\$ 611,089

Note 8 - Risk Management

The Port maintains insurance against most normal hazards with Aon Risk Services, Biggs Insurance Services, The Hartford, and Nies Community Insurance.

Note 9 - Operations

The Port's airport, industrial property and marina operations are summarized below:

	YEAR ENDED DECEMBER 31, 2007			
	Airport	Industrial	Marina	Total
Operating revenues	\$ 363,838	\$ 1,183,488	\$ 635,870	\$ 2,183,196
Operating and general admin. expenses				
Operations	453,929	925,119	726,967	\$ 2,106,015
Depreciation	83,871	317,827	192,027	\$ 593,725
Total operating expenses	537,800	1,242,946	918,994	\$ 2,699,740
Operating gain/(loss)	\$ (173,962)	\$ (59,458)	\$ (283,124)	(516,544)
Net non-operating revenue (expenses)				2,119,490
Net income				\$ 1,602,946

PORT OF CAMAS-WASHOUGAL
 NOTES TO FINANCIAL STATEMENTS

Note 9 - Operations cont.

	YEAR ENDED DECEMBER 31, 2006			
	Airport	Industrial	Marina	Total
Operating revenues	\$ 345,606	\$ 1,157,997	\$ 656,268	\$ 2,159,871
Operating and general admin. expenses				
Operations	371,615	666,799	601,434	\$ 1,639,848
Depreciation	113,456	330,339	191,475	\$ 635,270
Total operating expenses	485,071	997,138	792,909	\$ 2,275,118
Operating gain/(loss)	\$ (139,465)	\$ 160,859	\$ (136,641)	(115,247)
Net non-operating revenue (expenses)				1,861,687
Net income				\$ 1,746,440

Note 10 - Lease Revenue

As part of its normal operations, the Port of Camas-Washougal leases land and buildings to tenants who intend to utilize the property 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, including options for renewal, run from 1 to 35 years. In addition, there are properties that are rented on a month-to-month basis. All leases are accounted for as operating leases.

Note 11 - Lease Income

Noncancelable lease payments with terms exceeding one year are as follows:

Year ending December 31,	Land	Facilities	Total
2008	230,985	878,701	1,109,685
2009	169,135	774,208	943,342
2010	171,187	605,527	776,714
2011	164,475	477,235	641,710
2012	157,456	454,382	611,837
2013 - 2017	852,601	1,425,053	2,277,654
2018 - 2022	540,906	1,349,415	1,890,321
2023 - 2027	300,259	1,523,442	1,823,700
2028 - 2032	261,485	1,720,928	1,982,413
2033 - 2037	-	1,945,170	1,945,170
2038	-	418,557	418,557
	\$ 2,848,488	\$ 11,572,617	\$ 14,421,105

Note 12 - Contingent Liabilities

The Port of Camas-Washougal records all material liabilities in its financial statements. There are no contingent liabilities requiring financial statement disclosure at December 31, 2006 and 2007.

The Port may have some potential liability involving Riverwalk which aren't quantified due to the determination of liability, if any, for the Port. Management believes that any adverse judgment would not have a material impact on the Port's operations or financial condition for the Port's insurance policies are adequate to pay all potential claims.

Note 13 - Public Industrial Corporation

During 1982, the Port of Camas-Washougal authorized the establishment of the Public Industrial Corporation pursuant to the provision of Chapter 39.84 RCW. The purpose of the corporation is to facilitate the economic development and employment opportunities within the Port by various means including the issuance of revenue bonds for the purpose of financing industrial development facilities. Revenue bonds issued for this purpose are payable from revenues of the financed facilities and do not represent a liability or contingent liability of the Port. The affairs of the corporation are governed by a three member board of directors. Currently, the Port of Camas-Washougal Board of Commissioners is also the Public Industrial Corporation's Board of Directors. The corporation had authorized and issued bonds totaling \$10,900,000 in 1982. In 1993, the corporation refunded the entire 1982 bond for \$10,300,000 with a maturity date of April 1, 2023.