

Washington State Auditor's Office
Accountability Audit Report

City of Lake Stevens
Snohomish County

Report Date
November 1, 2007

Report No. 73928

Issue Date
January 28, 2008



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

January 28, 2008

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

Report on Accountability

Please find attached our report on the City of Lake Stevens' 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
November 1, 2007**

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Audit Summary

**City of Lake Stevens
Snohomish County
November 1, 2007**

ABOUT THE AUDIT

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

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, 2005, through December 31, 2006.

RESULTS

In most areas, the City complied with state laws and regulations and its own policies and procedures. Internal controls were adequate to safeguard public assets. However, we noted certain issues that we communicated to City management. We appreciate the City's commitment to resolving the issues.

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 Lake Stevens Snohomish County November 1, 2007

ABOUT THE CITY

The City of Lake Stevens has an estimated population of 13,350 citizens and encompasses over three square miles in Snohomish County. A council-mayor form of government administers the City with seven elected Council Members and a separately elected Mayor. The City has 64 employees providing police, planning and zoning, park maintenance, street maintenance and general government services. Fire protection services and sewer are provided by other service providers. The City's revenues for 2005 and 2006 were \$6,067,247 and \$5,520,983, respectively.

AUDIT HISTORY

We audit the City every two years. The City has not had a finding for 11 years. Our audit recommendations have been positively acknowledged by the City.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor	Lynn Walty Vern Little (effective November 2006)
Council Members:	Karen Alessi Jack Blackwell (through December 2005) Neal Dooley Glenn McLoughlin (through January 2005) Larry Wagner (through December 2005) Steve Brooks Vern Little (through October 2006) Tom Hartwell (effective January 2006) Arnie Clark (November 2005 through February 2007) Heather Coleman (effective January 2006) Suzanne Quigley (effective January 2007) Kathy Holder (effective February 2007)

APPOINTED OFFICIALS

City Administrator:	Jan Berg (effective January 2007)
Finance Director:	Jan Berg (through December 2006) Camille Tabor (effective June 2007)
Police Chief:	Randy Celori
City Clerk:	Norma Scott
HR Director:	Steve Edin (effective April 2006)
Public Works Director:	Rick Vihauer (through December 2005) Dave Ostergaard (effective September 2006)
Planning Director:	John Jimmerson (through December 2004) Becky Ableman (effective March 2006)

ADDRESS

District	1812 Main Street P.O. Box 257 Lake Stevens, WA 98258 (425) 334-1012 www.ci.lake-stevens.wa.us
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Audit Areas Examined

City of Lake Stevens Snohomish County November 1, 2007

In keeping with general auditing practices, we do not examine every portion of the City of Lake Stevens' 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:

- Cash receipting
- Contracts/agreements
- Open public meetings/records laws
- Budget compliance

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
- Revenues
- Expenditures/expenses
- Financial condition
- Long-term debt
- 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 has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular 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. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. 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 program to coordinate audit efficiency and to ensure high-quality audits.

State Auditor
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Chief Policy Advisor
Director of Administration
Director of Audit
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Director of Special Investigations
Director for Legal Affairs
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