

Washington State Auditor's Office
Accountability Audit Report

City of Mukilteo
Snohomish County

Report Date
December 18, 2008

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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

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Snohomish County
December 18, 2008**

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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

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.

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