



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements Audit Report

City of Lake Stevens

Snohomish County

For the period January 1, 2013 through December 31, 2014

Published January 28, 2016

Report No. 1016044





Washington State Auditor's Office

January 28, 2016

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

Report on Financial Statements

Please find attached our report on the City of Lake Stevens' financial statements.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Lake Stevens
Snohomish County
January 1, 2013 through December 31, 2014**

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Lake Stevens, Snohomish County, Washington, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, and have issued our report thereon dated January 8, 2016. As discussed in Notes 1 and 6 to the financial statements, the 2012 financial statements have been restated to correct a misstatement.

We issued an unmodified opinion on the fair presentation of the City's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared by the City using accounting practices prescribed by Washington State statutes and the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual described in Note 1, which is a basis of accounting other than GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's

internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

In addition, we noted certain matters that we will report to the management of the City in a separate letter dated January 12, 2016.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive style with a large, stylized 'X'.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

January 8, 2016

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Lake Stevens Snohomish County January 1, 2013 through December 31, 2014

Mayor and City Council
City of Lake Stevens
Lake Stevens, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the City of Lake Stevens, Snohomish County, Washington, for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the City's financial statements, as listed on page 11.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (BARS Manual)

As described in Note 1, the City of Lake Stevens has prepared these financial statements to meet the financial reporting requirements of Washington State statutes using accounting practices prescribed by the State Auditor's *Budgeting, Accounting and Reporting System* (BARS) manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the City of Lake Stevens, for the years ended December 31, 2014 and 2013, on the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. The effects on the financial statements of the variances between GAAP and the accounting practices the City used, as described in Note 1, although not reasonably determinable, are presumed to be material. As a result, we are required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the City of Lake Stevens, as of December 31, 2014 and 2013,

or the changes in financial position or cash flows for the years then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis - Correction of Prior Year Misstatement

As discussed in Notes 1 and 6 to the financial statements, the 2012 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Liabilities are presented for purposes of additional analysis, as required by the prescribed BARS manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2016 on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to

provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Handwritten signature of Troy X. Kelley in black ink.

TROY KELLEY
STATE AUDITOR
OLYMPIA, WA

January 8, 2016

FINANCIAL SECTION

**City of Lake Stevens
Snohomish County
January 1, 2013 through December 31, 2014**

FINANCIAL STATEMENTS

Fund Resources and Uses Arising from Cash Transactions – 2014
Fund Resources and Uses Arising from Cash Transactions – 2013
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2014
Fiduciary Fund Resources and Uses Arising from Cash Transactions – 2013
Notes to Financial Statements – 2014
Notes to Financial Statements – 2013

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Liabilities – 2014
Schedule of Liabilities – 2013

City of Lake Stevens
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

		Total for All Funds (Memo Only)	001 General	101 Street
Beginning Cash and Investments				
30810	Reserved	5,414,686	8,047	-
30880	Unreserved	13,534,373	8,004,781	2,785,030
388 & 588	Prior Period Adjustments, Net	-	-	-
Operating Revenues				
310	Taxes	9,574,949	7,130,664	1,426,490
320	Licenses and Permits	624,039	602,073	21,966
330	Intergovernmental Revenues	1,598,086	610,652	758,328
340	Charges for Goods and Services	2,719,858	468,657	-
350	Fines and Penalties	147,059	147,059	-
360	Miscellaneous Revenues	142,101	83,849	9,837
Total Operating Revenues:		<u>14,806,092</u>	<u>9,042,954</u>	<u>2,216,621</u>
Operating Expenditures				
510	General Government	1,624,980	1,545,703	1,901
520	Public Safety	4,713,641	4,711,355	-
530	Utilities	1,445,288	-	-
540	Transportation	1,372,175	-	1,372,175
550	Natural and Economic Environment	690,522	690,522	-
560	Social Services	8,359	8,359	-
570	Culture and Recreation	104,344	104,344	-
Total Operating Expenditures:		<u>9,959,309</u>	<u>7,060,283</u>	<u>1,374,076</u>
Net Operating Increase (Decrease):		<u>4,846,783</u>	<u>1,982,671</u>	<u>842,545</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	1,345,086	8,614	11,014
391-393	Debt Proceeds	-	-	-
397	Transfers-In	741,767	-	-
Total Nonoperating Revenues:		<u>2,086,853</u>	<u>8,614</u>	<u>11,014</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	960	960	-
591-593	Debt Service	1,779,795	-	-
594-595	Capital Expenditures	232,841	36,492	3,800
597	Transfers-Out	741,767	240,467	48,417
Total Nonoperating Expenditures:		<u>2,755,363</u>	<u>277,919</u>	<u>52,217</u>
Net Increase (Decrease) in Cash and Investments:		<u>4,178,273</u>	<u>1,713,366</u>	<u>801,342</u>
Ending Cash and Investments				
50810	Reserved Fund Balance (GAAP)/Reserved Cash and Investments (Cash Basis)	6,732,861	8,047	-
50880	Unreserved Fund Balance (GAAP)/Unreserved Cash and Investments (Cash Basis)	16,394,473	9,718,147	3,586,372
Total Ending Cash and Investments		<u>23,127,334</u>	<u>9,726,194</u>	<u>3,586,372</u>

The accompanying notes are an integral part of this statement.

