Washington State Auditor's Office

Government that works for citizens

Financial Statements and Federal Single Audit Report

Pangborn Memorial Airport

Douglas County

For the period January 1, 2015 through December 31, 2015

Published September 26, 2016

Report No. 1017538

Washington State Auditor's Office

September 26, 2016

Board of Commissioners
Pangborn Memorial Airport
East Wenatchee, Washington

Report on Financial Statements and Federal Single Audit and Passenger Facility Charges

Please find attached our report on the Pangborn Memorial Airport's financial statements, compliance with federal laws and regulations and compliance with requirements applicable to its passenger facility charge program.

We are issuing this report in order to provide information on the Airport's financial condition.

Sincerely,

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

Insurance Building, P.O. Box 40021 □ Olympia, Washington 98504-0021 □ (360) 902-0370 □ TDD Relay (800) 833-6388

TABLE OF CONTENTS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of the Pangborn Memorial Airport are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Airport.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the Airport's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs:

The following program was selected as a major program in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
20.106	Airport Improvement Program

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

The Airport qualified as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

Board of Commissioners
Pangborn Memorial Airport
East Wenatchee, Washington

We have audited, 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, the financial statements of the Pangborn Memorial Airport, Douglas County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements, and have issued our report thereon dated September 15, 2016. As discussed in Note 11 to the financial statements, during the year ended December 31, 2015, the Airport implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Airport's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control.

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

Our consideration of internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Airport's financial statements are free from material misstatement, we performed tests of the Airport'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, providing an opinion on compliance with those provisions was not an objective of our audit, and 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Airport's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Airport's internal control and compliance. Accordingly, this communication 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.

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

Board of Commissioners
Pangborn Memorial Airport
East Wenatchee, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of the Pangborn Memorial Airport, Douglas County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Airport's major federal programs for the year ended December 31, 2015. The Airport's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Airport's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the Airport'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 on compliance for each major federal program. Our audit does not provide a legal determination on the Airport's compliance.

Opinion on Each Major Federal Program

In our opinion, the Airport complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Airport is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Airport'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 a federal 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 a federal 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 a federal 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. 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 Uniform Guidance. 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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

Board of Commissioners
Pangborn Memorial Airport
East Wenatchee, Washington

REPORT ON COMPLIANCE FOR PASSENGER FACILITY CHARGES

We have audited the compliance of the Pangborn Memorial Airport, Douglas County, Washington, 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, 2015.

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 Airport'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 Airport'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 Airport's compliance with those requirements.

Opinion on Compliance

In our opinion, the Pangborn Memorial Airport 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, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Airport 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 Airport'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 Airport'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.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 15, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

Board of Commissioners
Pangborn Memorial Airport
East Wenatchee, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Pangborn Memorial Airport, Douglas County, Washington, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Airport's basic financial statements as listed on page 19.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Airport's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Airport's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pangborn Memorial Airport, as of December 31, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 11 to the financial statements, in 2015, the Airport adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 20 through 23 and pension plan information on pages 51 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Airport's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The accompanying Schedule of Passenger Facility Charges is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. These schedules are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 September 15, 2016 on our consideration of the Airport'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 Airport's internal control over financial reporting and compliance.

Troy X. Kelley

TROY KELLEY

STATE AUDITOR

OLYMPIA, WA

September 15, 2016

FINANCIAL SECTION

Pangborn Memorial Airport
Douglas County
January 1, 2015 through December 31, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2015

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2015
Statement of Revenues, Expenses and Change in Net Position – 2015
Statement of Cash Flows – 2015
Notes to Financial Statements – 2015

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Proportionate Share of Net Pension Liability – 2015
Schedule of Employer Contributions – 2015

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2015
Notes to Schedule of Expenditures of Federal Awards – 2015
Schedule of Passenger Facility Charges Collected, Held and Used – 2015
Notes to the Schedule of Passenger Facility Charges Collected, Held and Used – 2015

Pangborn Memorial Airport's (the Airport) management's discussion and analysis (MD&A) is designed to:

1. Assist the reader in focusing on significant financial issues;
2. Provide an overview of the Airport's financial activity;
3. Identify changes in the Airport's financial position;
4. Provide information on challenges in the next and subsequent years; and
5. Identify individual fund or program issues and concerns.

Since the MD&A is designed to focus on the current year's activities, please read it in conjunction with the Airport's financial statements.

Financial Statements

The Airport's financial statements are designed so that all activities for the Airport are reported as one total for the entire Airport. They are designed to display the financial position and activity of the Airport as a whole. The Airport consists exclusively of enterprise funds. Enterprise funds utilize the accrual basis of accounting, and are reported in the same method as that used in private sector accounting. These statements include:

1. Statement of Net Position. This is similar to a balance sheet in that it reports all financial and capital resources of the Airport. The statement is prepared using the balance sheet format. All assets and liabilities are presented in order of liquidity.

   The focus of the statement of net position is designed to present the net assets available to the Airport. Total net position is reported in three broad categories:

   - Net Investment in Capital Assets. This component of net position consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other related borrowings that are attributable to the acquisition, construction or improvement of those capital assets.

   - Restricted. This component of net position consists of assets in which creditors, grantors, laws or regulations have placed constraints.

   - Unrestricted. This component consists of all remaining assets.

2. Statement of Revenues, Expenses, and Change in Net Position. This statement is similar to an income statement and includes operating revenues, such as rental income and other tenant revenue, operating expenses, such as administrative expenses, utilities, maintenance and depreciation, and non-operating revenue and expenses, which includes grant revenue, passenger facility funds, investment income and interest expense.

