

COMMITTEE ON NATURAL RESOURCES
113th Congress Disclosure Form
As required by and provided for in House Rule XI, clause 2(g) and
the Rules of the Committee on Natural Resources

Subcommittee on Public Lands and Environmental Regulation's oversight hearing: *"Invasive Species Management on Federal Lands"*
May 16, 2013

For Individuals:

1. Name:
2. Address:
3. Email Address:
4. Phone Number:

* * * * *

For Witnesses Representing Organizations:

1. Name: James D. Ogsbury
2. Name of Organization(s) You are Representing at the Hearing: Western Governors' Association
3. Business Address: [Information redacted for privacy]
4. Business Email Address: [Information redacted for privacy]
5. Business Phone Number: [Information redacted for privacy]

For all Witnesses

Name/Organization: Mr. James D. Ogsbury/Western Governors' Association

Title/Date of Hearing: Sub on PL&ER oversight hearing: "*Invasive Species Management on Federal Lands*"
May 16, 2013

a. Any training or educational certificates, diplomas or degrees or other educational experiences that are relevant to your qualifications to testify on or knowledge of the subject matter of the hearing.

Not applicable

b. Any professional licenses, certifications, or affiliations held that are relevant to your qualifications to testify on or knowledge of the subject matter of the hearing.

Not applicable

c. Any employment, occupation, ownership in a firm or business, or work-related experiences that relate to your qualifications to testify on or knowledge of the subject matter of the hearing.

Clerk and Staff Director – House Appropriations Subcommittee on Energy and Water Development

Manager, Federal Relations – Salt River Project (nation's third largest public power utility and Arizona's largest water supplier).

d. Any federal grants or contracts (including subgrants or subcontracts) from the Department of the Interior or Department of Agriculture that you have received in the current year and previous four years, including the source and the amount of each grant or contract.

Grants received by the organization:

Western Region Cohesive Wildland Fire Management Strategy – USDA Forest Service - \$386,000

Forest Rangeland and Health Program – USDA Forest Service - \$900,000

West-wide (Westjump) Air Quality Modeling Study – BLM - \$500,000

Williston MT Basin & Gas Emission Inventory – BLM - \$230,000

Particulate Matter Deterministic Empirical Tagging Assessment of Impacts on Levels – BLM - \$703,682

e. A list of all lawsuits or petitions filed by you against the federal government in the current year and the previous four years, giving the name of the lawsuit or petition, the subject matter of the lawsuit or petition, and the federal statutes under which the lawsuits or petitions were filed.

Not Applicable

f. A list of all federal lawsuits filed against you by the federal government in the current year and the previous four years, giving the name of the lawsuit, the subject matter of the lawsuit, and the federal statutes under which the lawsuits were filed.

None

g. Any other information you wish to convey that might aid the Members of the Committee to better understand the context of your testimony.

None

Witnesses Representing Organizations

Name/Organization: Mr. James D. Ogsbury/Western Governors' Association

Title/Date of Hearing: Sub on PL&ER oversight hearing: "*Invasive Species Management on Federal Lands*"
May 16, 2013

h. Any offices, elected positions, or representational capacity held in the organization(s) on whose behalf you are testifying.

As Executive Director of the WGA, I'm testifying on behalf of the Governors of 19 Western states and three U.S.-flag islands.

i. Any federal grants or contracts (including subgrants or subcontracts) from the Department of the Interior or Department of Agriculture that were received in the current year and previous four years by the organization(s) you represent at this hearing, including the source and amount of each grant or contract for each of the organization(s).

Grants received by the organization:

Western Region Cohesive Wildland Fire Management Strategy – USDA Forest Service - \$386,000

Forest Rangeland and Health Program – USDA Forest Service - \$900,000

West-wide (Westjump) Air Quality Modeling Study – BLM - \$500,000

Williston MT Basin & Gas Emission Inventory – BLM - \$230,000

Particulate Matter Deterministic Empirical Tagging Assessment of Impacts on Levels – BLM - \$703,682

j. A list of all lawsuits or petitions filed by the organization(s) you represent at the hearing against the federal government in the current year and the previous four years, giving the name of the lawsuit or petition, the subject matter of the lawsuit or petition, and the federal statutes under which the lawsuits or petitions were filed for each of the organization(s).

Not applicable

k. A list of all federal lawsuits filed against the organization(s) you represent at the hearing by the federal government in the current year and the previous four years, giving the name of the lawsuit, the subject matter of the lawsuit, and the federal statutes under which the lawsuits were filed.

