

Washington State Auditor's Office
Passenger Facility Charges Audit Report

Port of Pasco
Franklin County

Audit Period
January 1, 2008 through December 31, 2008

Report No. 1002420

Issue Date
November 2, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

November 2, 2009

Board of Commissioners
Port of Pasco
Pasco, Washington

Report on Passenger Facility Charges

Please find attached our report on the Port of Pasco's, compliance with federal laws and regulations and compliance with requirements applicable to its passenger facility charge program.

In addition to this work, we look at other areas of our audit client's financial condition and operations for compliance with state laws and regulations. The results of those audits will be included in separately issued accountability and financial statement reports.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Franklin County
January 1, 2008 through December 31, 2008**

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Independent Auditor's Report on Compliance with Requirements Applicable to the Passenger Facility Charge Program and on Internal Control over Compliance

**Port of Pasco
Franklin County
January 1, 2008 through December 31, 2008**

Board of Commissioners
Port of Pasco
Pasco, Washington

COMPLIANCE

We have audited the compliance of the Port of Pasco, Franklin County, Washington, with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended December 31, 2008. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the Port's management. Our responsibility is to express an opinion on the Port's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Port's compliance with those requirements.

In our opinion, the Port of Pasco complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended December 31, 2008.

INTERNAL CONTROL OVER COMPLIANCE

The management of the Port is responsible for establishing and maintaining effective internal control over compliance with requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered the Port's internal

control over compliance with requirements that could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Guide but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Airport's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer the passenger facility charge program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of the passenger facility charge program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented or detected by the entity's internal control.

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

SCHEDULE OF PASSENGER FACILITY CHARGES

We have audited the basic financial statements of the Port of Pasco, Franklin County, Washington, as of and for the year ended December 31, 2008 and have issued our report thereon dated July 31, 2009.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Port's basic financial statements. The accompanying Schedule of Passenger Facility Charges Collected, Held and Used is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2009 on our consideration of the Port'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.

This report is intended for the information management, the Board of Commissioners and the Federal Aviation Administration. 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" written in a larger, more prominent script than the last name "Sonntag".

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 15, 2009

Independent Auditor's Report on Financial Statements

**Port of Pasco
Franklin County
January 1, 2008 through December 31, 2008**

Board of Commissioners
Port of Pasco
Pasco, Washington

We have audited the accompanying Schedule of Passenger Facility Charges Collected, Held and Used of the Port of Pasco, Franklin County, Washington, for the year ended December 31, 2008. This financial statement is the responsibility of the Port's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement, the Port prepares its financial statement on the basis of charges collected and eligible expenditures incurred, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Passenger Facility Charges Collected, Held and Used of the Port of Pasco, as of December 31, 2008, on the basis of accounting described in Note 1.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 15, 2009

Financial Section

**Port of Pasco
Franklin County
January 1, 2008 through December 31, 2008**

FINANCIAL STATEMENTS

Schedule of Passenger Facility Charges Collected, Held and Used – 2008
Notes to the Schedule of Passenger Facility Charges Collected, Held and Used – 2008

Port of Pasco
Tri-Cities Airport

Year ended December 31, 2008

Program	Unliquidated PFC Beginning Balance	PFC Revenue Collected	Interest Earned	Expenditures	Ending Balance Unliquidated PFC
Quarter ended March 31, 2008					
Application #1 93-01-C-00-PSC	closed out				
Application #2 95-02-C-00-PSC	closed out				
Application #3 99-03-C-00-PSC	closed out				
Application #4 01-04-C-00-PSC	closed out				
Application #5 02-05-C-00-PSC	closed out				
Application #6 04-06-C-00-PSC	(1,960,575)	239,936	17,653	191,812	(1,894,797)
Quarter ended June 30, 2008					
Application #1 93-01-C-00-PSC	0				0
Application #2 95-02-C-00-PSC	0				0
Application #3 99-03-C-00-PSC	0				0
Application #4 01-04-C-00-PSC	0				0
Application #5 02-05-C-00-PSC	0				0
Application # 6 04-06-C-00-PSC	(1,894,797)	256,710	10,814	658,966	(2,286,238)
Quarter ended September 30, 2008					
Application #1 93-01-C-00-PSC	0				0
Application #2 95-02-C-00-PSC	0				0
Application #3 99-03-C-00-PSC	0				0
Application #4 01-04-C-00-PSC	0				0
Application #5 02-05-C-00-PSC	0				0
Application #6 04-06-C-00-PSC	(2,286,238)	246,870	10,884		(2,028,484)
Quarter ended December 31, 2008					
Application #1 93-01-C-00-PSC	0				0
Application #2 95-02-C-00-PSC	0				0
Application #3 99-03-C-00-PSC	0				0
Application #4 01-04-C-00-PSC	0				0
Application #5 02-05-C-00-PSC	0				0
Application #6 04-06-C-00-PSC	(2,028,484)	214,468	2,852		(1,811,165)
Year Ended December 31, 2008					
Application #1 93-01-C-00-PSC	closed out	0	0	0	
Application #2 95-02-C-00-PSC	closed out	0	0	0	
Application #3 99-03-C-00-PSC	closed out	0	0	0	
Application #4 01-04-C-00-PSC	closed out	0	0	0	
Application #5 02-05-C-00-PSC	closed out	0	0	0	
Application #6 04-06-C-00-PSC	(1,960,575)	957,984	42,204	850,778	(1,811,165)

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

Port of Pasco
TRI-CITIES AIRPORT

NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES
COLLECTED, HELD AND USED

FOR THE YEAR ENDED DECEMBER 31, 2008

1. BASIS OF ACCOUNTING

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

2. PROGRAM COSTS

The amounts shown as current year revenues and expenses represent only the Passenger Facility Charges portions of the project costs. Entire project costs may be more than shown.



ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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

State Auditor
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Deputy Chief of Staff
Chief Policy Advisor
Director of Audit
Director of Special Investigations
Director for Legal Affairs
Director of Quality Assurance
Local Government Liaison
Communications Director
Public Records Officer
Main number
Toll-free Citizen Hotline

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Ted Rutt
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