

**Washington State Auditor's Office**  
**Financial Statements Audit Report**

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**Wenatchee Valley Transportation  
Council**  
**Chelan County**

Audit Period  
**January 1, 2003 through December 31, 2004**

**Report No. 68906**

Issue Date  
**July 1, 2005**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_  
Brian Sonntag



**Washington State Auditor  
Brian Sonntag**

July 1, 2005

Board of Appointed Representatives  
Wenatchee Valley Transportation Council  
Wenatchee, Washington

***Report on Financial Statements***

Please find attached our report on the Wenatchee Valley Transportation Council's financial statements.

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

In addition to this work, we look at other areas of our audit client's operations for compliance with state laws and regulations. The results of that audit will be included in a separately issued accountability report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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Chelan County  
January 1, 2003 through December 31, 2004**

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

## Wenatchee Valley Transportation Council Chelan County January 1, 2003 through December 31, 2004

Board of Appointed Representatives  
Wenatchee Valley Transportation Council  
Wenatchee, Washington

We have audited the financial statements of the Wenatchee Valley Transportation Council, Chelan County, Washington, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated April 15, 2005.

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

### **COMPLIANCE**

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of the Council's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 15, 2005

# Independent Auditor's Report on Financial Statements

## **Wenatchee Valley Transportation Council Chelan County January 1, 2003 through December 31, 2004**

Board of Appointed Representatives  
Wenatchee Valley Transportation Council  
Wenatchee, Washington

We have audited the accompanying financial statements of the Wenatchee Valley Transportation Council, Chelan County, Washington, for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Council prepares its financial statements on the basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Wenatchee Valley Transportation Council, for the years ended December 31, 2004 and 2003, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed

in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

April 15, 2005

# Financial Section

**Wenatchee Valley Transportation Council  
Chelan County  
January 1, 2003 through December 31, 2004**

## ***FINANCIAL STATEMENTS***

Statement of Activities Arising from Cash Transactions – 2004  
Statement of Activities Arising from Cash Transactions - 2003  
Notes to Financial Statements – 2004 and 2003



**Wenatchee Valley Transportation Council  
Statement of Activities  
Arising From Cash Transactions  
For the Year Ended December 31, 2004**

**Operating Revenues:**

Grants	\$369,910
User Fees	73,241
<b>Total Operating Revenues</b>	<b><u>\$443,151</u></b>

**Operating Expenses:**

Road and Street Administration	95,924
Road and Street Operations	329,691
<b>Total Operating Expenses</b>	<b><u>\$425,615</u></b>

<b>Operating Income (Loss)</b>	<b>17,536</b>
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**Nonoperating Revenues/Receipts**

Interest Income	<u>382</u>
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<b>Net Increase(Decrease) in net cash and investments</b>	<b>\$17,918</b>
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<b>Beginning balance of net cash and investments</b>	<b>72,190</b>
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<b>Ending balance of net cash and investments</b>	<b><u><u>\$90,108</u></u></b>
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**Wenatchee Valley Transportation Council  
Statement of Activities  
Arising From Cash Transactions  
For the Year Ended December 31, 2003**

**Operating Revenues:**

Grants	\$150,575
User Fees	73,241
<b>Total Operating Revenues</b>	<b><u>\$223,816</u></b>

**Operating Expenses:**

Road and Street Administration	153,641
Road and Street Operations	60,963
<b>Total Operating Expenses</b>	<b><u>\$214,604</u></b>

<b>Operating Income (Loss)</b>	<b>9,212</b>
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**Nonoperating Revenues/Receipts**

Interest Income	933
Miscellaneous Income	0
<b>Total Nonoperating Revenues</b>	<b><u>933</u></b>

<b>Net Increase(Decrease) in net cash and investments</b>	<b>\$10,145</b>
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<b>Beginning balance of net cash and investments</b>	<b>62,044</b>
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<b>Ending balance of net cash and investments</b>	<b><u><u>\$72,190</u></u></b>
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**Wenatchee Valley Transportation Council  
Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Wenatchee Valley Transportation Council was officially designated by Governor Gary Locke in January 2003 as the Metropolitan Planning Organization (MPO) for the Wenatchee Valley. As a result of the 2000 Census, and “urbanized” greater Wenatchee having surpassed the 50,000 population threshold, federal statute required formation of the MPO to coordinate transportation planning at the regional, rather than jurisdictional level. The Wenatchee Valley Transportation Council operates under the laws of the state Washington applicable to an advisory council.

**1. Reporting Entity**

The Wenatchee Valley Transportation Council is a special purpose government and provides regional transportation planning to the general public and is supported primarily through user charges and grants.

The following is a summary of the significant policies, including identification of those policies which result in material departures from generally accepted accounting principles (GAAP).

**2. Basis Of Accounting**

The accounting records of the Wenatchee Valley Transportation Council are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. The Council uses the cash basis of accounting where revenues are recognized only when received and expenses are recognized when paid.

**3. Cash**

It is the Wenatchee Valley Transportation Council's policy to invest all temporary cash surpluses. The amount is included on the statement of revenues and expenses arising from cash transactions as net cash and investments.

**4. Deposits**

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

**5. Capital Assets**

Major expenses for capital assets, including capital leases and major repairs that increase useful lives, are recorded as expenses when purchased. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased. Maintenance, repairs, and minor renewals are accounted for as expenses when paid.

**6. Investments See Note 2**

**7. Compensated Absences**

Personal time off may be accumulated up to fifty days and is payable upon separation or retirement.

## 8. Risk Management

The Washington Governmental Equity Pool (WGEP) provides insurance coverage for the Wenatchee Valley Transportation Council. The coverage is as follows:

- General Liability and Auto - \$10 million per occurrence
- Public Officials Errors and Omissions, Employment Practices - \$10 million per occurrence
- Terrorism Liability - \$500,000 per occurrence; \$10 million shared limits
- Property - Insurance Replacement Value - \$28,490

The Council's deductible is \$1,850 for liability and \$450 for property. A copy of the WGEP financial statements can be obtained by writing to:

Washington Governmental Equity Pool  
5709 West Sunset Hwy, Suite 105  
PO Box 19330  
Spokane, WA 99219-9330

## NOTE 2 – INVESTMENTS

The Wenatchee Valley Transportation Council's investments are either insured, registered or held by the Council or its agent in the Council's name.

Investments by type at December 31, 2004 are as follows:

<u>Type of Investment</u>	<u>2004 Balance</u>	<u>2003 Balance</u>
L.G.I.P.	\$27,232	\$71,867

## NOTE 3 – PENSION PLANS

Substantially all of the Council's full-time and qualifying part-time employees participate in the Public Employers Retirement System (PERS) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the Council's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems  
Communications Unit  
PO Box 48380  
Olympia, WA 98504-8380