
Secretary of State

State of Oregon

COLUMBIA RIVER GORGE COMMISSION

July 1, 2004, to June 30, 2005



Audits Division

Interstate Cooperative Agreement with Washington State Office of State Auditor

Secretary of State

State of Oregon

COLUMBIA RIVER GORGE COMMISSION

July 1, 2004, to June 30, 2005



Audits Division



Auditing for a Better Oregon

The Honorable Ted Kulongoski
Governor of Oregon
State Capitol, Room 160
Salem, Oregon 97301-4047

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 statement and on compliance with state laws and regulations as of and for the year ended June 30, 2005.

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

Charles A. Hibner, CPA
Director

Washington State Auditor's Office
Audit Report

Columbia River Gorge Commission
Washington State Agency No. 460
Oregon State Agency No. 350

Audit Period
July 1, 2004 through June 30, 2005

Report No. 6503

Issue Date
February 24, 2006



Washington _____
State Auditor
_____ Brian Sonntag



**Washington State Auditor
Brian Sonntag**

February 24, 2006

Board Members
Columbia River Gorge Commission
White Salmon, Washington

Report on Accountability for Public Resources

Please find attached our report on the Columbia River Gorge Commission's accountability for public resources and compliance with state laws and regulations and its own policies and procedures.

We also perform an audit of the Statement of Expenditures – Budget and Actual prepared by the Office of Financial Management, which is included in this report.

In addition to this work, we perform an annual audit of the statewide basic financial statements as required by state law (RCW 43.09.310). We also annually audit federal programs administered by the state of Washington for compliance with federal laws and regulations. The results of these audits are published in reports issued by the Office of Financial Management.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

Table of Contents

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

Audit Summary.....	1
Description of the Commission	2
Audit Areas Examined.....	4
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i>	5
Independent Auditor's Report on Financial Statement	7
Financial Statements.....	9

Audit Summary

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Columbia River Gorge Commission and our audit of the Statement of Expenditures – Budget and Actual for the period from July 1, 2004, through June 30, 2005.

We evaluated internal controls and performed audit procedures on the financial activities of the Commission. We also determined whether the Commission complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for noncompliance, misappropriation or misuse of public resources.

RESULTS

The Commission's internal controls were adequate to safeguard public assets. The Commission complied with state laws and regulations and its own policies and procedures in the areas we examined.

RELATED REPORTS

Our opinion on the state of Washington's basic financial statements is included in the state's Comprehensive Annual Financial Report. That report is issued by the Office of Financial Management in December of each year.

In accordance with the Single Audit Act, we annually audit major federal programs administered by the state of Washington. Rather than perform a single audit of each agency, we audit the state as a whole. The results of that audit are published in a report issued by the Office of Financial Management.

CLOSING REMARKS

We thank Commission management and personnel for their assistance and cooperation during the audit.

Description of the Commission

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

ABOUT THE COMMISSION

The Columbia River Gorge Commission was authorized by the 1986 Columbia River Gorge National Scenic Area Act and created through a bi-state compact between Oregon and Washington in 1987. The Commission was established to develop and enforce policies and programs that protect and enhance the scenic, natural, cultural and recreational resources of the Gorge, while encouraging compatible growth within existing urban areas of the Gorge and allowing economic development outside urban areas consistent with resource protection. The Commission's headquarters is located in White Salmon, Washington. It is managed by a 12-member Board composed of appointees from the two states and one ex-officio, non-voting member appointed by the U.S. Secretary of Agriculture. The Commission is operating under an annual budget of \$806,000. The primary roles of the Commission and its employees are planning, consulting and oversight in the federal legislation affecting the Gorge.

AUDIT HISTORY

We audit the Commission annually and have never reported 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.

APPOINTED OFFICIALS

These officials served during the audit period:

Board Members:

Kenn Adcock
Daniel Harkenrider
Judy Davis
Jane Jacobsen
Doug Crow
Walt Loehrke
Joyce Reinig
Katharine A. Sheehan
Harold Abbe
Anne Squier
Jeffery Condit
Joe Palena

Appointed by:

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

Executive Director:

Martha Bennett

ADDRESS

Commission

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

Audit Areas Examined

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

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 were examined during this audit period:

ACCOUNTABILITY FOR PUBLIC RESOURCES

We evaluated the Commission's accountability and compliance with certain state laws and regulations and its own policies in the following areas:

- Vendor payments
- Personal service contracts
- Conflict of interest
- Budget compliance
- Payroll
- Open Public Meetings Act
- Inventories

FINANCIAL

We perform an annual audit of the statewide basic financial statements as required by state law (RCW 43.09.310). These financial statements are included in the Comprehensive Annual Financial Report (CAFR) prepared by and available from the Office of Financial Management. The CAFR reflects the financial activities of all funds, organizations, institutions, agencies, departments and offices that are part of the state's reporting entity.