111 Drug Seizure & Forfeiture	112 Municipal Arts	206 LTGO 2004 - Police Station	210 LTGO 2008A Bond	211 PWTF 2010	212 LTGO 2010 Bond
27,592	1,322	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,807	1	-	-	-	-
6,807	1	-	-	-	-
-	-	-	-	-	-
2,286	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,286	-	-	-	-	-
4,521	1	-	-	-	-
753	-	-	-	-	-
-	-	-	-	-	-
-	-	105,721	225,133	957	94,912
753	-	105,721	225,133	957	94,912
-	-	-	-	-	-
-	-	105,721	225,132	957	94,913
-	-	-	-	-	-
-	-	-	-	-	-
-	-	105,721	225,132	957	94,913
5,274	1	-	1	-	(1)
32,866	1,323	-	-	-	-
-	-	-	-	-	-
32,866	1,323	-	-	-	-

The accompanying notes are an integral part of this statement.

301 Cap Proj- Developer Contrib	303 Real Estate Excise Tax I	304 Real Estate Excise Tax II	305 Downtown Redevelopment	309 Sidewalk Capital Project	401 Sewer
2,884,286	830,538	1,560,217	1,638	-	-
-	-	-	-	302,317	464,137
-	-	-	-	-	-
-	509,595	508,200	-	-	-
-	-	-	-	-	-
-	-	-	-	204,750	-
729,764	-	-	-	-	85,600
-	-	-	-	-	-
3,120	873	1,629	1	474	33,531
732,884	510,468	509,829	1	205,224	119,131
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	313,195
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	313,195
732,884	510,468	509,829	1	205,224	(194,064)
-	-	-	-	-	1,319,754
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,319,754
-	-	-	-	-	-
-	22,618	-	-	-	1,319,754
-	-	-	-	-	-
-	351,602	74,164	-	-	-
-	374,220	74,164	-	-	1,319,754
732,884	136,248	435,665	1	205,224	(194,064)
3,617,169	966,786	1,995,882	1,640	-	-
-	-	-	-	507,542	270,073
3,617,169	966,786	1,995,882	1,640	507,542	270,073

The accompanying notes are an integral part of this statement.

410 Storm & Surface Water	501 Unemployment	510 Capital Equip - Computer	520 Capital Equip - Police	530 Capital Equip - PW	540 Aerator Equip Replacment
-	-	-	-	-	101,047
1,286,875	101,648	95,956	221,171	272,458	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,356	-	-	-	-	-
1,432,880	-	2,101	-	-	856
-	-	-	-	-	-
1,208	99	72	244	255	101
<u>1,458,444</u>	<u>99</u>	<u>2,173</u>	<u>244</u>	<u>255</u>	<u>957</u>
1,901	-	75,475	-	-	-
-	-	-	-	-	-
1,132,093	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,133,994</u>	<u>-</u>	<u>75,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>324,450</u>	<u>99</u>	<u>(73,302)</u>	<u>244</u>	<u>255</u>	<u>957</u>
-	-	-	4,951	-	-
-	-	-	-	-	-
-	8,000	80,000	168,000	51,900	7,144
-	<u>8,000</u>	<u>80,000</u>	<u>172,951</u>	<u>51,900</u>	<u>7,144</u>
-	-	-	-	-	-
10,700	-	-	-	-	-
-	-	12,397	131,892	48,260	-
27,117	-	-	-	-	-
<u>37,817</u>	<u>-</u>	<u>12,397</u>	<u>131,892</u>	<u>48,260</u>	<u>-</u>
286,633	8,099	(5,699)	41,303	3,895	8,101
-	-	-	-	-	109,147
1,573,508	109,747	90,258	262,474	276,353	-
<u>1,573,508</u>	<u>109,747</u>	<u>90,258</u>	<u>262,474</u>	<u>276,353</u>	<u>109,147</u>

The accompanying notes are an integral part of this statement.

City of Lake Stevens
Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2013

		Total for All Funds (Memo Only)	001 General	101 Street
Beginning Cash and Investments				
30810	Reserved	4,519,445	8,047	-
30880	Unreserved	11,109,573	6,218,074	2,273,052
388 & 588	Prior Period Adjustments, Net	105,536	76,376	13,645
Operating Revenues				
310	Taxes	8,944,685	6,748,599	1,374,088
320	Licenses & Permits	452,369	432,619	19,750
330	Intergovernmental Revenues	1,180,428	531,457	589,633
340	Charges for Goods and Services	2,576,680	505,825	100
350	Fines & Penalties	187,255	187,255	-
360	Miscellaneous Revenues	94,963	70,040	9,492
Total Operating Revenues:		<u>13,436,380</u>	<u>8,475,795</u>	<u>1,993,063</u>
Operating Expenditures				
510	General Government	1,281,410	1,229,466	2,355
520	Public Safety	4,453,398	4,451,919	-
530	Utilities	1,215,647	-	-
540	Transportation	1,468,230	-	1,429,392
550	Natural and Economic Environment	802,706	782,750	-
560	Social Services	7,200	7,200	-
570	Culture And Recreation	139,097	139,097	-
Total Operating Expenditures:		<u>9,367,689</u>	<u>6,610,433</u>	<u>1,431,747</u>
Net Operating Increase (Decrease):		<u>4,068,692</u>	<u>1,865,363</u>	<u>561,316</u>
Nonoperating Revenues				
370-380, 395 & 398	Other Financing Sources	1,356,190	2,896	24,372
391-393	Debt Proceeds	850,000	-	-
397	Transfers-In	714,923	-	-
Total Nonoperating Revenues:		<u>2,921,113</u>	<u>2,896</u>	<u>24,372</u>
Nonoperating Expenditures				
580, 596 & 599	Other Financing Uses	859,941	1,793	-
591-593	Debt Service	1,788,759	-	-
594-595	Capital Expenditures	411,682	5,430	39,749
597	Transfers-Out	714,923	150,709	47,608
Total Nonoperating Expenditures:		<u>3,775,305</u>	<u>157,932</u>	<u>87,357</u>
Net Increase (Decrease) in Cash and Investments:		<u>3,214,500</u>	<u>1,710,327</u>	<u>498,331</u>
Ending Cash and Investments				
50810	End Fund Bal-Reserved	5,414,686	8,047	-
50880	End Fund Balance-Unreserved	13,534,373	8,004,781	2,785,030
Total Ending Cash and Investments		<u>18,949,059</u>	<u>8,012,828</u>	<u>2,785,030</u>

The accompanying notes are an integral part of this statement.

