



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Selah Park and Recreation Service Area

For the period January 1, 2019 through December 31, 2021

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

December 27, 2022

Board of Directors
Selah Park and Recreation Service Area
Selah, 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 value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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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.

However, we noted certain matters related to the District's financial condition that we communicated to District management and the Board of Directors in a letter dated December 19, 2022. We appreciate the District's commitment to resolving those matters.

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 Selah Park and Recreation Service Area from January 1, 2019 through December 31, 2021.

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 Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use 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, 2021, 2020 and 2019, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Cash receipting – timeliness and completeness of deposits
- Payroll – gross wages
- Accounts payable – general disbursements
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

Selah Parks and Recreation Service Area
214 S. 3rd St, Selah, WA 98

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Selah Park and Recreation Service Area
January 1, 2019 through December 31, 2021

This schedule presents the status of findings reported in prior audit periods.

Audit Period: January 1, 2016 through December 31, 2018	Report Ref. No.: 1025832	Finding Ref. No.: 2018-001
Finding Caption: The District's financial position places it at risk of not meeting its financial obligations or providing services at current levels.		
Background: We identified the following issues affecting the District's financial position: <ul style="list-style-type: none">• The District did not have sufficient unreserved cash and investments at the end of 2018 and relied on donations of \$120,000 to operate the pool during the 2019 season. As of December 2019, the District's unreserved cash and investment balance of \$80,822 would not cover the aquatic center's 2020 estimated operating expenditures of at least \$230,000.		
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between;"><div><input type="checkbox"/> Fully Corrected</div><div><input checked="" type="checkbox"/> Partially Corrected</div><div><input type="checkbox"/> Not Corrected</div><div><input type="checkbox"/> Finding is considered no longer valid</div></div>		
Corrective Action Taken: <i>The Selah Park and Recreation Service Area is in a much better financial position at the end of 2022 than it was at the conclusion of the previous audit in 2019. SPRSA received a very generous \$200,000 donation to continue operation of the Bruce Buchanan Memorial Aquatic Center and has \$167,000 remaining in unreserved cash and investments. This should supplement our anticipated \$140,000 annual revenue to support operation of the BBMAC for the next 3 to 4 summers.</i> <i>SPRSA has a very effective Aquatics Director managing operations at BBMAC. Our Aquatics Director will continue monitoring operations, maximizing programing and opportunities for revenue, and working to ensure the most fiscally sustainable operation possible.</i> <i>SPRSA ran an unsuccessful M&O Levy in 2021. We continue to face difficult economic and political sentiment locally as well as the super majority required to pass a new levy. We continue to work on public relations efforts to show our community positive successful</i>		

operations at the aquatics facility they paid to build. We continue to evaluate the community and will consider running another M&O Levy if and when the community seems supportive. SPRSA continues fundraising and seeking donations and grants to support operations and extend sustainability of operations at BBMAC.

INFORMATION ABOUT THE DISTRICT

The Selah Park and Recreation Service Area is administered by a seven-member Board of Directors and located in the City of Selah in Yakima County.

The District provides an aquatic center for the citizens of the City of Selah, and nearby residents. The District is primarily supported through property taxes for the debt payments, charges for services for the use of the pool, and donations received from the Selah Parks Foundation. The District had operating revenues of \$620,722, \$584,349 and \$800,611 and operating expenditures of \$442,874, \$486,473 and \$691,860 in fiscal year 2021, 2020 and 2019, respectively.

Contact information related to this report

Address:	Selah Park and Recreation Service Area 214 South 3rd Street Selah, WA 98942
Contact:	Heidi Christine Herzog, secretary
Telephone:	(509) 930-0735
Website:	www.selahaquaticcenter.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Selah Park and Recreation Service Area at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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