3. Statement of Cash Flows. This statement shows net cash provided by, or used for, operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

An Overview of the Airport's Financial Position and Operations

The Airport's overall financial position and operations for the past two years are summarized below based on the information included in the current and prior financial statements.

TABLE 1
STATEMENTS OF NET POSITION

	2015	2014
Current and other assets	$ 2,484,582	$ 1,901,178
Restricted assets	847,479	928,258
Net capital assets	40,053,837	27,207,818
Total Assets	$ 43,385,898	$ 30,037,254
Deferred outflows of resources	$ 67,454	$ -
Current liabilities	$ 2,383,646	$ 1,545,446
Noncurrent liabilities	703,584	214,646
Total Liabilities	$ 3,087,230	$ 1,760,092
Deferred inflows of resources	$ 116,581	$ -
Net Position		
Net investment in capital assets	$ 37,709,708	$ 25,948,621
Restricted	847,479	928,258
Unrestricted	1,692,354	1,400,283
Total Net Position	$ 40,249,541	$ 28,277,162

The figures for 2015 have been adjusted for GASB 68, which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability in their financial statements. The 2014 figures have not been updated for this change in accounting principle. See Note 5 for additional information.

Total Assets

The Airport's total assets at December 31, 2015 were $43,385,898, an increase of $13,348,644 from December 31, 2014. The increase is due primarily to the continuing construction in progress. Passenger Facility Charge funds held in account at the end of the

Total Assets - continued

year were $847,479, a decrease of $80,779 from December 31, 2014. This is due to a multi-year application, with funds being accumulated as "impose only", under PFC Application 10-10-C-00-EAT for the purchase of a new Aircraft Rescue and Firefighting (ARFF) truck. PFC Application 13-11-C-00-EAT was approved in 2013, and accumulated funds from Application 10-10-C-00-EAT in the amount of $750,000 are approved to be used for purchase of the ARFF truck. PFC expenditures for 2015 included a down payment of $329,621 for the ARFF truck and $19,022 for auxiliary equipment. Final payment and delivery of the truck are scheduled for June 2016.

Total Liabilities

The Airport's total liabilities at December 31, 2015 were $3,087,230, an increase of $1,327,138 from December 31, 2014. Accounts payable increased significantly due to timing of construction in progress billings. Noncurrent liabilities increased by $488,938.

Total Net Position

The Airport's financial position improved as net position increased by $12,626,451.

TABLE 2
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

	2015	2014
Revenue		
Operating revenues	$ 1,708,278	$ 1,945,590
Nonoperating revenues	841,025	893,135
Total Revenues	2,549,303	2,838,725
Expenses		
Operating expenses	3,091,415	3,424,866
Nonoperating expenses	10,067	14,125
Total Expenses	3,101,482	3,438,991
Loss before capital grants	(552,179)	(600,266)
Capital grants	13,178,630	8,213,560
Change in Net Position	$ 12,626,451	$ 7,613,294

Major Factors Affecting the Statements of Revenues, Expenses and Change in Net Position

Operating revenue decreased 12.1% in 2015, primarily due to a decrease in fuel service operations revenue.

Major Factors Affecting the Statements of Revenues, Expenses and Change in Net Position - continued

Nonoperating revenues reflect contributions made by the owners of the airport, the Port of Chelan County and the Port of Douglas County, for funds to cover the maintenance and operations deficit, and interest income. Also received are funds through a reimbursable agreement with the Transportation Security Administration for a percentage of the Airport's law enforcement officer expense and the passenger facility ticket fee.

In 2015, capital grants increased by 60.5%. Airport Improvement Program (AIP) Grant 35 was issued in 2013 for Phase I of the Runway 12/30 Extension project, Runway 30 Runway Protection Zone (RPZ) property purchase, reimbursement of additional Environmental Assessment costs, and a Taxiway Alpha at Runway 7/25 pavement repair project. A total of $2,420,943 in AIP 35 funds were incurred in 2015, primarily for utility relocation and Phase I construction. In 2014, AIP Grant 36 in the amount of $9,500,057 was awarded. In 2015, $7,202,431 of AIP 36 funds were utilized. In 2015 AIP Grant 37 in the amount of $6,869,283 was awarded, with $2,129,287 of funds being utilized. A Small Community Air Service Development Program (SCASDP) grant in the amount of $200,000 was awarded in 2014, with $29,196 expended in 2015.

Operating expenses decreased 9.7% in 2015, primarily due to the decreased amount of fuel service operations sales and associated fuel costs.

Economic Factors

Significant economic factors affecting the Airport include:

- Commercial air traffic was up 9.6% for the year, compared to 2014. Car rental revenue was up 12.5% and parking revenue 9.3% for the year, compared to 2014. Aviation fuel sales, which include both commercial and general aviation, were down 17.9% for the year, compared to 2014. Space rent, concessions, parking revenue, aviation and non-aviation land and aircraft landing fees all increased in 2015.

