



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

**Report on Unauditable Government**  
**Snohomish County Dike and Drainage**  
**Improvement District No. 7**

**For the period January 1, 2014 through December 31, 2019**

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

October 29, 2020

Board of Commissioners  
Snohomish County Dike and Drainage Improvement District No. 7  
Camano Island, Washington

**Report on Unauditable Government**

This government has been declared “unauditable.” In other words, the financial records were not available to complete an audit as required by law. Please find attached our report on Snohomish County Dike and Drainage Improvement District No. 7, in which we state that we were unable to form conclusions regarding these matters due the District’s lack of response to our information requests.

Auditing is essential to government accountability to the public, as reflected in the mandate for audits of local governments given in state law (RCW 43.09.260). The Office of the Washington State Auditor takes seriously our role to advocate for government accountability and transparency and to promote positive change.

This report and the included finding will be published on our website at <http://portal.sao.wa.gov/ReportSearch> as a matter of public record and will also be provided to the Office of the Attorney General for its review.

Sincerely,

Pat McCarthy  
State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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## REPORT ON UNAUDITABLE GOVERNMENT

State law (RCW 43.09.260) requires the Office of the Washington State Auditor to examine the financial affairs of all local governments at least once every three years. However, as described in the attached finding, Snohomish County Dike and Drainage Improvement District No. 7 did not submit the annual financial reports to our Office for January 1, 2014, through December 31, 2019, and did not respond to our inquiries and requests for financial documentation. As such, we could not conduct an audit, as required by state law.

Failure to submit required reports represents a violation of state law and a weakness in controls over safeguarding of public resources, which we describe in the attached finding. Because we could not perform an audit, we could not come to conclusions on any other aspect of the District's compliance with applicable state laws or controls over the safeguarding of public resources.

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. Local governments are also required by state law (RCW 43.09.230) to prepare and submit certified annual reports to our Office summarizing such things as revenues received, collections made, amounts receivable or payable, expenditures made and debt owed.

## SCHEDULE OF FINDINGS

**2019-001 We could not conduct an audit as required by state law, because the District did not submit its annual financial reports to our Office and did not respond to our requests for financial information for January 1, 2014 through December 31, 2019, both of which are required by state law.**

### *Background*

State law (RCW 43.09.260) requires the State Auditor to examine the financial affairs of every local government at least once every three years. State law (RCW 43.09.230) also requires local governments in Washington to provide a summary of their financial activity to our Office each year within 150 days of their fiscal year end.

The Board is responsible for District operations and compliance with state laws. The District operates with a three-member Board of Commissioners. However, the current commissioner took office in 2020 and the other two positions are vacant.

### *Description of Condition*

We could not conduct an audit because the District did not submit the annual financial reports with our Office for January 1, 2014, through December 31, 2019, and the Board did not respond to subsequent requests for information. This is the tenth consecutive year the District has not submitted required annual financial reports.

### *Cause of Condition*

The Board is responsible for District operations and compliance with state laws. The District has been operating without a full three-member Board of Commissioners since at least 2014.

### *Effect of Condition*

The District is not complying with state laws requiring an audit of its financial activities. Therefore, the District cannot demonstrate accountability for its operations or its responsible use of public resources. In addition, the District's failure to submit required financial reports inhibits transparency to the public, state and federal agencies, and other interested parties to financial and other information about its operations.

### *Auditor's Remarks*

We attempted to contact the District via telephone and U.S. mail. However, the District has not responded.

### *Recommendation*

We recommend the Board respond to our requests to perform an audit and submit its certified annual financial reports with our Office, as required by state law. We encourage any government that needs help satisfying these requirements to contact our Office.

### *Applicable Laws and Regulations*

RCW 43.09.230 states, in part:

The state auditor shall require from every local government financial reports covering the full period of each fiscal year, in accordance with the forms and methods prescribed by the state auditor, which shall be uniform for all accounts of the same class.

Such reports shall be prepared, certified, and filed with the state auditor within one hundred fifty days after the close of each fiscal year.

The reports shall contain accurate statements, in summarized form, of all collections made, or receipts received, by the officers from all sources; all accounts due the public treasury, but not collected; and all expenditures for every purpose, and by what authority authorized; and also: (1) A statement of all costs of ownership and operation, and of all income, of each and every public service industry owned and operated by a local government; (2) a statement of the entire public debt of every local government . . . (3) a classified statement of all receipts and expenditures by any public institution; . . . together with such other information as may be required by the state auditor . . . .

RCW 43.09.240 states, in part:

Every public officer and employee of a local government shall keep all accounts of his or her office in the form prescribed and make all reports required by the state auditor. Any public officer or employee who refuses or willfully neglects to perform such duties shall be subject to removal from office in an appropriate proceeding for that purpose brought by the attorney general or by any prosecuting attorney.

RCW 43.09.260 states, in part:

(1) The examination of the financial affairs of all local governments shall be made at such reasonable, periodic intervals as the state auditor shall determine . . . .

(5) On every such examination, inquiry shall be made as to the financial condition and resources of the local government; whether the Constitution and laws of the state, the ordinances and orders of the local government, and the requirements of the state auditor have been properly complied with; and into the methods and accuracy of the accounts and reports.

(6) A report of such examination shall be made and filed in the office of state auditor, and one copy shall be transmitted to the local government. A copy of any report containing findings of noncompliance with state law shall be transmitted to the attorney general. If any such report discloses malfeasance, misfeasance, or nonfeasance in office on the part of any public officer or employee, within thirty days from the receipt of his or her copy of the report, the attorney general shall institute, in the proper county, such legal action as is proper in the premises by civil process and prosecute the same to final determination to carry into effect the findings of the examination . . . .

RCW 42.20.100 states:

Whenever any duty is enjoined by law upon any public officer or other person holding any public trust or employment, their willful neglect to perform such duty, except where otherwise specially provided for, shall be a misdemeanor.

## INFORMATION ABOUT THE DISTRICT

Snohomish County Dike and Drainage Improvement District No. 7 provides maintenance of a flood control, diking system near Camano Island. Estimated annual revenues for the District are \$22,000.

### Contact information related to this report

Address:	Snohomish County Dike and Drainage Improvement District No. 7 22010 Marine Drive Stanwood, WA 98292
Contact:	Paul Christianson, Commissioner
Telephone:	(360) 770-1899

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Snohomish County Dike and Drainage Improvement District No. 7 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.

<b>Contact information for the State Auditor's Office</b>	
<b>Public Records requests</b>	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
<b>Main telephone</b>	(564) 999-0950
<b>Toll-free Citizen Hotline</b>	(866) 902-3900
<b>Website</b>	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>