

Washington State Auditor's Office
Financial Statements Audit Report

Washington State Potato Commission

Audit Period
July 1, 2009 through June 30, 2011

Report No. 1007569

Issue Date
April 30, 2012



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

April 30, 2012

Board of Commissioners
Washington State Potato Commission
Moses Lake, Washington

Report on Financial Statements

Please find attached our report on the Washington State Potato Commission's financial statements.

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

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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**State of Washington
Washington State Potato Commission
July 1, 2009 through June 30, 2011**

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

**State of Washington
Washington State Potato Commission
July 1, 2009 through June 30, 2011**

Board of Commissioners
Washington State Potato Commission
Moses Lake, Washington

We have audited the basic financial statements of the Washington State Potato Commission, Grant County, Washington, as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated April 9, 2012. The Commission has not presented the management's discussion and analysis information that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

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 Commission's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of the Commission's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, 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*.

This report is intended for the information and use of management and the Board of Commissioners. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name and title.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 9, 2012

Independent Auditor's Report on Financial Statements

Washington State Potato Commission July 1, 2009 through June 30, 2011

Board of Commissioners
Washington State Potato Commission
Moses Lake, Washington

We have audited the accompanying basic financial statements of the Washington State Potato Commission, Grant County, Washington, as of and for the years ended June 30, 2011 and 2010, as listed on page 5. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Potato Commission, as of June 30, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Commission's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Management has not presented the management's discussion and analysis information that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB who considers it to be

an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, cursive script.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 9, 2012

Financial Section

Washington State Potato Commission July 1, 2009 through June 30, 2011

BASIC FINANCIAL STATEMENTS

Statement of Net Assets – 2011 and 2010

Statement of Revenues, Expenditures and Changes in Net Assets – 2011 and 2010

Statement of Cash Flows – 2011 and 2010

Notes to Financial Statements – 2011 and 2010

Washington State Potato Commission
Statements of Net Assets
June 30, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash - unrestricted	\$ 435,233	\$ 131,296
Cash - restricted	56	7,036
Money market and time certificates of deposit	4,502,537	3,921,512
U.S. Government securities	212,342	879,544
Net assessments receivable	229,797	174,230
Prepaid expenses	<u>122,205</u>	<u>166,170</u>
Total current assets	<u>5,502,170</u>	<u>5,279,788</u>
NON-CURRENT ASSETS		
Buildings and equipment	656,153	643,977
Less: Accumulated depreciation	<u>(451,263)</u>	<u>(426,386)</u>
	204,890	217,591
Land	<u>18,057</u>	<u>18,057</u>
Total non-current assets	<u>222,947</u>	<u>235,648</u>
TOTAL ASSETS	<u>\$ 5,725,117</u>	<u>\$ 5,515,436</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 30,440	\$ 32,050
Accrued vacation pay and payroll taxes	<u>21,894</u>	<u>31,903</u>
Total current liabilities	<u>52,334</u>	<u>63,953</u>
NET ASSETS		
Net assets invested in capital assets	222,947	235,648
Unrestricted net assets	<u>5,449,836</u>	<u>5,215,835</u>
Total net assets	<u>5,672,783</u>	<u>5,451,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,725,117</u>	<u>\$ 5,515,436</u>

The accompanying notes are an integral part of this financial statement.

Washington State Potato Commission
Statements of Revenues, Expenditures and Changes in Net Assets
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING ACTIVITIES		
REVENUE		
Assessments	\$ 3,452,009	\$ 3,262,278
Administration contracts	4,800	4,800
RMA grant	-	29,378
Total revenue	<u>3,456,809</u>	<u>3,296,456</u>
EXPENSES		
Administration -		
Salaries and compensation	507,134	487,694
Salary expense - payroll taxes	151,126	142,380
Administration travel	26,636	20,246
Staff training and recruitment	4,220	2,177
Vehicle expenses	7,871	4,877
Building maintenance and utilities	21,452	21,034
Communications	12,963	13,317
Office supplies and expenses	18,612	18,568
Postage and freight	33,369	30,604
Equipment maintenance and leases	25,467	20,340
Computer supplies and maintenance	2,603	4,241
Legal	2,844	4,365
Audit and accounting	26,500	35,440
Insurance and bonds	16,313	16,717
Other	10,382	9,611
Depreciation	27,001	29,552
Bad debt expense	51	293
RMA grant	5,453	33,190
Total administration expenses	899,997	894,712
Trade and market access	379,010	307,202
Research and technical	847,053	781,475
Environmental and regulatory	629,049	711,076
Public and industry education	578,961	690,603
Total expenses	<u>3,334,070</u>	<u>3,385,068</u>
Net operating activities	<u>122,739</u>	<u>(88,612)</u>
	<u>2011</u>	<u>2010</u>
NON-OPERATING ACTIVITIES		
Loss on disposal of assets	\$ (939)	\$ (1,764)
Investment income	99,500	140,268
Total non-operating activities	<u>98,561</u>	<u>138,504</u>
CHANGE IN NET ASSETS	221,300	49,892
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>5,451,483</u>	<u>5,401,591</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 5,672,783</u>	<u>\$ 5,451,483</u>

The accompanying notes are an integral part of this financial statement.