Not applicable

l. For tax-exempt organizations and non-profit organizations, copies of the three most recent public IRS Form 990s (including Form 990-PF, Form 990-N, and Form 990-EZ) for each of the organization(s) you represent at the hearing (not including any contributor names and addresses or any information withheld from public inspection by the Secretary of the Treasury under 26 U.S.C. 6104)).

WGA is an Instrumentality of the States and does not file a Form 990. FY12 Audit is attached.

WESTERN GOVERNORS' ASSOCIATION

Combined Financial Statements And
Single Audit As Of June 30, 2012

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Western Governors' Association:

We have audited the accompanying combined statement of financial position of Western Governors' Association (the "Association") and Western Governors' Foundation (the "Foundation"), (collectively referred to as the "Organization,") as of June 30, 2012, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of indirect cost rate and schedule of fringe benefits rate for the year ended June 30, 2012, presented on pages 15 and 16 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2012 as presented on page 17 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants
5670 Greenwood Plaza Blvd., Suite 200 • Greenwood Village, CO 80111-2405 • 303 771 0123 • 303 771 0078 fax

Independent Auditors' Report (Continued)

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

JDS Professional Group

January 30, 2013

WESTERN GOVERNORS' ASSOCIATION

Combined Statement Of Financial Position
As Of June 30, 2012

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ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,609,096
Accounts receivable -	
Federal	1,196,884
Private	211,743
Other	8,590
Promises to give, net	107,748
Investments	2,017,778
Prepayments	52,318
Total Current Assets	<u>6,204,157</u>

Property and equipment, net	<u>46,559</u>
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TOTAL ASSETS \$ 6,250,716

LIABILITIES AND NET ASSETS

Liabilities:

Current liabilities:

Accounts payable	\$ 1,080,104
Accrued liabilities	83,998
Deferred lease incentive	26,237
Deferred revenue	499,007
Total Current Liabilities	<u>1,689,346</u>

Deferred lease incentive - long term	<u>33,732</u>
Total Liabilities	<u>1,723,078</u>

Net Assets:

Unrestricted	4,392,920
Temporarily restricted	134,718
Total Net Assets	<u>4,527,638</u>

TOTAL LIABILITIES AND NET ASSETS \$ 6,250,716

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

WESTERN GOVERNORS' ASSOCIATION

Combined Statement Of Activities
For The Year Ended June 30, 2012

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	Unrestricted	Temporarily Restricted	Total
Support And Revenue:			
Government contracts	\$ 4,271,442	\$	\$ 4,271,442
Private grant contributions	1,229,349	225,000	1,454,349
Membership dues	520,600		520,600
Meeting, conference registrations and sponsorships	1,215,893	46,579	1,262,472
Investment income	29,365		29,365
Other revenue	6,894		6,894
Net assets released from restriction -			
Satisfaction of program restriction	431,708	(431,708)	
Total Support And Revenue	<u>7,705,251</u>	<u>(160,129)</u>	<u>7,545,122</u>
Expenses:			
Program Services -			
Energy policy	3,388,417		3,388,417
Environment and natural resources	1,886,807		1,886,807
Public lands	582,502		582,502
Regional development	333,120		333,120
Liaison - Washington, D.C. office	299,648		299,648
Total Program Services	<u>6,490,494</u>		<u>6,490,494</u>
Supporting Services -			
Fundraising	696,551		696,551
General administrative	405,781		405,781
Total Supporting Services	<u>1,102,332</u>		<u>1,102,332</u>
Total Expenses	<u>7,592,826</u>		<u>7,592,826</u>
CHANGES IN NET ASSETS	<u>112,425</u>	<u>(160,129)</u>	<u>(47,704)</u>
Net Assets, Beginning Of Year	<u>4,280,495</u>	<u>294,847</u>	<u>4,575,342</u>
NET ASSETS, END OF YEAR	<u>\$ 4,392,920</u>	<u>\$ 134,718</u>	<u>\$ 4,527,638</u>

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

WESTERN GOVERNORS' ASSOCIATION

Combined Statement Of Cash Flows
For The Year Ended June 30, 2012

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Cash flows from operating activities:	
Changes in net assets	\$ (47,704)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	26,989
Net loss on investments	10,645
Allowances for promises to give	28,366
Changes in operating assets and liabilities -	
(Increase) in accounts receivable	(158,350)
Decrease in promises to give	66,331
Decrease in prepayments	6,998
Increase in accounts payable	66,694
Increase in accrued liabilities	20,410
(Decrease) in deferred lease incentive	(22,488)
Increase in deferred revenue	(98,673)
Net cash (used in) operating activities	<u>(100,782)</u>
Cash flows from investing activities:	
Purchase of investments	(1,226,253)
Sales of investments	1,122,371
Purchases of property and equipment	(11,892)
Net cash (used in) investing activities	<u>(115,774)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(216,556)
Cash And Cash Equivalents, Beginning Of Year	<u>2,825,652</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,609,096</u>

WESTERN GOVERNORS' ASSOCIATION

Notes To Financial Statements
For The Year Ended June 30, 2012

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(1) Reporting Entity

Western Governors' Association (the "Association") is an instrumentality of the State of Colorado under Section 170(c)(1) of the Internal Revenue Act of 1954. Its purpose is to provide a means by which the governors of the member states can address regional policy management issues and coordinate joint activities within the region.

The Western Governors' Foundation (the "Foundation") is a nonprofit corporation incorporated in the State of Colorado. It is organized for the benefit of or to support the Association and other publicly supporter organizations which are closely related in purpose or function to the Association.

The Association and the Foundation are controlled by the same Board of Directors and Officers and, therefore, are presented on a combined basis and reported as Western Governors' Association (the "Organization"). Inter-organizational activities have been eliminated in the total columns of the financial statements.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis Of Presentation

The Organization is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization does not have any permanently restricted net assets.

Use Of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Fair Value Measurements

The Organization follows *Fair Value Measurements* which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework

for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Common Stocks, Exchange Traded Funds, Exchange Traded Notes and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, promises to give, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

Cash And Cash Equivalents

The Organization considers all checking, savings, certificates of deposit and money market accounts with original maturities of ninety days or less to be cash and cash equivalents.

Accounts Receivable

The majority of the accounts receivable is from funding from government contracts. As of June 30, 2012, the management of the Organization believes all receivable to be collectable and, accordingly, no allowance for doubtful accounts was deemed necessary.

Promises To Give

Contributions are recognized when the donor makes a promise to give, that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend on are substantially met and the promises become unconditional.

The allowance method is used to determine uncollectible unconditional promises to give. The allowance is based on the prior years' experience and management's analysis of specific promises. An allowance for uncollectible promises to give has been recorded in the amount of \$81,921 as of June 30, 2012.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of June 30, 2012, all promises to give were expected to be collected within one year, and therefore no discount was computed.

Property And Equipment

Office furniture and equipment of \$500 or more is capitalized at cost. Depreciation, which includes amortization of leasehold improvements, is computed on the straight-line method over the estimated useful life of the property or lease, which is three to ten years.

The costs of normal maintenance and repairs are charged to operating expenses as incurred. Material expenditures, which increase the life of the asset, are capitalized and depreciated over the estimated useful life of the asset.

Deferred Revenue

Revenue from government contracts is deemed to be earned when the Organization has incurred costs or other expenditures which satisfy the terms imposed by the respective grants or contracts. Funds received from government sources in excess of costs incurred are reported as deferred revenues. For costs incurred in excess of funds received from sources, revenue and related receivables are recognized to the extent of such costs.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence of any donor restrictions.

Support, including investment income, that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are released in the Statement of Activities as satisfaction of restrictions.

Revenue Recognition

Membership dues are recognized ratably over the term of the membership period. Revenues from government contracts are recognized to the extent of allowable direct and indirect expenses incurred under the terms of the contracts. Other revenue is recognized as earned.

Functional Allocation Of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted.

Subsequent Events

The Organization has performed an evaluation of subsequent events through January 30, 2013, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) **Tax Exempt Status**

The Foundation has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. The Association is considered an instrumentality of the State of Colorado, and accordingly, is exempt from income tax. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation under Section 509(a).

The Foundation follows the *Accounting for Uncertainty in Income Taxes* accounting standard, which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended June 30, 2012, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an effect on its tax-exempt status.

The Foundation is no longer subject to U.S. federal and state income tax audits on its Form 990 and related state return by taxing authorities for years prior to 2009. The years subsequent to these years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as it relates to the amount and/or timing of income, deductions, and tax credits. Although, the outcome of tax audits is uncertain, the Foundation believes no issues would arise.

(4) **Concentration Of Credit Risk**

The Organization's cash demand deposits are held at financial institutions at which deposits in interest bearing accounts are insured up to \$250,000 by the FDIC. Deposits in non-interest bearing accounts are fully insured by the FDIC. As of June 30, 2012, the Organization's deposits in accounts had not exceeded the FDIC limit.

The Organization maintains a sweep account which is held in a U.S. Government money market account. As of June 30, 2012, the amounts held in this account was \$1,888,325.

WESTERN GOVERNORS' ASSOCIATION

Notes To Financial Statements (Continued)

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(5) Investments

The following table presents the Organization's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Mutual funds -				
Bond funds	\$ 1,403,077	\$	\$	\$ 1,403,077
Alternative funds	137,956			137,956
	<u>1,541,033</u>			<u>1,541,033</u>
Exchange traded funds -				
Index	362,074			362,074
Commodities	19,400			19,400
	<u>381,474</u>			<u>381,474</u>
Exchange traded notes -				
Government Bonds	95,271			95,271
Total	<u>\$ 2,017,778</u>	<u>\$</u>	<u>\$</u>	<u>\$ 2,017,778</u>

Investment income consisted of the following for the year ended June 30, 2012:

Interest and dividend income	\$ 40,010
Net realized and unrealized gains and losses	(10,645)
Total investment income	<u>\$ 29,365</u>

(6) Property And Equipment

Property and equipment consisted of the following as of June 30, 2012:

Furniture and equipment	\$ 164,292
Leasehold Improvements	30,167
	<u>194,459</u>
Less: accumulated depreciation and amortization	(147,900)
Net property and equipment	<u>\$ 46,559</u>

WESTERN GOVERNORS' ASSOCIATION

Notes To Financial Statements (Continued)

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(7) Deferred Revenues

As of June 30, 2012, deferred revenue consisted of the following:

Membership dues	\$ 144,000
Forest health	315
Climate initiative	352,160
Environment and natural resources	2,532
	<u>\$ 499,007</u>

(9) Temporarily Restricted Net Assets

Temporarily restricted net assets as of June 30, 2012, consist of the following:

Natural Resources	\$ 83,670
Energy Policy	4,469
Time restrictions	46,579
	<u>\$ 134,718</u>

(10) Commitments

Office Leases

During the year ended June 30, 2012, rent expense incurred was \$176,216.

The Organization's Denver office lease terminates on February 28, 2015. In addition, the Organization entered into an office lease in Washington, D.C., which will terminate on January 31, 2014. Base rent payable is adjusted in January of each year by 2% for changes in the CPI escalation amounts, property taxes and operating expenses.

The future minimum lease payments below have not been reduced by annual minimum sublease rentals of \$98,867 due in the future under subleases which may be terminated.

<u>Year Ended June 30,</u>	<u>Amount</u>
2013	\$ 189,249
2014	424,369
2015	242,081
	<u>\$ 855,699</u>

Government Contracts

The Organization has entered into contracts with member states and other contractors to achieve the contract and federal awards program objectives. As of June 30, 2012, these commitments totaled \$6,055,849 of which \$2,352,631 is committed to member states. During the year ended June 30, 2012, contract to member states expense incurred was \$1,725,493.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. In that event, the Organization may be required to refund amounts to the federal government.

(11) Tax-Deferred Annuity Plan

The Organization participates in a tax-deferred annuity plan, pursuant to the Internal Revenue Code section 457(b), covering substantially all of its employees. Participants are allowed to contribute a percentage, as calculated by the annuity provider, of their annual salary. The employer is required to contribute a matching amount of a minimum of 3.75% and a maximum of 5% of the employee's annual salary. During the year ended June 30, 2012, pension expense totaled \$64,165.

WESTERN GOVERNORS' ASSOCIATION

Supplementary Schedule Of Indirect Cost Rate
For The Year Ended June 30, 2012

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	<u>Indirect Expenses</u>
Personnel	\$ 288,599
Fringe benefits	146,103
Consultants	49,557
Rent	130,812
Telephone and internet	37,997
Office supplies	10,380
Equipment - maintenance and repair	6,717
Printing expense	1,516
Postage and shipping	459
Publications and subscriptions	2,666
Travel and meeting expenses	10,812
Insurance	4,401
Depreciation	<u>26,989</u>
Total indirect expenses	<u>\$ 717,008</u>
Direct chargeable hours subject to indirect cost allocation	18,597
Chargeable hours - Headquarters	13,083
Chargeable hours - Satellite offices	5,514
Average overhead rate - Headquarters	\$ 43.17
Average overhead rate - Satellite offices	\$ 27.60

WESTERN GOVERNORS' ASSOCIATION

Supplementary Schedule Of Fringe Benefits Rate
For The Year Ended June 30, 2012

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	<u>Fringe Benefits</u>
Employee HSA benefit	\$ 27,018
Employee bus passes	12,140
Health, life, LTD, and dental insurance	196,425
Payroll taxes	20,701
Employer pension expense	64,165
Vacation expense	90,153
Sick leave expense	21,118
Holiday leave expense	<u>57,225</u>
Total fringe benefit expenses	<u>\$ 488,945</u>
Direct chargeable hours subject to fringe benefits cost allocation	26,379
Average fringe benefits cost per hour	\$ 18.54

WESTERN GOVERNORS' ASSOCIATION

**Supplementary Schedule Of Expenditures Of Federal Awards
For The Year Ended June 30, 2012**

Federal Grantor and Program Title	CFDA Number	Identifying Number	Program Period	Program Award	Subrecipients	Expended
U.S. Department of Energy						
Nuclear Waste, Transport of Hazardous Wastes of WIPP	81.106	DE-EM0001204	07/01/11 06/30/16	\$ 2,073,964	\$ 1,349,216	\$ 1,418,426 *
Western Renewable Energy Zone	81.122	DE-FC26-08NT01788	05/16/08 12/31/12	\$ 1,280,630	\$ 26,167	\$ 77,544 *
Western Regional Transmission Expansion Project - ARRA	81.122	DE-OE00000422	04/30/10 04/29/15	\$ 12,000,000	\$ 1,435,853	\$ 1,696,763 *
						<u>3,192,733</u>
U.S. Environmental Protection Agency						
Western Regional Air Partnership	66.034	XA-96999301	07/01/08 12/31/11	\$ 1,467,328	\$ 37,504	133,597
US-Mexico Border Emissions Inventory	66.034	XA-83455501	07/15/09 09/30/13	\$ 199,955	\$ 17,853	18,086
US-Mexico Border Emissions Inventory - Passthrough from BECC	66.034		10/01/11 12/31/12	\$ 60,000	\$ 36,261	<u>36,451</u>
						<u>188,134</u>
U.S. Department of Agriculture						
Cohesive Strategies	10.661	11-DG-11132543-339	08/17/11 12/31/14	\$ 185,000	\$ -	83,783
Forest Health - Fire Strategies	10.664	10-DG-III132543-236	08/12/10 12/31/14	\$ 900,000	\$ -	<u>333,037 *</u>
						<u>\$ 416,820</u>
U.S. Department of Interior						
Mapping Wildlife Corridors and Crucial Habitat - BLM	15.231	L11AC20352	09/17/11 09/30/16	\$ 95,000	\$ -	38,930
National Park Service	15.000	#H2350105513	09/01/10 06/30/12	\$ 102,818	\$ 15,588	62,929
JFSP Project - BLM	15.232	L11AC20205	07/26/11 03/01/13	\$ 370,000	\$ 130,729	148,706
Westwide Air Quality Modeling Study - BLM	15.236	L11AC20353	09/17/11 09/30/16	\$ 500,000	\$ 95,857	<u>129,084</u>
						<u>379,649</u>
U.S. Department of Commerce						
Pass through University Corp for Atmospheric Research	11.431	NA06OAR4310119	04/22/11 04/30/12	\$ 145,000		92,025
						<u>92,025</u>
						<u>\$ 4,269,361</u>

* Major Program

WESTERN GOVERNORS' ASSOCIATION

Notes To Supplementary Schedule of Expenditures Of Federal Awards
For The Year Ended June 30, 2012

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(1) **Method of Accounting**

The schedule of expenditures of federal awards has been prepared on an accrual basis.

(2) **Subrecipients**

Western Governors' Association provided federal awards to subrecipients under the following programs:

<u>Program Title</u>	<u>CFDA No.</u>	<u>Amount</u>
Nuclear Waste, Transport of Hazardous Wastes of WIPP	81.106	
Arizona Radiation Regulatory Agency		\$ 73,812
California Emergency Management Agency		141,110
State of Colorado, Colorado State Patrol		242,287
State of Idaho -Department of Environmental Quality		261,627
State of Nebraska, Emergency Management Agency		114,245
Nevada Agency for Nuclear Projects		63,877
Oregon Department of Energy		67,468
State of Utah		104,094
State of Washington - Washington State Patrol		71,170
State of Wyoming - Office of Homeland Security		106,528
Jennifer Salisbury		63,895
Western Interstate Energy Board		39,103
		<u>\$1,349,216</u>
Western Renewable Energy Zone	81.122	
Western Interstate Energy Board		\$ 27,387
Western Regional Transmission Expansion Project -ARRA	81.122	
Western Interstate Energy Board		\$ 633,018
Regulatory Assistance Project		31,633
Keyes & Fox		124,152
Orbuch Consulting		53,725
Nature Serve		14,744
University of Wyoming		25,678
Audrey Hatch		7,847
Western States Water Council		48,317
Arizona Game and Fish		14,993
California Game and Fish		51,000
Idaho Department of Fish & Game		73,520
Kansas Department of Wildlife, Parks & Tourism		42,500
Montana Fish, Wildlife & Parks		112,083
Nebraska Games and Parks		30,167
Nevada Department of Wildlife		20,797
Washington Department of Fish and Wildlife		95,289

WESTERN GOVERNORS' ASSOCIATION

Notes To Supplementary Schedule of Expenditures Of Federal Awards
For The Year Ended June 30, 2012

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Program Title	CFDA No.	Amount
Alaska Department of Fish & Game		8,988
University of Idaho		5,735
South Dakota Department of Game, Fish and Parks		41,667
		<u>\$1,435,853</u>
Western Regional Air Partnership	66.034	
Air Science		\$ 26,464
Lee Gribovitz		11,040
		<u>\$ 37,504</u>
U.S.-Mexico Border Emissions Inventory	66.034	
Jose Alberto Cruzado Martinez		\$ 54,114
Forest Health - Fire Strategies	10.664	\$ 37,601
National Park Service	15.000	
Cindy Hubber		\$ 15,588
JFSP Project - BLM	15.232	
Air Sciences, Inc		\$ 102,045
ENVIRON International Corp		28,684
		<u>\$ 130,729</u>
Westwide Air Quality Modeling Study - BLM	15.236	
ENVIRON International Corp		\$ 95,857

**INDEPENDENT AUDITORS' 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***

To the Board of Directors of
Western Governors' Association:

We have audited the financial statements of the Western Governors' Association as of and for the year ended June 30, 2012, and have issued our report thereon dated January 30, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Western Governors' Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Western Governors' Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Western Governors' Association's internal control over financial reporting.

Our consideration on internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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.

Members:

American Institute of Certified Public Accountants • Colorado Society of Certified Public Accountants
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Independent Auditors' Report (Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Western Governors' Association'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.

This report is intended solely for the information and use of the board of directors, management and the U.S. Environmental Protection Agency, U.S. Department of Agriculture, U.S. Department of Interior, U.S. Department of Commerce, U.S. Department of Energy and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JDS Professional Group

January 30, 2013

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Western Governors' Association:

Compliance

We have audited the compliance of Western Governors' Association with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Western Governors' Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Western Governors' Association's management. Our responsibility is to express an opinion on Western Governors' Association'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 financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Governors' Association'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 Western Governors' Association's compliance with those requirements.

In our opinion, Western Governors' Association complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2012.

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Independent Auditor's Report (Continued)

Internal Control Over Compliance

The management of Western Governors' Association is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Western Governors' Association's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Western Governors' Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the audit committee, management, U.S. Department of Energy, U.S. Environmental Protection Agency, U.S. Department of Interior, U.S. Department of Agriculture, U.S. Department of Commerce and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

JDS Professional Group

January 30, 2013

WESTERN GOVERNORS' ASSOCIATION

Schedule Of Findings And Questioned Costs
For The Year Ended June 30, 2012

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report: unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified
that are not considered to be material
weaknesses? yes none reported

Noncompliance material to financial
statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified
that are not considered to be material
weakness(es)? yes none reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133? yes no

WESTERN GOVERNORS' ASSOCIATION

Schedule Of Findings And Questioned Costs (Continued)
For The Year Ended June 30, 2012

Identification of major programs:

<u>CFDA No.</u>	<u>Name of Federal Program</u>
81.122	Western Renewable Energy Zone
81.122	Western Regional Transmission Expansion Project - ARRA
81.106	Nuclear Waste, Transport of Hazardous Wastes of WIPP
10.664	Forest Health - Fire Strategies

Dollar threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings And Questioned Costs

None

WESTERN GOVERNORS' ASSOCIATION

Summary Schedule of Prior Audit Findings
For The Year Ended June 30, 2012

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None.