

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**City of Sedro-Woolley**  
**Skagit County**

Report Date  
**September 3, 2008**

**Report No. 75456**

Issue Date  
**October 20, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

October 20, 2008

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 and compliance with federal laws and regulations. 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 3, 2008**

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# Audit Summary

**City of Sedro-Woolley  
Skagit County  
September 3, 2008**

## ***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, 2007, through December 31, 2007.

## ***RESULTS***

The City complied with state laws and regulations and its own policies and procedures in the areas we examined. Internal controls were adequate to safeguard public assets.

## ***RELATED REPORTS***

Our opinion on the City's financial statements and compliance with federal program requirements 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 3, 2008

### **ABOUT THE CITY**

The City of Sedro-Woolley was incorporated in December 1898 and currently serves approximately 10,030 citizens within Skagit County. Services provided by the City include police, fire, building inspection, general administration, wastewater treatment, solid waste disposal, legal administration, library, street construction and maintenance, parks and a cemetery. An elected, seven-member Council governs the City with an independently elected Mayor. The City employs a staff of approximately 60 employees and 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. There have been no findings in the last four audits and 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:

Mike Anderson  
Ted Meamber  
Tony Splane  
Louis Requa  
Pat Colgan  
Hugh Galbraith  
Rick Lemley  
Dennis London

### **APPOINTED OFFICIALS**

Finance Director

Patsy Nelson

### **ADDRESS**

City

325 Metcalf  
Sedro-Woolley, WA 98284  
(360) 855-1661  
[www.ci.sedro-woolley.wa.us](http://www.ci.sedro-woolley.wa.us)

# Audit Areas Examined

## City of Sedro-Woolley Skagit County September 3, 2008

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 and compliance with laws, regulations, contracts and grant agreements in the following areas:

- Utility billings
- Disbursements
- Disposition of city assets (old city hall)
- Citizen concern
- Conflict of interest/ethics laws
- Restricted funds (hotel/motel tax)
- Open Public Meetings Act

### **FEDERAL PROGRAMS**

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the City's major federal program, which is listed in the Federal Summary section of the financial statement and single audit report.

### **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
- Financial condition
- Long-term debt
- Overall presentation of the financial statements
- Financial statement preparation



## **ABOUT THE STATE AUDITOR'S OFFICE**

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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.

**State Auditor**  
**Chief of Staff**  
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**Director of Administration**  
**Director of State and Local Audits**  
**Director of Performance Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free hotline for government efficiency**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Jerry Puggnetti**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
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**Web Site**

**[www.sao.wa.gov](http://www.sao.wa.gov)**