



Office of the Washington State Auditor
Pat McCarthy

Passenger Facility Charges Audit Report

Chelan Douglas Regional Port Authority

For the period January 1, 2020 through December 31, 2020

Published November 18, 2021

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**Office of the Washington State Auditor
Pat McCarthy**

November 18, 2021

Board of Commissioners
Chelan Douglas Regional Port Authority
Wenatchee, Washington

Report on Passenger Facility Charges

Please find attached our report on the Chelan Douglas Regional Port Authority's compliance with requirements applicable to its passenger facility charge program.

In addition to this work, we look at other areas of our audit client's financial condition and operations for compliance with state laws and regulations. The results of those audits will be included in separately issued accountability and financial statement reports.

Sincerely,

Olympia, WA

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INDEPENDENT AUDITOR'S REPORT

Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance

Chelan Douglas Regional Port Authority January 1, 2020 through December 31, 2020

Board of Commissioners
Chelan Douglas Regional Port Authority
Wenatchee, Washington

COMPLIANCE FOR PASSENGER FACILITY CHARGES

We have audited the compliance of the Chelan Douglas Regional Port Authority, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* (Guide) issued by the Federal Aviation Administration for its passenger facility charge program for the year ended December 31, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on the Authority's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

Opinion on Compliance

In our opinion, the Chelan Douglas Regional Port Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2020.

INTERNAL CONTROL OVER COMPLIANCE

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on the passenger facility charge program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report 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.

SCHEDULE OF PASSENGER FACILITY CHARGES

We have audited the financial statements of the Chelan Douglas Regional Port Authority, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated October 19, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The accompanying Schedule of Passenger Facility Charges Collected and Expended is presented for purposes of additional analysis as required by the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2021 on our consideration of the Authority'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 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 Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

October 20, 2021

FINANCIAL SECTION

Chelan Douglas Regional Port Authority January 1, 2020 through December 31, 2020

FINANCIAL SCHEDULE

Schedule of Passenger Facility Charges Collected and Expended – 2020

Notes to the Schedule of Passenger Facility Charges Collected and Expended – 2020

Chelan Douglas Regional Port Authority
Pangborn Memorial Airport
Schedule of Passenger Facility Charges Collected and Expended
For the Year Ended December 31, 2020

	March <u>2020</u>	June <u>2020</u>	September <u>2020</u>	December <u>2020</u>
13-11-C-00-EAT				
16-12-C-00-EAT				
Beginning, Unexpended Passenger Facility Charges & Interest	741,533	456,351	189,098	190,660
Passenger Facility Charge Revenue Received	63,382	19,748	5,805	29,611
Interest Earned	1,443	392	240	241
	<u>64,825</u>	<u>20,140</u>	<u>6,045</u>	<u>29,852</u>
Total Revenue Available	806,358	476,491	195,143	220,512
Expenses/Expenditures	<u>(350,007)</u>	<u>(287,393)</u>	<u>(4,483)</u>	<u>-</u>
Ending, Passenger Facility Charges & Interest	<u>456,351</u>	<u>189,098</u>	<u>190,660</u>	<u>220,512</u>

The accompany notes are an integral part of this schedule

Chelan Douglas Regional Port Authority
Pangborn Memorial Airport
Notes to the Schedule of Passenger Facility Charges
Collected and Expended
For The Year Ended December 31, 2020

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Chelan Douglas Regional Port Authority's financial statements. The Port Authority uses the cash basis of accounting.

Note 2 – Program Costs

The amounts shown as current year revenue and expenses represent only the Passenger Facility Charges portion of the project costs. Entire project costs, including the Port Authority's portion, may be more than shown.

ABOUT THE STATE AUDITOR'S OFFICE

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

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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