Request for Information

This financial report is designed to provide a general overview of the Airport's accountability for all those interested. If you should have additional questions regarding the financial information, you can contact our office in writing at the following address:

Pangborn Memorial Airport
Attn: Trent Moyers, Airport Director
One Pangborn Drive
East Wenatchee, WA 98802-9233

ASSETS AND DEFERRED OUTFLOWS

CURRENT ASSETS	
Cash held by Chelan County Treasurer	
General fund	$ 122,858
State pooled investments	108,455
Bank accounts	2,813
Cash on hand	1,500
Total cash and cash equivalents [Note 2]	235,626
Accounts receivable	50,761
Grants receivable	2,074,849
Prepaid expenses	47,345
Fuel inventory	76,001
Total current assets	2,484,582
NONCURRENT ASSETS	
Restricted assets	
Cash in bank - Passenger facility fund [Note 2]	847,479
Capital assets [Note 3]	
Land and right-of-way	9,962,422
Buildings	6,341,531
Improvements other than buildings	17,056,149
Machinery and equipment	2,115,310
Construction in progress	18,054,389
Total costs	53,529,801
Less accumulated depreciation	13,475,964
Total capital assets	40,053,837
TOTAL ASSETS	$ 43,385,898
DEFERRED OUTFLOWS OF RESOURCES	
Pension	$ 67,454

The accompanying notes are an integral part of these statements.

LIABILITIES, NET POSITION AND DEFERRED INFLOWS

CURRENT LIABILITIES	
Accounts payable	$ 1,974,498
Retainage in escrow	313,838
Accrued taxes and benefits	28,438
Accrued vacation payable	30,483
Accrued interest	1,440
Long-term debt payable within one year [Note 8]	34,949
Total current liabilities	2,383,646
NONCURRENT LIABILITIES	
Deposits	85,094
Net pension liability	523,448
Long-term debt payable after one year [Note 8]	95,042
Total noncurrent liabilities	703,584
TOTAL LIABILITIES	$ 3,087,230
DEFERRED INFLOWS OF RESOURCES	
Pension	$ 116,581
NET POSITION	
Net investment in capital assets	$ 37,709,708
Restricted	847,479
Unrestricted	1,692,354
TOTAL NET POSITION	$ 40,249,541

The accompanying notes are an integral part of these statements.

OPERATING REVENUES	
Rent [Note 10]	
Space/concessions	$ 332,805
Parking	276,631
Aviation land	137,479
Non-aviation land	72,970
Fuel service operations	783,289
Landing fees	77,260
Aviation fuel flowage fee	11,873
Security badge income	3,896
Misc. fees, permits and reimbursements	12,075
Total operating revenues	1,708,278
OPERATING EXPENSES	
Depreciation	885,980
Salaries	609,117
Fuel service operations	
Fuel	462,977
Wages	93,794
Payroll taxes and benefits	39,906
Small tools and supplies	25,520
Office and computer	23,023
Merchant fees	14,607
Other expenses	67,416
Employee benefits [Note 5]	110,328
Insurance [Note 6]	74,300
Computer supplies and maintenance	89,063
Utilities	62,217
Payroll taxes	61,778
Land lease expense [Note 8]	35,298
Vehicle expense	20,217
Other professional services	54,578
Repairs	
Equipment	39,649
Buildings	26,363
Vehicles	13,339
Runways and aprons	46,708
Legal expense	70,242
State audit	12,636

The accompanying notes are an integral part of these statements.

OPERATING EXPENSES - continued	
Conventions, meetings and travel	$ 31,787
Accounting services	20,701
Terminal building expense	24,635
Crash fire rescue expense	16,009
Office expenses and telephone	17,486
Advertising and promotion	15,052
Janitor supplies	10,730
Security expense	9,195
Subscriptions and memberships	5,001
Other expenses	1,763
Total operating expenses	3,091,415
OPERATING LOSS	(1,383,137)
NON-OPERATING REVENUES (EXPENSES)	
Operating grants [Note 9]	549,958
Passenger facility income	251,672
Gain on disposal of assets	37,255
Advertising income	1,708
Interest income	432
Interest expense	(10,067)
Total non-operating revenues (expenses)	830,958
LOSS BEFORE CAPITAL GRANTS	(552,179)
Capital grants [Note 9]	13,178,630
CHANGE IN NET POSITION	12,626,451
NET POSITION - BEGINNING OF YEAR, AS ORIGINALLY REPORTED	28,277,162
ADJUSTMENT FOR RETROSPECTIVE APPLICATION OF NEW ACCOUNTING PRINCIPLE [Note 11]	(654,072)
NET POSITION - BEGINNING OF YEAR, AS ADJUSTED	27,623,090
NET POSITION - END OF YEAR	$ 40,249,541

The accompanying notes are an integral part of these statements.

Pangborn Memorial Airport
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,701,619
Payments to suppliers	(1,804,784)
Payments to employees	(700,161)
Net cash used by operating activities	(803,326)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants	484,521
Nonoperating revenues	253,380
Net cash provided by noncapital financing activities	737,901
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital passenger facility fund	80,779
Capital grants received	12,538,284
Proceeds from disposal of capital assets	41,016
Acquisition of capital assets	(12,617,521)
Payments on long-term debt payable	(33,306)
Interest paid	(10,396)
Net cash used by capital and related financing activities	(1,144)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received on investments	432
NET DECREASE IN CASH	(66,137)
CASH - BEGINNING OF YEAR	301,763
CASH - END OF YEAR	$ 235,626

The accompanying notes are an integral part of these statements.

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (1,383,137)
Noncash expense	
Depreciation	885,980
Pension	(81,497)
(Increase) decrease in operating assets	
Accounts receivable	(7,097)
Prepaid expenses	(2,534)
Fuel inventory	65,873
Increase (decrease) in operating liabilities	
Accounts payable	(285,255)
Accrued taxes and benefits	1,153
Accrued vacation payable	2,750
Deposits	438
Net cash used by operating activities	$ (803,326)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital assets included in accounts payable	$ 1,900,300

The accompanying notes are an integral part of these statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

Pangborn Memorial Airport (the Airport) is a municipal airport situated in Douglas County, Washington, serving the air transportation needs of North Central Washington. The Airport operates as a local government agency under the statutes of the State of Washington.

