



**BUSINESS OF THE CITY COUNCIL  
CITY OF MERCER ISLAND**

**AB 5812  
February 16, 2021  
Special Business**

**AGENDA BILL INFORMATION**

<b>TITLE:</b>	AB 5812: 2019 Annual Financial and Accountability Audit Exit Conference	<input checked="" type="checkbox"/> Discussion Only
<b>RECOMMENDED ACTION:</b>	Receive report. No action necessary.	<input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

<b>DEPARTMENT:</b>	Finance
<b>STAFF:</b>	LaJuan Tuttle, Deputy Finance Director Matt Mornick, Finance Director
<b>COUNCIL LIAISON:</b>	n/a
<b>EXHIBITS:</b>	1. 2019 Audit Engagement Letter  <b>Exhibits to be presented by the State Auditor’s Office:</b> 2. Exit Conference (Agenda) 3. Accountability Audit Report 4. Financial Statements Audit Report 5. Summary of Uncorrected Items 6. Exit Recommendations
<b>CITY COUNCIL PRIORITY:</b>	2. Articulate, confirm, and communicate a vision for effective and efficient city services. Stabilize the organization, optimize resources, and develop a long-term plan for fiscal sustainability.

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUIRED</b>	\$ n/a

**SUMMARY**

Representatives of the Washington State Auditor’s Office (SAO) will lead an Exit Conference to report on the results of the Financial and Accountability Audits for the year ending December 31, 2019. The purpose of the Exit Conference is for the audit team to report audit results to management prior to publication of the audited financial statements. After the Exit Conference, the SAO will publish the audit reports, audited financial statements, notes to the financial statement, and required supplementary information on the SAO website. Exhibits 2-6 will be provided once submitted by the SAO’s office.

**BACKGROUND**

The City of Mercer Island is audited on an annual basis. The SAO performs two types of audits each year: A Financial Audit and an Accountability Audit, resulting in an Audit report for both types. Additional

information regarding the scope and limitations of each audit type can be found in the audit representation letter included as an exhibit to this agenda bill.

A financial audit provides an independent opinion on a local government's financial statements and the results of its operations and cash flows. In other words, these audits determine whether the financial statements present a reliable, accurate picture of a government's finances.

An accountability audit evaluates whether a local government has adhered to applicable state laws, regulations, and its own policies and procedures. Auditors review records to ensure public funds are accounted for and controls are in place to protect public resources from misappropriation and misuse.

## **RECOMMENDATION**

Staff recommends the City Council receive and review the attached exhibits from the Washington State Auditor's Office.