

Washington State Auditor's Office
Accountability Audit Report

City of Sedro-Woolley
Skagit County

Report Date
September 24, 2007

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November 5, 2007



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

November 5, 2007

Mayor and City Council
City of Sedro-Woolley
Sedro Woolley, Washington

Report on Accountability

Please find attached our report on the City of Sedro-Woolley'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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Skagit County
September 24, 2007**

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Audit Summary

**City of Sedro-Woolley
Skagit County
September 24, 2007**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Sedro-Woolley.

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, 2006.

RESULTS

The City complied with state laws and regulations and its own policies and procedures in most areas we examined. Internal controls were adequate to safeguard public assets. We noted certain issues that we communicated to City management.

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 Sedro-Woolley Skagit County September 24, 2007

ABOUT THE CITY

The City of Sedro-Woolley was incorporated in December 1898. The City operates with a mayor-council form of government. The City has seven elected Council Members and an independently elected Mayor. The City employs nearly 50 people that provide an array of services including police, fire, building inspection, general administration, wastewater treatment, solid waste disposal, legal administration, library, street construction and maintenance, parks and a cemetery. The City serves approximately 9,400 citizens within Skagit County. The City operates on an annual General Fund budget of approximately \$4 million.

AUDIT HISTORY

The City is audited on an annual basis. In 2003 we reported a finding for inadequate internal controls over the Municipal Court, which was resolved in 2004. For the last three audits, there have been no findings reported. We believe this reflects the City's desire and commitment to maintain a strong financial system.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Sharon Dillon
Ted Meamber
Tony Splane
Louis Requa
Pat Colgan
Hugh Galbraith
Rick Lemley
Mike Anderson

APPOINTED OFFICIALS

Clerk/Treasurer

Patsy Nelson

ADDRESS

City

720 Murdock
Sedro-Woolley, WA 98284
(360) 855-1661
www.ci.sedro-woolley.wa.us

Audit Areas Examined

City of Sedro-Woolley Skagit County September 24, 2007

In keeping with general auditing practices, we do not examine every portion of the City of Sedro-Woolley'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:

- Cash receipting
- Inventory
- Contracts/agreements
- Debt/covenants
- Insurance/risk management
- Investments
- Budget compliance
- Disbursements/expenditures
- Payroll/personnel
- Conflict of interest/ethics laws
- Restricted funds
- Open public meetings/records laws
- Procurement (bidding/prevaling wage)

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.

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Chief Policy Advisor
Director of Administration
Director of Audit
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