The Airport obtains operating resources through land and space rentals, concession agreements, user fees and an interlocal agreement between the Port of Chelan County and Port of Douglas County. The current agreement was approved in 2003 (the Port of Chelan County acts as manager of the aviation use property and the Port of Douglas County acts as manager of designated non-aviation property, and collectively the two Ports serve as the Governing Board). In April of 2013, the Port Districts signed a memorandum of understanding (MOU), which took effect January 1, 2013. Pursuant to the MOU, the Port of Chelan County currently acts as the Governing Board for the Airport with all rights of the Governing Board under the 2003 agreement. The Airport is a component unit of the Port of Chelan County.

The financial statements of Pangborn Memorial Airport have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Basis of accounting

The accounting records of the Airport are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Airport uses the Budgeting Accounting and Reporting System (BARS) for GAAP Port Districts in the State of Washington.

Funds are accounted for on a cost of services or an economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position. Their reported fund position is segregated into net investment in capital assets, restricted and unrestricted components of net position. Operating statements present increases (revenues and gains) and decreases (expenses and losses) in net position. The Airport discloses changes in cash flows by a separate statement that presents their operating, noncapital financing, capital and related financing and investing activities.

The Airport uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred. Capital asset purchases are capitalized and long-term liabilities are accounted for in the appropriate fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

B. Basis of accounting - continued

The Airport distinguishes between operating revenues and expenses from nonoperating ones. Operating revenues and expenses result from providing services and producing and delivering goods in connection with Airport principal ongoing operations. The principal operating revenues of the Airport are charges to tenants for land, parking, space and hangar leases. The Airport also recognizes as operating revenue concessions, landing fees and aviation fuel flowage fees. Operating expenses for the Airport include salaries, repairs and maintenance and administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Assets, liabilities and net position

1. Cash and cash equivalents

It is the Airport's policy to invest all temporary cash surpluses. At December 31, 2015, the treasurer was holding $108,455 in short-term residual investments of surplus cash.

For the purpose of the statement of cash flows, the Airport considers all highly liquid investments (excluding restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

2. Accounts receivable

Accounts receivable are unsecured and stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to accounts receivable. No accounts are considered potentially uncollectible; therefore there is no allowance balance at year end.

3. Inventory

Fuel inventory is valued at cost using the FIFO (first in, first out) method, which approximates the market value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Assets, liabilities and net position - continued

4. Restricted assets

The passenger facility fund is the balance of collected passenger facility charges (PFC) at year end. Authorization to collect funds is limited to the beginning and expiration dates of a PFC application. There are two types of projects eligible for PFC funding: (1) a project that meets Federal Aviation Administration (FAA) requirements and (2) sponsor share - PFC funds can be collected to recover the sponsor share of prior federal Airport Improvement Program (AIP) projects. Expenditure of all PFC funds are approved and identified in the Airport Capital Budget.

PFC Application 10-10-C-00-EAT began May 1, 2010 and all funds had been collected at the end of 2014. The $750,000 accumulated in this application for the purchase of a new Aircraft Rescue and Firefighting (ARFF) truck under an "impose only" project were then approved as a "use only" project under PFC Application 13-11-C-00-EAT.

PFC Application 13-11-C-00-EAT was approved in April of 2013 and is projected to expire August 1, 2016. In addition to the "use" approval for the ARFF truck, the "impose and use" projects are improvements to the existing fire station to accommodate the larger truck, security improvements in the passenger terminal, and recovery of the sponsor's portion of the terminal building security wall. $6,704 was utilized in 2014 to reimburse the sponsor's share of the terminal security wall project. The ARFF truck and auxiliary equipment projects were bid and awarded in 2015 and a down payment of $329,621 was paid for the ARFF truck. The truck is schedule for completion and delivery in June of 2016.

5. Capital assets

See Note 3.

6. Compensated absences

Compensated absences are absences for which employees will be paid, such as vacation leave. The Airport records unpaid leave for compensated absences as an expense and liability when incurred.

Vacation pay, which may be accumulated up to a maximum of 30 days, is payable upon resignation, retirement, or death.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Assets, liabilities and net position - continued

6. Compensated absences - continued

Sick leave may accumulate up to 60 days, and is not payable upon resignation or termination of employment, other than retirement. If an employee retires under the Public Employees Retirement System, at the time of termination of employment, the Airport shall contribute an amount equal to 25% of the value of accrued unused sick leave to a Voluntary Employee's Beneficiary Association (VEBA) account. In addition, for those employees that start the calendar year with the maximum hours of sick leave accrued, and during the year use less sick leave than the amount accrued, will also receive a contribution of 25% of the excess accrual to a VEBA account.

7. Deferred compensation

The Airport employees are eligible to participate in the Washington State employees deferred compensation plan. The annual contribution limits are the lesser of $18,000 or 100% of the employee's gross salary.

8. Long-term debt

See Note 8.

9. Leases

As part of its normal operations, the Airport leases land and buildings to tenants. The Airport's objective is that lease terms be for a length of time that will assist in ensuring economic stability and a fair return on the value of the property being leased. Lease terms currently range from month-to-month to fifty years. All leases are accounted for as operating leases.

