



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

July 3, 2025

Board of Commissioners
Washington State Grain Commission
Spokane, Washington

Contracted CPA Firm's Audit Report on Financial Statements

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements of the Washington State Grain Commission for the fiscal year ended June 30, 2024. The Commission contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements and, accordingly, we do not express an opinion on those financial statements.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

Washington Grain Commission

Financial Report

June 30, 2024

**Washington Grain Commission
Table of Contents
June 30, 2024**

	<u>Page</u>
Independent Auditor’s Report	1-3
Management’s Discussion and Analysis	4-11
Basic Financial Statements:	
Governmental Fund Balance Sheet/Statement of Net Position	12
Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance/Statement of Activities.....	13
Notes to Financial Statements	14-38
Required Supplementary Information:	
Budgetary Comparison Schedule	39
Notes to Budgetary Comparison Schedule	40
Schedule of Changes in the Total OPEB Liability and Related Ratios – PEBB	41
Notes to OPEB PEBB Plan Schedule	42
Schedule of Employer’s Share of the Net Pension Liability – PERS Plan 1	43
Schedule of Employer’s Share of the Net Pension Liability (Asset)– PERS Plan 2/3	44
Schedule of Contributions – PERS Plan 1	45
Schedule of Contributions – PERS Plan 2/3.....	46
Notes to PERS Plan Schedules	47
Compliance Report:	
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 <i>Government Auditing Standards</i>	48-49
Schedule of Findings and Responses.....	50
Status of Prior Year Findings	51

Independent Auditor's Report

Board of Commissioners
Washington Grain Commission
Spokane, Washington

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Washington Grain Commission ("the Commission"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Washington Grain Commission, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the budgetary comparison schedule on page 39, the schedule for the other postemployment benefit plan on page 41, and the schedules for pension plans on pages 43 through 46, 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, which 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2025 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 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 Commission's internal control over financial reporting and compliance.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

January 14, 2025

**WASHINGTON GRAIN COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of the financial performance of Washington Grain Commission (the Commission), a GASB Statement No. 34 requirement, provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2024 (FY 2024).

Comparative data from the previous year is available for this year, as this is the eleventh year that the Commission has presented financial statements in accordance with GASB Statement No. 34. While a sound accounting system is a prerequisite to effective fiscal management, it is also essential that it enables the public, investors, and other interested parties to evaluate the Commission's financial position and results of operations. To this end, the following pages contain information relating to the requirements of GASB Statement No. 34.

The Washington Grain Commission Notes to the Financial Statements included in this report provide information that should be read as a preface to this management discussion and analysis.

Financial Highlights

- The revenue cutoff policy for the modified accrual method is the Commission's fiscal year end. Revenues are generated primarily from assessment income levied upon small grains (wheat and barley); of which harvest typically occurs from July through September. As a state agency, no income taxes are paid on revenue received.
- Total FY 2024 revenues for the Commission are \$6,516,482 which consisted of Wheat and Barley Assessments \$5,697,690; Rent Income \$17,765; Interest Income \$349,309; Unrealized Gains (Losses) on Investments (\$451,718); and Other Income \$10,542. The interest income was raised as the fair market value of investments and higher rates received resulted in an increase of \$155,500 from the previous year. The FY 2024 total wheat and barley revenues decreased \$2,425,144 from FY 2023 as yields and prices were lower. Additionally, more farmers were storing wheat and waiting to sell until prices rebounded. This was partially offset by improved investment market conditions and increases in unrealized gains (losses). The financial operations are such that current year programs are budgeted by assessments collected during the previous year.
- As of June 30, 2024, there is a balance in Assessments Receivable of \$133,980 consisting of amounts owed to the Commission for assessments due on wheat and barley sold. Approximately 98% of the Assessments Receivable is for current assessments due within 30 days of purchase by grain dealers. The outstanding receivable balance (2%) consists of dealers who submit reporting sporadically or quarterly. The average collection time on assessment remittance is 30-40 days.
- Total FY 2024 expenses for the Commission were \$6,630,578 which consisted of Research \$2,036,773; Market Development \$1,152,568; Grower Services \$1,538,252; Education/Information \$609,981; Professional Services and Support \$840,563; Office Operations \$310,758; Policy Development \$80,693; and Depreciation Expense \$60,990. The FY 2024 expenditure amount is an increase of \$510,524 from the prior year due to increased funding to Education/Information for the "Wheat Week" program conducted by the Franklin Conservation District, and worldwide Market Development activities. It should be noted that FY 2024 programs are budgeted by assessments collected during FY 2023, plus interest, rent and other miscellaneous income.
- Research expenditures increased by \$39,809 from the previous year. Continuing projects were proposed and accepted by the board at the same levels of operational costs. Additional equipment was provided to Washington State University from unexpended funds and paid from the Wheat Special Projects in the Grower Services category.

Financial Highlights, Continued

- Market Development expenditures increased by \$134,236 from the previous year as more international functions were attended by commissioners and staff ramping up in-person visits. Traveling to foreign countries to personally meet with customers remains a high priority of the commission. Speaking with trade teams visiting the state and presenting at buyers' conferences, the commission strives to provide detailed and timely crop information to interested importers via contracted services with U.S. Wheat Associates.
- Grower Services expenditures increased by \$323,103 from FY 2023 with expanded funding to the Washington Association of Wheat Growers for education and transportation (dam removal opposition) projects. An additional expenditure of \$118,433 was made from wheat special projects in this category to cover equipment purchased for research at Washington State University.
- Education/Information expenditures rose by \$12,758 from FY 2023 due to the increased funding to classroom education, promotional items and public education.
- Professional Services and Support expenditures decreased by (\$37,725) from the previous year, even though staff salaries were increased in July, the new hire of a Market Development Specialist position was not filled until late September of the following year.
- Office Operations expenditures were increased by \$31,655 from the previous year mainly due to higher commercial insurance rates and maintenance costs for the building.
- Policy Development expenditures decreased by (\$2,077) as Commissioners' typical travel to attend conferences, forums, seminars and meetings was reduced.
- The Commission's net position decreased by (\$103,554) to \$19,536,360 in FY 2024 from stated net position of \$19,639,914 in FY 2023.
- Except for compensated absences, the net pension liability, and health care insurance purchased by retirees, the Commission has no long-term debts and continues to operate without the need for operating debt borrowings during the current fiscal year. Assessment revenue received in the prior year is the basis used for the setting of the following year's budget.
- The overall condition of all funds and governmental activities of the Commission remains strong. The goals set by the Board of Commissioners of the Washington Grain Commission in relation to the financial activities continue to be met.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Commission's financial statement. The Commission's financial statements are comprised of two components: 1) the financial statements, and 2) notes to the financial statements.

The Statement of Net Position and the Statement of Activities provide information on a government-wide basis. These statements present an aggregate view of the Commission's finances. Government-wide statements contain useful long-term information as well as information for the just-completed fiscal year.

The Statement of Net Position compares assets plus deferred outflows to liabilities plus deferred inflows to give an overall view of the financial health of the Commission.

The Statement of Activities defines the entity's expenses by function and illustrates the total expenses that are offset by corresponding revenues – charges for services and/or operating grants and contributions.

General revenues and extraordinary credits, if any, are identified. The result is total net expense offset by general and miscellaneous revenue.

The remaining statements, the Governmental Fund Balance Sheet and the Statement of Governmental Fund

Overview of the Financial Statements, Continued

Revenues, Expenditures and Change in Fund Balance, focus on individual parts of the Commission. Fund statements generally report operations in more detail than the government-wide statements.

Notes to the Financial Statements provide further explanation of some of the information in the statements and provide additional disclosures so statement users have a complete picture of the Commission's financial activities and position.

Required Supplementary Information further explains and supports the financial statements by including a comparison of the Commission's budget data for the year to actual results. Additionally, there are five schedules that provide further support for the employer's share of the net pension liability and other related information.

Table 1
Major Features of the Government-wide and Fund Financial Statements

	GOVERNMENT-WIDE STATEMENTS	GOVERNMENTAL FUND STATEMENTS
SCOPE	Entire Commission (except fiduciary funds, when applicable).	The activity of the Commission that is not proprietary or fiduciary funds is reported here.
REQUIRED FINANCIAL STATEMENTS	Statement of Net Position and Statement of Activities.	Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance.
BASIS OF ACCOUNTING AND MEASUREMENT FOCUS	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.
TYPE OF ASSET AND LIABILITY INFORMATION	All assets and deferred outflows of resources, and liabilities and deferred inflows of resources, both financial and capital, short-term and long-term.	Assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.
TYPE OF INFLOW AND OUTFLOW INFORMATION	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and related liability is due and payable.

