



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Columbia Valley Water District

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

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

March 2, 2023

Board of Commissioners
Columbia Valley Water District
Maple Falls, 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.

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 Columbia Valley Water District 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:

- Accounts receivable – utility billing and adjustments
- Cash receipting – timeliness of deposits
- Annual report filing – timeliness and completeness
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress



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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Columbia Valley Water District January 1, 2019 through December 31, 2021

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

Audit Period: January 1, 2017 through December 31, 2018	Report Ref. No.: 1025867	Finding Ref. No.: 2018-001
Finding Caption: The District's controls over financial reporting were not adequate to ensure timely reporting.		
Background: The District is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of financial reporting. State law (RCW 43.09.230) requires the District to submit an annual report to our Office within 150 days after the end of the District's fiscal year. The District has received a prior management letter communicating non-compliance in filing its annual reports in accordance with state law. The District did not take appropriate action to prepare or submit the required annual reports within 150 days after its fiscal year end for fiscal years 2017 and 2018. The filings for 2017 and 2018 were 550 and 191 days late, respectively. The District has not yet filed its annual report for 2016. Delays in the availability of complete financial reports prevent the public and other interested parties from obtaining timely information. Such delays also hinder transparency to citizens and the efforts of the State Auditor's Office to compile statistical and financial information for use by the state Legislature and others.		
Status of Corrective Action: (check one) <input checked="checked" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The District was told by the auditor's office during the 2017-2018 audit that the report for the year ending 2016 was not needed and to file 2017 and 2018 and at that time they were completed before the ending of the audit. Since the audit finding the District has submitted the financial reports on time and will continue to file them on time in the future.</i>		

INFORMATION ABOUT THE DISTRICT

Columbia Valley Water District was created by a public vote in March 2000. The District sells water to approximately 1,593 customers located in the Maple Falls area of Whatcom County.

An elected, three-member Board of Commissioners governs the District and has four employees. Revenue totaled \$1,021,810 in 2019, \$914,877 in 2020 and \$958,390 in 2021, respectively.

Contact information related to this report

Address:	Columbia Valley Water District 6229 Azure Way Maple Falls, WA 98266-8210
Contact:	Beth Morgan, District Manager
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Columbia 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 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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