111 Drug Seizure & Forfeiture	112 Municipal Arts	206 LTGO 2004 - Police Station	210 LTGO 2008A Bond	211 PWTF 2010	212 LTGO 2010 Bond
25,038	1,320	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,131	2	-	-	-	-
4,131	2	-	-	-	-
-	-	-	-	-	-
1,479	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,479	-	-	-	-	-
2,652	2	-	-	-	-
510	-	-	-	-	-
-	-	-	-	-	-
-	-	103,320	229,472	976	94,912
510	-	103,320	229,472	976	94,912
608	-	-	-	-	-
-	-	103,320	229,472	976	94,912
-	-	-	-	-	-
-	-	-	-	-	-
608	-	103,320	229,472	976	94,912
2,554	2	-	-	-	-
27,592	1,322	-	-	-	-
-	-	-	-	-	-
27,592	1,322	-	-	-	-

The accompanying notes are an integral part of this statement.

301 Cap Proj- Developer Contrib	303 Real Estate Excise Tax I	304 Real Estate Excise Tax II	305 Downtown Redevelopment	309 Sidewalk Capital Project	401 Sewer
2,371,754	794,467	1,221,432	1,636	-	-
-	-	-	-	592,513	479,227
-	-	-	-	-	2,937
-	410,999	410,999	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
547,946	-	-	-	-	109,980
-	-	-	-	-	-
3,635	1,230	1,951	2	770	812
551,581	412,229	412,950	2	770	110,792
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	128,817
38,838	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,838	-	-	-	-	128,817
512,743	412,229	412,950	2	770	(18,025)
408	-	-	-	-	1,326,760
-	-	-	-	-	850,000
-	-	-	-	-	-
408	-	-	-	-	2,176,760
-	-	-	-	-	850,000
-	22,618	-	-	-	1,326,761
619	-	-	-	290,966	-
-	353,540	74,164	-	-	-
619	376,158	74,164	-	290,966	2,176,761
512,532	36,071	338,786	2	(290,196)	(18,026)
2,884,286	830,538	1,560,217	1,638	-	-
-	-	-	-	302,317	464,137
2,884,286	830,538	1,560,217	1,638	302,317	464,137

The accompanying notes are an integral part of this statement.

410 Storm & Surface Water	501 Unemployment	510 Capital Equip - Computer	520 Capital Equip - Police	530 Capital Equip - PW	540 Aerator Equip Replacment
-	-	-	-	-	95,751
952,789	100,182	87,193	182,091	224,451	-
12,394	-	-	184	-	-
-	-	-	-	-	-
-	-	-	-	-	-
59,338	-	-	-	-	-
1,406,448	-	2,101	-	-	4,280
-	-	-	-	-	-
1,758	145	137	313	363	182
1,467,544	145	2,238	313	363	4,462
1,698	15,554	32,337	-	-	-
-	-	-	-	-	-
1,086,830	-	-	-	-	-
-	-	-	-	-	-
19,956	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,108,484	15,554	32,337	-	-	-
359,060	(15,409)	(30,099)	313	363	4,462
-	-	-	1,244	-	-
-	-	-	-	-	-
34,886	16,876	38,861	108,000	51,900	35,720
34,886	16,876	38,861	109,244	51,900	35,720
7,540	-	-	-	-	-
10,700	-	-	-	-	-
-	-	-	70,661	4,257	-
54,016	-	-	-	-	34,886
72,256	-	-	70,661	4,257	34,886
321,690	1,467	8,762	38,896	48,006	5,296
-	-	-	-	-	101,047
1,286,875	101,648	95,956	221,171	272,458	-
1,286,875	101,648	95,956	221,171	272,458	101,047

The accompanying notes are an integral part of this statement.

City of Lake Stevens
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2014

	Total for All Funds (Memo Only)	621 Refundable Deposits	633 Treasurer's Trust	
308	Beginning Cash and Investments	20,691	13,733	6,957
388 & 588	Prior Period Adjustments, Net	-	-	-
310-360	Revenues	-	-	-
380-390	Other Increases and Financing Sources	146,694	18,787	127,907
510-570	Expenditures	-	-	-
580-590	Other Decreases and Financing Uses	164,681	30,399	134,282
	Net Increase (Decrease) in Cash and Investments:	(17,987)	(11,612)	(6,375)
508	Ending Cash and Investments	2,705	2,121	583

The accompanying notes are an integral part of this statement.

City of Lake Stevens
Fiduciary Fund Resources and Uses Arising from Cash Transactions
For the Year Ended December 31, 2013

	Total for All Funds (Memo Only)	621 Refundable Deposits	633 Treasurer's Trust
308	Beginning Cash and Investments	25,258	13,479
388 & 588	Prior Period Adjustments, Net	18	18
310-360	Revenues	-	-
380-390	Other Increases and Financing Sources	175,910	12,351
510-570	Expenditures	-	-
580-590	Other Decreases and Financing Uses	180,496	168,399
Net Increase (Decrease) in Cash and Investments:		(4,586)	254
508	Ending Cash and Investments	20,691	13,733
		6,957	

The accompanying notes are an integral part of this statement.