Table 2
Condensed Statements of Net Position

	Governmental Activities	
	2024	2023
Assets and Deferred Outflows of Resources:		
Current assets	\$18,503,773	18,662,091
Capital assets, net	1,442,258	1,451,067
Total current and noncurrent assets	19,946,031	20,113,158
Deferred Outflows of Resources:		
Total deferred outflows of resources	207,083	243,445
Total assets and deferred outflows of resources	20,153,114	20,356,603
Liabilities and Deferred Inflows of Resources:		
Current liabilities	87,487	67,874
Noncurrent liabilities	350,817	372,551
Total current and noncurrent liabilities	438,304	440,425
Deferred Inflows of Resources:		
Total deferred inflows of resources	178,450	276,264
Total liabilities and deferred inflows of resources	616,754	716,689
Net Position:		
Net investment in capital assets	1,184,330	1,194,914
Unrestricted	18,352,030	18,445,000
Total net position	\$19,536,360	\$19,639,914

Table 2 provides the perspective of Washington Grain Commission as a whole.

In accordance with GASB Statements No. 68 and No. 71 requirements, this is the eleventh year that amounts are shown in deferred outflows of resources and under liabilities in noncurrent liabilities and deferred inflows of resources related to net pension liability. Pursuant to GASB Statements No. 45 and No. 75 requirements, this is the seventh year that long-term commitments for retiree health insurance liabilities are shown in deferred outflows of resources and under liabilities in noncurrent liabilities and deferred inflows of resources, if applicable. Also, in accordance with GASB Statement No. 87 this is the third year that lease revenue has been recorded to reflect anticipated income from renter based on lease term shown in deferred outflows of resources in both current and noncurrent assets. As of June 30, 2024, the Commission reported total assets and deferred outflows of resources of \$20,153,114 and total liabilities and deferred inflows of resources of \$616,754. Net position amounted to \$19,536,360.

Table 3
Statement of Activities

	2024	2023
Revenues:		
Wheat and barley assessments	\$5,697,690	\$9,093,538
Interest income	349,309	193,809
Realized gains (losses) on investments	--	(7,175)
Unrealized gains (losses) on investments	451,718	(359,116)
Rent income	17,765	18,052
Other income	--	2,518
Total revenues	6,516,482	8,941,626
Expenditures/expenses:		
Research	2,036,773	1,996,964
Market development	1,152,568	1,018,332
Grower services	1,538,252	1,215,149
Education / information	609,981	597,223
Professional services and support	840,563	878,288
Office operations	310,758	279,103
Policy development	80,693	82,770
Depreciation expense	60,990	52,225
Total expenditures/expenses	6,630,578	6,120,054
Other financing sources (uses):		
Gain on disposal	10,542	--
Change in net position	(103,554)	2,821,572
Fund Balance/Net position:		
Beginning of year	19,639,914	16,818,342
End of year	\$19,536,360	\$19,639,914

Table 3 provides the statement of activities of revenue and expenditures for the Washington Grain Commission.

Revenue: The majority of the revenue supporting the Commission's governmental activities is comprised of assessments collected on small grains produced in Eastern Washington, based on a percentage of the net selling price. The assessment on wheat is three-fourths of 1% of the net receipts at the first point of sale. The assessment on barley is 1% of the net receipts at the first point of sale. Therefore, the Commission's income is affected by both crop production levels and by prices received. Future funding resources may be significantly impacted due to weather, trade uncertainty and economic conditions. For FY 2024, Washington Grain Commission recognized \$5,697,690 in wheat and barley assessment revenues.

Table 3, Statement of Activities, Continued

Expenses: The Commission's total expenses were \$6,630,578 for FY 2024; an increase of \$510,524 from the previous year. An emphasis on research continued as a priority with 24 projects funded at Washington State University and one at Oregon State University. Market Development also ranked high with funding targeted for overseas projects and collaborations to maintain and grow exports of Washington wheat. Grower Services expenditures were higher as well as efforts opposing dam removal objectives were conducted. The Education/Information category was expanded for classroom education to offer the "Wheat Week" program to the state's high schools at increasing enrollment. Professional Services and Support declined reflecting an open staff position at the Commission through the fiscal year. A hike in the Office Operations costs reflected insurance and maintenance increases. Commissioners' expenses were reduced slightly in Policy Development as less travel took place.

Net Capital Assets

Pursuant to GASB Statement No. 34, Washington Grain Commission is required to report depreciation expense for all capital assets, including infrastructure assets.

The Commission's investment in capital assets as of June 30, 2024 totaled \$1,865,204 less accumulated depreciation of (\$680,874), for a net balance of \$1,184,330. This investment in capital assets includes land, building and improvements, furniture/accessories, office equipment, computer equipment and vehicle. Compared to FY 2023 net investment in capital assets of \$1,194,914, the total decrease in the Commission's net investment in capital assets for the current fiscal year was (\$10,584); of which (\$60,990) represents depreciation. The depreciation difference is (\$8,765) when compared to last year's amount of (\$52,225). There was one capital asset outlay and one disposal for the year: vehicles totaling \$50,406 and (\$35,735), respectively.

Table 4
Net Capital Assets

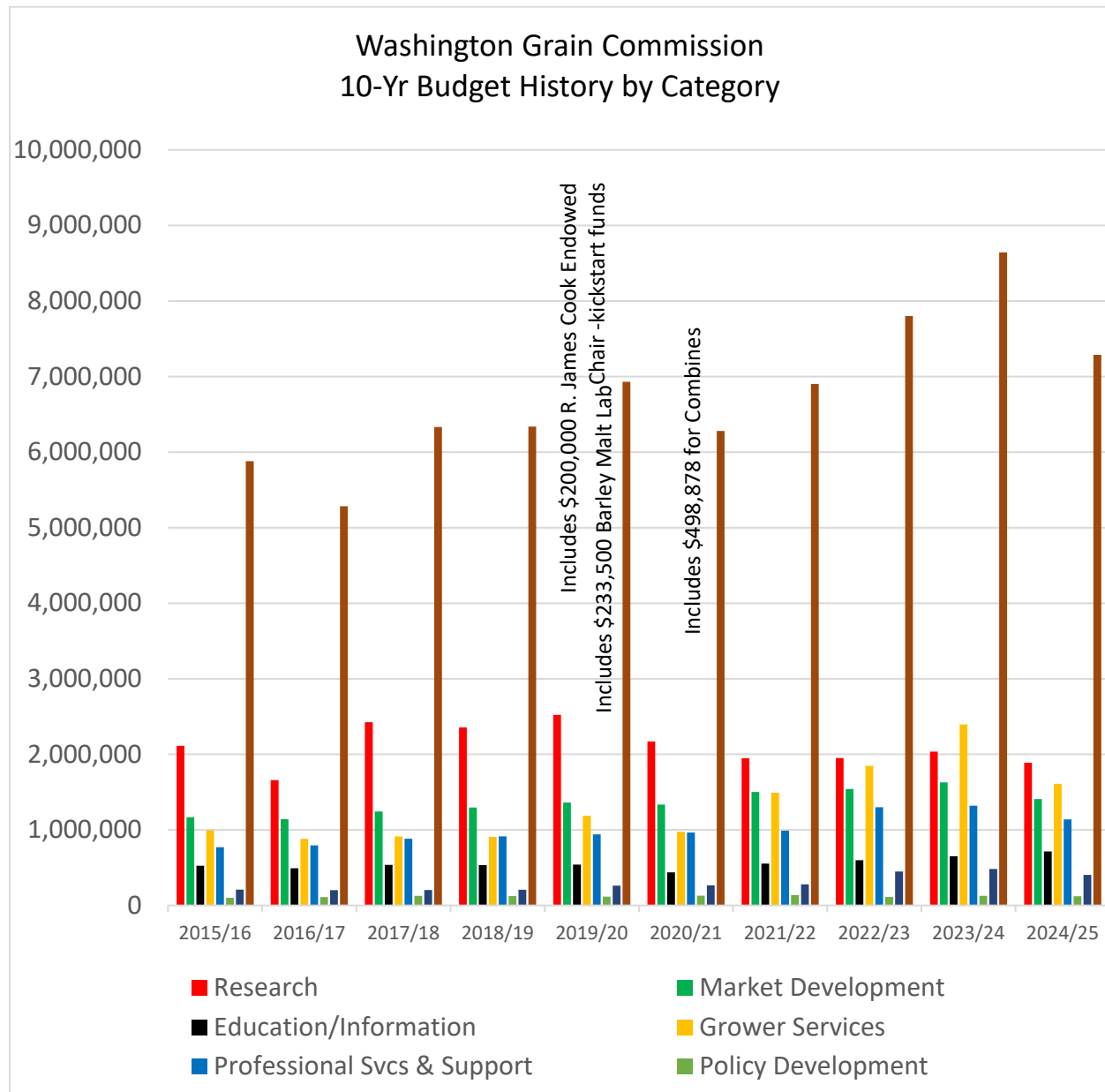
	Governmental Activities	
	2024	2023
Building	\$912,500	\$912,500
Building improvements	450,476	450,476
Furniture/accessories	64,909	64,909
Office & Computer equipment	49,413	49,413
Vehicle	50,406	35,735
	1,527,704	1,513,033
Land	337,500	337,500
	1,865,204	1,850,533
Accumulated depreciation	(680,874)	(655,619)
Net capital assets	\$1,184,330	\$1,194,914

Table 4 shows that on June 30, 2024, Washington Grain Commission had \$1,184,330 invested in land, building and improvements, furniture/accessories, equipment and vehicles.

