



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

**Accountability Audit Report**  
**Plymouth Water District**

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

**Published January 21, 2020**

**Report No. 1025549**





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

January 21, 2020

Board of Commissioners  
Plymouth Water District  
Plymouth, Washington

**Report on Accountability**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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.

The attached comprises 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

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## AUDIT RESULTS

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

As referenced above, we identified areas in which the District could make improvements. These recommendations are included with our report as a finding.

We also noted certain matters that we communicated to District management and Board of Commissioners in a letter dated January 14, 2020, related to the District's financial condition. We appreciate the District's commitment to resolving those matters.

### About the audit

This report contains the results of our independent accountability audit of the Plymouth 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 performing procedures to obtain 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 we 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:

- Financial condition and fiscal sustainability
- Accounts payable – general disbursements
- Commissioner compensation

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### **2018-001 The District's internal controls over financial reporting were inadequate to ensure timely reporting.**

#### ***Background***

A three-member Board of Commissioners governs Plymouth Water District. The District operates on a yearly budget of about \$92,000.

Board members, state and federal agencies, and the public rely on financial statement information and reports to make decisions. The District is responsible for designing, implementing, and following internal controls that provide reasonable assurance regarding the reliability of financial reporting.

State law (RCW 43.09.230) requires local governments to submit their annual financial reports to our Office within 150 days of the end of the government's fiscal year.

#### ***Description of Condition***

The District did not adequately monitor operations to ensure it filed timely annual reports with our Office for 2017 and 2018.

#### ***Cause of Condition***

The District did not make it a priority to ensure it submitted the 2017 and 2018 financial reports to our Office on time.

#### ***Effect of Condition***

As of the report date, the District had not filed its annual financial reports for fiscal years 2017 and 2018. The annual financial report was 569 days late for 2017 and 204 days late for 2018. We have reported similar concerns in previous audits.

Delays in the availability of complete financial reports prevent state and federal agencies, 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 state Legislature and others.

#### ***Recommendation***

We recommend the District establish necessary internal controls to ensure it submits timely financial reports to our Office, as required by state law.

### ***District's Response***

*The District was provided with an opportunity to provide a response to the finding. The District chose not to provide a response.*

### ***Auditor's Remarks***

We will continue to work with the District and will follow up on the status of the finding during our next scheduled audit.

### ***Applicable Laws and Regulations***

RCW 43.09.230 Local government accounting – Annual reports – Comparative statistic

## INFORMATION ABOUT THE DISTRICT

The Plymouth Water District is a small water district located in Plymouth, Washington, which provides solely domestic water. The District is governed by a three-member Board of Commissioners, who monitor financial and operational activities.

The District serves about 86 customers. The District has two hourly employees that consist of one maintenance employee and a bookkeeper. The District had revenues of about \$79,000 and \$92,000 in fiscal years 2017 and 2018, respectively.

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*Information current as of report publish date.*

### **Audit history**

You can find current and past audit reports for the Plymouth 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.

<b>Contact information for the State Auditor's Office</b>	
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