CITY OF LAKE STEVENS
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2014

Note 1 - Summary of Significant Accounting Policies

The City of Lake Stevens was incorporated in 1960 and operates under the laws of the state of Washington applicable to a Mayor-Council form of government. The city is a general purpose local government and provides public safety, street improvements, parks, and general administrative services.

The City reports financial activity in accordance with the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) Manual prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- Financial transactions are recognized on a cash basis of accounting as described below.
- Component units are required to be disclosed, but are not included in the financial statements.
- Government-wide statements, as defined in GAAP, are not presented.
- All funds are presented, rather than a focus on major funds.
- The *Schedule of Liabilities* is required to be presented with the financial statements as supplementary information.
- Supplementary information required by GAAP is not presented.
- Ending balances are not presented using the classifications defined in GAAP.

A. Fund Accounting

Financial transactions of the government are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprises its cash and investments, revenues and expenditures. The government's resources are allocated to and accounted for in individual funds depending on their intended purpose. Each fund is reported as a separate column in the financial statements. The following fund types are used:

GOVERNMENTAL FUND TYPES:

General Fund

This fund is the primary operating fund of the government. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the government.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the government on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that the government holds on behalf of others in a custodial capacity.

B. Basis of Accounting and Measurement Focus

Financial statements are prepared using the cash basis of accounting and measurement focus. Revenues are recognized when cash is received and expenditures are recognized when paid.

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

C. Budgets

The City adopts annual appropriated budgets for general, proprietary, and fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General	\$ 8,610,767	\$ 7,838,202	\$ 772,565
Contingency Reserve	\$ 8,050	\$ -	\$ 8,050
Street	\$ 1,899,969	\$ 1,426,293	\$ 473,676
Street Reserve	\$ -	\$ -	\$ -
Drug Seizure & Forfeiture	\$ 7,800	\$ 2,286	\$ 5,514
Municipal Arts	\$ -	\$ -	\$ -
PWTF 2002	\$ 89,548	\$ 89,547	\$ 1
LTGO 2004 - Police Station	\$ 105,769	\$ 105,721	\$ 48
PWTF 2006	\$ 436,160	\$ 436,160	\$ 0
PWTF 2005	\$ 65,264	\$ 65,263	\$ 1
PWTF 2008	\$ 594,669	\$ 594,668	\$ 1
LTGO 2008A Bond	\$ 359,299	\$ 359,249	\$ 50
PWTF 2010	\$ 958	\$ 957	\$ 1
LTGO 2010 Bond	\$ 95,613	\$ 94,912	\$ 701
Cap Proj-Developer Contrib	\$ 2,000	\$ -	\$ 2,000
Real Estate Excise Tax I	\$ 374,668	\$ 374,219	\$ 449
Real Estate Excise Tax II	\$ 123,696	\$ 74,164	\$ 49,532
Downtown Redevelopment	\$ -	\$ -	\$ -
Sidewalk Capital Project	\$ -	\$ -	\$ -
Sewer	\$ 1,432,564	\$ 1,432,191	\$ 373
Sewer Reserve	\$ 200,814	\$ 200,758	\$ 56
Storm & Surface Water	\$ 1,327,594	\$ 1,171,813	\$ 155,781
Unemployment	\$ 24,000	\$ -	\$ 24,000
Capital Equip - Computer	\$ 89,398	\$ 87,872	\$ 1,526
Capital Equip - Police	\$ 141,700	\$ 131,892	\$ 9,808
Capital Equip - PW	\$ 114,800	\$ 48,260	\$ 66,541
Aerator Equip Replacement	\$ -	\$ -	\$ -
Refundable Deposits	\$ 36,049	\$ 30,399	\$ 5,650
Treasurer's Trust	\$ 306,957	\$ 134,281	\$ 172,676

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City's legislative body.

The City budget contains managerial funds. For the purpose of financial statement presentation, the managerial funds are consolidated and in such cases interfund activity has been eliminated. Funds that have been consolidated include the Contingency Reserve Fund with the General Fund; the Street Reserve Fund with the Street Fund; and the Sewer Capital Reserve Fund, as well as the PWTF 2002, PWTF 2006, PWTF 2005, PWTF 2008, and the Sewer portion of the 2008 Bond Fund with the Sewer Fund.

D. Cash and Investments

See Note 3, *Deposits and Investments*.

E. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets and inventory are recorded as capital expenditures when purchased.

F. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement. Sick leave may be accumulated up to 1,168 hours. Upon separation or retirement employees do not receive payment for unused sick leave. Payments are recognized as expenditures when paid.

G. Long-Term Debt

See Note 4, *Debt Service Requirements*.

H. Other Financing Sources or Uses

The government's *Other Financing Sources* or *Uses* consist of Insurance Recoveries, Disposition of Capital Assets, Operating/Interfund Transfers, and Debt Proceeds.

I. Risk Management

The City of Lake Stevens is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 175 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self-insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

J. Reserved Portion of Ending Cash and Investments

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts.

Reservations of Ending Cash and Investments consist of:

- \$8,047 in the General Fund due to uncashed checks that have been reported to the WA State Department of Revenue that have not yet been claimed by the owners. The City holds the funds in an agency capacity until claimed.
- \$32,866 in the Drug Seizure and Forfeiture Fund as all resources and uses are externally restricted by RCW 69.50.505.
- \$1,323 in the Municipal Arts Fund due to internal commitment per LSMC 3.38.
- \$3,617,169 in the Capital Project Developer Contribution Fund as all resources and uses are externally restricted by RCW 82.02.
- \$966,786 in the Real Estate Excise Tax I Fund as all resources and uses are externally restricted by RCW 82.46.
- \$1,995,882 in the Real Estate Excise Tax II Fund as all resources and uses are externally restricted by RCW 82.46.
- \$1,640 in the Downtown Redevelopment Fund as resources within this fund consisted of a transfer from REET I which is externally restricted by RCW 82.46.
- \$109,147 in the Aerator Equipment Fund due to external restrictions within ILA with Snohomish County.