CURRENT FINANCIAL ISSUES AND CONCERNS

- Each year, the Commission submits its budget to the Washington State Department of Agriculture for review. Approval by WSDA Director Derek Sandison for the FY 2024 budget beginning July 1, 2023 was received by the Commission on June 20, 2023.
- The FY 2024 budget was set at \$8,643,904; an increase of \$842,091 from the previous year. The budget was under-expended by \$1,962,990. Market Development Special Projects was budgeted higher at \$250,000, of which approximately only \$78,000 was ultimately expended. Wheat Special Projects under the Grower Services category was also set higher at \$950,000 of which \$178,384 was expended.
- The Research category remained as the largest funded category at \$2,036,773. Additional equipment in the amount of \$118,433 was provided to Washington State University from the Grower services category.
- There were no budget category adjustments this year.
- In drafting the FY 2024 budget, the Board looked strategically at its investments in research, marketing and education on behalf of the small grains industry. Crop conditions in 2022 resulted in increased acreage, but lower prices for winter and spring wheat, and barley. This resulted in a decrease of (\$3,395,848) in FY 2024 total assessment revenue to the Commission over FY 2023.
- FY 2023 production for wheat increased from 87,180,000 bushels to 144,020,000 bushels due to timely rains and ideal growing conditions. Barley production increased from 2,660,000 to 5,040,000.
- FY 2024 wheat production decreased from 144,020,000 bushels to 113,120,000 bushels due to dry spring conditions and unusually high temperatures that seriously affected yields for both winter wheat and spring wheat. Barley production also declined to 4,452,000 bushels with yield decreasing from 84 bushels per acre to an estimated 53 bushels per acre in 2023.
- FY 2025 production is projected to increase 29% year over year to 145,970,000 bushels. Despite below-average precipitation throughout the year, cool May and June temperatures provided hospitable conditions for winter wheat development, resulting in average to above average yields. Barley production is projected to increase to 5,979,000 based on a rebound in yield to 83 bushels per acre.
- There were no fund transfers during the year.
- Board Designated Funds: Total Commission designated funds as of June 30, 2024 amount to \$6,900,000; which are reported as Committed Fund Balance.
- Committed Fund Balance – The Board has historically agreed to conservatively operate with some funds held in reserve to compensate for volatile variations in the market and/or a crop failure to ensure enough funds are available to continue important programs during times of severely reduced income. The total Commission designated funds balance of \$5,400,000 is sustained and recorded as committed general reserved fund balance.
- Committed Marketing Fund Balance – The Board has prepared for the probability of reduced funding received for market development by the national wheat industry organizations from the USDA through Market Access Program and Foreign Market Development funding. The Board added \$150,000 to this fund bringing the total Commission designated funds balance to \$1,500,000 and is recorded as committed marketing reserved fund balance to address any increased marketing needs due to reduced USDA funds.

Current Financial Issues and Concerns, Continued



- In conclusion, the Washington Grain Commission is committed to financial accuracy and excellence and will continue to strive for sound fiscal management to efficiently address the many challenges facing Washington State farmers today and into the future.

Contacting the Commission's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of Washington Grain Commission's finances and to show the Commission's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact Casey Chumrau, Chief Executive Officer, or Sheila McCrea, Finance & Administrative Specialist, at the Washington Grain Commission, 2702 W. Sunset Boulevard, Suite A, Spokane, WA 99224; or email casey@wagrains.org.

Basic Financial Statements

Washington Grain Commission
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2024

	Governmental Fund Balance Sheet	Adjustments (Note 12)	Statement of Net Position
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets:			
Cash and investments (Note 6)	\$ 18,352,043	\$ -	\$ 18,352,043
Assessments receivable	133,980	-	133,980
Lease receivable, due within one year (Note 8)	-	17,750	17,750
Total current assets	18,486,023	17,750	18,503,773
Noncurrent assets:			
Lease receivable, due after one year (Note 8)	-	42,736	42,736
Capital assets, net (Note 7)	-	1,184,330	1,184,330
Net pension asset (Note 11)	-	215,192	215,192
Total noncurrent assets	-	1,442,258	1,442,258
Deferred outflows of resources:			
Deferred outflows related to the net pension asset (liability) (Note 11)	-	207,083	207,083
Total deferred outflows of resources	-	207,083	207,083
Total assets and deferred outflows of resources	\$ 18,486,023	1,667,091	20,153,114
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities:			
Accounts payable	\$ 22,561	-	22,561
Accrued liabilities	1,926	-	1,926
Unearned revenue	3,000	-	3,000
Compensated absences, due within one year (Note 9)	-	60,000	60,000
Total current liabilities	27,487	60,000	87,487
Noncurrent liabilities:			
Compensated absences, due after one year (Note 9)	-	26,061	26,061
Total OPEB liability (Note 10)	-	231,673	231,673
Net pension liability (Note 11)	-	93,083	93,083
Total noncurrent liabilities	-	350,817	350,817
Deferred inflows of resources:			
Deferred assessments revenue	133,980	(133,980)	-
Deferred lease receivable	-	64,756	64,756
Deferred inflows related to the net pension asset (liability) (Note 11)	-	113,694	113,694
Total deferred inflows of resources	133,980	44,470	178,450
Total liabilities and deferred inflows of resources	161,467	455,287	616,754
Commitments and contingencies (Note 15)			
FUND BALANCE/NET POSITION			
Fund balance (Note 14):			
Committed for:			
General reserve	5,400,000	(5,400,000)	-
Marketing reserve	1,500,000	(1,500,000)	-
Assigned for:			
Budgetary purposes	7,287,379	(7,287,379)	-
Unassigned	4,137,177	(4,137,177)	-
Total fund balance	18,324,556	(18,324,556)	-
Total liabilities, deferred inflows of resources and fund balance	\$ 18,486,023		
Net position:			
Net investment in capital assets		1,184,330	1,184,330
Unrestricted		18,352,030	18,352,030
Total net position		\$ 19,536,360	\$ 19,536,360

The accompanying notes are an integral part of the basic financial statements.

Washington Grain Commission
Statement of Governmental Fund Revenues, Expenditures and
Change in Fund Balance/Statement of Activities
Year Ended June 30, 2024

	Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance	Adjustments (Note 13)	Statement of Activities
REVENUES			
Wheat and barley assessments	\$ 6,000,352	\$ (302,662)	\$ 5,697,690
Interest income	349,309	-	349,309
Unrealized gains (losses) on investments, net	451,718	-	451,718
Rent income	19,575	(1,810)	17,765
Total revenues	6,820,954	(304,472)	6,516,482
EXPENDITURES/EXPENSES			
Research	2,036,773	-	2,036,773
Market development	1,152,568	-	1,152,568
Grower services	1,538,252	-	1,538,252
Education/information	609,981	-	609,981
Professional services and support	912,025	(71,462)	840,563
Office operations	361,164	(50,406)	310,758
Policy development	80,693	-	80,693
Depreciation expense	-	60,990	60,990
Total expenditures/expenses	6,691,456	(60,878)	6,630,578
Excess (deficiency) of revenues over (under) expenditures/expenses	129,498	(129,498)	-
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets / Gain on disposal	10,542	-	10,542
Net change in fund balance	140,040	(140,040)	-
Change in net position	-	(103,554)	(103,554)
FUND BALANCE/NET POSITION			
Beginning of year	18,184,516	-	19,639,914
End of year	\$ 18,324,556	\$ -	\$ 19,536,360

The accompanying notes are an integral part of the basic financial statements.

Washington Grain Commission
Notes to Financial Statements
June 30, 2024

1. Organization

The Washington Grain Commission (“the Commission”) was authorized and established in 2009 by the Washington State Legislature as a result of merging the Washington Wheat Commission (originally created by the Washington Agricultural Enabling Act of 1955) and the Washington Barley Commission (originally created in 1985). The purpose of the Commission is to establish plans and conduct programs for advertising and sales promotions representing wheat and barley growers in the State of Washington; to carry on research studies to find more efficient methods of production, processing, handling and marketing of wheat and barley; and to provide for improving standards and grades of wheat and barley (Chapter 15.115 Revised Code of Washington). An eleven-member board governs the Commission, of which one seat (barley industry representative) remains vacant.

The Commission’s financial statements include the accounts of all of the Commission’s operations and present the financial position and activities of the Commission. The Commission meets the criteria established by the Governmental Accounting Standards Board (“GASB”) to be considered a primary governmental entity for financial reporting purposes. Component units are legally separate organizations that are financially accountable to the primary government. The Commission has no component units and is not a component unit of any other governmental unit based on the criteria established by the GASB.

