

Washington State Auditor's Office

Audit Report

**Public Utility District No. 1 of Asotin
County**

Audit Period

January 1, 1999 through December 31, 1999

Report No. 61810

Issue Date
December 8, 2000



Washington _____
State Auditor
_____ Brian Sonntag

Audit Summary

Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

ABOUT THE AUDIT

This report contains the results of our annual independent audit of Public Utility District No. 1 of Asotin County for the period January 1, 1999, through December 31, 1999.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our work focused on specific areas that have potential for abuse or misuse of public resources.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. The District generally had sufficient internal controls in place to safeguard assets. The District's financial statements are complete and accurate.

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January 1, 1999 through December 31, 1999**

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Description of the District

Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

ABOUT THE DISTRICT

Public Utility District No. 1 of Asotin County was formed in 1985 and is the exclusive distributor of residential, commercial, and fire hydrant water service to approximately 6,600 customers in Asotin County. It is administered by a Commissioner form of government. There are three elected Commissioners and an appointed General Manager. The District operates on a \$2.6 million annual budget and has 14 employees.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

President	Marvin Entze
Vice President	Judy Ridge
Secretary	Gary Hicks

Note: President Marvin Entze passed away on June 16, 2000. At this time, Judy Ridge assumed the responsibilities of President. On August 22nd, K. David Hagen was sworn in as Interim Commissioner to serve until a new commissioner was elected in the next general election.

APPOINTED OFFICIALS

General Manager	Tim Simpson
Attorney	Scott Broyles

ADDRESS

District	1500 Scenic Way P.O. Box 605 Clarkston, WA 99403 (509) 758-1010
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Audit Areas Examined

Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

In keeping with general auditing practices, we do not examine every portion of Public Utility District No. 1 of Asotin County's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Open Public Meetings Act
- Budgeting requirements
- Conflict of interest
- Debt limit requirements
- Bid law requirements
- Monitoring contracts and agreements
- Travel reimbursements
- Legal and supported payments

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Utility billing and receipting
- Disbursements
- General ledger and journal entries
- Payroll
- Safeguarding of fixed assets

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Property and equipment
- Expenditures
- Overall presentation of the financial statements
- Cash and investments
- Long-term debt
- Revenues

Audit Overview

Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

AUDIT HISTORY

We audit Public Utility District No. 1 of Asotin County annually. No findings have been issued in recent audits. This reflects the District's commitment to maintain strong financial and compliance systems.

CONCLUSIONS

In the areas examined, we found the District complied with state laws and regulations and its own policies and procedures. We also found that the District's financial statements were accurate and complete.

During the audit, we spent a significant amount of time looking at policies, procedures and controls over utility billing and customer payments. We found that the District has strong controls in place to safeguard these public funds. We also noted that the District operates efficiently and effectively in providing utility services to the customers it serves.

We thank District officials and personnel for their assistance and cooperation during the audit.

Independent Auditor's Report on Compliance with State Laws and Regulations

Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

Board of Commissioners
Public Utility District No. 1 of Asotin County
Clarkston, Washington

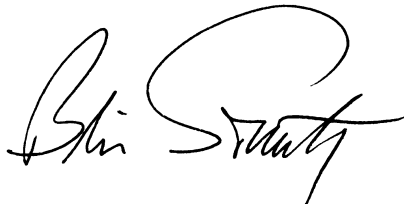
We have audited the general purpose financial statements of Public Utility District No. 1 of Asotin County, Washington, as of and for the year ended December 31, 1999, and have issued our report thereon dated October 24, 2000.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the District's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the District complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Commissioners and to meet our statutory reporting obligations. 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.



BRIAN SONNTAG, CGFM
STATE AUDITOR

October 24, 2000

Independent Auditor's Report on Financial Statements

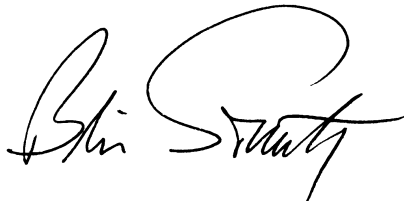
Public Utility District No. 1 of Asotin County January 1, 1999 through December 31, 1999

Board of Commissioners
Public Utility District No. 1 of Asotin County
Clarkston, Washington

We have audited the accompanying general purpose financial statements of Public Utility District No. 1 of Asotin County, Washington, as of and for the year ended December 31, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Utility District No. 1 of Asotin County, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended, in conformity with generally accepted accounting principles.



BRIAN SONNTAG, CGFM
STATE AUDITOR

October 24, 2000

General Purpose Financial Statements

**Public Utility District No. 1 of Asotin County
January 1, 1999 through December 31, 1999**

GENERAL PURPOSE FINANCIAL STATEMENTS

Balance Sheet – 1999

Statement of Revenues, Expenses and Changes in Fund Equity – 1999

Statement of Cash Flows – 1999

Notes to the Financial Statements – 1999