

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

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**Snohomish County Startup Water  
District**

Report Date  
**October 16, 2013**

**Report No. 1010703**

Issue Date  
**November 12, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

November 12, 2013

Board of Commissioners  
Snohomish County Startup Water District  
Startup, Washington

***Report on Accountability***

We appreciate the opportunity to work in cooperation with your District to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the Snohomish County Startup Water District's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

**TROY KELLEY**  
STATE AUDITOR

**Table of Contents**

**Snohomish County Startup Water District  
October 16, 2013**

Audit Summary ..... 1

Related Reports ..... 2

Description of the District ..... 3

Status of Prior Audit Findings..... 4

# **Audit Summary**

## **Snohomish County Startup Water District October 16, 2013**

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

This report contains the results of our independent accountability audit of the Snohomish County Startup Water District from January 1, 2010 through December 31, 2012.

We evaluated internal controls and performed audit procedures on the activities of the District. We also determined whether the District complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Utility billing and receipting
- Financial condition
- Conflict of interest/ethics laws
- Open Public Meetings Act

### ***RESULTS***

In the areas we examined, the District's internal controls were adequate to safeguard public assets. The District also complied with state laws and regulations and its own policies and procedures in the areas we examined.

## **Related Reports**

**Snohomish County Startup Water District  
October 16, 2013**

### ***FINANCIAL***

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements.

# Description of the District

## Snohomish County Startup Water District October 16, 2013

### ***ABOUT THE DISTRICT***

The Snohomish County Startup Water District serves an unincorporated area of east Snohomish County. The District supplies water from two wells to approximately 259 hookups. The District has one part-time employee who handles accounting activities. The District contracts out meter readings.

A Board of three Commissioners, elected to six-year terms, governs the District. Operating revenue totaled \$177,244, \$190,453 and \$248,614 in 2010, 2011 and 2012, respectively. Operating expenses were \$176,146, \$166,900 and \$119,336 in 2010, 2011 and 2012, respectively.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Board of Commissioners:

Glen Eaton (through May 2010)  
Karen Eaton (through May 2010)  
Kate Roesler  
Brad Cone (beginning May 2010)  
Renette Villella (beginning May 2010)

### ***APPOINTED OFFICIALS***

Operations Manager  
Office Manager

Ken Lindgren (through August 2013)  
Karen Eaton (through August 2010)  
Nick Sanders (beginning July 2010)

### ***DISTRICT CONTACT INFORMATION***

Address: Snohomish County Startup Water District  
P.O. Box 114  
Startup, WA 98293

Phone: (360) 793-1833

Website: [www.startupwaterdistrict.com](http://www.startupwaterdistrict.com)

## **AUDIT HISTORY**

We perform an accountability audit at the District every three years. The past two audits reported two findings regarding conflict of interest and financial condition. These issues have been resolved.

We also perform a financial and federal audit of the District when required. Due to the large amount of grant money received in 2009, the District was required to have a federal single audit for 2009 and 2010, as well as annual financial statement audits beginning in 2009. The 2009 audit reported two findings regarding compliance with federal period of availability requirements and internal controls over financial reporting. These issues have been resolved.

# **Status of Prior Audit Findings**

## **Snohomish County Startup Water District October 16, 2013**

The status of findings contained in the prior years' audit reports of the Snohomish County Startup Water District is provided below:

**1. Startup Water District did not comply with conflict of interest laws.**

Report No. 1003847, dated April 6, 2010

### **Background**

Two of the Commissioners are married to each other. One is the Board President and the other is the Board Secretary. On March 1, 2008, during a Board meeting, the Board President made a motion to make his wife the permanent District Secretary effective March 1, 2008, at a salary of \$1,000 per month. During a Board meeting on April 2, 2009, the secretary, acting in her role as a Board Member, made a motion to raise her pay from \$1,000 to \$1,500 per month starting in March 2009. Both of these Commissioners voted to approve these motions.

We found no contract between the secretary and the District defining the pay or the duties of the position. We also found the secretary is charging the District a \$104 commissioner stipend to meet with the State Auditor's Office employees, in addition to collecting her monthly salary as District Secretary.

### **Status**

The two Commissioners noted in the finding resigned from their positions in May 2010. This finding has been resolved.





## **ABOUT THE STATE AUDITOR'S OFFICE**

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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 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 employees are located around the state to deliver services effectively and efficiently.

Our 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. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

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**Deputy Director of Communications**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

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