2. Government-Wide and Fund Financial Statements

GASB Statement No. 34, *Basic Financial Statements — and Management’s Discussion and Analysis — for State and Local Governments* (GASB No. 34) defines the financial reporting requirements and the reporting model for the annual financial reports of state and local governments. The financial information required by GASB No. 34 includes:

Management’s Discussion and Analysis

The management’s discussion and analysis introduces the basic financial statements and provides an analytical overview of the Commission’s financial activities in a narrative format. An analysis of the Commission’s overall financial position and results of operations is included to assist users in assessing whether the Commission’s financial position has improved or deteriorated as a result of the year’s activities.

Government-Wide Financial Statements

The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of the Commission. Governmental activities are generally financed through assessments and other nonexchange transactions.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Commission’s policy is to not allocate indirect costs to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Depreciation is presented in its entirety on the Statement of Activities. No depreciation has been allocated to any of the Commission’s specific functions.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

2. Government-Wide and Fund Financial Statements, Continued

Fund Financial Statements

The fund financial statements provide information on the Commission's General Fund. The emphasis of fund financial statements is on major governmental funds.

Budgetary Comparison Schedule

The budgetary comparison schedule is presented as required supplementary information to demonstrate whether resources were obtained and used in accordance with the Commission's legally adopted budget (see Note 4). The Commission may revise the original budget over the course of the year for various reasons. Under the reporting model prescribed by GASB No. 34, budgetary information continues to be provided, and includes comparisons of the Commission's original adopted budget to the final budget and actual results. During the fiscal year ended June 30, 2024, the budget was not amended.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Statement of Net Position and the Statement of Activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues from assessments are recognized in the year in which they are assessed. Revenues from grants and similar items are recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be measurable when the amount of the transaction can be determined and available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected as of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences, early retirement liabilities, other postemployment benefit liabilities and net pension liabilities (assets) which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The General Fund is the sole operating fund of the Commission. The General Fund is used to account for all financial transactions of the Commission. The Commission's major revenue source is wheat and barley assessments. Expenditures include the cost of daily operations which consist of professional services and support, policy development, and office operations. Other expenditures include research, market development, education and grower services. The General Fund is a budgeted fund, and any unassigned or unencumbered fund balances are considered as resources available for use.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

4. Budgetary Information

Scope of Budget

The Commission adopts an annual appropriated budget for the General Fund on the modified accrual basis of accounting. All annual appropriations for the General Fund lapse at year-end (except for appropriations for capital outlays, which are carried forward from year to year until fully expended or the purpose of the appropriation has been accomplished or abandoned).

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- a) The Commission publishes a proposed budget for public review.
- b) Public meetings are held to obtain comments on the proposed budget.
- c) Prior to July 1, the budget is adopted by the Board of Commissioners and then submitted to the Washington State Department of Agriculture for approval.
- d) The approved budget is then published as final. Expenditures may not legally exceed budgeted appropriations at the functional level. The legal level of budgetary control is the functional level at which the Commissioners must approve any over-expenditures/expenses of appropriations or transfers of appropriated amounts.

Amending the Budget

The Chief Executive Officer is authorized to transfer budgeted amounts between accounts with Board approval. Any revisions that alter the total expenditures of an account, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must also be approved by the Board.

When the Commission determines that it is in the best interest of the Commission to increase or decrease the appropriation for a particular fund, it may do so by a majority approval of the Board.

The budgetary comparison schedule, included as required supplementary information, contains the original and final budget information. The original budget is the first completed appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized changes applicable in the fiscal year.

5. Summary of Significant Accounting Policies

Accounting Principles Generally Accepted in the United States of America

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards. The Commission has adopted and applied all applicable GASB pronouncements, including GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, Omnibus 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. This Statement addresses a variety of topics and includes specific provisions about the following:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to the leases, PPPs and SBITAs became effective for the Commission beginning in the fiscal year ended June 30, 2023. Implementation of these requirements did not have a material impact on the Commission's financial statements. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 were effective for the Commission beginning in the fiscal year ended June 30, 2024. Implementation of these requirements did not have a material effect on the Commission's financial statements.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement requires that a liability for certain types of compensated absences not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. Statement No. 101 is effective for fiscal years beginning after December 15, 2023. The Commission is currently evaluating the financial statement impact of adopting this statement.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement No. 102 is effective for fiscal years beginning after June 15, 2024. The Commission is currently evaluating the financial statement impact of adopting this statement.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement will revise and build upon the requirements in GASB Statement No. 34. Key changes in the new standard are summarized below.

- Revises the requirements for management's discussion and analysis (MD&A) with the goal of making it more readable and understandable
- Combines extraordinary items and special items into one category of "unusual or infrequent items"
- Defines operating and nonoperating revenues, specifically by defining nonoperating revenues and classifying all other revenues as operating
- Includes a new section for noncapital subsidies for proprietary funds' statement of revenues, expenses, and changes in fund net position

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Recent Accounting Pronouncements, Continued

- Requires the presentation of proprietary funds' statement of revenues, expenses, and changes in fund net position in the statistical section of the report to include the same categories of revenues and expenses as the face of the financial statements
- Removes the option to disclose major component units in a condensed form in the notes to the financial statements and requires them to be shown individually or in combining financial statements following the fund financial statements
- Requires budgetary comparisons to be presented as RSI and adds new columns for variances between original-to-final budget and final budget-to-actual results

Statement No. 103 is effective for fiscal years beginning after June 15, 2025. The Commission is currently evaluating the financial statement impact of adopting this statement.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Statement No. 104 also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Statement No. 104 is effective for fiscal years beginning after June 15, 2025. The Commission is currently evaluating the financial statement impact of adopting this statement.

Cash and Cash Equivalents

The Commission considers all short-term deposits and highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

The Commission invests in an account with Robert W. Baird & Company. Deposits are stated at fair market value, which approximates cost, and consist of money market accounts, certificates of deposit, and taxable bonds.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Assessments Receivable

Assessments receivable are stated at the amount management expects to collect from outstanding balances. If considered necessary, management provides for probable uncollectible amounts through an allowance for doubtful accounts based on its assessment of the current status of individual receivables. Balances which are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts and a credit to the applicable accounts receivable. Management expects all June 30, 2024 assessments receivable to be collectible, and therefore no allowance for doubtful accounts has been provided as of that date. Assessments receivable shown on the Governmental Fund Balance Sheet are not recognized as revenue and have been recorded as a deferred inflow of resources because they are not considered available. All receivables shown on the Statement of Net Position are recognized as revenue, regardless of when they are collected.

Capital Assets

Capital assets are reported in the Statement of Net Position and as expenditures in the Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of one year. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated fair market value at the date of donation, less accumulated depreciation. An inventory of all capital assets is maintained for insurance purposes.

Costs for additions or improvements to capital assets that increase the effectiveness or efficiency of the asset are capitalized. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized. Normal maintenance and repairs are charged to expense as incurred. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and any resulting gain or loss is recorded in the Statement of Activities.

Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of those assets, as follows:

	<u>Years</u>
Buildings and building improvements	15 to 39
Furniture/accessories	10
Office equipment	3 to 10
Vehicles	5

Liabilities

Liabilities shown on the Governmental Fund Balance Sheet are those which have become due and payable at the end of the fiscal year, which are expected to be paid during the upcoming year. On the government-wide financial statements, liabilities that become due and payable within one year after the financial statement date are included in current liabilities, while liabilities that become due and payable after that time are shown as noncurrent liabilities.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurements and Application*, establishes a fair value hierarchy for those assets and liabilities measured at fair value, that distinguishes between assumptions based on market data (observable inputs) and the Commission's own assumptions (unobservable inputs). The hierarchy consists of: Level 1 – quoted market prices in active markets for identical instruments; Level 2 – inputs other than Level 1 inputs that are observable; and Level 3 – unobservable inputs developed using estimates and assumptions determined by the Commission.

At June 30, 2024, the assets or liabilities of the Commission that were measured at fair value on a recurring basis are summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Taxable bonds	\$ -	\$ 17,773,467	\$ -	\$ 17,773,467
Money market accounts and deposits	10,877	-	-	10,877

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis, but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). The Commission had no assets or liabilities measured at fair value on a nonrecurring basis during 2024.

Compensated Absences

The Commission reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Compensated absences consist of accumulated vacation and sick leave balances that are unpaid as of the financial statement date.

Vacation leave may be accumulated up to a maximum of 240 hours (30 days). Hours accrued in excess of this maximum may be allowed provided a "statement of necessity" is filed with the CEO. The accrued hours during this time of delay must be used by the employee's next anniversary date of employment.

When employees separate from service by reason of resignation with adequate notice, layoff, dismissal, retirement or death, they are entitled to a lump sum payment of unused vacation pay. Compensation shall be computed by using the current formula published by the Office of Financial Management. The total number of days of compensation shall not exceed the maximum of 30 days.

Sick leave accumulates at the rate of eight hours per month with no limit on total days accumulated. An employee is not entitled to use sick leave in advance of its accrual. Upon retirement or death, an employee or their estate shall be compensated for total unused sick leave at the current state-approved rate of 25%. Compensation shall be based upon the employee's salary at the time of separation. Employees who separate for any reason other than retirement or death shall not be paid for their accrued sick leave.

