

Washington State Auditor's Office
Accountability Audit Report

Mukilteo Water District
Snohomish County

Report Date
December 9, 2008

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WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

February 9, 2009

Board of Commissioners
Mukilteo Water District
Mukilteo, Washington

Report on Accountability

Please find attached our report on the Mukilteo Water District's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Snohomish County
December 9, 2008**

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Audit Summary

Mukilteo Water District Snohomish County December 9, 2008

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the Mukilteo Water District.

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

Areas examined during the audit were selected using financial transactions from January 1, 2007, through December 31, 2007.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

RELATED REPORTS

Our opinion on the District's financial statements 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.

Description of the District

Mukilteo Water District Snohomish County December 9, 2008

ABOUT THE DISTRICT

The Mukilteo Water District and Olympus Terrace Sewer District merged on November 27, 2007. The merged districts changed the entity's name to Mukilteo Water and Wastewater District in 2008. The new District operates in Snohomish County and is governed by a six-member Board of Commissioners, three from each of the separate districts. The District has 24 employees who provide water and wastewater services to 10,800 customers. For fiscal year 2007, the District's operating expenses were \$7,740,763.

AUDIT HISTORY

This is our first audit of the merged districts. Audits are planned to be conducted ever two years.

ELECTED OFFICIALS

These officials served during the audit period:

Board of Commissioners:

Ed Caine
Bill Allison
Mike Johnson
Thomas Rainville
Richard Andrews
Thomas Mcgrath

APPOINTED OFFICIALS

General Manager
Finance Manager

Daniel Hammer
Sue Parks

ADDRESS

District

7824 Mukilteo Speedway
P.O. Box 260
Mukilteo, WA 98275-0260
(425) 355-3355

Audit Areas Examined

Mukilteo Water District Snohomish County December 9, 2008

In keeping with general auditing practices, we do not examine every portion of the Mukilteo 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

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

- Merger activities
- Inter-local agreements
- Bid compliance

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
- Expenses
- Financial condition
- Long-term debt
- Capital assets
- Overall presentation of the financial statements
- Financial statement preparation



ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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