



Office of the Washington State Auditor

Pat McCarthy

Exit Letter: Saratoga Water District

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independence and transparent examinations of how state and local governments use public funds, and to develop strategies that make government more efficient and effective.

The purpose of this letter is to share our audit results with management and the Board. This letter is not your official audit report, which will be published on our website. You will receive a separate email with an alert that the report is available.

Audit Highlights

We would like to thank that District for their rapid responses to our audit questions, and for their time and cooperation throughout the audit process.

We commend the District for ensuring meeting minutes are documented in compliance with the Open Public Meetings Act, and for ensuring compliance with annual report filing requirements.

We noted that the district is quick to implement our recommendations.

There were no audit issues identified during our audit.

About the Audit

We performed an assessment audit of Saratoga Water District for the years 2020, 2021 and 2022. This is a risk-based audit wherein we review the annual reports Saratoga Water District submitted to our Office. We typically perform assessment audits for governments that receive \$300,000 or less in annual revenues or for school districts with less than 250 full-time students.

Audit Results

Based on the procedures performed, nothing came to our attention in the areas we reviewed that caused us to believe the District did not substantially comply with applicable state laws, regulations, and its own policies, or had significant weaknesses in controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

Status of Prior Audit Recommendations

Brief Description	Resolved	Unresolved
<i>Exit Item – Financial Reporting</i>	X	

Additional Reminders

Below is a list of areas where small local governments might need additional guidance.

Board Compensation

Elected Official rate of pay is set by RCW, depending on your government type. Any Board member who receives less than the full allowable compensation must sign a waiver of compensation and file it with the government's secretary. Please let us know if you would like an example of this waiver.

Procurement and Public Works Projects

State law (RCW 39.04) requires competitive procurement for public works projects and purchases of supplies and equipment for most local government types. Laws that require specific methods of procurement differ by government type. Further, all public works contracted for by the government must meet state prevailing wage requirements by obtaining an "Affidavit of Prevailing Wages Paid" from the contractor unless the work is performed exclusively by the business owner.

For additional guidance on public works projects and procurement for your government type, please visit Municipal Research and Services Center of Washington's website: [Procurement and Public Works Requirements](#).

Credit Cards

The state Department of Enterprise Services has a Purchase Card Contract with US Bank that local governments are eligible to use. The card has no annual fee and offers annual rebates on purchases made using the card. For more information, go to [Purchase Card Guidance](#).

It is also important to note that having policies and procedures for credit/debit cards and charge account use is important for safeguarding the local government's funds. State law (RCW 43.09.2855) allows local governments to use credit cards. This law provides some guidelines for their use, which include adopting a system for their distribution, control, authorization, etc.

Working Together to Improve Government

Local Government Support Team

This team provides support services to local governments through the Budget, Accounting, and Reporting System (BARS), annual online filing technical assistance, and training on accounting, reporting and BARS. Our website and client portal offer many resources, including a client Help Desk that answers auditing and accounting questions, updated BARS Manuals, access to resources and recorded trainings, and other accounting and reporting resources. Additionally, this team helps with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor offers services designed to help you assist the residents you serve, at no additional cost to your government. What does this mean? They provide expert advice in areas like building a Lean culture to help local governments find ways to be more efficient, effective, and transparent. The Center also provides financial management technical advice, best practices, and resources. These can be accessed from the "Improving Government" tab of our website and can help you act on accounting standard changes, comply with regulations, protect public resources, minimize your cybersecurity risk and respond to recommendations in your audit. The Center also offers the Financial Intelligence Tool, better known as FIT, to help you assess and monitor your finances and compare your financial operations to similar local governments like you. You can email the Center for a personal training session to learn all the benefits using the FIT tool can provide. The Center understands that time is your most precious commodity as a public servant, and wants to help you do more with the limited hours you have. If you are interested in learning

how the Center can help you maximize your effect in government, call (564) 999-0818 or send an email to Center@sao.wa.gov.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in a PDF. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal/>

Audit Cost

In the entrance communication, we estimated the cost of the audit to be \$2,600, and actual audit costs will approximate that amount. *Please note, these audit costs are higher than your prior bill due to the inclusion of a third year to the audit scope to be current on audit reviews and therefore are not expected to be permanent increases in audit costs.* Billing invoices are sent at the beginning of the month after the report issuance.

Next Scheduled Audit

Assessment audit costs are based on the government's annual revenue and fluctuates depending on revenue received each year. The cost for the next audit is based on the District's last report revenue and our Office's current rates. The next assessment audit for 2023 and 2024 is estimated at \$1,950. *This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost. If the government receives increased revenues in future years, it may incur additional audit costs.*

Further, if the government exceeds the assessment audit threshold of \$300,000, does not comply with filing requirements or presents other risk factors, then we could perform an onsite audit in the future. Finally, if expenditures of federal awards are \$750,000 or more in any fiscal year, notify our Office because federal rules require the District to receive a financial and federal audit for that year.

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Concluding Comments

We appreciate your assistance throughout the audit. We hope you find the information above informative and helpful to the government's operations. If you have any questions or concerns, please call or email at your convenience and we can discuss your audit.

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