Accumulated vacation and sick leave that has become due and payable at the end of the fiscal year, which is expected to be paid during the upcoming fiscal year, is reported as an expenditure and fund liability. Accumulated vacation and sick leave that is expected to be utilized by employees during the upcoming fiscal year is reported as a current obligation in the government-wide financial statements. Accumulated vacation and sick leave that is not expected to be utilized by employees during the upcoming fiscal year is reported as a noncurrent obligation in the government-wide financial statements.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (expense offset), 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 the benefit terms. Investments are reported at fair value.

Lease Accounting

The Commission reports long-term lease agreements in accordance with provisions of GASB Statement No. 87, *Leases*. Under the new standard, the Commission has adopted a policy which evaluates the material nature of long-term leases as a group. For group calculations which fall below the policy threshold for recording, the Commission will not recognize the lease liability/asset and will instead recognize these costs/incomes as incurred. Long-term leases are defined as those that, at the commencement of the lease term, have a maximum possible term under the contract of more than 12 months, including any options to extend.

If a contract provides the Commission the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred. The discount rate used is the implicit rate in the lease contract, if it is readily determinable, or the Commission's incremental borrowing rate.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term.

Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB No. 54 requires the fund balance amounts to be properly reported within one of the following fund balance classifications.

Nonspendable: The portion of fund balance that is not expected to be converted to cash, such as inventories and prepaid expenses, if any.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Fund Balances, Continued

Restricted: The portion of fund balance that can be used only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed: The portion of fund balance that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the Commission's highest level of decision-making authority).

Assigned: The portion of fund balance that is intended to be used by the Commission for specific purposes, but does not meet the criteria to be classified as restricted or committed.

Unassigned: The residual portion of fund balance for the Commission's General Fund and includes all spendable amounts not included in the other classifications.

Fund Balance Spending Policy

The Commission's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. First, nonspendable fund balances are determined. Then, restricted fund balances for specific purposes are determined (not including nonspendable amounts). Then, any remaining fund balance amounts for governmental funds other than the General Fund, if any, are generally classified as restricted fund balance.

It is possible for governmental funds other than the General Fund to have negative unassigned fund balances when nonspendable amounts plus restricted amounts exceed the positive fund balance.

Net Position

Net position represents the difference between assets plus deferred outflows, and liabilities plus deferred inflows. Net position is comprised of the various net earnings from operating income, nonoperating revenues and expenses, and capital contributions. Net position is classified in the following components.

Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position: This component of net position consists of amounts subject to constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted." Included in unrestricted net position at June 30, 2024 are \$6,900,000 that have been designated by the Board of Commissioners to carry out programs and provide operating capital in case of a crop failure.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

5. Summary of Significant Accounting Policies, Continued

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the Commission to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates and affect the amounts reported in the financial statements.

Subsequent Events

The Commission has evaluated subsequent events through January 14, 2025, the date as of which these financial statements were available to be issued. No material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in these financial statements.

6. Cash and Investments

Cash and investments consist of cash on hand, deposits held in a checking account, savings accounts, and cash, money market accounts and taxable bonds with a brokerage institution. Custodial credit risk is the risk that in the event of a bank failure, the Commission's deposits may not be returned to it. The Commission's bank deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Commission's investment account deposits with a brokerage institution are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000. The brokerage account has provided coverage for balances in excess of the SIPC protection through the purchase of an insurance account with Lloyd's of London.

The carrying amount of cash and investments on the Commission's books at June 30, 2024 consists of and appears in the financial statements as summarized below:

Petty cash	\$ 200
Checking account	79,462
Savings accounts	488,037
Investments with brokerage institution	<u>17,784,344</u>
Total cash and investments	<u>\$ 18,352,043</u>

The carrying amount of bank balances on the Commission's books at June 30, 2024 was \$567,499 and the bank balances totaled \$579,247. The differences between the carrying amount on the Commission's books and the bank balances consisted of outstanding checks and deposits not processed by the banks as of June 30, 2024. Of the amount of bank deposits, \$250,000 was covered by federal deposit insurance through the FDIC and remaining balance was collateralized by securities held by the pledging institution's trust department or a correspondent bank under a joint custody receipt in the name of the Commission and the financial institution.

The Board of Commissioners is authorized by the Revised Code of Washington (RCW), Chapter 15.115.290, *Investment of funds of the Commission*, to invest funds that are not required for immediate expenditure in savings or time deposits in banks, trust companies, and mutual savings banks that are doing business in the United States, up to the amount of insurance afforded those accounts by the FDIC.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

6. Cash and Investments, Continued

The Commission has no policies in place related to exposure to credit risk, custodial credit risk, concentration of credit risk, interest rate credit risk, or foreign currency credit risk other than the above-described investment policy.

At June 30, 2024, the Commission had investments of \$17,784,344, which were comprised of cash and money market accounts and taxable bonds held with Robert W. Baird & Company. These balances were fully covered, except for fluctuations in market value, by FDIC, SIPC and an insurance policy with Lloyd's of London and are summarized below:

Money market accounts	\$ 10,877
Taxable bonds	<u>17,773,467</u>
Total investments	<u>\$ 17,784,344</u>

Interest Rate Risk: The Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: The Commission places no limit on the amount the Commission may invest in any one issuer. More than 5% of the Commission's cash and investments are invested with Robert W. Baird & Company. The fair value of the investments of \$17,784,344 represents 100% of the Commission's total investments.

7. Capital Assets

Capital asset activity for the year ended June 30, 2024 is as follows:

	Balance June 30, 2023	Additions	Transfers	Disposals	Balance June 30, 2024
Building	\$ 912,500	\$ -	\$ -	\$ -	\$ 912,500
Building improvements	450,476	-	-	-	450,476
Furniture/accessories	64,909	-	-	-	64,909
Office equipment	49,413	-	-	-	49,413
Vehicles	<u>35,735</u>	<u>50,406</u>	<u>-</u>	<u>(35,735)</u>	<u>50,406</u>
Capital assets in service	1,513,033	50,406	-	(35,735)	1,527,704
Accumulated depreciation	<u>(655,619)</u>	<u>(60,990)</u>	<u>-</u>	<u>35,735</u>	<u>(680,874)</u>
	857,414	(10,584)	-	-	846,830
Land	<u>337,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,500</u>
Net capital assets	<u>\$ 1,194,914</u>	<u>\$ (10,584)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,184,330</u>

Depreciation expense for governmental activities has not been allocated to any of the Commission's individual functions. Rather, the Commission has included all depreciation of governmental activities as a single line item on the Statement of Activities.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

8. Lease Receivable

During 2019, the Commission entered into an agreement with the Agriculture and Forestry Education Foundation to lease a portion of the basement of their building. The terms of the agreement required a \$3,000 security deposit and payments to be made at the beginning of the month and cover the period from October 1, 2019 through September 30, 2024. The lessee has the option to renegotiate the lease for an additional three years at the completion of the original term, which the Commission believes is likely to be exercised. Payments for the first year of the lease are \$1,460 per month with 3% increases each year thereafter, including the renewal option. The lease receivable and the related deferred inflow of resources are recorded on the Statement of Net Position and the total amount of inflows recognized are recorded in rent income on the Statement of Activities.

9. Long-Term Obligations

A summary of changes in the Commission's long-term obligations, excluding other postemployment benefits and the net pension liability (asset), for the year ended June 30, 2024 is as follows:

	Long-Term Obligations June 30, 2023	Long-Term Obligations Incurred	Long-Term Obligations Paid	Long-Term Obligations June 30, 2024	Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 78,507	\$ 74,608	\$ (67,054)	\$ 86,061	\$ 60,000

10. Other Postemployment Benefits

GASB Statement No. 75 (GASB No. 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* established standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Commission has one OPEB plan that is accounted for in accordance with GASB No. 75, as described below.

Plan Description

The Commission participates in a defined benefit plan administered by the Health Care Authority (HCA), which provides medical, prescription drug, dental, vision, disability and long-term care coverage. Per RCW 41.05.065, the Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage. PEBB establishes eligibility criteria for both active employees and retirees, and offers retirees access to all benefits administered by HCA. However, PEBB employers primarily provide monetary assistance, or subsidies, only for medical, prescription drug and vision insurance.

The relationship between the PEBB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice regarding the sharing of benefit costs.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

10. Other Postemployment Benefits, Continued

Plan Description, Continued

GASB No. 75 establishes the standards for measurement, recognition and reporting of non-pension postemployment benefits, including medical, dental and vision insurance benefits offered to retirees. The ability for retirees to obtain coverage at rates similar to active employees constitutes a significant economic benefit to retirees. GASB No. 75 requires that the Commission recognize the implicit cost of its retiree postemployment benefit plan during the period of the employee's active employment while the benefits are being earned.

The Office of the State Actuary, a department within the primary government of the State of Washington, issues a publicly available Other Post-Employment Benefits Actuarial Valuation Report. The Other Post-Employment Benefits Actuarial Valuation Report may be obtained by writing to: Office of the State Actuary, P.O. Box 40914, Olympia, Washington 98504-0914, or it may be downloaded from the Office of the State Actuary website at <http://leg.wa.gov/OSA>.

Subsidies

The HCA administers PEBB plan benefits. For medical insurance coverage, the HCA has two claims pools: one covering employees and non-Medicare eligible retirees, and the other covering retirees enrolled in Medicare Parts A and B. Each participating employer pays a portion of the premiums for active employees. For retirees, participating employers provide two different subsidies: an explicit subsidy and an implicit subsidy.

The explicit subsidy permitted under RCW 41.05.085 is a fixed dollar amount for a specific group of retirees. The explicit subsidy lowers the monthly premium paid by retired members enrolled in Medicare Parts A and B. PEBB determines the amount of the explicit subsidy annually. The explicit subsidy was \$183 per member per month for both 2024 and 2023.

The implicit subsidy established under RCW 41.05.022 is more complex because it is not a direct payment from the employer on behalf of the retiree. Because retirees covered by the implicit subsidy pay premiums based on claims experience for employees and non-Medicare eligible retirees who are typically younger and healthier, their premiums are lower than they would be if they were insured separately. The subsidy is the difference between the age-based claims costs and the premium paid by the retirees.

Administrative costs, as well as explicit and implicit subsidies, are funded by required contributions from participating employers. The subsidies provide monetary assistance for medical benefits. Contributions are set each biennium as part of the State's budget process. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The Commission covers OPEB costs when they come due, on a pay-as-you-go basis.

Because the Commission has fewer than 100 employees (active and inactive) that are provided with OPEB through the plan, the Commission qualifies to use the alternative measurement method for calculating the OPEB liability.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

10. Other Postemployment Benefits, Continued

Employees Covered by Benefit Terms

As of June 30, 2024, the following employees are covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>6</u>
	<u>7</u>

The active employees have an average age of 50.7 as of June 30, 2024, and an average of 20.5 years of service.

OPEB Liabilities, OPEB Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2024, the Commission reported a total OPEB liability of \$231,673 related to this plan. The total OPEB liability was measured as of June 30, 2024 and was determined by using the alternative measurement method.

For the year ended June 30, 2024, the Commission recognized OPEB expense (expense offset) of \$7,304 related to this plan. Since the Commission records costs as they come due, there are no deferred outflows of resources for contributions to the OPEB plan. In accordance with the alternative measurement method, no deferred outflows of resources and deferred inflows of resources related to OPEB from any other sources are reported.

Actuarial Assumptions

The total OPEB liability as of June 30, 2024 was determined using the following assumptions and other inputs, applied to all periods included in the measurement:

Discount rate*:	
Beginning of measurement year	3.65%
End of measurement year	3.93%
Projected salary changes	3.25% + service-based increases
Healthcare cost trend rate**:	Initial rate ranges from about 2-16%, reaching an ultimate rate of approximately 3.8% in 2075.
Mortality rates:	
Base mortality table	PubG.H-2010 (General)
Age setback	0 years
Mortality improvements	MP-2017 Long-Term Rates
Projection period	Generational
Inflation rate	2.35%
Post-retirement participation percentage	60%
Percentage with spouse coverage	45%

* Source: Bond Buyer General Obligation 20-Bond Municipal Index.

** Trend rate assumptions vary slightly by medical plan. For additional detail on the healthcare trend rates, see Office of the State Actuary's 2023 PEBB OPEB Actuarial Valuation Report.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

10. Other Postemployment Benefits, Continued

Changes in the Total OPEB Liability

The following table shows the changes in the total OPEB liability for the fiscal year ended June 30, 2024:

Balance at June 30, 2023	\$ 225,718
Service cost	7,449
Interest	8,486
Changes in experience data and assumptions	(8,631)
Benefit payments	<u>(1,349)</u>
Net change in total OPEB liability	<u>5,955</u>
Total OPEB liability, end of year	<u>\$ 231,673</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability reported by the Commission calculated using the discount rate of 3.93%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or higher than the current rate:

	1% Decrease <u>(2.93%)</u>	Current Rate <u>(3.93%)</u>	1% Increase <u>(4.93%)</u>
Employer's proportionate share of the total OPEB liability	\$ 275,124	\$ 231,673	\$ 196,855

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability reported by the Commission calculated using the current healthcare cost trend rate, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or higher than the current rate:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Employer's proportionate share of the total OPEB liability	\$ 192,981	\$ 231,673	\$ 281,170

11. Pension Plans

Overview

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 2024:

Aggregate Pension Amounts – All Plans

Net pension liability	\$ 93,083
Net pension asset	215,192
Deferred outflows of resources	207,083
Deferred inflows of resources	113,694
Pension expense (expense offset)	(18,942)

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

All of the Commission's full-time and qualifying part-time employees participate in one of the statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit retirement plans. Public Employees' Retirement System (PERS) retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

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 98504-8380; or it may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS) Plans 1 and 2/3

Plan Description

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts; employees of legislative committees; employees of district and municipal courts; and employees of local governments. Membership also includes higher education employees not participating in higher education retirement programs.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and 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 2% of the member's average final compensation (AFC) times the member's years of service. AFC is the average of the member's 24 consecutive highest-paid service credit months, yet the benefit may not exceed 60% of the AFC. 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.

PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. AFC is the average of the member's 60 consecutive highest-paid service credit 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 3% 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.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

Plan Description, Continued

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of 5% 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 3% 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 10 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% and escalate to 15% 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.

Funding Policy

The PERS Plan 1 member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.20%. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates.

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 0.20%. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates.

The required contribution rates expressed as a percentage of current-year covered payroll were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
July 2023 thru August 2023:			
Employer*	9.39%	9.39%**	9.39%***
Employee	6.00%	6.36%	****

* The employer rates include the employer administrative expense fee currently set at 0.18%.

** The employer rates include a component to fund the UAAL currently set at 2.85%.

*** Plan 3 defined benefit portion only.

**** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

Funding Policy, Continued

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
September 2023 thru June 2024:			
Employer*	9.53%	9.53%**	9.53%***
Employee	6.00%	6.36%	****

* The employer rates include the employer administrative expense fee currently set at 0.20%.

** The employer rates include a component to fund the UAAL currently set at 2.97%.

*** Plan 3 defined benefit portion only.

**** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Both the Commission and the employees made the required contributions. The Commission's actual contributions, less administrative expense fees, for the years ended June 30 were as follows:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2024	\$ 20,922	\$ 22,922	\$ 22,185
2023	27,787	26,635	19,527
2022	24,724	35,611	6,773

Actuarial Assumptions

The total pension liability (TPL) for each of the DRS plans was determined using the most recent actuarial valuation completed in 2023 with a valuation date of June 30, 2022. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's (OSA) *2013-2018 Demographic Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2023. Plan liabilities were rolled forward from June 30, 2022 to June 30, 2023, reflecting each plan's normal cost (using the Entry-Age Cost Method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation; 3.25% salary inflation
- Salary increases: In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.00%

Mortality rates were developed using the Society of Actuaries Pub.H-2010 mortality rates, which vary by member status (e.g., active, retiree, or survivor) as the base table. OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Under "generational" mortality, a member is assumed to receive additional mortality improvements in each future year, throughout their lifetime.

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

Discount Rate

The discount rate used to measure the total pension liability for all PERS plans was 7.00%. To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in OSA's certification letter within the DRS ACFR, the pension plan's 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 7.00% was used to determine the total liability.

Long-Term Expected Rate of Return

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting this assumption, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns provided by the *Washington State Investment Board* (WSIB). The CMAs contain three pieces of information for each class of assets WSIB currently invests in, including expected annual return; standard deviation of the annual return; and correlations between the annual returns of each asset class with every other asset class. The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns at various future times.

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, 2023, are summarized in the table below. The inflation component used to create the table is 2.20% and represents WSIB's most recent long-term estimate of broad economic inflation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	20.00%	1.50%
Tangible assets	7.00%	4.70%
Real estate	18.00%	5.40%
Global equity	32.00%	5.90%
Private equity	23.00%	8.90%
Total	<u>100.00%</u>	

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the Commission reported a total net pension liability (asset) for its proportionate share of the net pension liability (asset) as follows:

PERS 1	\$ 93,083
PERS 2/3	<u>(215,192)</u>
Total	<u>\$ (122,109)</u>

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The Commission's proportionate shares of the collective net pension liability (asset) for the measurement dates of June 30, 2022 and 2023 were as follows:

	Proportionate Share <u>June 30, 2022</u>	Proportionate Share <u>June 30, 2023</u>	Change in Proportionate Share
PERS 1	0.0040342%	0.0040777%	0.0000435%
PERS 2/3	0.0052758%	0.0052503%	-0.0000255%

Employer contribution transmittals received and processed by DRS for the PERS fiscal years ended June 30, 2022 and 2023 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by DRS in the *Schedules of Employer and Nonemployer Allocations*.