Washington State Potato Commission
Statements of Cash Flows
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received as assessments from growers	\$ 3,396,442	\$ 3,333,071
Cash received from administrative contracts	4,800	4,800
RMA grants received	-	29,378
Cash payments for goods and services	(2,762,136)	(2,799,244)
Cash payments to employees	(507,134)	(487,694)
RMA grant expenditures	<u>(5,453)</u>	<u>(33,190)</u>
Net cash provided by operating activities	<u>126,519</u>	<u>47,121</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of equipment	<u>(15,239)</u>	<u>(38,414)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in U.S. government securities	667,202	(169,777)
Investment income received	99,500	140,268
Increase in certificates of deposit with original maturities greater than three months	<u>(359,523)</u>	<u>(23,775)</u>
Net cash provided (used) by investing activities	<u>407,179</u>	<u>(53,284)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	518,459	(44,577)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>458,773</u>	<u>503,350</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 977,232</u>	<u>\$ 458,773</u>

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF CASH, MONEY MARKET AND CERTIFICATES OF DEPOSIT TO CASH AND CASH EQUIVALENTS		
Cash - unrestricted	\$ 435,233	\$ 131,296
Cash - restricted	56	7,036
Money market and time certificates of deposit	<u>4,502,537</u>	<u>3,921,512</u>
	4,937,826	4,059,844
Less: Time certificates of deposit with original maturities greater than three months	<u>(3,960,594)</u>	<u>(3,601,071)</u>
Cash and cash equivalents	<u>\$ 977,232</u>	<u>\$ 458,773</u>

RECONCILIATION OF REVENUE IN EXCESS OF EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating activities	\$ 122,739	\$ (88,612)
Depreciation	27,001	29,552
Increase in receivables and prepaid expenses	(11,602)	86,561
Decrease in accounts payable and accrued liabilities	<u>(11,619)</u>	<u>19,620</u>
Net cash provided by operating activities	<u>\$ 126,519</u>	<u>\$ 47,121</u>

The accompanying notes are an integral part of this financial statement.

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 1 - REPORTING ENTITY

The Washington State Potato Commission is a State corporate organization established in 1956 by the State of Washington Department of Agriculture. The Commission is governed by a fifteen member board of commissioners. The "Marketing Order for Washington Potatoes" enables the Commission to levy assessments on all potatoes grown in Washington except those used for seed, charity and livestock feed. The Marketing Order also provides for the Commission to engage in the following activities:

Public education to increase the sale and consumption of Washington produced potatoes.

Research relating to the marketing, production, processing or handling of potatoes.

Establish, define and provide labeling requirements, standards and grades of potatoes.

Investigate and take necessary action to prevent and correct unfair trade practices which hinder marketing of Washington produced potatoes or potato products.

The accounting and reporting policies of the Commission conform to generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity and believe that the Commission has no component units required to be included as part of the reporting entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Washington Potato Commission uses proprietary fund accounting policies which are in accordance with generally accepted accounting principles in all material respects. Pursuant to Governmental Accounting Standards Board Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Commission has elected to apply the provision of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those after November 30, 1989. Outlined below are those policies considered particularly significant.

Assessment revenues and related receivables are determined based upon receipts sent to the Commission by shippers, processors and packers of Washington potatoes. The Commission's revenue is substantially dependent upon the yearly volume of Washington potatoes.

Operating revenues are revenues and other amounts accruing from the primary operations of the Commission. Non-operating revenues are those that are generated from investing and financing activities.

The Commission provides allowances for uncollectible accounts equal to the estimated losses that will be incurred in collection of receivables. The estimated losses are based on historical collection experience together with a review of the current status of the receivables. The allowance for uncollectible accounts was \$1,000 at June 30, 2011 and 2010. At June 30, 2011 and 2010, less than 1% of accounts receivable were outstanding more than ninety days.

Prepaid expenses includes undistributed publication and promotional items, postage, insurance and trade show expenses.

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Advance payment of grant funds are recorded as deferred grant revenue until the activity required by the grant is performed, at which time, the funds are recognized as grant revenue.

The Commission was organized and given the power to levy assessments by the state of Washington and as part of the state government is not liable for income taxes.

