

**Washington State Auditor's Office**

**Audit Report**

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**Washington Counties Risk Pool**

**Audit Period**

**October 1, 1999 through September 30, 2000**

**Report No. 61951**

Issue Date  
**February 9, 2001**



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

# Audit Summary

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

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

This report contains the results of our annual independent audit of the Washington Counties Risk Pool for the period October 1, 1999, through September 30, 2000.

We performed audit procedures to determine whether the Pool complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated internal controls established by Pool management. Our work focused on areas that have a potential risk for abuse or misuse of public resources.

### ***RESULTS***

The Pool complied with state laws and regulations and its own policies and procedures in the areas we examined. Its financial statements were complete and accurate.

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October 1, 1999 through September 30, 2000**

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# Description of the Pool

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

### **ABOUT THE POOL**

The Washington Counties Risk Pool was formed by an interlocal agreement to provide 24 member counties with comprehensive and economical insurance coverage and risk management assistance. An Executive Director, who reports to a nine-member Executive Committee, administers day-to-day operations. Executive Committee Members are elected to staggered, three-year terms. The Pool operates on a \$941,000 annual budget and has 10 employees.

### **ELECTED OFFICIALS**

These officials served during the audit period:

Executive Committee:

President

Secretary-Treasurer

R. S. Zirkle

Si A. Stephens

Marilyn Breckel

Mary Jo Cady

David Goldsmith

Leon Long

Steve M. Lowe

Mike Shelton

Melina Wenner

### **APPOINTED OFFICIALS**

Executive Director

John Crawford

### **ADDRESS**

Pool

205 Clark Place Southeast

Tumwater, WA 98501

(360) 586-7447

# Audit Areas Examined

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

In keeping with general auditing practices, we do not examine every portion of the Washington Counties Risk Pool'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 Pool were examined during this audit period:

### **LEGAL COMPLIANCE**

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

- Insurance and bonding requirements
- Ethics/conflict of interest laws and policies
- Open Public Meetings Act
- Safeguarding of equipment
- Bidding of equipment
- Authorized travel expenditures
- Cash handling procedures
- Deposit and investment of public funds
- Seminar fees cash handling procedures

### **INTERNAL CONTROL**

We evaluated the following areas of the Pool's internal control structure:

- Cash and investments
- Expenditures
- Payroll
- Assessment billing/receipting
- Cash disbursements/checks

### **FINANCIAL AREAS**

In addition to the financial-related work listed in other categories, we audited the following areas:

- Overall presentation of the financial statements
- Reserve for insurance claims
- Reinsurance premiums
- Member assessment receivable
- Expenditures including payroll and travel
- Cash and investments
- Member assessment revenues
- Retro assessment premium receivable

# Audit Overview

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

### **AUDIT HISTORY**

We audit the Washington Counties Risk Pool annually. Management has been responsive to prior audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of our audit. Because of its assertive style of problem solving, the Pool has had no findings since its inception in 1988.

### **CONCLUSIONS**

We found the Pool complied with state laws and regulations and its own policies and procedures. We also found the Pool's financial statements were complete and accurate.

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

# Independent Auditor's Report on Compliance with State Laws and Regulations

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

Board of Directors  
Washington Counties Risk Pool  
Tumwater, Washington

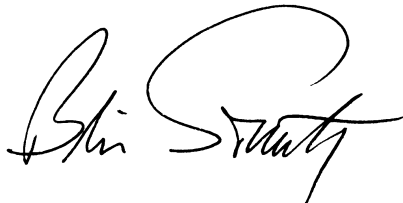
We have audited the financial statements of the Washington Counties Risk Pool, as of and for the years ended September 30, 2000 and 1999, and have issued our report thereon dated January 4, 2001.

We also performed 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 Pool 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.

Compliance with these requirements is the responsibility of the Pool's management. Our responsibility is 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 Pool and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the Pool complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Pool had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the Board of Directors 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 4, 2001

# Independent Auditor's Report on Financial Statements and Supplementary Information

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

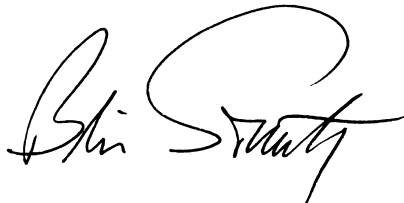
Board of Directors  
Washington Counties Risk Pool  
Tumwater, Washington

We have audited the accompanying financial statements of the Washington Counties Risk Pool, as of and for the years ended September 30, 2000 and 1999. These financial statements are the responsibility of the Pool'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington Counties Risk Pool, as of September 30, 2000 and 1999, and the results of its operations and the cash flows for the years then ended, in conformity with generally accepted accounting principles.

In our opinion, the amounts set forth in the required supplementary information for each of the years reported in the Claims Development Information, is fairly stated in all material respects, in relation to the financial statements from which it was derived. We have previously audited, in accordance with generally accepted auditing standards, the financial statements as of and for the years ended September 30, 1991-1999 (none of which are presented herein). We expressed unqualified opinion on those financial statements.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

January 4, 2001

# Financial Statements

## Washington Counties Risk Pool October 1, 1999 through September 30, 2000

### ***FINANCIAL STATEMENTS***

Balance Sheet – 2000 and 1999

Statement of Revenues, Expenses and Changes in Members' Retained Earnings – 2000 and 1999

Statement of Cash Flows – 2000 and 1999

Notes to Financial Statements – 2000

### ***SUPPLEMENTARY INFORMATION***

Ten-Year Claims Development Information – 1991-2000