Office of the Washington State Auditor

Pat McCarthy

Financial Statement Audit Report

Columbia River Gorge Commission

For the period July 1, 2018 through June 30, 2019

Published December 19, 2019

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Office of the Washington State Auditor
Pat McCarthy

December 19, 2019

Krystyna Wolniakowski
Columbia River Gorge Commission
White Salmon, Washington

Report on Financial Statement

Please find attached our report on the Columbia River Gorge Commission's financial statement.

We are issuing this report in order to provide information on specific financial activity of the Commission.

Sincerely,

Pat McCarthy

State Auditor

Olympia, WA

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Columbia River Gorge Commission
July 1, 2018 through June 30, 2019

Krystyna Wolniakowski, Executive Director
Columbia River Gorge Commission
White Salmon, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Statement of Expenditures – Budget and Actual – General Fund of the Columbia River Gorge Commission, as of and for the year ended June 30, 2019, and the related notes (the financial statement) and have issued our report thereon dated December 19, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Commission's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Commission's financial statement is free from material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

State Auditor

Olympia, WA

December 19, 2019

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENT

Columbia River Gorge Commission
July 1, 2018 through June 30, 2019

Krystyna Wolniakowski, Executive Director
Columbia River Gorge Commission
White Salmon, Washington

REPORT ON THE FINANCIAL STATEMENT

We have audited the accompanying Statement of Expenditures – Budget and Actual – General Fund of the Columbia River Gorge Commission, as of and for the year ended June 30, 2019, and the related notes (the financial statement), as listed on page 8.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the Unites States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the budgeted and actual expenditures of the Columbia River Gorge Commission, for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2019 on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Pat McCarthy

State Auditor

Olympia, WA

December 19, 2019

FINANCIAL SECTION

Columbia River Gorge Commission
July 1, 2018 through June 30, 2019

FINANCIAL STATEMENT

Statement of Expenditures – Budget and Actual – General Fund – 2019
Notes to the Financial Statement – 2019

Columbia River Gorge Commission
Washington State Agency #460
Oregon State Agency #350
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

General Fund:	2017-2019 Budget	YR1 Actual Exp. June 30, 2018	YR2 Actual Exp. June 30, 2019
Federal Expenditures:			
USDA Forest Service - GIS Funding	15,000	0	15,000
Total Federal	**15,000**	**0**	**15,000**
Other Private/Local Expenditures			
Klickitat County	155,200	46,903	77,600
Total Other	155,200	46,903	77,600
Washington Expenditures:			
Joint Operating	978,000	468,135	506,308
Commissioners	32,000	15,599	17,069
Total Washington	**1,010,000**	**483,734**	**523,377**
Oregon Expenditures:			
Joint Operating	978,000	468,133	506,500
Commissioners	32,000	8,385	8,972
Total Oregon	**1,010,000**	**476,518**	**515,473**
Total Agency	**2,035,000**	**960,252**	**1,053,849**
Summary			
Washington & Oregon Joint	1,956,000	936,268	1,012,808
Washington Commissioners	32,000	15,599	17,069
Oregon Commissioners	32,000	8,385	8,972
Other Private/Local	155,200	46,903	77,600
Federal	15,000	0	15,000
Total Agency	**2,190,200**	**1,007,155**	**1,131,449**
Less Oregon Commissioners	32,000	8,385	8,972
Total on Washington AFRS Reports	**2,158,200**	**998,770**	**1,122,477**

The accompanying notes are an integral part of this statement

Columbia River Gorge Commission
Washington State Agency No. 460
Oregon State Agency No. 350
Notes to the Financial Statement
For the Fiscal Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies

The accompanying Statement of Expenditures-Budget and Actual of the Columbia River Gorge Commission has been prepared to meet the requirements of the Columbia River Gorge Compact and the Interstate Cooperative Agreement between the Washington State Office of State Auditor and the Oregon Secretary of State, Audits Division. The Statement of Expenditures-Budget and Actual is not intended to be a complete presentation of the commission's assets, liabilities, and revenues nor does it constitute a complete set of financial statements in accordance with generally accepted accounting principles. The more significant of the state's accounting policies are as follows:

A. Reporting Entity

The commission is a regional agency authorized by Congress through the Columbia River Gorge National Scenic Area Act (PL 99-663) and created by the states of Washington and Oregon by interstate compact. The commission is comprised of 12 members from the two states and one member appointed by the US Secretary of Agriculture. Its primary role involves planning, consulting, and oversight in the implementation of the federal legislation. The commission has an authorized staff level of 8.0 FTEs.

B. Measurement Focus and Basis of Accounting

The commission uses the general fund to account for most of Columbia River Gorge Commission's general activities. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The general fund is accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for this fund present increases (i.e., revenues and other financial sources) and decreases (i.e., expenditures and other financing uses) as changes in net current assets.

The modified accrual basis of accounting is used by the general fund. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimable. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Under modified accrual accounting, expenditures are recognized when the related fund liability is incurred, if measurable. Exceptions to the general modified accrual expenditure recognition criteria include unmatured interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

C. General Budgetary Policies and Procedures

The legal level of budgetary control is at the fund/account, agency and appropriation level, with administrative controls established at lower levels of detail in certain instances. Annual budgets are established at the states' legislative level through an allotment process. Funding is provided by appropriations from the states of Washington and Oregon. Other sources of revenue received during the

period, included receipts from the Klickitat County, Washington, and the Department of Agriculture – U.S. Forest Service.

Commissioner compensation, including travel, is paid directly, and accounted for separately, by each state. All other commission expenditures are joint expenditures, which are shared equally by both states. These expenditures are processed, paid, and accounted for by the states of Washington and Oregon. Oregon reimburses Washington for its 50 percent share.

D. Compensated Absences

Annual Leave and Sick Leave

Commission employees accrue vested annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date.

Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e., the commission does not pay employees for unused sick leave upon termination except upon employee death or retirement. At death or retirement, the commission is liable for 25 percent of the employee's accumulated sick leave. In addition, the commission has a "sick leave buyout option" in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the rate of one day's pay in exchange for each four days of sick leave. Accordingly, the general fund recognizes sick leave when it is paid.

Note 2 - Retirement System

Commission employees are currently members of the Washington state retirement system. (Actuarial and other information of this system can be found in the Washington State Comprehensive Annual Financial Report.)

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
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