Note 2 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2014 was \$1.60 per \$1,000 on an assessed valuation of \$2,375,391,203 for a total regular levy of \$3,800,625.92.

Note 3 – Deposits and Investments

It is the City's policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

The amounts reported as cash and investments also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average monthly compensating balance during 2014 was \$1,345,727.

All deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission. All investments are insured, registered or held by the City or its agent in the government's name.

Investments are reported at original cost. Investments by type at December 31, 2014 are as follows:

Type of Investment	City's own investments	Investments held by City as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	\$21,804,512	\$0	\$21,804,512
Total	\$21,804,512	\$0	\$21,804,512

Note 4 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2014.

The debt service requirements for general obligation bonds, revenue bonds and other debt including both principle and interest, are as follows:

	General Bonds	Obligation	Revenue Bonds	Other Debt	Total Debt
2014		\$559,280	\$0	\$1,219,913	\$1,779,193
2015		\$1,003,518	\$0	\$1,213,600	\$2,217,118
2016		\$531,725	\$0	\$1,207,286	\$1,739,012
2017		\$529,819	\$0	\$1,200,972	\$1,730,791
2018		\$489,843	\$0	\$1,194,659	\$1,684,502
2019		\$449,461	\$0	\$1,188,345	\$1,637,806
2020-2024		\$1,885,910	\$0	\$5,576,111	\$7,462,021
2025-2029		\$845,155	\$0	\$3,122,835	\$3,967,990
2030		\$0	\$0	\$653	\$653
Totals		\$6,294,712	\$0	\$15,924,374	\$22,219,086

The City of Lake Stevens and the Lake Stevens Sewer District entered into a Unified Sewer Services and Annexation Agreement on the 23rd day of May, 2005 that was subsequently implemented January 1, 2006. This agreement called for a transfer of the City System to the District after which the District shall own, operate and maintain the entire wastewater collection, conveyance, treatment and discharge system in the UGA (Urban Growth Area). The agreement also provides for the ultimate transfer of the Unified Sewer System from the District to the City at a future date.

As part of this agreement, the District agreed to transfer to the City all funds necessary for the Public Work Trust Fund Loan No. PW02-691-029 and the City Sewer utility's share of the 1997 General Obligation Bonds which the City has refunded with the 2008 LTGO Bonds. Additionally, the City has acquired three Public Work Trust Fund Loans for the design and construction of the new Treatment Plant. The District agreed to transfer to the City all funds necessary for the payment of the principal and interest of these loans.

The total future debt service requirements owed to the City by the Sewer District as of December 31, 2014 are approximately \$15,541,122.

Note 5 - Pension Plans

Substantially all City’s full-time and qualifying part-time employees participate in Public Employees' Retirement System (PERS) plan or the Law Enforcement Officers and Fire Fighter (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City’s financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Note 6 - Other Disclosures

Joint Ventures – Alliance for Housing Affordability (AHA)

In September, 2013, the City of Lake Stevens joined the cities of Edmonds, Everett, Granite Falls, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2014 to add the City of Arlington and in June, 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County. Fiscal agent duties are performed by the City of Mountlake Terrace.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Lake Stevens’ equity share to date is:

Fiscal Year 7/1/XX – 6/30/XX	AHA’s Total Fiscal Year Budget	Lake Stevens’ Share of Budget	Lake Stevens’ Share as % of Total AHA Budget
2013	\$89,850	\$1,682	1.9%
2014	\$92,543	\$1,732	1.9%
2015	\$123,464	\$2,156	1.7%
2016	\$145,590	\$1,726	1.2%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member.

Budget monitoring information can be obtained from Sonja Springer, Finance Director, City of Mountlake Terrace, 6100 219th Street SW, Mountlake Terrace WA 98043 (or email: sspringer@ci.mtl.wa.us) or from Kristina Gallant, Housing Analyst, Alliance for Housing Affordability, 12625 4th Ave W, Suite 200, Everett, WA 98204.

Joint Ventures – Snohomish County Police Staff and Auxiliary Services Center (SNOPAC)

The City and other Police and Fire entities (currently 37) operate jointly the Snohomish County Police Staff and Auxiliary Services Center, (SNOPAC). SNOPAC, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOPAC is with an 11 member Board of Directors which is specified in the Interlocal Agreement. SNOPAC takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the City's share was \$634,190 on December 31, 2014.

Complete financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

Joint Ventures – AWC Employee Benefit Trust

The City of Lake Stevens is a member of the Association of Washington Cities Employee Benefit Trust Health Care Program (AWC Trust HCP). Chapter 48.62 RCW provides that two or more local government entities may, by Interlocal agreement under Chapter 39.34 RCW, form together or join a pool or organization for the joint purchasing of insurance, and/or joint self-insurance, to the same extent that they may individually purchase insurance, or self-insure.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The AWC Trust HCP was formed on January 1, 2014 when participating cities, towns, and non-city entities of the AWC Employee Benefit Trust in the State of Washington joined together by signing an Interlocal Governmental Agreement to jointly self-insure certain health benefit plans and programs for participating employees, their covered dependents and other beneficiaries through a designated account within the Trust.

As of December 31, 2014, 263 cities/towns/non-city entities participate in the AWC Trust HCP.

