



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Cross Valley Water District

For the period January 1, 2017 through December 31, 2018

Published February 24, 2020

Report No. 1025761





**Office of the Washington State Auditor
Pat McCarthy**

February 24, 2020

Board of Commissioners
Cross Valley Water District
Snohomish, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Results.....	4
Related Reports.....	5
Information about the District.....	6
About the State Auditor's Office.....	7

AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Cross Valley Water District from January 1, 2017 through December 31, 2018.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the years ended December 31, 2018 and 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts receivable and cash receipting – customer utility payments
- Accounts payable – electronic funds transfers and procurement cards
- Tracking and monitoring theft sensitive assets, such as computers, tools, and equipment
- Self-insurance for unemployment compensation
- Financial condition and fiscal sustainability
- IT systems and data – data conversion and user access

RELATED REPORTS

Financial

A financial statement audit was performed by a firm of certified public accountants. That firm's report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

INFORMATION ABOUT THE DISTRICT

The Cross Valley Water District, located in Snohomish County, was incorporated in 1990 and previously operated as a private water association. The District serves approximately 6,763 water customers and 108 sewer customers. In 2017 and 2018, the District spent \$5,478,986 and \$5,556,613, respectively, to operate its water and sewer system. The District uses wells that are fed by groundwater aquifers to provide water to the majority of its customers. To supplement its own water supply, the District purchases water from the City of Everett, the Silver Lake Water District and the Clearview Water Supply Agency, of which it is part-owner. In order to provide sewer services, the District sends its sewage to the Silver Lake Water District and the King County Wastewater Treatment division for processing.

An elected, three-member Board of Commissioners governs the District. Commissioners serve staggered, six-year terms. The Board appoints management to oversee the District's daily operations and its 13 employees.

Contact information related to this report	
Address:	Cross Valley Water District 8802 180th Street S.E. Snohomish, WA 98296-4804
Contact:	Robert Wagner, Financial Accounting Manager
Telephone:	(360) 668-6766
Website:	www.crossvalleywater.net

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Cross Valley Water District at <http://portal.sao.wa.gov/ReportSearch>.

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

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

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(564) 999-0950
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov