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Secretary of State

State of Oregon

**COLUMBIA RIVER GORGE COMMISSION**

July 1, 2000, to June 30, 2001



**Audits Division**

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Interstate Cooperative Agreement with Washington State Office of State Auditor



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Secretary of State

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**COLUMBIA RIVER GORGE COMMISSION**

July 1, 2000, to June 30, 2001



**Audits Division**





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*Auditing for a Better  
Oregon*

The Honorable John Kitzhaber, M.D.  
Governor of Oregon  
254 State Capitol  
Salem, Oregon 97310-4047

Board of Commissioners  
Columbia River Gorge Commission  
Post Office Box 730  
White Salmon, Washington 98672

We performed auditing procedures for the Washington State Auditor's office pursuant to the Interstate Cooperative Agreement for the Columbia River Gorge Commission Audit. The Washington State Auditor's office was the principal auditor.

We performed our auditing procedures in accordance with generally accepted government auditing standards. We audited Oregon expenditures for appropriateness and for compliance with laws and regulations of the state of Oregon. As required by the interstate agreement, the Washington State Auditor's office performed an audit of the Columbia River Gorge Commission and prepared Independent Auditor Reports on the financial statements and on compliance with state laws and regulations as of and for the year ended June 30, 2001.

The Oregon Audits Division is issuing these reports as a matter of public information for the taxpayers of Oregon. Likewise, the Washington State Auditor's office has issued the reports for public use in the state of Washington.

OREGON AUDITS DIVISION

Cathy Pollino  
Director

November 30, 2001



# Audit Summary

## **Columbia River Gorge Commission July 1, 2000 through June 30, 2001**

### ***ABOUT THE AUDIT***

This report contains the results of our independent audit of the Columbia River Gorge Commission for the period July 1, 2000, through June 30, 2001.

We performed audit procedures to determine whether the Commission complied with state laws and regulations and its own policies and procedures. We also evaluated internal controls established by Commission management. Our work focused on specific areas that have potential for abuse and misuse of public resources.

### ***RESULTS***

In the areas we examined, the Commission complied with state laws and regulations and its own policies and procedures. We identified no conditions significant enough to report as a finding.

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# Description of the Commission

## Columbia River Gorge Commission July 1, 2000 through June 30, 2001

### **ABOUT THE COMMISSION**

Fourteen years ago, Congress established the Columbia River Gorge National Scenic Area to protect and enhance the scenic, cultural, recreational, and natural resources of the Columbia River Gorge and to protect and support the economy of the Columbia Gorge. To accomplish this goal, the state of Washington, in an Interstate Cooperative Agreement with Oregon, created the Columbia River Gorge Commission to adopt and enforce standards under the Scenic Area Act. The Commission's headquarters is located in White Salmon. It is managed by a 12-member Board composed of appointees from the two states and one member appointed by the U.S. Secretary of Agriculture. The Commission is operating under an annual budget of \$753,099. The primary roles of the Board and its nine employees are planning, consulting, and oversight in the implementation of federal legislation.

### **APPOINTED OFFICIALS**

These officials served during the audit period:

**Board Members:**

Kenn Adcock  
Daniel Harkenrider  
Donald F. Dunn  
Jane Jacobsen  
Doug Crow  
Michael Farrow  
Walt Loehrke  
Joyce Reinig  
Katharine A. Sheehan  
Wayne Wooster  
Anne Squier  
Dave Robertson  
Joe Palena

Executive Director

**Appointed by:**

Klickitat County  
Secretary of Agriculture  
Wasco County  
Governor – Washington  
Governor – Oregon  
Governor – Oregon  
Skamania County  
Hood River County  
Governor – Washington  
Governor – Washington  
Multnomah County  
Governor – Oregon  
Clark County

Martha Bennett

### **ADDRESS**

Commission

288 East Jewett Boulevard  
P.O. Box 730  
White Salmon, WA 98672  
(509) 493-3323

# Audit Areas Examined

## Columbia River Gorge Commission July 1, 2000 through June 30, 2001

In keeping with general auditing practices, we do not examine every portion of the Columbia River Gorge Commission's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the Commission were examined during this audit period:

### **LEGAL COMPLIANCE**

We audited the following areas for compliance with certain applicable state laws and regulations:

- Inventory of fixed assets
- Disbursements
- Internet usage

### **INTERNAL CONTROL**

We evaluated the following areas of the Commission's internal control structure:

- Cash receipts
- Disbursements
- Fixed assets

### **FINANCIAL AREAS**

The Commission is included in the fiscal year 2001 state of Washington Comprehensive Annual Financial Report. The Office of Financial Management and the Commission also prepare a separate set of financial statements upon which we issue an opinion. In connection with our audit of the Commission's financial statements, we examined the following areas:

- Expenditures

### **FEDERAL PROGRAMS**

In accordance with the Single Audit Act Amendments of 1996, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit at each agency, we audit the State as a whole, and publish the results in a separate Statewide Single Audit report each spring.

# Audit Overview

## **Columbia River Gorge Commission July 1, 2000 through June 30, 2001**

### ***AUDIT HISTORY 1***

We audit the Columbia River Gorge Commission annually. We have never identified a condition significant enough to be reported as a finding. We believe this is due to the positive attitude and diligence of Commission staff in working with the Washington State Auditor's Office and the Oregon Audits Division.

The Commission has been proactive in making improvements and correcting minor issues noted during past audits. It has been responsive to our recommendations. We believe this reflects the Commission's commitment to maintain a strong financial system with sufficient internal controls. We appreciate the Commission's prompt attention to resolving audit issues and its commitment to establish public accountability.

### ***CONCLUSIONS***

In the areas we examined, the Commission complied with state laws and regulations and its own policies and procedures. We also determined that the Commission's financial statements were presented fairly.

We would like to thank Commission officials and personnel for their assistance and cooperation during the audit.

# Independent Auditor's Report on Compliance with State Laws and Regulations

## Columbia River Gorge Commission July 1, 2000 through June 30, 2001

Chair of the Board  
Columbia River Gorge Commission  
White Salmon, Washington

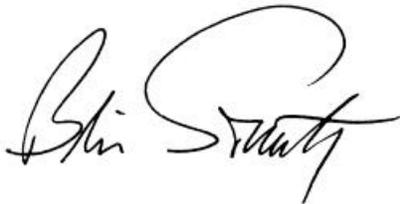
We have audited the financial statements of the Columbia River Gorge Commission, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 31, 2001.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.88.160(6). This statute requires the State Auditor to inquire as to whether the state complied with the laws, regulations and the *Constitution of the State of Washington*.

Compliance with these requirements is the responsibility of the Commission's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the Commission complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Commission had not complied, in all material respects, with those provisions.

This report is intended for the information of the management and to meet our statutory reporting obligations. 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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

December 31, 2001

# Independent Auditor's Report on Financial Statements

## Columbia River Gorge Commission July 1, 2000 through June 30, 2001

Chair of the Board  
Columbia River Gorge Commission  
White Salmon, Washington

We have audited the accompanying special purpose Statement of Expenditures – Budget and Actual of the Columbia River Gorge Commission, as of and for the year ended June 30, 2001. This special purpose financial statement is the responsibility of the Commission's management. Our responsibility is to express an opinion on this statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose Statement of Expenditures – Budget and Actual is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the special purpose Statement of Expenditures – Budget and Actual presents fairly, in all material respects, the budget and actual expenditures of the Columbia River Gorge Commission for the year ended June 30, 2001, in conformity with generally accepted accounting principles for expenditures.

The Oregon State Audits Division reviewed Oregon's reimbursement of the Commission's expenditures for compliance with Oregon state laws and regulations. Oregon reimbursed 43 percent of the Commission's total expenditures for the year ended June 30, 2001.