The collective net pension liability (asset) was measured as of June 30, 2023, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2022, with update procedures used to roll forward the total pension liability to the measurement date.

For the year ended June 30, 2024, the Commission recognized pension expense (expense offset) as follows:

PERS 1	\$ 428
PERS 2/3	<u>(19,370)</u>
Total	<u>\$ (18,942)</u>

At June 30, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<u>PERS 1</u>		
Contributions made subsequent to measurement date	\$ 20,922	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	10,500
<u>PERS 2/3</u>		
Contributions made subsequent to measurement date	45,107	-
Change in proportionate share of net pension liability (asset)	6,874	-
Differences between expected and actual experience	43,834	2,404
Net difference between projected and actual investment earnings on pension plan investments	-	81,098
Changes of assumptions	<u>90,346</u>	<u>19,692</u>
Total	<u>\$ 207,083</u>	<u>\$ 113,694</u>

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

11. Pension Plans, Continued

Pension Liabilities (Assets), Pension Expense (Expense Offset), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

The combined amount reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date, in the amount of \$66,029, will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

The average of the expected remaining service lives of all employees that are provided with pensions through the Plans (active and inactive employees) determined at July 1, 2022, the beginning of the measurement period ended June 30, 2023, is zero and 6.9 years for PERS 1 and PERS 2/3, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (expense offset) as follows:

<u>Year Ending June 30,</u>	<u>PERS 1</u>	<u>PERS 2/3</u>	<u>Total</u>
2025	\$ (7,144)	\$ (34,917)	\$ (42,061)
2026	(8,984)	(46,564)	(55,548)
2027	5,540	67,410	72,950
2028	88	25,462	25,550
2029	-	25,395	25,395
Thereafter	<u>-</u>	<u>1,074</u>	<u>1,074</u>
	<u>\$ (10,500)</u>	<u>\$ 37,860</u>	<u>\$ 27,360</u>

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Commission's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the Commission's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Commission's proportionate share of PERS 1 net pension liability	\$ 130,044	\$ 93,083	\$ 60,825
Commission's proportionate share of PERS 2/3 net pension liability (asset)	<u>234,048</u>	<u>(215,192)</u>	<u>(584,272)</u>
Total proportionate share	<u>\$ 364,092</u>	<u>\$ (122,109)</u>	<u>\$ (523,447)</u>

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

12. Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Adjustments to reconcile the Governmental Fund Balance Sheet to the Statement of Net Position are as follows:

Total fund balance, Governmental Fund Balance Sheet	\$ 18,324,556
---	---------------

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental fund:

The cost of capital assets is	\$ 1,865,204	
Accumulated depreciation is	<u>(680,874)</u>	1,184,330

Lease receivables and deferred inflows of resources related to those leases are not due and receivable in the current period and therefore are not reported as assets and deferred inflows of resources in the governmental fund:

Lease receivable, due within one year	17,750	
Lease receivable, due after one year	42,736	
Deferred lease receivable	<u>(64,756)</u>	(4,270)

Receivables will be collected, but are not available soon enough to pay liabilities of the current period, and are therefore a deferred inflow of resources in the governmental fund.	133,980
---	---------

Certain accrued and long-term liabilities, including compensated absences, total OPEB liability and net pension (liability) asset, are not due and payable in the current period and therefore are not reported in the governmental fund:

Compensated absences, due within one year	(60,000)	
Compensated absences, due after one year	(26,061)	
Total OPEB liability	(231,673)	
Net pension asset	215,192	
Net pension liability	<u>(93,083)</u>	(195,625)

Deferred outflows and deferred inflows of resources pertaining to the net pension liability (asset) are not financial resources and therefore are not reported in the governmental fund:

Deferred outflows related to the net pension asset (liability)	207,083	
Deferred inflows related to the net pension asset (liability)	<u>(113,694)</u>	93,389

Total net position, Statement of Net Position	<u>\$ 19,536,360</u>
---	----------------------

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

13. Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance to the Statement of Activities

Adjustments to reconcile the Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance to the Statement of Activities are as follows:

Net change in fund balance, Governmental Fund	\$ 140,040
---	------------

Some revenues will not be collected until after the Commission's fiscal year end, and therefore are not available to pay liabilities of the current period. Accordingly, they are recorded as deferred inflows of resources. They are however recorded as revenue in the Statement of Activities. The change in assessments receivable in the governmental fund during the 2024 fiscal year is an adjustment.	(302,662)
---	-----------

In the Statement of Activities, rental income is measured by the amortization of the deferred inflows of resources rather than the amount of resources received. The difference between the amount received and amortized is an adjustment.	(1,810)
---	---------

In the Statement of Activities, certain operating expenses, including compensated absences, other postemployment benefits and net pension expense (expense offset), are measured by the amount incurred during the year. In the governmental fund, expenditures for these items are measured by the amount of financial resources used (i.e., the amount actually paid). In the current year, the amount paid exceeded the amount incurred.	71,462
---	--------

Capital outlays to purchase capital assets are reported as expenditures in the governmental fund. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation. Amounts recognized for these items in the current year are as follows:

Capital outlays	\$ 50,406	
Depreciation expense	<u>(60,990)</u>	<u>(10,584)</u>

Change in net position, Statement of Activities	<u>\$ (103,554)</u>
---	---------------------

Washington Grain Commission
Notes to Financial Statements, Continued
June 30, 2024

14. Fund Equity

GASB 54 requires the fund balance amounts to be properly reported within one of five categories (see Note 5). Specific amounts reported as committed and assigned are summarized below:

Committed: The Commission's Committed Fund Balance is fund balance reporting required by the Commission's Board of Commissioners, either because of a Board policy or because of motions that passed at Board meetings. At June 30, 2024, fund balance reported as committed, as a result of Board policies or as a result of motions passed at Board meetings, consisted of a general reserve for future expenditures of \$5,400,000 and a marketing reserve of \$1,500,000.

Assigned: The Commission's Assigned Fund Balance is fund balance reporting as a result of the Board administration authority, as designated by the Commissioners, with consultation of management. In addition, the Commission enters into various agreements and contracts that are to be effective as of July 1 of the next fiscal year. However, the expenditures for these agreements and contracts are based on revenue earned during the current fiscal year. Since the upcoming budget is based on revenue already recognized by the Commission, the next year's budget has been reported as Assigned Fund Balance at June 30, 2024.

15. Contingencies

Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Commission contracts with the State of Washington Department of Enterprise Services, Office of Risk Management, for property insurance and general liability insurance. The Commission pays the State Workers' Compensation System a premium at an experience-based rate. This rate is calculated based on accident history and administrative costs.

Credit Risk

Financial instruments which potentially subject the Commission to concentration of credit risk consist principally of cash and investments. The Commission maintains its cash in bank deposit accounts at high quality financial institutions. At times, deposit account balances may exceed federally insured limits. Additional coverage is purchased for the excess amounts. The Commission has not experienced any losses from such accounts and management believes it is not exposed to any significant credit risk on cash and investments.

Litigation

The Commission's management is not aware of any pending litigation or claims against the Commission at June 30, 2024. The Commission has no reserve established for the payment of uninsured claims. Expenditures are recognized when amounts are paid.

Required Supplementary Information

Washington Grain Commission
Budgetary Comparison Schedule
Year Ended June 30, 2024

	Budgeted Amounts		Actual Modified Accrual Basis	Variances Positive/(Negative)	
	Original	Final		Original to Final	Final to Actual
REVENUES					
Wheat and barley assessments	\$ 8,166,990	\$ 8,166,990	\$ 6,000,352	\$ -	\$ (2,166,638)
Interest income	160,534	160,534	349,309	-	188,775
Unrealized losses on investments	-	-	451,718	-	451,718
Rent income	15,814	15,814	19,575	-	3,761
Other income	2,518	2,518	-	-	(2,518)
Total revenues	8,345,856	8,345,856	6,820,954	-	(1,524,902)
EXPENDITURES					
Research	2,036,773	2,036,773	2,036,773	-	-
Market development	1,629,585	1,629,585	1,152,568	-	477,017
Grower services	2,394,896	2,394,896	1,538,252	-	856,644
Education/information	650,500	650,500	609,981	-	40,519
Professional services and support	1,321,050	1,321,050	912,025	-	409,025
Office operations	483,100	483,100	361,164	-	121,936
Policy development	128,000	128,000	80,693	-	47,307
Total expenditures	8,643,904	8,643,904	6,691,456	-	1,952,448
Excess (deficiency) of revenues over (under) expenditures	(298,048)	(298,048)	129,498	-	427,546
Other financing sources:					
Proceeds from sale of capital assets	-	-	10,542	-	10,542
Net change in fund balance	(298,048)	(298,048)	140,040	-	438,088
Total fund balance, beginning of year	18,184,516	18,184,516	18,184,516	-	-
Total fund balance, end of year	\$ 17,886,468	\$ 17,886,468	\$ 18,324,556	\$ -	\$ 438,088
Reserves					
General reserve	\$ 5,400,000	\$ 5,400,000			
Marketing reserve	1,500,000	1,500,000			
Total fund balance, end of year	\$ 6,900,000	\$ 6,900,000			

Washington Grain Commission
Notes to Budgetary Comparison Schedule
June 30, 2024

1. Basis of Presentation

The budgetary comparison schedule has been prepared on the modified accrual basis of accounting, which is the same basis of accounting used in the governmental fund financial statements.

