

**Washington State Auditor's Office**  
**Accountability Audit Report**

---

**City of Mukilteo**  
**Snohomish County**

Report Date  
**December 18, 2008**

**Report No. 1000825**

Issue Date  
**March 16, 2009**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

March 16, 2009

Mayor and City Council  
City of Mukilteo  
Mukilteo, Washington

***Report on Accountability***

Please find attached our report on the City of Mukilteo's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the City's financial statements. The results of that audit will be included in a separately issued audit report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

**City of Mukilteo  
Snohomish County  
December 18, 2008**

Audit Summary.....	1
Description of the City .....	2
Audit Areas Examined.....	4

# Audit Summary

**City of Mukilteo  
Snohomish County  
December 18, 2008**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Mukilteo.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. We also examined City management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2006, through December 31, 2007.

## ***RESULTS***

The City complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

## ***RELATED REPORTS***

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements.

## ***CLOSING REMARKS***

We thank City officials and personnel for their assistance and cooperation during the audit.

# Description of the City

## City of Mukilteo Snohomish County December 18, 2008

### **ABOUT THE CITY**

The City of Mukilteo has a population of 20,050 residents and encompasses 6.25 square miles in Snohomish County. A mayor-council form of government administers the City with seven elected Council Members and an elected Mayor.

For fiscal years 2006 and 2007, the City's annual expenditures were \$20,541,703 and \$23,648,016, respectively. The City's 89 full-time employees provide an array of services including police and fire protection, emergency medical services, street maintenance, surface water management, planning and zoning, parks and recreation and general government services.

### **AUDIT HISTORY**

The City is audited annually. The past five audits of the City have reported five findings. The 2004 audit contained a finding involving a state law violation related to contributing restricted revenues to a private, nonprofit corporation. The 2005 audit issued four findings related to financial statement preparation and reporting, inadequate internal controls over the management of cash and investment accounts, inadequate internal controls and procedures in place over journal vouchers and inadequate internal controls over capital assets. The City has resolved these issues.

The City has not received any findings for the 2006 and 2007 audits.

### **ELECTED OFFICIALS**

These officials served during the audit period:

Mayor:

Joe Marine (effective January 2005)

City Council:

Jennifer Gregerson (effective January 2004)  
Howard Tinsley (effective January 2004)  
Randy Lord (effective January 2005)  
Kevin Stoltz (effective January 2005)  
Linda Grafer (effective January 2007)  
Emily Vanderwielen (effective November 2007)  
Richard Emery (effective February 2008)  
Bruce Richter (through November 2007)  
Marko Lias (through January 2008)  
Lori Kaiser (through December 2007)

## ***APPOINTED OFFICIALS***

City Administrator  
Director of Finance

Joe Hannon  
Rich Leahy (through February 2007)  
Scott James  
Debra Simmers (through March 2007)

## ***ADDRESS***

City

11930 Cyrus Way  
Mukilteo, WA 98275  
(425) 355-4141  
[www.ci.mukilteo.wa.us](http://www.ci.mukilteo.wa.us)

# Audit Areas Examined

## City of Mukilteo Snohomish County December 18, 2008

In keeping with general auditing practices, we do not examine every portion of the City of Mukilteo's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

### **ACCOUNTABILITY**

We evaluated the City's accountability in the following areas:

- Legal authority for official actions taken
- Disbursements/expenditures and gifts of public funds
- Conflict of interest/ethics laws
- Police – financial operations/custody of evidence
- Contracts/agreements
- Procurement (bidding/prevaling wage)
- Small and attractive assets
- Billings/receivables
- Cash receipting
- Payroll/personnel
- Open public meetings/records laws
- Surplus property

### **FINANCIAL AREAS**

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City including:

- Cash and investments
- Revenue
- Expenditures/expenses
- Financial condition
- Overall presentation of the financial statements
- Financial statement preparation



## **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.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. 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.

The State Auditor's Office employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

**State Auditor**  
**Chief of Staff**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
**Ivan Dansereau**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Web Site**

[www.sao.wa.gov](http://www.sao.wa.gov)

**Subscription Service**     <https://www.sao.wa.gov/applications/subscriptionservices/>