The AWC Trust HCP allows members to establish a program of joint insurance and provides health and welfare services to all participating members. The AWC Trust HCP pools claims without regard to individual member experience. The pool is actuarially rated each year with the assumption of projected claims run-out for all current members. The AWC Trust HCP includes medical insurance through Regence BlueShield and Asuris Northwest Health, dental insurance through Delta Dental of Washington, and vision insurance through Vision Service Plan. Eligible members are cities and towns within the state of Washington. Non-City Entities (public agency, public corporation, intergovernmental agency, or political subdivision within the state of Washington) are eligible to apply for coverage into the AWC Trust HCP, submitting application to the Board of Trustees for review as required in the Trust Agreement.

Participating employers pay monthly premiums to the AWC Trust HCP. The AWC Trust HCP is responsible for payment of all covered claims. The AWC Trust HCP purchases stop loss insurance for Regence/Asuris plans at an Individual Stop Loss (ISL) of \$1.5 million through Life Map, and Group Health ISL at \$750,000 through Sun Life. The aggregate policy is for 200% of expected medical claims.

Participating employers contract to remain in the AWC HCP for a minimum of three years. Participating employers with over 250 employees must provide written notice of termination of all coverage a minimum of 12 months in advance of the termination date, and participating employers with under 250 employees must provide written notice of termination of all coverage a minimum of 6 months in advance of termination date. When all coverage is being terminated, termination will only occur on December 31. Participating employers terminating a group or line of coverage must notify the HCP a minimum of 60 days prior to termination. A participating employer's termination will not obligate that member to past debts, or further contributions to the HCP. Similarly, the terminating member forfeits all rights and interest to the HCP Account.

The operations of the Health Care Program are managed by the Board of Trustees or its delegates. The Board of Trustees is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and the AWC Board of Directors President and Vice President. The Trustees or its appointed delegates review and analyze Health Care Program related matters and make operational decisions regarding premium contributions, reserves, plan options and benefits in compliance with Chapter 48.62 RCW. The Board of Trustees has decision authority consistent with the Trust Agreement, Health Care Program policies, Chapter 48.62 RCW and Chapter 200-110-WAC.

The accounting records of the Trust HCP are maintained in accordance with methods prescribed by the State Auditor's office under the authority of Chapter 43.09 RCW. The Trust HCP also follows applicable accounting standards established by the Governmental Accounting Standards Board ("GASB"). Year-end financial reporting is done on an accrual basis and submitted to the Office of the State Auditor as required by Chapter 200-110 WAC. The audit report for the AWC Trust HCP is available from the Washington State Auditor's office.

Subsequent Events – Refunding Debt

On October 13, 2015 City Council approved Ordinance 940 authorizing the issuance and sale of a Limited Tax General Obligation Refunding Bond in an amount not to exceed \$820,000, to refund the "Limited Tax General Obligation Bond Redemption Fund 2004". Ordinance 940 also authorized and established a new bond fund; the "2015 Limited Tax General Obligation Bond Redemption Fund No. 213". As such fund 206 is no longer active, required, or operating and will be eliminated January 1, 2016.

CITY OF LAKE STEVENS
NOTES TO THE FINANCIAL STATEMENTS
January 1, 2013 through December 31, 2013

Note 1 - Summary of Significant Accounting Policies

The City reports financial activity using the revenue and expenditure classifications, statements, and schedules contained in the *Cash Basis Budgeting, Accounting and Reporting System* (BARS) manual. This basis of accounting and reporting is another comprehensive basis of accounting (OCBOA) that is prescribed by the State Auditor's Office under the authority of Washington State law, Chapter 43.09 RCW.

The City of Lake Stevens was incorporated in 1960 and operates under the laws of the state of Washington applicable to a Mayor-Council form of government. The City is a general purpose government and provides public safety, street improvements, parks, and general administrative services. The City uses single-entry, cash basis accounting which is a departure from generally accepted accounting principles (GAAP).

A. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of single-entry accounts that comprises its cash, investments, revenues and expenditures, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on their intended purpose. The following are the fund types used by the City:

GOVERNMENTAL FUND TYPES:

General (Current Expense) Fund

This fund is the primary operating fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.

Special Revenue Funds

These funds account for specific revenue sources that are restricted or committed to expenditures for specified purposes of the City.

Debt Service Funds

These funds account for the financial resources that are restricted, committed, or assigned to expenditures for principal, interest and related costs on general long-term debt.

Capital Projects Funds

These funds account for financial resources which are restricted, committed, or assigned for the acquisition or construction of capital facilities or other capital assets.

PROPRIETARY FUND TYPES:

Enterprise Funds

These funds account for operations that provide goods or services to the general public and are supported primarily through user charges.

Internal Service Funds

These funds account for operations that provide goods or services to other departments or funds of the City on a cost reimbursement basis.

FIDUCIARY FUND TYPES:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others.

Private-Purpose Trust Funds

These funds report all trust arrangements under which principal and income benefit individuals, private organizations or other governments.

Agency Funds

These funds are used to account assets that City holds for others in an agency capacity.

B. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Revenues are recognized only when cash is received and expenditures are recognized when paid, including those properly chargeable against the report year(s) budget appropriations as required by state law.

In accordance with state law the City also recognizes expenditures paid during twenty days after the close of the fiscal year for claims incurred during the previous period.

Purchases of capital assets are expensed during the year of acquisition. There is no capitalization of capital assets, nor allocation of depreciation expense. Inventory is expensed when purchased.

The basis of accounting described above represents a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

C. Budgets

The City adopts annual appropriated budgets for general, proprietary, and fiduciary funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Annual appropriations for these funds lapse at the fiscal year end.

Annual appropriated budgets are adopted on the same basis of accounting as used for financial reporting.

