

Washington State Auditor's Office
Accountability Audit Report

Highland Water District
Snohomish County

Audit Period
January 1, 2000 through December 31, 2001

Report No. 63830

Issue Date
September 20, 2002



Washington _____
State Auditor
_____ Brian Sonntag

Audit Summary

Highland Water District Snohomish County January 1, 2000 through December 31, 2001

ABOUT THE AUDIT

This report contains the results of our independent audit of the Highland Water District for the period January 1, 2000, through December 31, 2001.

In keeping with general auditing practices, we did not examine every portion of the District's financial activities during the audit. The areas examined represented the highest risk of noncompliance, misappropriation or misuse. We performed audit procedures to determine whether the District complied with applicable state laws and regulations and its own policies and procedures. Specifically, we reviewed the District's compliance with the Open Public Meetings Act, requests for public records, bid laws, insurance and bonding. We also reviewed the completeness of the District's revenue collections and the overall legality of the District's expenditures and evaluated the District's internal controls over revenue collections, vendor payments, payroll disbursements and equipment.

RESULTS

In the areas reviewed, the District complied with state laws and regulations and its own policies and procedures. We did not identify conditions significant enough to report as findings.

RELATED REPORTS

Our opinion on the District's financial statements and compliance with federal requirements is provided in a separate report, which includes the District's financial statements.

CLOSING REMARKS

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

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Description of the District

Highland Water District Snohomish County January 1, 2000 through December 31, 2001

ABOUT THE DISTRICT

The Highland Water District was formed April 1, 1998. The District provides water services to 998 customers located in approximately 16 miles of unincorporated Snohomish County, between Monroe and Sultan. The District has three employees and generated \$461,000 in revenue in 2001. The District purchases its water from the City of Everett. Three Commissioners, elected to six-year terms, govern the District.

AUDIT HISTORY

We audit the District once every two years. This is its second audit. There have been no findings. Our audit recommendations have been positively acknowledged by the District.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:	Norman O. Burslem
	Ronald J. Olson
	Brian D. Welander

APPOINTED OFFICIALS

Manager	Bob Shonka
Attorney	Stan Stone

ADDRESS

District	24602 Old Owen Road
	P.O. Box 158
	Monroe, WA 98272

Audit Areas Examined

Highland Water District Snohomish County January 1, 2000 through December 31, 2001

In keeping with general auditing practices, we do not examine every portion of the Highland Water District'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:

ACCOUNTABILITY FOR PUBLIC ASSETS

We evaluated the District's accountability in the following areas:

- Cash receipting
- Disbursements/warrants
- Billings and accounts receivable
- Payroll
- General ledger

LEGAL COMPLIANCE

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

- Competitive bidding
- Commissioner's compensation
- Commissioner expenses
- Open Public Meetings Act
- Ethics/conflict of interest laws

FEDERAL PROGRAMS

We evaluated internal controls and tested compliance with federal requirements, as applicable, for the District's major federal program, which is listed in the Federal Summary section of the financial statement and federal single audit report.

FINANCIAL AREAS

Our opinion on the District's financial statements is provided in a separate report. This report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Accounts receivable
- Overall presentation of the financial statements
- Revenue
- Long-term debt
- Payroll
- Expenses