10. Advertising expenses

The airport expenses advertising costs as incurred. No direct response advertising is conducted; therefore, no advertising costs have been capitalized. Advertising expense for 2015 was $15,052.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Assets, liabilities and net position - continued

11. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with those benefit terms. Investments are reported at fair value.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Airport's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION

A. Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost.

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION - continued

The Airport has acquired certain assets with funding provided by federal financial assistance programs. Depending on the terms of the agreements involved, the federal government could retain an equity interest in these assets. However, the Airport has sufficient legal interest to accomplish the purposes for which the assets were acquired, and has included such assets within the applicable account.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives, using the straight line method with useful lives of 5 to 40 years for buildings and land improvements, and 3 to 20 years for equipment.

B. Capital assets activity for the year ended December 31, 2015 as follows:

	Beginning Balance 01/01/15	Increases	Decreases	Ending Balance 12/31/15
Capital assets not being depreciated:				
Land and right-of-way	$ 9,948,668	$ 13,754	$ -	$ 9,962,422
Construction in progress	4,571,561	13,505,085	22,257	18,054,389
Total capital assets, not being depreciated	$ 14,520,229	$ 13,518,839	$ 22,257	$ 28,016,811
Capital assets, being depreciated:				
Buildings	$ 6,157,216	$ 184,315	$ -	$ 6,341,531
Improvements other than buildings	17,056,149	-	-	17,056,149
Machinery and equipment	2,067,668	54,863	7,221	2,115,310
Total capital assets being depreciated	25,281,033	239,178	7,221	25,512,990
Less accumulated depreciation for:				
Buildings	2,684,901	172,682	-	2,857,583
Improvements other than buildings	7,982,396	621,374	-	8,603,770
Machinery and equipment	1,926,147	91,924	3,460	2,014,611
Total accumulated depreciation	12,593,444	885,980	3,460	13,475,964
Total capital assets being depreciated, net	$ 12,687,589	$ (646,802)	$ 3,761	$ 12,037,026

NOTE 3 - CAPITAL ASSETS AND DEPRECIATION - continued

C. Construction commitments

Grant projects open as of December 31, 2015, consist of the following:

AIP Grant 34 - There were no new expenditures in 2015, however, this grant remained open due to issues with the FAA's Facility and Equipment Division's close-out of their portion of the project. The grant was officially closed in May of 2016.

AIP Grant 35 - This grant was awarded in 2013 in the amount of $9,865,068, the first of three grants used to fund the Runway 12/30 Extension Project. Funds expended in 2015 were $2,420,943 and were used primarily for Phase I construction and utility relocations. The total Runway 12/30 Extension project costs are outlined below.

AIP Grant 36 - A grant in the amount of $9,500,057 was awarded in 2014 for the continuation of the Runway 12/30 Extension project. Grant funds of $7,202,431 were expended in 2015 and primarily used for construction, engineering, and project management.

AIP Grant 37 - A grant in the amount of $6,869,283 was awarded in 2015 for the final stage of the Runway 12/30 Extension Project. Grant funds of $2,129,287 were expended in 2015 and primarily used for construction and project management, as well as payment to the Federal Aviation Administration's Facility and Equipment Division for their portion of the project which includes NAVAID (navigation system) relocation.

USDOT 2013-0120-0118 - A Small Community Air Service Development Program (SCASDP) grant in the amount of $200,000 was awarded in 2014. Funds in the amount of $26,196 were expended in 2015 and used to promote the current Alaska Airlines/Horizon Air service at the airport and to recruit new air service with direct flights to new destinations.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The Airport is not aware of any issues, whether or not they would materially affect these financial statements, involving non-compliance with Washington laws or with BARS.

NOTE 5 - PENSION PLANS

The following table represents the aggregate pension amounts for all plans subject to the requirements of the GASB Statement 68, Accounting and Financial Reporting for Pensions for the year 2015:

Pension liabilities	$	523,448
Pension assets		-
Deferred outflows of resources		67,454
Deferred inflows of resources		116,581
Pension expense		(12,644)

State Sponsored Pension Plans

Substantially all the Airport's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

NOTE 5 - PENSION PLANS - continued

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2015 were as follows:

Actual Contribution Rates:	Employer	Employee
January through June 2015	9.21%	6.00%
July through December 2015	11.18%	6.00%

The Airport's actual contributions to the plan were $27,612 for the year ended December 31, 2015.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the

NOTE 5 - PENSION PLANS - continued

average of the member's 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a

NOTE 5 - PENSION PLANS - continued

Contributions - continued

percentage of covered payroll) for 2015 were as follows:

Actual Contribution Rates:	Employer	Employee
January through June 2015	9.21%	4.92%
July through December 2015	11.18%	6.12%
Employee PERS Plan 3		varies

The Airport’s actual contributions to the plan were $41,241 for the year ended December 31, 2015.

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2015 with a valuation date of June 30, 2014. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) *2007-2012 Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2014 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2015. Plan liabilities were rolled forward from June 30, 2014, to June 30, 2015, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 3% total economic inflation; 3.75% salary inflation
- **Salary increases**: In addition to the base 3.75% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.5%

Mortality rates were based on the RP-2000 report’s Combined Healthy Table and Combined Disabled Table, published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

There were minor changes in methods and assumptions since the last valuation.

- The OSA updated demographic assumptions, consistent with the changes from the 2007-2012 Experience Study Report, used when valuing the PERS 1 and TERS 1 Basic Minimum COLA.

