



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Grant County Port District No. 7

(Port of Grand Coulee)

For the period January 1, 2020 through December 31, 2023

Published October 31, 2024

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

October 31, 2024

Board of Commissioners
Port of Grand Coulee
Grand Coulee, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for Port operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the Port's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, Port operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of Port of Grand Coulee from January 1, 2020 through December 31, 2023.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the Port's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2023, 2022, 2021 and 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Cash receipting – golf course and airport activities
- Procurement – public works
- Accounts payable – electronic funds transfers
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

Grant County Port District No.7

P. O. Box 616 • Grand Coulee, WA 99133

(509)633-3018

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Port of Grand Coulee January 1, 2020 through December 31, 2023

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 2017 - 2019	Report Ref. No.: 102765	Finding Ref. No.: 2019-001
Finding Caption: The Port did not have adequate internal controls over cash receipting to safeguard public resources.		
Background: We reviewed the Port's cash receipting processes for the airport and golf course and found that the Port did not: <ul style="list-style-type: none">• Issue or retain receipts for all transactions or funds received.• Adequately document the transfer of custody when funds were transferred between Port personnel to make deposits.• Perform an independent reconciliation to ensure all amounts received were deposited intact.• Track inventory for the golf course pro shop and bar, including additions when inventory was received and reductions when inventory was sold. The Port did not perform an inventory and would be unable to do so without tracking procedures in place. Additionally, because of lack of receipting and inventory records, we could not determine whether all funds and inventory were accounted for and funds deposited, or whether a loss occurred		
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		

Corrective Action Taken:

Each day at opening of the Golf Course, three starting money pouches were transferred from one Commissioner and his spouse to the person overseeing Golf Course cash receipts for the day. The starting cash daily was \$200.00 for the Clubhouse, \$100 for the Bar, and \$200.00 for Petty Cash. The Port District received cash and charge card payments at the Banks Lake Golf Course in return for golf cart rentals, green fees, bar purchases, ball purchases, and food and snack purchases. Each purchase for these services was entered into the cash register and a receipt was printed out at closing time daily showing all purchases taking place for the day. The cash receipts were separated between the Clubhouse and the Bar. At the end of each day, the cash receipts along with the original pouches which included starting cash, ending cash, and the printed receipts were turned back into the Commissioner and his spouse. The Commissioner and his spouse then jointly reconciled the printed receipts against the beginning cash and the cash received during the day, sorting out the proper beginning cash for the next day, and creating a tally of the cash to be deposited to the District's bank account. The cash to be deposited was then placed in a sealed envelope along with the cash register tallies and a Daily Tally Sheet that broke out the Pro Shop and Bar to register the Total Deposit by Cash, Check, or Charge. The next morning, the Secretary/Treasurer would pick up the envelope from the Commissioner and his spouse and verify all the information on the Daily Tally Sheet against the cash turned in and the cash register tallies. The Secretary/Treasurer initialed each area of receipts on the Daily Tally Sheet, verifying that she agreed to the amount. She then prepared the deposit slip for the daily cash receipts and deposited the cash in the Bank Account. On weekends, the cash was collected and Daily Tally Sheets were done daily by the Commissioner and his spouse, but picked up on Monday morning by the Secretary/Treasurer for reconciliation and deposit. The Secretary/Treasurer kept the deposit slips issued by the bank and attached them to the corresponding worksheets. She also checked the bank account daily on-line to verify the deposit had been made. However, she did not retain any hard copy documents to show that. Inventory tracking for the golf course pro shop and bar, including additions when inventory was received and reductions when inventory was sold was not accomplished through an electronic inventory program. The majority of items sold were small items such as hotdogs, candy, popcorn, breakfast sandwiches, and chips. The beverages sold vary from shots from a bottle to use of beverage machines in the Bar, and cans of pop from the pro shop. The Distributors of beverages provided a packing slip signed for by the worker on duty. That slip was submitted daily with the deposit envelope to the Secretary/Treasurer to verify against the billing. Food items, paper products, cleaning supplies, etc. were purchased at Retail Stores. Itemized receipts from these retail stores were also submitted in the daily envelope to the Secretary/Treasurer. Ice was ordered and delivered by a local vendor. Upon delivery, a bill was presented and the worker on duty signed it and it was submitted in the daily envelope to the Secretary/Treasurer. A candy distributor delivered snack items (chips, candy bars, and crackers). The worker on duty signed the bill and it was submitted in the daily envelope to the Secretary/Treasurer. All items sold in the Pro Shop and Bar were coded within the following classifications: Bar: Beer/Wine, Liquor, Food. Pro Shop: Memberships, Green Fees, Cart and Club Rentals, Driving Range, Food (Hot Dogs, Corn Dogs, and Snacks - Pop, Water, Candy, Chips). Tapes for the Pro Shop till and the Bar till are reconciled with cash, check, and charge totals each day and submitted in the daily envelopes to the Secretary/Treasurer.

INFORMATION ABOUT THE PORT

Grant County Port District No. 7, doing business as the Port of Grand Coulee, is a special purpose district formed to help provide industrial development in Grant County. The Port serves citizens and businesses in the city of Grand Coulee and the surrounding area within its boundaries.

An elected, three-member Board of Commissioners governs the Port and appoints an Airport Manager to oversee the daily operations. The Port also directly operated the Banks Lake Golf Course from 2012 to June 14, 2024, when the golf course was sold. The Port had an operating budget of \$408,300, \$549,000, \$923,000 and \$1,009,000 in 2020, 2021, 2022 and 2023, respectively.

Contact information related to this report

Address:	Port of Grand Coulee P.O. Box 616 Grand Coulee, WA 99133
Contact:	Deborah Bigelow, Secretary/Treasurer
Email:	marneybigelow@gmail.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for Port of Grand Coulee at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

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

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

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