



BUSINESS OF THE CITY COUNCIL CITY OF MERCER ISLAND

AB 6038
March 15, 2022
Special Business

AGENDA BILL INFORMATION

TITLE:	AB 6038: 2020 Financial, Federal and Accountability Audi Exit Conference	<input checked="" type="checkbox"/> Discussion Only <input type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input type="checkbox"/> Resolution
RECOMMENDED ACTION:	Receive report. No action necessary.	

DEPARTMENT:	Finance
STAFF:	LaJuan Tuttle, Deputy Finance Director Matt Mornick, Finance Director
COUNCIL LIAISON:	n/a
EXHIBITS:	1. 2020 Audit Engagement Letter 2. Exit Conference Documents provided by State Auditor's Office (exhibit will be added on 3/15/2022)
CITY COUNCIL PRIORITY:	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.

AMOUNT OF EXPENDITURE	\$ n/a
AMOUNT BUDGETED	\$ n/a
APPROPRIATION REQUIRED	\$ 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, Accountability, and Federal Single Audits for the fiscal year ending December 31, 2020 (see Exhibit 1 – Engagement Letter).

- 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.
- The SAO will provide the Exit Conference Documents (Exhibit 2) to the City on 3/15/22. The documents will be emailed to the City Council and the electronic packet will be updated as soon as they are received.
- 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.

BACKGROUND

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

the City spends at least \$750,000 in Federal dollars, a Federal Single Audit is also performed. Additional information regarding the scope and limitations of each audit type can be found in the audit representation letter included as Exhibit 1.

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.

A Federal Single Audit evaluates whether a local government was in compliance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) in spending Federal awards.

RECOMMENDED ACTION

Receive and review the Exit Conference Report from the Washington State Auditor's Office.