

Washington State Auditor's Office
Accountability Audit Report

Port of Pasco
Franklin County

Report Date
September 11, 2008

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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

September 29, 2008

Board of Commissioners
Port of Pasco
Pasco, Washington

Report on Accountability

Please find attached our report on the Port of Pasco's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the Port's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Franklin County
September 11, 2008**

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Audit Summary

Port of Pasco Franklin County September 11, 2008

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Port of Pasco.

We performed audit procedures to determine whether the Port complied with state laws and regulations and its own policies and procedures. We also examined Port management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2007, through December 31, 2007.

RESULTS

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

RELATED REPORTS

Our opinion on the Port's financial statements and compliance with federal program requirements is provided in a separate report, which includes the Port's financial statements.

CLOSING REMARKS

We thank Port officials and personnel for their assistance and cooperation during the audit.

Description of the Port

Port of Pasco Franklin County September 11, 2008

ABOUT THE PORT

The Port of Pasco is regulated by state law with bonding authority and taxing powers. Formed in 1940 by the voters of the District, it is governed by three locally elected Commissioners.

The Port operated on an annual budget of approximately \$14 million and employs a staff of approximately 60. The Port is organized to provide and operate marine terminals, airports and industrial properties. Major facilities owned and operated by the Port include:

- Big Pasco Industrial Park, which consists of 1.5 million square feet of industrial buildings, located on 600 acres of waterfront land for manufacturing, warehousing, distribution and assembly plant locations.
- A Marine Terminal located on 28 acres, which handles one of the largest bulk cargo barge tonnage on the Columbia River above the Portland/Vancouver districts.
- Tri-Cities Airport, which is the regional air carrier airport. Its 1,800 acres of land is available for industrial development. Building space is available for industrial and business rental or leasing.
- Pasco Processing Center, land located on Highway 395 in Pasco, is owned and developed by the Port of Pasco. There are currently 125 acres available for purchase. Typical buyers include food processing companies.

AUDIT HISTORY

We audit the Port annually. We have reported no audit findings for the Port in the past 12 years.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

James Klindworth
William Clark
O.E. "Ernie" Boston

APPOINTED OFFICIALS

Executive Director
Director of Airports
Director of Industrial Development
Director of Finance and Administration
Attorney

James E. Toomey
James I. Morasch
R. Sam Good
Linda M. O'Brien
Dan F. Hultgrenn

ADDRESS

Port

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Audit Areas Examined

Port of Pasco Franklin County September 11, 2008

In keeping with general auditing practices, we do not examine every portion of the Port of Pasco'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 Port were examined during this audit period:

ACCOUNTABILITY

We evaluated the Port's accountability in the following areas:

- Open public meetings
- Safeguarding of assets
- Procurement – public works projects
- Passenger facility charges

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the Port's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

FINANCIAL AREAS

Our opinion on the Port's financial statements is provided in a separate report. That report includes the Port's financial statements and other required financial information. We examined the financial activity and balances of the Port including:

- Cash and investments
- Revenues
- Expenditures/expenses
- Financial condition
- Long-term debt
- Overall presentation of the financial statements
- Financial statement preparation



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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

State Auditor
Chief of Staff
Chief Policy Advisor
Director of Administration
Director of State and Local Audits
Director of Performance Audit
Director of Special Investigations
Director for Legal Affairs
Local Government Liaison
Communications Director
Public Records Officer
Main number
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