This report is intended for the information of management, the Oregon State Audits Division, and to meet our statutory reporting obligations. 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.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

December 31, 2001

# Financial Statements

**Columbia River Gorge Commission  
July 1, 2000 through June 30, 2001**

## ***FINANCIAL STATEMENTS***

Statement of Expenditures – Budget and Actual – General Fund – 2001  
Notes to the Financial Statements – 2001

**Columbia River Gorge Commission  
Washington State Agency No. 460  
Oregon State Agency No. 350  
Statement of Expenditures – Budget and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2001**

	1999-2001 Budget	First Year Actual Exp. June 30,2000	Second Year Actual Exp. June 30,2001
General Fund:			
Federal Expenditures:			
USDA Forest Service – Oral Histories	122,202	49,850	24,007
USDA Forest Service – Monitoring Program	82,893	–	47,966
<b>Total Federal</b>	<b>205,095</b>	<b>49,850</b>	<b>71,973</b>
Washington Expenditures:			
Joint Operating	648,018	347,240	293,666
Commissioners	40,000	11,079	9,278
County Grants	80,000	40,000	40,000
<b>Total Washington</b>	<b>768,018</b>	<b>398,319</b>	<b>342,944</b>
Oregon Expenditures:			
Joint Operating	629,962	327,189	270,220
Commissioners	32,442	16,221	12,606
Governor's Emergency Fund	26,233	–	26,233
<b>Total Oregon</b>	<b>688,637</b>	<b>343,410</b>	<b>309,059</b>
 <b>Total Washington and Oregon</b>	 <b>1,456,655</b>	 <b>741,729</b>	 <b>652,003</b>

**Columbia River Gorge Commission  
Washington State Agency No. 460  
Oregon State Agency No. 350  
Notes To The Financial Statements  
For The Fiscal Year Ended June 30, 2001**

**Note 1 – Summary of Significant Accounting Policies**

The accompanying financial statements of Columbia River Gorge Commission (commission) have been prepared in conformity with generally accepted accounting principles (GAAP) for expenditures. 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 a staff of 9, all of whom are Washington state employees.

**B. Basis of Presentation – Fund Accounting**

The commission uses two fund and two account groups. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The commission uses two fund types. The general fund is used to account for all of Columbia River Gorge Commission's general activities. The special revenue fund is used for the savings incentive account.

Account Groups

The General Fixed Assets Account Group accounts for all fixed assets of the commission. The General Long-Term Debt account Group accounts for the commission's accrued compensated absences (accrued leave).

**C. Measurement Focus/Basis of Accounting and Special Purpose Financial Statement**

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 determined. "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. Exceptions to the general modified accrual expenditure recognition criteria include principal and interest on general long-term indebtedness which are recognized when due and compensated absences which are recognized when paid.

Laws of both the states of Washington and Oregon require the appropriate state auditing official to annually audit the Columbia River Gorge Commission. (Revised Code of Washington 43.97 and Oregon Revised Statute 196.150). Pursuant to an agreement between the Washington State Auditor's Office and the Oregon State Audit's Division, the only financial statement of the Commission to be audited is a special purpose budget to actual statement of expenditures.

#### **D. 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 state legislative level through an allotment process. All funding is provided by appropriations from the states of Washington and Oregon. Other sources of revenue received during the period, included unanticipated receipts from the Department of Agriculture – Forest Service, and miscellaneous donations from private parties.

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 state of Washington. Oregon reimburses Washington for its 50 percent share.

#### **E. 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. It is the commission's policy to liquidate unpaid annual leave at June 30 from future resources rather than currently available expendable resources.

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. It is the commission's policy to liquidate unpaid sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the general fund recognizes sick leave when it is paid.

#### **Note 2 – Retirement System**

Commission employees are 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.)

### **Note 3 – Summary of Significant Litigation**

The Columbia River Gorge Commission is party to litigation in both Oregon and Washington state courts and federal court regarding implementation of the National Scenic Area Act. Some of these cases could result in a substantial determination of liability because the plaintiff seeks damages. At this time it is not possible to predict a probable outcome of these cases, nor to estimate the potential range of liability expense.



## **FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION**

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The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

### **Directory of Key Officials**

<i>Director</i>	Cathy Pollino
<i>Acting Deputy Director</i>	Charles A. Hibner, CPA
<i>Deputy Director</i>	Mary E. Wenger, CPA

**This report, which is a public record, is intended to promote the best possible management of public resources.**

If you received a copy of an audit report and no longer need it, you may return it to the Audits Division. We maintain an inventory of past audit reports. Your cooperation helps us save on printing costs.

Oregon Audits Division  
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**We invite comments on our reports through our Hotline or Internet address.**

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<http://www.sos.state.or.us/audits/audithp.htm>

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