



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of Mercer Island

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 develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2018 through December 31, 2018 - see draft report.
- Financial statement audit for January 1, 2018 through December 31, 2018 - see draft report.

Audit Highlights

- We would like to thank LaJuan Tuttle, Interim Finance Director, and City staff for their cooperation and timely responses to our requests throughout the audit
- We thank the City for their friendly and professional interactions with us during the audit.
- We thank the City for its commitment to strengthen the relationship with the Office of the Washington State Auditor.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Communications required by audit standards

In relation to our financial statement audit report, we would like to bring to your attention:

- Uncorrected misstatements in the audited financial statements are summarized on the attached schedule. We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements.
- There were no material misstatements in the financial statements corrected by management during the audit.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. 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/>

Management Representation Letter

We have included a copy of representations requested of received from management.

Audit Cost

During the engagement, we estimated the cost of the audit to be \$73,514. Actual audit costs will be approximately \$74,514, as additional hours were required to address additional work necessary related to the City's internal controls over payroll. The additional work was at the request of the City.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2020 and will cover the following general areas:

- Accountability for Public Resources
- Financial Statement

The estimated cost for the next audit based on the new billing rates effective January 1, 2020 is \$72,500 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$750,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal single audit requirements. Federal awards can include grants, loans, and non-cash assistance such as equipment and supplies.

Working Together to Improve Government

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.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists 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 is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources

that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at 360-725-5621 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

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