The Commission had no accounts material to the state's basic financial statements.

We also perform an audit of the Statement of Expenditures – Budget and Actual prepared by the Office of Financial Management, which is included in this report.

FEDERAL PROGRAMS

Federal grant audit work is performed on a statewide basis, in accordance with the revised Single Audit Act. We select federal programs for audit using risk-based criteria set forth in the U.S. Office of Management and Budget Circular A-133.

There were no major federal programs at the Commission.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

Board Members
Columbia River Gorge Commission
White Salmon, Washington

We have audited the special purpose financial statement, as listed in the table of contents, of the Columbia River Gorge Commission, for the years ended June 30, 2004 and 2005, and have issued our report thereon dated January 6, 2006. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special purpose financial statement and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the special purpose financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Commission's special purpose financial statement is free of 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, the objective of our audit of the financial statement was not to provide an opinion on overall compliance with these provisions. 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*.

This report is intended for the information of management of the Commission and federal awarding agencies. 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 6, 2006

Independent Auditor's Report on Financial Statement

Columbia River Gorge Commission July 1, 2004 through June 30, 2005

Board Members
Columbia River Gorge Commission
White Salmon, Washington

We have audited the accompanying Statement of Expenditures – Budget and Actual of the Columbia River Gorge Commission, for the years ended June 30, 2004 and 2005. This financial statement is the responsibility of the Commission's management. 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 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 statement. 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.

The accompanying Statement of Expenditures – Budget and Actual was prepared for the purpose of complying with the Columbia River Gorge Compact (for inclusion in the annual report of the Commission) as described in Note 1 and is not intended to be a complete presentation of the Commission's assets, liabilities and revenues.

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 years ended June 30, 2004 and 2005, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Commission's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

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

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 6, 2006

Financial Statements

**Columbia River Gorge Commission
July 1, 2004 through June 30, 2005**

FINANCIAL STATEMENTS

Statement of Expenditures – Budget and Actual – General Fund – 2005 and 2004
Notes to the Financial Statement – 2005 and 2004

**Columbia River Gorge Commission
Washington State Agency #460
Oregon State Agency #350
Statement of Expenditures - Budget and Actual
General Fund
For the Fiscal Years Ended June 30, 2004 and 2005**

General Fund:	2003-2005 Budget	First Year Actual Exp. June 30, 2004	Second Year Actual Exp. June 30, 2005
Federal Expenditures:			
NEA Grant	10,000	10,000	
USDA Forest Service - GIS Funding	73,245	31,378	2,212
Total Federal	83,245	41,378	2,212
Washington Expenditures:			
Joint Operating	605,911	300,461	293,611
Savings Incentive	5,000		
Commissioners	28,080	12,103	7,139
Wa. Joint ODOT Contract	23,050		13,990
Total Washington	662,041	312,564	314,740
Oregon Expenditures:			
Joint Operating	605,911	300,466	293,600
Commissioners	21,660	10,492	11,286
Ore. Joint ODOT Contract	23,050		13,990
Total Oregon	650,621	310,958	318,876
Donations	10,433		
Total Expenditures	1,406,340	664,900	635,827

The accompanying Notes are an integral part of this Financial Statement.

**Columbia River Gorge Commission
Washington State Agency No. 460
Oregon State Agency No. 350
Notes to the Financial Statement
For The Fiscal Years Ended June 30, 2004 and 2005**

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 a staff of 8, all of whom are Washington state employees.

B. Measurement Focus and Basis of Accounting

The commission uses the general fund to account for all 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 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.

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 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.

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. 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

At this time the Columbia River Gorge Commission is not a party to any litigation that may result in a financial liability.

Note 4 - Oregon Commissioner Expenditures

The Commission incurred a non-budgeted expenditure from the Oregon Department of Administrative Services for insurance charges during the year. These charges totaled \$5,483. Since the charges were not joint expenditures (equally shared by Washington and Oregon), they were combined with the Oregon Commissioner Expenditures. In addition, the Commission incurred a Treasury Service charge from the State of Oregon for \$120. This was also combined with the Oregon Commissioner Expenditures.