The appropriated and actual expenditures for the legally adopted budgets were as follow:

Fund	Final Appropriated Amounts	Actual Expenditures	Variance
General Fund	\$8,028,354	\$7,268,361	\$759,993
Contingency Reserve	\$8,050	\$0	\$8,050
Street	\$1,875,905	\$1,519,102	\$356,803
Drug Seizure & Forfeiture	\$8,500	\$2,087	\$6,413
PWTF Loan 2002	\$89,976	\$89,976	\$0
Police Station LTGO 2004	\$103,369	\$103,320	\$49
PWTF 2006	\$787,323	\$787,323	\$0
PWTF 2005	\$66,316	\$66,316	\$0
PWTF 2008	\$1,096,170	\$1,096,170	(\$0)
2008 Bond Fund	\$366,499	\$366,448	\$51
PWTF 2010	\$977	\$976	\$1
2010 LTGO Bonds	\$95,613	\$94,912	\$701
Cap. Proj.-Dev. Contrib.	\$70,190	\$39,457	\$30,733
Capital Imp. – REET I	\$376,608	\$376,158	\$450
Capital Imp. – REET II	\$74,515	\$74,164	\$351
Sidewalk Capital Project	\$305,054	\$290,966	\$14,088
Sewer Fund	\$1,454,826	\$1,453,136	\$1,690
Sewer Reserve	\$3,220	\$2,442	\$778
Storm and Surface Water	\$1,377,050	\$1,180,738	\$196,312
Unemployment Fund	\$46,740	\$15,554	\$31,186
Equipment Fund – Computers	\$35,516	\$32,337	\$3,179
Equipment Fund – Police	\$82,000	\$70,661	\$11,339
Equipment Fund – PW	\$60,000	\$4,257	\$55,743
Aerator Equipment Repl.	\$34,886	\$34,886	(\$0)
Refundable Deposits	\$31,000	\$12,097	\$18,903
Treasurer’s Trust	\$300,000	\$168,397	\$131,603

Budgeted amounts are authorized to be transferred between departments within any fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the City’s legislative body.

The City budget contains managerial funds. For the purpose of financial statement presentation, the managerial funds are consolidated and in such cases interfund activity has been eliminated. Funds that have been consolidated include the Contingency Reserve Fund with the General Fund; the Street Reserve Fund with the Street Fund; and the Sewer Capital Reserve Fund, as well as the PWTF 2002, PWTF 2006, PWTF 2005, PWTF 2008, and the Sewer portion of the 2008 Bond Fund with the Sewer Fund.

D. Cash

It is the City’s policy to invest all temporary cash surpluses. The amount is included in the cash and investments shown on the statements of fund resources and uses arising from cash transactions. The interest on these investments is prorated to the various funds.

E. Deposits

The City deposits and certificates of deposit are covered by the Federal Deposit Insurance Corporation and/or the Washington Public Deposit Protection Commission.

F. Investments See Note 2, *Investments*.

H. Capital Assets

Capital assets are assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. The capital assets of the City are recorded as expenditures when purchased.

I. Compensated Absences

Vacation leave may be accumulated up to 30 days and is payable upon separation or retirement.

Sick leave may be accumulated up to 1,168 hours. Upon separation or retirement employees do not receive payment for unused sick leave.

J. Long-Term Debt See Note 3, *Debt Service Requirements*.

K. Other Financing Sources or Uses

The City's *Other Financing Sources or Uses* consist of Insurance Recoveries, Disposition of Capital Assets, Operating/Interfund Transfers, and Debt Proceeds.

L. Risk Management

The city of Lake Stevens is a member of the Washington Cities Insurance Authority (WCIA).

Utilizing Chapter 48.62 RCW (self-insurance regulation) and Chapter 39.34 RCW (Interlocal Cooperation Act), nine cities originally formed WCIA on January 1, 1981. WCIA was created for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and / or jointly contracting for risk management services. WCIA has a total of 162 Members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are \$4 million per occurrence self insured layer, and \$16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance and is subject to aggregate limits. Total limits are \$20 million per occurrence subject to aggregate sublimits in the excess layers. The Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to \$750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of insurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. As outlined in the interlocal, WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

M. Reserved Fund Balance

Beginning and Ending Cash and Investments is reported as reserved when it is subject to restrictions on use imposed by external parties or due to internal commitments established by City Council. When expenditures that meet restrictions are incurred, the City intends to use reserved resources first before using unreserved amounts

Reservations of Ending Cash and Investments consist of:

- \$8,047 in the General Fund due to uncashed checks that have been reported to the WA State Department of Revenue that have not yet been claimed by the owners. The City holds the funds in an agency capacity until claimed.

The following fund balances were not identified as reserved in the previous year. As such the 2012 ending balances of "reserved" and "unreserved" within these funds, although equal in total, do not agree to the beginning balances in 2013:

- \$27,592 in the Drug Seizure and Forfeiture Fund as all resources and uses are externally restricted by RCW 69.50.505.
- \$1,322 in the Municipal Arts Fund due to internal commitment per LSMC 3.38.
- \$101,047 in the Aerator Equipment Fund due to external restrictions within ILA with Snohomish County
- \$2,884,286 in the Capital Project Developer Contribution Fund as all resources and uses are externally restricted by RCW 82.02.
- \$830,538 in the Real Estate Excise Tax I Fund as all resources and uses are externally restricted by RCW 82.46.
- \$1,560,217 in the Real Estate Excise Tax II Fund as all resources and uses are externally restricted by RCW 82.46.
- \$1,638 in the Downtown Redevelopment Fund as resources within this fund consisted of a transfer from REET I which is externally restricted by RCW 82.46.

Note 2 - Investments

The City's investments are either insured, registered or held by the City or its agent in the City's name.

Investments are presented at cost.