NOTE 5 - PENSION PLANS - continued

- The OSA corrected how valuation software calculates a member's entry age under the entry age normal actuarial cost method. Previously, the funding age was rounded, resulting in an entry age one year higher in some cases.
- For purposes of calculating the Plan 2/3 Entry Age Normal Cost contribution rates, the OSA now uses the current blend of Plan 2 and Plan 3 salaries rather than using a long-term membership assumption of two-thirds Plan 2 members and one-third Plan 3 members.
- The OSA changed the way it applies salary limits, as described in the *2007-2012 Experience Study Report*.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.5 percent.

To determine that rate, an asset sufficiency test included an assumed 7.7 percent long-term discount rate to determine funding liabilities for calculating future contribution rate requirements. (All plans use 7.7 percent except LEOFF 2, which has assumed 7.5 percent). Consistent with the long-term expected rate of return, a 7.5 percent future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue being made at contractually required rates (including PERS 2/3, PSERS 2, SERS 2/3, and TRS 2/3 employers, whose rates include a component for the PERS 1, and TRS 1 plan liabilities). Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.5 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.5 percent was determined using a building-block-method. The Washington State Investment Board (WSIB) used a best estimate of expected future rates of return (expected returns, net of pension plan investment expense, including inflation) to develop each major asset class. Those expected returns make up one component of WSIB's capital market assumptions. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times. The long-term expected rate of return of 7.5 percent approximately equals the median of the simulated investment returns over a 50-year time horizon.

NOTE 5 - PENSION PLANS - continued

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.70%
Tangible Assets	5%	4.40%
Real Estate	15%	5.80%
Global Equity	37%	6.60%
Private Equity	23%	9.60%

Sensitivity of NPL

The table below presents the Airport's proportionate share* of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Airport's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1-percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
PERS Plan 1	$ 338,492	$ 278,022	$ 226,023
PERS Plans 2/3	717,639	245,426	(116,130)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

NOTE 5 - PENSION PLANS - continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the Airport reported a total pension liability of $523,448 for its proportionate share of the net pension liabilities as follows:

	Liability
PERS Plan 1	$ 278,022
PERS Plans 2/3	245,426

At June 30, the Airport's proportionate share of the collective net pension liabilities was as follows (only report applicable plans):

	Proportionate Share 06/30/14	Proportionate Share 06/30/15	Change in Proportionate Share
PERS Plan 1	0.006201%	0.005315%	-0.000886%
PERS Plans 2/3	0.007983%	0.006869%	-0.001114%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the *Schedules of Employer and Nonemployer Allocations* for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2015. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). In fiscal year 2015, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2015, the state of Washington contributed 39.80 percent of LEOFF 2 employer contributions pursuant to RCW 41.27.726 and all other employers contributed the remaining 60.20 percent of employer contributions.

The collective net pension liability was measured as of June 30, 2015, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2014, with update procedures used to roll forward the total pension liability to the measurement date.

NOTE 5 - PENSION PLANS - continued

Pension Expense

For the year ended December 31, 2015, the Airport recognized pension expense as follows:

PERS Plan 1	$ (33,754)
PERS Plans 2/3	21,110

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2015, the Airport reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS Plan 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual investment	-	15,211
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	16,421	-
Total	$ 16,421	$ 15,211

PERS Plans 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,089	$ -
Net difference between projected and actual investment	-	65,517
Changes of assumptions	395	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	35,853
Contributions subsequent to the measurement date	24,549	-
Total	$ 51,033	$ 101,370

NOTE 5 - PENSION PLANS - continued

Deferred outflows of resources related to pensions resulting from the Airport contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS Plans 2/3
2016	$ (10,545)
2017	(10,545)
2018	(10,545)
2019	(4,218)

NOTE 6 - RISK MANAGEMENT

The Airport is a member of Enduris. Chapter 48.62 RCW provides the exclusive source of local government entity authority to individually or jointly self-insure risks, jointly purchase insurance or reinsurance, and to contract for risk management, claims, and administrative services. Enduris was formed July 10, 1987 pursuant to the provisions of Chapter 48.62 RCW, Chapter 200-100 WAC, and Chapter 39.34 RCW. Two (2) counties and two (2) cities in the State of Washington joined together by signing an interlocal governmental agreement to fund their self-insured losses and jointly purchase insurance and administrative services. As of August 31, 2015, there are 507 Enduris members representing a broad array of special purpose districts throughout the state. Enduris provides property and liability coverage as well as risk management services and other related administrative services.

Members make an annual contribution to fund Enduris and share in the self-insured retention of the jointly purchased excess and/or reinsurance coverage. The self-insured retention is:

- $1,000,000 deductible on liability loss - the member is responsible for the first $1,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $999,000 on a liability loss.

- $250,000 deductible on property loss - the member is responsible for the first $5,000 of the deductible amount of each claim, while Enduris is responsible for the remaining $245,000 on a property loss.

NOTE 6 - RISK MANAGEMENT - continued

Enduris acquires reinsurance from unrelated insurance companies on a “per occurrence” basis to cover all losses over the deductibles as shown on the policy maximum limits. Liability coverage is for all lines of liability coverage including Public Official’s Liability. The Property coverage is written on an “all risk”, blanket basis using current Statement of Values. The Property coverage includes but is not limited to mobile equipment, boiler and machinery, electronic data processing equipment, business interruption, course of construction and additions, property in transit, fine arts, and automobile physical damage to insured vehicles. Liability coverage limit is $10 million per occurrence and property coverage limit is $1 billion per occurrence. Enduris offers crime coverage up to a limit of $1 million per occurrence.

Since Enduris is a cooperative program, there is a joint liability among the participating members.

