

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58171

Klickitat County Port District No. 1

Klickitat County, Washington

January 1, 1993 Through December 31, 1995

Issue Date: April 25, 1997

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Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

**Independent Auditor's Report On Compliance With Laws And Regulations
At The Financial Statement Level (Plus Additional State Compliance
Requirements Per RCW 43.09.260)**

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements, as listed in the table of contents, of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, 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 misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Klickitat County Port District No. 1 is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional 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. Our responsibility is to examine, on a test basis, evidence about the district's compliance with those requirements and 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 opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

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

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

January 3, 1997

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

Independent Auditor's Report On Internal Control Structure
At The Financial Statement Level

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* 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 misstatement.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the district, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A material weakness is a reportable condition in which the

design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure and its operations that we consider to be material weaknesses as defined above.

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

January 3, 1997

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

Independent Auditor's Report On Financial Statements

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the Schedule of Cash Activity, Schedule of Investments, and Schedule of Long-Term Debt, of the various funds of Klickitat County Port District No. 1, Klickitat County, Washington, for the fiscal years ended December 31, 1995, 1994, and 1993. 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.

As described in Note 2 to the financial statements, Klickitat County prepares financial statements on behalf of the district on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

A substantial portion of the revenues of the district consists of locally collected charges and fees. It was not practicable to satisfy ourselves with respect to these revenues beyond the amounts recorded by the county as received.

In our opinion, except for the effect, if any, of the matters discussed in the preceding paragraph, and except that omitted disclosures might influence a user's conclusions about the district's transactions, the accompanying financial statements present fairly the cash and investment transactions and the long-term bonded indebtedness of the funds of Klickitat County Port District No. 1 for the fiscal years ended December 31, 1995, 1994, and 1993, on the prescribed basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 3, 1997, on our consideration of the district's internal control structure and a report dated January 3, 1997, on its compliance with laws and regulations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 3, 1997

Klickitat County Port District No. 1
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1995

OPERATION OF CASH-IN						
Fund No.	Description	Beginning Balance	Receipts	Investments Liquidated	Transfers In	Total Available
680-001	Port District No. 1 - Gen.	\$ 8,141.32	\$ 587,108.50	\$686,000.00	\$45,788.02	\$1,327,037.84
680-006	Dallesport 1970 Revenue Bd.	12,540.00	1,138,065.45	-	-	1,159,605.45
680-012	1994 Bond Account	-	-	31,000.00	69,987.50	100,987.50

OPERATION OF CASH-OUT					
Fund No.	Investments Acquired	Other Transfers	Disbursements	Total Used	Ending Balance
680-001	\$766,300.00	\$69,987.50	\$489,371.26	\$1,325,658.76	\$ 1,379.08
680-006	-	-	967,620.00	967,620.00	182,985.45
680-012	62,000.00	-	38,987.50	100,987.50	-

Klickitat County Port District No. 1
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1994

OPERATION OF CASH-IN						
Fund No.	Description	Beginning Balance	Receipts	Investments Liquidated	Transfers In	Total Available
680-001	Port District No. 1 - Gen.	\$16,201.92	\$794,194.30	\$ -	\$45,496.44	\$855,892.66
680-006	Dallesport 1970 Revenue Bd.	11,400.00	76,000.00	-	-	87,400.00
680-002	1983 Bond Account	-	671.55	29,897.00	29,897.00	60,465.55
680-012	1994 Revenue Bond Res. Acct.	-	17.62	1,103.00	1,103.00	2,223.62

OPERATION OF CASH-OUT					
Fund No.	Investments Acquired	Other Transfers	Disbursements	Total Used	Ending Balance
680-001	\$ -	\$31,000.00	\$816,751.34	\$847,751.34	\$ 8,141.32
680-006	-	-	74,860.00	74,860.00	12,540.00
680-002	29,897.00	-	30,568.55	60,465.55	-
680-012	1,103.00	-	1,120.62	2,223.62	-

KLICKITAT COUNTY PORT DISTRICT NO. 1
Schedule Of Cash Activity
For The Fiscal Year Ended December 31, 1993

OPERATION OF CASH-IN						
Fund No.	Description	Beginning Balance	Receipts	Investments Liquidated	Transfers In	Total Available
652-010	Port District No. 1 - Gen.	\$18,620.65	\$431,755.82	\$ -	\$36,488.36	\$486,864.83
652-020	Dallesport 1970 Revenue Bd.	10,070.00	76,000.00	-	-	86,070.00
652-030	1983 Rev. Bond Account	-	-	18,500.00	-	18,500.00