2. Expenditures in Excess of Budgeted Amounts

As disclosed in Note 1 above, the budgetary comparison schedule has been prepared in conformance with the presentation used in the preparation of the governmental fund financial statements. This presentation differs from the account groupings required by Washington Statutes for Board of Commissioners budgetary control at the functional level. There were no instances in which General Fund expenditures exceeded budgeted expenditures at the functional levels required by Washington Statutes.

Washington Grain Commission
Schedule of Changes in the Total OPEB Liability and Related Ratios - PEBB
Last 10 Fiscal Years*

	2024	2023	2022	2021	2020
Total OPEB liability, beginning of year	\$ 225,718	\$ 241,621	\$ 303,730	\$ 411,825	\$ 290,801
Service cost	7,449	8,319	15,518	24,469	12,779
Interest	8,486	8,823	6,893	9,639	10,607
Changes in benefit terms	-	-	-	-	-
Changes in experience data and assumptions	(8,631)	(31,653)	(84,258)	(141,959)	98,679
Benefit payments	(1,349)	(1,392)	(262)	(244)	(1,041)
Net change in total OPEB liability	5,955	(15,903)	(62,109)	(108,095)	121,024
Total OPEB liability, end of year	<u>\$ 231,673</u>	<u>\$ 225,718</u>	<u>\$ 241,621</u>	<u>\$ 303,730</u>	<u>\$ 411,825</u>
Employer's covered employee payroll	<u>\$ 709,221</u>	<u>\$ 810,259</u>	<u>\$ 677,575</u>	<u>\$ 758,357</u>	<u>\$ 709,804</u>
Total OPEB liability as a percentage of covered payroll	32.67%	27.86%	35.66%	40.05%	58.02%
	2019	2018			
Total OPEB liability, beginning of year	\$ 309,384	\$ 301,043			
Service cost	13,989	16,355			
Interest	12,498	11,363			
Changes in benefit terms	-	-			
Changes in experience data and assumptions	(44,194)	(19,377)			
Benefit payments	(876)	-			
Net change in total OPEB liability	(18,583)	8,341			
Total OPEB liability, end of year	<u>\$ 290,801</u>	<u>\$ 309,384</u>			
Employer's covered employee payroll	<u>\$ 690,740</u>	<u>\$ 669,952</u>			
Total OPEB liability as a percentage of covered payroll	42.10%	46.18%			

* GASB Statement No. 75 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the Commission will present information for those years for which information is available.

Washington Grain Commission
Notes to OPEB PEBB Plan Schedule
June 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the PEBB Plan year ended June 30, 2024.

2. Changes in Assumptions

During the PEBB Plan year ended June 30, 2024, the assumed discount rate was increased from 3.65% at June 30, 2023 to 3.93% at June 30, 2024, based on the 20-year municipal bond indices per GASB No. 75 requirements.

Washington Grain Commission
Schedule of Employer's Share of the Net Pension Liability - PERS Plan 1
Last 10 Plan Years

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total Pension Liability
2014	0.00404222%	\$ 203,627	\$ 441,607	46.11%	61.19%
2015	0.00410333%	214,640	470,302	45.64%	59.10%
2016	0.00422922%	227,130	502,806	45.17%	57.03%
2017	0.0046921%	222,642	591,697	37.63%	61.24%
2018	0.0050348%	224,856	669,062	33.61%	63.22%
2019	0.0049245%	189,366	690,594	27.42%	67.12%
2020	0.0046619%	164,589	709,804	23.19%	68.64%
2021	0.0046994%	57,391	721,547	7.95%	88.74%
2022	0.0040342%	112,326	666,412	16.86%	76.56%
2023	0.0040777%	93,083	725,808	12.82%	80.16%

Data reported is measured as of June 30 of each respective plan year.

Washington Grain Commission**Schedule of Employer's Share of the Net Pension Liability (Asset) - PERS Plan 2/3****Last 10 Plan Years**

Plan Year	Employer's Portion of NPL	Employer's Proportionate Share of NPL(A) (a)	Employer's Covered Employee Payroll (b)	Employer's NPL as a Percentage of Covered Payroll (a/b)	Plan Net Position as a Percentage of Total Pension Liability
2014	0.0052043%	\$ 105,198	\$ 441,607	23.82%	93.29%
2015	0.0053002%	189,378	470,302	40.27%	89.20%
2016	0.0054262%	273,202	502,806	54.34%	85.82%
2017	0.0060353%	209,696	591,697	35.44%	90.97%
2018	0.0064945%	110,889	669,062	16.57%	95.77%
2019	0.0063543%	61,722	690,594	8.94%	97.77%
2020	0.0061023%	78,045	709,804	11.00%	97.22%
2021	0.0060328%	(600,960)	721,547	-83.29%	120.29%
2022	0.0052758%	(195,667)	666,412	-29.36%	106.73%
2023	0.0052503%	(215,192)	725,808	-29.65%	106.73%

Data reported is measured as of June 30 of each respective plan year.

Washington Grain Commission
Schedule of Contributions - PERS Plan 1
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contributions (a)	Actual Contributions (b)	Contributions Deficiency (Excess) (a-b)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
	*	**			
2015	\$ 18,858	\$ 18,858	\$ -	\$ 470,302	4.01%
2016	23,984	23,984	-	502,806	4.77%
2017	28,224	28,224	-	591,697	4.77%
2018	33,654	33,654	-	669,062	5.03%
2019	35,311	35,311	-	690,594	5.11%
2020	33,787	33,787	-	709,804	4.76%
2021	35,005	35,005	-	721,547	4.85%
2022	24,724	24,724	-	666,412	3.71%
2023	27,787	27,787	-	725,808	3.83%
2024	20,922	20,922	-	709,221	2.95%

* The calculation for statutorily required contributions has been reduced by the 0.18% or 0.20% that applies to the employer administrative expense fee.

** A portion of the employer contribution of PERS Plan 2/3 is allocated to PERS Plan 1 to fund the unfunded actuarially accrued liability as required by RCW 41.45.060.

Data reported is measured as of June 30 of each respective fiscal year.

Washington Grain Commission
Schedule of Contributions - PERS Plan 2/3
Last 10 Fiscal Years

Fiscal Year	Statutorily Required Contributions (a)	Actual Contributions (b)	Contributions Deficiency (Excess) (a-b)	Employer's Covered Employee Payroll (c)	Contributions as a Percentage of Covered Employee Payroll (b/c)
	*	**			
2015	\$ 23,610	\$ 23,610	-	\$ 470,302	5.02%
2016	31,325	31,325	-	502,806	6.23%
2017	36,863	36,863	-	591,697	6.23%
2018	50,113	50,113	-	669,062	7.49%
2019	51,898	51,898	-	690,594	7.51%
2020	56,216	56,216	-	709,804	7.92%
2021	57,147	57,147	-	721,547	7.92%
2022	42,384	42,384	-	666,412	6.36%
2023	46,162	46,162	-	725,808	6.36%
2024	45,107	45,107	-	709,221	6.36%

* The calculation for statutorily required contributions has been reduced by the 0.18% or 0.20% that applies to the employer administrative expense fee.

** A portion of the employer contribution of PERS Plan 2/3 is allocated to PERS Plan 1 to fund the unfunded actuarially accrued liability as required by RCW 41.45.060.

Data reported is measured as of June 30 of each respective fiscal year.

Washington Grain Commission
Notes to PERS Plan Schedules
June 30, 2024

1. Changes in Benefit Terms

There were no changes in benefit terms during the Plan year ended June 30, 2023.

2. Changes in Composition of the Population

There were no changes in the composition of the populations during the Plan year ended June 30, 2023.

3. Changes in Assumptions

There were no changes in actuarial assumptions during the Plan year ended June 30, 2023.

Compliance Report

**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***

Board of Commissioners
Washington Grain Commission
Spokane, 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 governmental activities and the General Fund of the Washington Grain Commission ("the Commission"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated January 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission'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 Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 entity'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.

Report on 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 its 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 sole purpose of this report is 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DeCoria, Blair & Teague, PS

DeCoria, Blair & Teague, P.S.
Spokane, Washington

January 14, 2025

**Washington Grain Commission
Schedule of Findings and Responses
Year Ended June 30, 2024**

Section I – Summary of Auditor’s Results:

Financial Statements

The independent auditor’s report expressed unmodified opinions on the Commission’s basic financial statements.

The audit of the Commission’s financial statements disclosed no material weaknesses in internal control over financial reporting.

The audit disclosed no compliance findings material to the Commission’s financial statements.

Section II – Financial Statement Findings:

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There are no current year findings.

**Washington Grain Commission
Status of Prior Year Findings
Year Ended June 30, 2024**

There were no findings in the prior year.