

Report No. 2007-07

March 16, 2007



Charles A. Hibner, Director, Audits Division

Bill Bradbury, Secretary of State

Secretary of State Audit Report

State of Oregon

Columbia River Gorge Commission

July 1, 2005, to June 30, 2006

Interstate Cooperative Agreement with Washington State Office of State Auditor

Office of the Secretary of State
Bill Bradbury
Secretary of State

Jean Straight
Deputy Secretary of State



Audits Division
Charles A. Hibner, CPA
Director

255 Capitol Street NE, Suite 500
Salem, OR 97310
(503) 986-2255
fax (503) 378-6767

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 commission's financial statement and on internal control over financial reporting as of and for the year ended June 30, 2006.

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

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Charles A. Hibner, CPA
Director

Washington State Auditor's Office
Financial Statement Audit Report

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

Audit Period
July 1, 2005 through June 30, 2006

Report No. 6617

Issue Date
March 16, 2007



Washington _____
State Auditor
_____ Brian Sonntag



**Washington State Auditor
Brian Sonntag**

March 16, 2007

Board of Commissioners
Columbia River Gorge Commission
White Salmon, Washington

Report on Financial Statements

Please find attached our report on the Columbia River Gorge Commission's Statement of Expenditures – Budget to Actual, prepared by the Office of Financial Management. We are issuing this report in order to provide information on the Commission's financial condition.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Columbia River Gorge Commission July 1, 2005 through June 30, 2006

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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, 2005 through June 30, 2006

Board of Commissioners
Columbia River Gorge Commission
White Salmon, Washington

We have audited the special purpose financial statement of the Columbia River Gorge Commission as of and for the year ended June 30, 2006, and have issued our report thereon dated March 5, 2007. 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 statements 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" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 5, 2007

Independent Auditor's Report on Financial Statements

Columbia River Gorge Commission July 1, 2005 through June 30, 2006

Board of Commissioners
Columbia River Gorge Commission
White Salmon, Washington

We have audited the accompanying Statement of Expenditures - Budget and Actual of the Columbia River Gorge Commission as of and for the year ended June 30, 2006. 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 Commission's annual report), 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, as of June 30, 2006, and is 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 of the Commission, 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" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

March 5, 2007

Financial Section

**Columbia River Gorge Commission
July 1, 2005 through June 30, 2006**

FINANCIAL STATEMENTS

Statement of Expenditures – Budget and Actual (Non-GAAP Basis) – 2006
Notes to the Financial Statements – 2006

Columbia River Gorge Commission
Washington State Agency #460
Oregon State Agency #350
Statement of Expenditures - Budget and Actual (Non-GAAP Basis)
For the Fiscal Year Ended June 30, 2006

General Fund:	2005-2007 Budget	First Year Actual Exp. June 30, 2006	Second Year Actual Exp. June 30, 2007
Federal Expenditures:			
USDA Forest Service - GIS Funding	53,156	28,065	
Total Federal	53,156	28,065	-
Washington Expenditures:			
Joint Operating	800,376	371,106	
Savings Incentive	3,500		
Commissioners	92,800	44,213	
Wa. Joint ODOT Contract	23,040	19,290	
Total Washington	919,716	434,609	-
Oregon Expenditures:			
Joint Operating	800,376	371,106	
Commissioners	60,685	42,930	
Ore. Joint ODOT Contract	23,040	19,290	
Total Oregon	884,101	433,326	-
Donations			
Total Agency	1,856,973	895,999	-
Summary			
Washington & Oregon Joint	1,600,752	742,212	-
Washington & Oregon ODOT Project	46,080	38,579	-
Washington Commissioners	92,800	44,213	-
Oregon Commissioners	60,685	42,930	-
Federal	53,156	28,065	-
Other	3,500	-	-
Total Agency	1,856,973	895,999	-
Less Oregon Commissioners	60,685	42,930	-
Total on Washington AFRS Reports	1,796,288	853,069	-

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 Statements
For The Fiscal Year Ended June 30, 2006**

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 10.8 FTEs, 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.