OPERATION OF CASH-OUT					
Fund No.	Investments Acquired	Other Transfers	Disbursements	Total Used	Ending Balance
652-010	\$ -	\$930.37	\$469,712.54	\$470,662.91	\$16,201.92
652-020	-	-	74,670.00	74,670.00	11,400.00
652-030	-	-	18,500.00	18,500.00	-

KLICKITAT COUNTY PORT DISTRICT NO. 1
Schedule Of Investments
For The Fiscal Year Ended December 31, 1995

Fund No.	Description	Beginning Investment Bal 1/1/95	Investments (At Cost)		Ending Investment Bal 12/31/95
			Acquired	Liquidated	
680-001	Port District No. 1	\$ -	\$766,300.00	\$686,000.00	\$80,300.00
680-012	1994 Bond Account	-	62,000.00	31,000.00	31,000.00

Klickitat County Port District No. 1
Schedule Of Investments
For The Fiscal Year Ended December 31, 1994

Fund No.	Description	Beginning Investment Bal 1/1/94	Investments (At Cost)		Ending Investment Bal 12/31/94
			Acquired	Liquidated	
680-001	Port 1983 Bond	\$ -	\$29,897.00	\$29,897.00	\$ -
680-012	Port 1994 Rev. Bond Res.	-	1,103.00	1,103.00	-

KLICKITAT COUNTY PORT DISTRICT NO. 1
Schedule Of Investments
For The Fiscal Year Ended December 31, 1993

Fund No.	Description	Beginning Investment Bal 1/1/93	Investments (At Cost)		Ending Investment Bal 12/31/95
			Acquired	Liquidated	
680-001	Port 1983 Rev. Bond Res.	\$18,500.00	\$ -	\$18,500.00	\$ -

Klickitat County Port District No. 1
Schedule Of Long-Term Debt
Debt Of Special Purpose Districts
For The Fiscal Year Ended December 31, 1995

I.D. No. And Class Description	Date of Issue	Date of Final Maturity	Interest Rate(s)	Amount Originally Issued	Beginning Outstanding Debt	Amount Redeemed This Period	Ending Outstanding Debt
Port 1994 Rev. Bond	10/01/92	10/01/04	Var.	\$1,000,000	\$ 280,000	\$ 25,000	\$255,000
Dallesport Proj. Rev. Bd.	7/01/70	1/01/95		-	1,000,000	930,000	70,000

KLICKITAT COUNTY PORT DISTRICT NO. 1
Schedule Of Long-Term Debt
Debt Of Special Purpose Districts
For The Fiscal Year Ended December 31, 1994

I.D. No. And Class Description	Date of Issue	Date of Final Maturity	Interest Rate(s)	Amount Originally Issued	Beginning Outstanding Debt	Amount Issued	Amount Redeemed This Period	Ending Outstanding Debt
Port 1983 Rev. Bond	10/01/83	10/01/03	Var.	\$385,000	\$285,000	\$ -	\$285,000	\$ -
Port 1994 Rev. Bond	10/01/94	10/01/03	Var.	-	-	310,000	30,000	280,000

Klickitat County Port District No. 1
Schedule Of Long-Term Debt
Debt Of Special Purpose Districts
For The Fiscal Year Ended December 31, 1993

I.D. No. And Class Description	Date of Issue	Date of Final Maturity	Interest Rate(s)	Amount Originally Issued	Beginning Outstanding Debt	Amount Redeemed This Period	Ending Outstanding Debt
Dallesport 1970 Rev. Bond	7/01/70	1/01/07	7.60%	\$1,000,000	\$1,000,000	\$ -	\$1,000,000
Port 1983 Rev. Bd.	10/01/83	10/01/03	Var.	385,000	300,000	15,000	285,000

KLICKITAT COUNTY PORT DISTRICT NO. 1
Notes To Financial Statements
January 1, 1993 Through December 31, 1995

Note 1 - Summary Of Significant Accounting Policies

Klickitat County Port District No. 1 (Port of Klickitat) was incorporated November 1945 and operates under the laws of the state of Washington applicable to a port district.

- a. The Port of Klickitat is a special purpose government and provides a marina and industrial park to the general public and is supported primarily through tenant leases and taxes.
- b. Basis of accounting and presentation - The district's accounts are organized on the basis of funds established by the county, each of which is considered a separate accounting entity. The accounting records for the district are maintained by the Klickitat County Treasurer and Auditor in accordance with methods prescribed by the State Auditor under the authority of Washington State law, Chapter 43.09 RCW. The county uses the accounting methods prescribed in the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor. The county is only required to report on cash, investments, and long-term bonded debt for the district which are reported upon in this audit. Those statements do not give effect to assets, other than cash and investments, liabilities, revenues or expenditures. Accordingly, the statements do not and are not intended to present financial information in accordance with generally accepted accounting principles.

Note 2 - Intergovernmental Grants And Entitlements

The accompanying Schedule of Federal Financial Assistance provides a listing of all federal and state (interlocal) assistance programs in which the Port of Klickitat participates and summarizes the Port of Klickitat's grant transactions.

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

Independent Auditor's Report On Supplementary Information
Schedule Of Federal Financial Assistance

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997. 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 and *Government Auditing Standards*, 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 misstatement. 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.

Our audit was made for the purpose of forming an opinion on the financial statements of Klickitat County Port District No. 1 taken as a whole. The accompanying Schedules of Federal Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. The information in the schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

BRIAN SONNTAG, CGFM
STATE AUDITOR

January 3, 1997

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

**Independent Auditor's Report On Compliance With The General Requirements
Applicable To Federal Financial Assistance Programs**

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997.

We have applied procedures to test the district's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedules of Federal Financial Assistance, for the fiscal years ended December 31, 1995, 1994, and 1993:

- Political activity
- Davis-Bacon Act
- Civil rights
- Federal financial reports
- Allowable costs/cost principles
- Drug-Free Workplace Act

The following requirements were determined to be not applicable to its federal financial assistance programs:

- Cash management
- Relocation assistance and real property acquisition
- Administrative requirements, including subrecipient monitoring

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. 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 requirements.

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

January 3, 1997

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

Independent Auditor's Report On Compliance With Specific Requirements
Applicable To Major Federal Financial Assistance Programs

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997.

We also have audited the district's compliance with the requirements applicable to its major federal financial assistance programs, which are identified in the accompanying Schedules of Federal Financial Assistance, for the fiscal years ended December 31, 1995, 1994, and 1993. Those requirements include:

- types of services allowed or unallowed
- matching, level of effort, or earmarking
- claims for advances and reimbursements
- amounts claimed or used for matching

The management of the district is responsible for the district's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the district's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Klickitat County Port District No. 1 complied, in all material respects, with the requirements referred to in the second paragraph of this report that are applicable to its major federal financial assistance programs for the fiscal years ended December 31, 1995, 1994, and 1993.

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

January 3, 1997

Klickitat County Port District No. 1
Klickitat County, Washington
January 1, 1993 Through December 31, 1995

**Independent Auditor's Report On Internal Control Structure Used In
Administering Federal Financial Assistance Programs**

Board of Commissioners
Klickitat County Port District No. 1
Bingen, Washington

We have audited the financial statements of Klickitat County Port District No. 1, Klickitat County, Washington, as of and for the fiscal years ended December 31, 1995, 1994, and 1993, and have issued our report thereon dated January 3, 1997. We have also audited their compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 3, 1997.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the district complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit, we considered the district's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance with requirements applicable to major federal assistance programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated January 3, 1997.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting.

- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Cash receipts
 - Cash disbursements
 - Purchasing and receiving
- **General Requirements**
 - Political activity
 - Davis-Bacon Act
 - Civil rights
 - Federal financial reports
 - Allowable costs/cost principles
 - Drug-Free Workplace Act
- **Specific Requirements**
 - Types of services
 - Matching, level of effort, earmarking
- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
 - Receivables
 - Accounts payable
 - Payroll
 - Inventory control
 - Property, plant, and equipment
 - General ledger
- **General Requirements**
 - Cash management
 - Relocation assistance and real property acquisition
 - Administrative requirements, including subrecipient monitoring
- **Specific Requirements**

Eligibility
Reporting
Special requirements

During the fiscal year ended December 31, 1994, the district expended 66 percent of its total federal financial assistance under its major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the district's major federal financial assistance program, which is identified in the accompanying Schedules of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program 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 the internal control structure and its operation that we consider to be material weaknesses.

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

January 3, 1997