The contract requires members to continue membership for a period of not less than one (1) year and must give notice 60 days before terminating participation. The Master Agreement (Intergovernmental Contract) is automatically renewed after the initial one (1) full fiscal year commitment. Even after termination, a member is still responsible for contribution to Enduris for any unresolved, unreported and in-process claims for the period they were a signatory to the Master Agreement.

Enduris is fully funded by its member participants. Claims are filed by members with Enduris and are administered in house.

A Board of Directors consisting of seven (7) board members governs Enduris. Its members elect the Board and the positions are filled on a rotating basis. The Board meets quarterly and is responsible for conducting the business affairs of Enduris.

Settlement claims have not exceeded insurance coverage for any of the past three years. In addition, there were no unpaid claims as of December 31, 2015.

In addition to the Enduris coverage, the Airport maintains insurance with the following companies:

Insurer	Coverage	Deductible
ACE Property and Casualty Insurance Company	Airport Owners and Operators General Liability	NIL
Colony Insurance Company	WA Storage Tank Pollution Liability	$10,000 each claim

NOTE 7 - LIABILITIES

The Airport's short term liabilities consist of accounts payable, accrued taxes and benefits, retainage in escrow, accrued vacation payable, accrued interest and current maturities of long-term debt.

NOTE 8 - LONG-TERM DEBT AND LEASES

Long-term debt

A. A note payable to the East Wenatchee Water District for a Utility Local Improvement District (ULID) is payable annually at $9,682, plus interest at 5.25%, and matures in August of 2020.

B. A note payable to the East Wenatchee Water District for a ULID is payable annually at $168, plus interest at 5.25%, and matures in August of 2020.

C. A real estate contract payable to Angeline B. Schall for the purchase of real estate is payable annually at $30,750, including interest at 7.00%, and matures November 5, 2018.

	Beginning balance 1/1/15	Additions	Reductions	Ending balance 12/31/15	Amounts due within one year
Note A.	$ 58,093	$ -	$ 9,682	$ 48,411	$ 9,682
Note B.	1,010	-	168	842	168
Contract C.	104,194	-	23,456	80,738	25,099
Totals	$ 163,297	$ -	$ 33,306	$ 129,991	$ 34,949

Annual debt service payments to maturity are as follows:

	Principal	Interest
2016	$ 34,949	$ 8,238
2017	36,706	5,963
2018	38,634	3,401
2019	9,851	1,034
2020	9,851	517
Total	$ 129,991	$ 19,153

NOTE 8 - LONG-TERM DEBT AND LEASES - continued

Operating leases

Beginning April 25, 1997, the Airport leases from the Port of Douglas County 11.11 acres with improvements, referred to as Airside Lot 3, for 50 years, plus five, five year options. This has been subleased to Executive Flight, Inc. The monthly lease payment is $2,942. Land lease expense was $35,298 for 2015.

Future minimum lease payments are as follows:

2016	$ 35,298
2017	35,298
2018	35,298
2019	35,298
2020	35,298
2021-2025	176,490
2026-2030	176,490
2031-2035	176,490
2036-2040	176,490
2041-2045	176,490
2046-2047	47,064
Total	$ 1,106,004

Capital leases

The Airport has no capital leases as of December 31, 2015.

NOTE 9 - JOINT OPERATING AGREEMENT

The airport is jointly owned by the Port of Chelan County and the Port of Douglas County. A new joint operating agreement became effective January 1, 2004. The agreement states that the Port of Chelan County holds an undivided 61% interest and the Port of Douglas County holds an undivided 39% interest in the airport. The ownership percentages have not been updated since January 1, 2004.

The Port of Douglas County manages the Port of Douglas County industrial park (Airport has rights to the airside lots) and CWICC building as defined in existing agreements between the Port of Douglas County and the Airport. The Port of Chelan County manages the aviation related activities and projects, and all other uses of the airport.

NOTE 9 - JOINT OPERATING AGREEMENT - continued

During 2013, the Port of Chelan County and Port of Douglas County signed an MOU to define their relationship regarding the operation and funding of the airport. The Port of Chelan County's financial commitments are anticipated to increase in light of Port of Douglas County's requested cap on annual financial commitments. For 2015, maintenance and operations contributions from the Port of Chelan County and Port of Douglas County totaled $353,044 and $137,246, respectively. Capital contributions for 2015 were $102,329 from the Port of Chelan County and $0 from the Port of Douglas County. Additional contributions drawn from bonds by the individual Port Districts for the runway extension project, were $847,974 and $363,417, respectively. In 2014, maintenance and operations contributions from the Port of Chelan County and Port of Douglas County totaled $382,281 and $133,189, respectively. In addition, the Port of Chelan County contributed $146,621 for capital projects, with the Port of Douglas County contributing $694 for capital projects.

NOTE 10 - OTHER DISCLOSURES

Long-term leases

The Airport has historically received lease income from land, hangar space, airlines and car rental agencies.

The major leases are summarized as follows:

Land and terminal space

The Port of Douglas County has a 50 year lease on the industrial property. Lease payments are due as the property is developed.

Alaska Airlines/Horizon Air is the carrier leasing terminal space and providing airline services to the Airport.

Executive Flight, Inc. signed a 50 year land lease in 1997 with an option for five successive five year periods.

Car rental leases

The AVIS/Budget Rent-A-Car, Hertz Rent-A-Car and Enterprise Rent-A-Car annual leases include office space in the terminal and rent for parking spaces.

