



Exit Conference

City of Mercer Island

Haji Adams
Audit Manager

Elisa Kim
Audit Supervisor

Kieu Nguyen
Audit Lead

February 3, 2026

This presentation is intended to be viewed in conjunction with the complete packet of entrance materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing PublicRecords@sao.wa.gov.

Results with impact



Increased trust in government



Independent, transparent examinations



Improved efficiency and effectiveness of government



“ Independent audits can be believed and relied upon by everyone, regardless of personal or political beliefs. ”

State Auditor Pat McCarthy

Accountability audit results

January 1, 2024 through December 31, 2024

Results in Brief

This report describes the overall results and conclusions for the areas we examined.

In most of the areas we examined, City operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control or area. As a result, no information is provided on the areas that were not examined.



3

Accountability audit results

Using a risk-based audit approach, for the City, we examined the following areas during the period:

- Accounts payable – electronic funds transfers and general disbursements
- Payroll – electronic funds transfers
- Compliance with Eastside Fire & Rescue interlocal agreement terms
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings, and executive session requirements



4



Vendor Payments- Finding

- 2024-001: The City lacked adequate internal controls over vendor payments, which resulted in a loss of \$420,351 in public funds.
- Please see page 8 of your exit packet to view the details of this recommendation



FIT provides data and information

- Clear picture of your government's overall financial health
- Indicators highlight strengths and areas needing attention
- Data that helps guide budgeting and planning decisions



FIT

- Explore
- Individual Governments
- Government Types
- Navigate By Dollars
- Financial Health



Search FIT [Login](#)

Explore / [Download XLSX](#)

Financial Health

Cities/Towns Select county Select group... [Reset](#)

31 ✔ Good	96 ⚠ At least one Cautionary Indicator
135 ⚠ At least one Concerning Indicator	19 ⚪ Indeterminate

FY 2024 - 281 Cities/Towns

Filter by name Name ↑

A deeper understanding of your City

Areas for potential evaluation:

- General Fund
- All Government Funds

Financial Health ⓘ 28 indicators 🟢 14 🟡 2 🔴 12

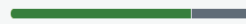
General Fund 7 indicators



All Governmental Funds 9 indicators



402 - Water Fund 4 indicators



426 - Sewer Fund 4 indicators



432 - Stormwater Fund 4 indicators



Contact
Center@sao.wa.gov
to schedule a
personalized FIT
demo.



Scan QR code to access SAO's FIT Financial Health Indicators Reference Guide

7

Financial audit results

January 1, 2024 through December 31, 2024



Report on the Financial Statements

- Unmodified opinion on U.S Regulatory Basis of Accounting (BARS Manual)
- Adverse Opinion on U.S. GAAP also issued

Report on Internal Control and Compliance

We reported:

- No significant deficiencies in internal control
- No deficiencies that we consider to be material weaknesses
- No instances of noncompliance that were material to the financial statements

8

Financial audit results

January 1, 2024 through
December 31, 2024

Required Communications

- We did not identify any material misstatements that were corrected during the audit.
- No uncorrected misstatements have been identified.

The audit addressed the following risks, which required special consideration:

- Management override of controls



Related audit work

Attestation – Coronavirus State and Local Fiscal Recovery Funds

- January 1, 2024 through December 31, 2024
- Procedures performed: We examined the City’s compliance with the compliance requirements “activities allowed or unallowed” and “allowable cost/cost principles”





Closing remarks

- Audit costs are in alignment with our original estimate
- Next audit: Summer 2026
 - Accountability for public resources
 - Financial statement

We have provided an estimated cost for the next audit in our exit packet.

11

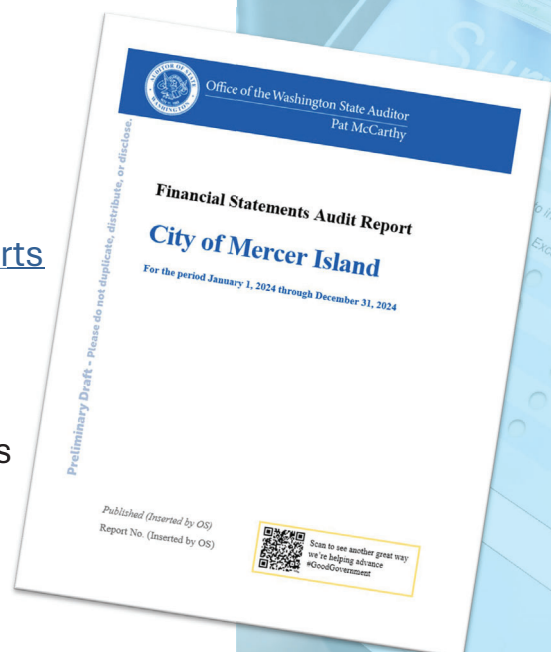
Report publication

- ✓ Audit reports are published on our website.
- ✓ Sign up to be notified by email when audit reports are posted to our website:

<https://sao.wa.gov/about-sao/sign-news-alerts>

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.



12



Thank you!

We would like to thank LaJuan Tuttle, Deputy Finance Director, as well as other City staff for their cooperation and timely responses to our requests throughout the audit.



Questions



Haji Adams, Audit Manager
Haji.Adams@sao.wa.gov
(425) 900-5277