For purposes of the statement of cash flows, the Commission considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Commission's checking account, money market and time certificates of deposit are maintained in deposit accounts through bank branches and savings and loan institutions or in brokerage firms. Deposit accounts are covered by the Federal Depository Insurance Corporation (FDIC) up to the applicable FDIC limit, or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. At June 30, 2011 balances in depository accounts in excess of the FDIC limit totaled \$314,452.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

NOTE 3 - INVESTMENTS

As of June 30, the Commission had the following investments:

	Fiscal - Year Maturities	2011 Fair Value	2010 Fair Value	Credit Rating
Money Market Accounts	N/A	\$ 541,943	\$ 320,442	
Certificates of Deposit	2011	-	1,774,959	
Certificates of Deposit	2012	1,218,160	810,082	
Certificates of Deposit	2013	1,755,426	814,141	
Certificates of Deposit	2014	685,840	-	
Certificates of Deposit	2015	206,168	201,889	
Certificates of Deposit	2016	95,000	-	
U.S. Government Securities	2013	212,342	477,327	AA+/AAA
U.S. Government Securities	2015	-	402,216	AAA
		\$ <u>4,714,879</u>	\$ <u>4,801,056</u>	

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 3 - INVESTMENTS - CONTINUED

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction the Commission would not be able to recover the value of the investment or collateral securities. The Commission's positions with brokerage firms are covered by Securities Investors Protection Corporation (SIPC) Insurance and by excess SIPC coverage. Therefore, as of June 30, 2011 the Commission had no custodial credit risk related to the brokerage firms.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The exposure to interest rate risk experienced by the Commission is managed by purchasing both short term and long term investments and by timing cash flows from maturities to ensure the cash needed for operations will be available.

The Commission's investment policy contains no limitations of the amount that can be invested in any issuer. Investments in single issuers that exceed 5% of total investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>2011 Fair Value</u>	<u>2010 Fair Value</u>
Merrill Lynch	Money Market	\$ 326,357	\$ 305,938
Ally Bank	Certificate of Deposit	\$ 481,311	\$ 234,618
American Express	Certificate of Deposit	\$ -	\$ 290,453
American West Bank	Certificate of Deposit	\$ 248,547	\$ 245,000
Aurora Bank	Certificate of Deposit	\$ 242,748	\$ -
Firstbank of Puerto Rico	Certificate of Deposit	\$ 241,932	\$ 237,714
M & T Bank	Certificate of Deposit	\$ 244,633	\$ -
MetLife Bank	Certificate of Deposit	\$ 244,892	\$ -
Sterling Savings Bank	Certificate of Deposit	\$ 247,191	\$ 246,626
US Bank	Certificate of Deposit	\$ 245,000	\$ -
Washington Trust Bank	Certificate of Deposit	\$ 240,000	\$ 335,210
FHLM	U.S. Government Security	\$ 212,342	\$ 879,543

NOTE 4 - PROPERTY AND EQUIPMENT

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Fiscal year ending June 30, 2011				
Buildings and equipment	\$ 643,977	\$ 15,239	\$ (3,063)	\$ 656,153
Accumulated depreciation	(426,386)	(27,001)	2,124	(451,263)
	217,591	(11,762)	(939)	204,890
Land	18,057	-	-	18,057
	\$ 235,648			\$ 222,947

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 4 - PROPERTY AND EQUIPMENT - CONTINUED

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Fiscal year ending June 30, 2010				
Buildings and equipment	\$ 612,676	\$ 46,913	\$ (15,612)	\$ 643,977
Accumulated depreciation	(402,183)	(29,552)	5,349	(426,386)
	210,493	\$ 17,361	\$ (10,263)	217,591
Land	18,057	\$ -	\$ -	18,057
	\$ 228,550			\$ 235,648

Property and equipment are stated at cost. Depreciation is computed on the straight line method generally over estimated useful lives of five (5) to ten (10) years for equipment and thirty (30) years for the building. The policy of the Commission is to capitalize to property and equipment those purchases of assets exceeding \$200 and having an expected useful life at no less than one year. Purchases not meeting these criteria are expensed.

NOTE 5 - ASSESSMENTS REVENUE

Washington grown potatoes are assessed at four (4) cents per hundred weight. The assessment is mandatory under the Commission Enabling Act.

NOTE 6 - PENSION PLANS

Substantially all of the Commission'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 defined benefit public employee retirement plans. 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 from the Department of Retirement Systems, Administrative Services Division, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement 27, *Accounting for Pensions by State and Local Government Employers*.

Plan Description

PERS is a cost-sharing multiple employer defined benefit pension plan. Membership in the plan includes elected officials, state employees, employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system), employees of legislative committees, college and university employees (not in national higher education retirement programs), judges of district and municipal courts, non-certificated employees of school districts, and employees of local governments. The PERS system includes three plans. Participants who joined the system by September 30, 1977, are Plan 1 members. Those joining thereafter are enrolled in Plan 2 or Plan 3. Defined retirement benefits are financed from employee and employer contributions and investment earnings for plans 1 and 2. Employee contributions in Plan 3 do not finance the defined benefit but are used to finance a separate defined contribution plan. Defined retirement benefits in all three plans are vested after completion of five years of eligible service. Defined contributions under Plan 3 are always 100% vested. The Commission has employees enrolled in Plans 2 and 3.

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 6 - PENSION PLANS - CONTINUED

Plan Description - continued

Plan 2 members may retire at age 65 with five years of service, or at age 55 with 20 years of service, with an allowance of two percent per year of service of the average final compensation. Plan 2 retirements prior to 65 are actuarially reduced. There is no cap on years of service credit and a cost-of-living allowance is granted, capped at three percent annually.

Plan 3 members may retire at age 65 with at least 10 service credit years; or at age 65 with 5 service credit years, including 12 service credits months that were earned after age 54; or at age 65 with 5 service credit years that were earned under Plan 2 and transferred to Plan 3 before June 1, 2003. Plan 3 retirements prior to age 65 are also actuarially reduced.

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 are set by the director of the Department of Retirement Systems based on recommendations by the Office of the State Actuary to continue to fully fund Plan 2. All employers are required to contribute at the level established by state law. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of the 2011 and 2010 covered payroll were as follows:

	<u>PERS Plan 2</u>		<u>PERS Plan 3</u>	
	<u>Employee</u>	<u>Employer</u>	<u>Employee</u>	<u>Employer</u>
July 1, 2009 to August 31, 2009	3.89%	5.29%	Various	5.29%
Sept 1, 2009 to June 30, 2011	3.90%	5.31%	Various	5.31%

The Commission's required contributions for the years ended June 30, 2011 and 2010 were \$24,842 and \$23,555, respectively. The eligible members' contributions for the years ended June 30, 2011 and 2010 were \$20,884 and \$19,814, respectively.

NOTE 7 - COMMITMENTS

Upon retirement or death, employees receive one day of pay for each four days of accumulated sick leave. At June 30, 2011 and 2010 the contingent liability under this formula was \$17,485 and \$15,036, respectively.

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 8 - OPERATING LEASES

The Commission leases certain office equipment on operating leases. The lease expense for the years ended June 30, 2011 and 2010 were \$21,445 and \$13,157, respectively. The approximate total future lease commitments are as follows:

<u>Fiscal Year</u>	
2011-12	\$ 15,900
2012-13	15,900
2013-14	15,900
2014-15	15,900
2015-16	7,950
Thereafter	<u>-</u>
	\$ <u>71,550</u>

NOTE 9 - TRANSACTIONS WITH ALLIED ENTITIES

The Washington State Potato Commission, in pursuit of the activities authorized by the "Marketing Order for Washington Potatoes" as summarized in Note 1, regularly engages in transactions with other entities that have the shared goal of advancing and promoting the potato industry in Washington State. The details and purposes of these transactions are as follows:

<u>Year Ended June 30, 2011</u>			
<u>Payments received from</u>	<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
State of WA State Potato Committee	07/14/2010	supplies reimbursement	\$ 700
State of WA State Potato Committee	06/01/2011	meetings & registration	<u>4,800</u>
			\$ <u>5,500</u>
<u>Payments made to</u>	<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
WA Potato & Onion Assoc.	05/20/2011	meetings & registration	\$ 4,000
WA Potato & Onion Assoc.	05/25/2011	sponsorship	15,000
WA State Potato Foundation	11/23/2010	scholarship	125,500
WA State Potato Foundation	12/06/2010	sponsorship	<u>1,000</u>
			\$ <u>145,500</u>

WASHINGTON STATE POTATO COMMISSION

Notes to Financial Statements

June 30, 2011 and 2010

NOTE 9 - TRANSACTIONS WITH ALLIED ENTITIES - CONTINUED

Year Ended June 30, 2010

<u>Payments received from</u>	<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
State of WA State Potato Committee	06/16/2010	meetings & registration	\$ <u>4,800</u>
<u>Payments made to</u>	<u>Date</u>	<u>Purpose</u>	<u>Amount</u>
State of WA State Potato Committee	01/08/2010	meetings & registration	\$ 275
WA Potato & Onion Assoc.	03/01/2010	sponsorship	5,000
WA Potato & Onion Assoc.	05/05/2010	sponsorship	10,000
WA Potato & Onion Assoc.	06/02/2010	meetings & registration	2,250
WA Potato & Onion Assoc.	06/09/2010	meetings & registration	200
WA State Potato Foundation	11/23/2009	sponsorship	1,000
WA State Potato Foundation	12/17/2009	scholarship	115,000
WA State Potato Foundation	02/02/2010	scholarship	500
WA State Potato Foundation	02/03/2010	sponsorship	<u>2,000</u>
			\$ <u>136,225</u>



ABOUT THE STATE AUDITOR'S OFFICE

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

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

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

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

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