

Washington State Auditor's Office
Report on Financial Statements Audit

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

Audit Period
January 1, 2003 through December 31, 2003

Report No. 66860

Issue Date
June 4, 2004



Washington _____
State Auditor
_____ Brian Sonntag



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June 4, 2004

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

Report on Financial Statements

Please find attached our report on the Public Utility District No. 1 of Asotin County's financial statements.

We are issuing this report now in order to provide information on the District's financial condition.

In addition to this work, we look at other areas of our audit clients' operations for compliance with state laws and regulations. The results of that review will be included in our regular audit report, which will be issued separately.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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January 1, 2003 through December 31, 2003**

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Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

Public Utility District No. 1 of Asotin County January 1, 2003 through December 31, 2003

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

We have audited the financial statements of the business-type activities of Public Utility District No. 1 of Asotin County, Washington, as of and for the year ended December 31, 2003, and have issued our report thereon dated April 22, 2004. We conducted our audit in accordance with governmental auditing standards generally accepted in the United States of America, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Board of Commissioners. However, 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.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with the first name "Brian" and last name "Sonntag" clearly distinguishable.

BRIAN SONNTAG, CGFM
STATE AUDITOR

April 22, 2004

Independent Auditor's Report on Financial Statements

Public Utility District No. 1 of Asotin County January 1, 2003 through December 31, 2003

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

We have audited the accompanying financial statements of the business-type activities of Public Utility District No. 1 of Asotin County, Washington, as of and for the year ended December 31, 2003, as listed on page 4. 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 financial audit in accordance with governmental auditing standards generally accepted in the United States of America, issued by the Comptroller General of the United States. 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 the business-type activities of Public Utility District No. 1 of Asotin County, as of December 31, 2003, and the changes in financial position and cash flows, where applicable, thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards* in the United States of America, we will issue our report on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



BRIAN SONNTAG, CGFM
STATE AUDITOR

April 22, 2004

Financial Statements

**Public Utility District No. 1 of Asotin County
January 1, 2003 through December 31, 2003**

FINANCIAL STATEMENTS

Statement of Net Assets – 2003

Statement of Revenues, Expenses, and Changes in Fund Equity – 2003

Statement of Cash Flows – 2003

Notes to the Financial Statements – 2003