



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report
Fort Worden Public Development
Authority

Jefferson County

For the period January 1, 2012 through December 31, 2015

Published March 9, 2017

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Office of the Washington State Auditor
Pat McCarthy

March 9, 2017

Board of Directors
Fort Worden Public Development Authority
Port Townsend, Washington

Report on Accountability

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

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

The attached comprises our report on the Authority's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT SUMMARY

Results in brief

In the areas we audited, Authority operations complied with applicable requirements and provided adequate safeguarding of public resources. The Authority also complied with state laws and regulations and its own policies and procedures in the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the Fort Worden Public Development Authority from January 1, 2012 through December 31, 2015.

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

Our audit involved performing procedures to obtain evidence about the Authority's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Entity formation
- Accounting/financial reporting/financial condition
- Cash receipting
- Investments
- Open public meeting minutes
- Payroll
- Procurement (bidding/prevaling wage)
- Payments/expenditures
- Credit card use
- Leasing operations

RELATED REPORTS

Financial

Our opinion on the Authority's financial statements is provided in a separate report, which includes the Authority's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding the accuracy of amounts reported in the financial statements.

INFORMATION ABOUT THE AUTHORITY

The Washington State Parks & Recreation Commission (Washington State Parks), recognizing Fort Worden’s unique setting and historic attributes, adopted the 2008 Fort Worden Facility Use and Development Plan to transform the fort into a financially self-sustaining Lifelong Learning Center.

The Fort Worden Lifelong Learning Center Public Development Authority (PDA) was created by the City of Port Townsend on September 19, 2011 to provide an independent legal entity to work in a partnership with Washington State Parks to manage, promote, develop, secure funding, and enhance Fort Worden State Park. In November 2013, the PDA entered into a Master Lease with Washington State Parks to operate and manage the properties located within the 90-acre main campus of Fort Worden State Park. The PDA develops the necessary agreements and partnerships for the use, operation, management, and renovation of state-owned facilities and properties within Fort Worden, as well as manages and operates visitor and hospitality services within the campus area.

The PDA is governed by an 11 member Board of Directors who are appointed by the City of Port Townsend. The Board appoints an Executive Director to oversee the PDA’s daily operations as well as its approximately 60 full-time employees. The PDA operated on revenues of approximately \$100,000 in 2012, \$168,000 in 2013, \$2.6 million in 2014, and \$5.7 million in 2015.

| Contact information related to this report | |
|---------------------------------------------------|----------------------------------------------------------------------------------------|
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Fort Worden Public Development Authority at <http://portal.sao.wa.gov/ReportSearch>.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

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|-----------------------------------------------------------|------------------------------------------------------------------------|
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