NOTE 10 - OTHER DISCLOSURES - continued

Long-term leases - continued

Other leases

The Airport has a number of other land leases, terminal leases and commission income. The primary ones consist of: the U. S. Forest Service, C & M Properties, T-hangar space, Executive Flight and TSA office space.

The Airport entered into a contract with Republic Parking on May 1, 2011 to manage the terminal parking lot. The minimum annual guaranteed revenue is $138,000, with a 70% return of gross receipts up to $225,000 and 80% of gross receipts in excess of $225,000.

Minimum future rents, commissions, landing fees, etc. on non-cancelable leases for the five years succeeding December 31, 2015 are as follows:

2016	$ 355,496
2017	361,292
2018	336,266
2019	328,520
2020	331,668

NOTE 11 - RETROSPECTIVE APPLICATION OF NEW ACCOUNTING PRINCIPLE

In 2015, the Airport adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability in their financial statements. The financial statements have been retroactively restated for the change, which resulted in a decrease in the net position of $654,072. Net position at the beginning of the year has been adjusted for the retroactive application of the new standard.

NOTE 12 - SUBSEQUENT EVENTS

The Airport has evaluated subsequent events through August 25, 2016, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Pangborn Memorial Airport

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Measurement Year Ended June 30, 2015

PERS Plan 1	
Employer's proportion of the net pension liability	0.005315%
Employer's proportionate share of the net pension liability	$ 278,022
Employer's covered employee payroll	$ 668,891
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	41.56%
Plan fiduciary net position as a percentage of the total pension liability	59.1%

PERS Plans 2/3	
Employer's proportion of the net pension liability	0.006869%
Employer's proportionate share of the net pension liability	$ 245,426
Employer's covered employee payroll	$ 668,891
Employer's proportionate share of the net pension liability as a percentage of covered employee payroll	36.69%
Plan fiduciary net position as a percentage of the total pension liability	89.2%

Pangborn Memorial Airport
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended December 31, 2015

PERS Plan 1	
Statutorily required contributions	$ 27,612
Contributions in relation to the statutorily required contributions	(27,612)
Contribution deficiency (excess)	$ -
Covered employer payroll	$ 690,303
Contributions as a percentage of covered employer payroll	4.00%

PERS Plans 2/3	
Statutorily required contributions	$ 41,241
Contributions in relation to the statutorily required contributions	(41,241)
Contribution deficiency (excess)	$ -
Covered employer payroll	$ 690,303
Contributions as a percentage of covered employer payroll	5.97%

MCAG NO. 1674 Schedule 16

Pangborn Memorial Airport

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2015

1	2	3	4	5				
				Expenditures				
Federal Agency Name/Pass Through Agency Name	Federal Program Name	CFDA Number	Other Award Number	From Pass-Through Awards	From Direct Awards	Total	Passed Through to Sub-recipients	Note
US Department of Transportation (via Port of Chelan County)	Airport Improvement Program	20.1060	DOT-FA13NM-0033 3-53-0084-035-2013	$ 514,170	$ 1,844,927	$ 2,359,097	$ -	1,2
US Department of Transportation (via Port of Chelan County)	Airport Improvement Program	20.1060	DOT-FA14NM-0065 3-53-0084-036-2014	6,381,855	683,109	7,064,964	-	1,2
US Department of Transportation (via Port of Chelan County)	Airport Improvement Program	20.1060	DOT-FA15NM-0005 3-53-0084-037-2015	2,129,287	-	2,129,287	-	1,2
US Department of Transportation	Small Community Air Service Development Program	20.9300	2013-0120-0018	-	26,196	26,196	-	1,2
Total				$ 9,025,312	$ 2,554,232	$ 11,579,544	$ -	

See accompanying notes to schedule of expenditures of federal awards

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the Airport's financial statements, with the exception of retainage. The Airport uses the full accrual basis of accounting. For purposes of this schedule, retainage is reported on the cash basis, as required by the Washington State Auditor’s Office.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Airport's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, an Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The Airport has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance. The Airport has no indirect costs related to expenditures of Federal awards for the year ended December 31, 2015.

Pangborn Memorial Airport

Schedule of Passenger Facility Charges Collected, Held and Used - 2015

	Quarter Ending			
	March 2015	June 2015	September 2015	December 2015
10-10-C-00-EAT				
13-11-C-00-EAT				
Unexpended passenger facility charges and interest, beginning of period	928,259	988,600	1,050,797	1,114,826
Add:				
Passenger Facility Charge Revenue	60,147	61,841	63,645	64,667
Interest Earned	240	356	385	391
Total Revenue Available	988,646	1,050,797	1,114,826	1,179,885
Expenses/Expenditures	47	0	0	332,405
Unexpended passenger facility charges and interest, end of period	988,600	1,050,797	1,114,826	847,480

The accompanying notes are an integral part of these statements.

Pangborn Memorial Airport
Notes to the Schedule of Passenger Facility Charges
Collected, Held and Used
For The Year Ended December 31, 2015

Note 1 – Basis of Accounting

The Schedule is prepared generally on the same basis of accounting as the Pangborn Memorial Airport's financial statements. However, while the Airport uses the full-accrual basis of accounting where revenues are recognized when earned and expenses are recognized when incurred, the PFC revenues presented represent only those revenues actually received for the quarter reported. PFC revenues not received prior to the end of each quarter are not accrued and are reported as revenues of the subsequent reporting period.

Note 2 – Program Costs

The amounts shown as current year revenue and expenses represent only the Passenger Facilities Charges portion of the project costs. Entire project costs may be more than shown.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as fraud, state whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our website and through our free, electronic subscription service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov