

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Highland Water District**  
**Snohomish County**

Audit Period  
January 1, 2002 through December 31, 2003

Report No. 67195

Issue Date  
**September 3, 2004**



Washington \_\_\_\_\_  
***State Auditor***  
\_\_\_\_\_ Brian Sonntag



# **Audit Summary**

## **Highland Water District Snohomish County January 1, 2002 through December 31, 2003**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Highland Water District for the period January 1, 2002, through December 31, 2003.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. Our work focused on specific areas that have potential for abuse and misuse of public resources.

### ***RESULTS***

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

### ***RELATED REPORTS***

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements. The District complied with the federal requirements for loans received from the U.S. Department of Agriculture.

### ***CLOSING REMARKS***

We appreciate the District's prompt attention to resolving prior audit issues and its commitment to ensuring compliance with conditions reported this audit. We thank District officials and personnel for their assistance and cooperation during the audit.

**Table of Contents**

**Highland Water District  
Snohomish County  
January 1, 2002 through December 31, 2003**

Description of the District..... 1  
Audit Areas Examined ..... 2

# Description of the District

Highland Water District  
Snohomish County  
January 1, 2002 through December 31, 2003

## **ABOUT THE DISTRICT**

Highland Water District was formed April 1, 1998. The District provides water services to 1,017 customers located in approximately 16 miles of unincorporated Snohomish County, between Monroe and Sultan. The District has three employees and generated \$513,429 in operating revenue in 2003. The District purchases 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 third audit. We have reported 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 (resigned March 1,  
2002)  
David Somers (effective March 14, 2002)

## **APPOINTED OFFICIALS**

Manager  
Attorney

Bob Shonka  
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, 2002 through December 31, 2003**

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 RESOURCES**

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

- Cash receipting and revenues
- Accounts receivable
- Fixed assets
- Purchase of goods and services
- Financial statement preparation and journal entries

### **LEGAL COMPLIANCE**

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

- Deposit and investment of public funds
- Risk management
- Ethics/conflict of interest laws
- Competitive bidding requirements
- Open Public Meetings Act
- Allowable expenditures

### **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 single audit report.

### **FINANCIAL AREAS**

Our opinion on the District's financial statements is provided in a separate report. That 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
- Revenues
- Expenditures
- Long-term debt
- Overall presentation of the financial statements