Investments by type at December 31, 2013 are as follows:

Type of Investment	City's own investments	Investments held by City as an agent for other local governments, individual or private organizations.	Total
L.G.I.P.	\$18,373,716	\$0	\$18,373,716
Total	\$18,373,716	\$0	\$18,373,716

Note 3 - Property Tax

The county treasurer acts as an agent to collect property tax levied in the county for all taxing authorities. Collections are distributed after the end of each month.

Property tax revenues are recognized when cash is received by City. Delinquent taxes are considered fully collectible because a lien affixes to the property after tax is levied.

The City's regular levy for the year 2013 was \$1.60 per \$1,000 on an assessed valuation of \$2,204,099,855 for a total regular levy of \$3,526,560.

Note 4 – Debt Service Requirements

The accompanying Schedule of Long-Term Liabilities (09) provides more details of the outstanding debt and liabilities of the City and summarizes the City's debt transactions for year ended December 31, 2013.

Prior to 2013, the Emergency Radio System Capital Loan, included within "Other Debt" below, was shown on the Schedule of Long-Term Liabilities (09) including both principle and interest. As such, the January 1, 2013 beginning balance shown on the Schedule of Long-Term Liabilities (09) is \$46,316 less than the December 31, ending balance on the 2012 Schedule of Long-Term Liabilities (09).

The debt service requirements for general obligation bonds, revenue bonds and other debt including both principle and interest, are as follows:

	General Obligation Bonds	Revenue Bonds	Other Debt	Total Debt
2013	\$564,080	\$0	\$1,244,035	\$1,808,115
2014	\$559,280	\$0	\$1,219,913	\$1,779,193
2015	\$1,003,518	\$0	\$1,213,600	\$2,217,118
2016	\$531,725	\$0	\$1,207,286	\$1,739,012
2017	\$529,819	\$0	\$1,200,972	\$1,730,791
2018	\$489,843	\$0	\$1,194,659	\$1,684,502
2019-2023	\$2,121,831	\$0	\$5,726,260	\$7,848,091
2024-2028	\$1,058,695	\$0	\$4,160,359	\$5,219,054
2029-2030	\$0	\$0	\$1,325	\$1,325
Totals	\$6,858,792	\$0	\$17,168,409	\$24,027,201

Prior to 2013, the LTGO 2010 Series B bond had been recorded with the final principal and interest payment due June 1, 2015. Through a recent review of the bond, it has been determined that the final principal and interest payments are due December 1, 2015 adding \$10,374 in interest due.

The City of Lake Stevens and the Lake Stevens Sewer District entered into a Unified Sewer Services and Annexation Agreement on the 23rd day of May, 2005 that was subsequently implemented January 1, 2006. This agreement called for a transfer of the City System to the District after which the District shall own, operate and maintain the entire wastewater collection, conveyance, treatment and discharge system in the UGA (Urban Growth Area). The agreement also provides for the ultimate transfer of the Unified Sewer System from the District to the City at a future date.

As part of this agreement, the District agreed to transfer to the City all funds necessary for the Public Work Trust Fund Loan No. PW02-691-029 and the City Sewer utility's share of the 1997 General Obligation Bonds which the City has refunded with the 2008 LTGO Bonds. Additionally, the City has acquired three Public Work Trust Fund Loans for the design and construction of the new Treatment Plant. The District agreed to transfer to the City all funds necessary for the payment of the principal and interest of these loans.

The total future debt service requirements owed to the City by the Sewer District as of December 31, 2013 are approximately \$16,860,877.

Note 5 - Pension Plans

Substantially all City's full-time and qualifying part-time employees participate in Public Employees' Retirement System (PERS) plan or the Law Enforcement Officers and Fire Fighter (LEOFF) administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits.

Historical trend or other information regarding each plan is presented in the Washington State Department of Retirement Systems annual financial report. A copy of this report may be obtained by writing to:

Department of Retirement Systems
Communications Unit
PO Box 48380
Olympia, WA 98504-8380

Note 6 - Other Disclosures

Prior Period Adjustment - 1

The increase in beginning cash balances in the General Fund 001 (\$67,245.39); Street Fund 101 (\$10,669.11); Sewer Fund 401 (\$1,902.49); Surface Water Fund 410 (\$10,925.04) reflect the correction of an error in reporting of payroll liabilities not paid prior to the end of the fiscal year's open period. Payroll liabilities are deducted from each payroll and booked as an expenditure at that time, yet the cash is not spent until the payment is made, which was outside of the fiscal year end. Although the corrections are considered minor errors that are immaterial to the respective funds as well as to the financial statements as a whole, a prior period adjustment is the most transparent way to correct the current cash balances.

Prior Period Adjustment - 2

The increase in beginning fund balances in the General Fund (001), Street Fund (101), Sewer Fund (401), Surface Water (410), Police Equipment (520), and Treasurer's Trust (633) reflect various system errors in prior periods creating Accounts Payable balances that were not cleared and were ultimately accounted for on the financial statements as a decrease to cash. Although the corrections are considered minor errors that are immaterial to the respective funds as well as to the financial statements as a whole, a prior period adjustment is the most transparent way to correct the current cash balances.

General Fund (001) \$9,130.67 – \$8,959.14 corrections identified (\$171.53 AP unknown)
Street Fund (101) \$2,976.43 – \$3,079.88 corrections identified (-\$103.45 negative AP unknown)
Sewer Fund (401) \$1,034.89 – All corrections identified
Storm Water Fund (410) \$1,469 – All corrections identified

The accounts payable balances in the General, Street, Sewer, and Storm Water Funds were caused by multiple transactional system errors from 1999 through 2011. The City's previous accounting software was implemented in

1999 and had numerous irregularities that would cause transactions to post to accounts payable and not cash and/or expenditures or would duplicate or delete transactions. Some of these irregularities include using an apostrophe in a vendor name, or making changes to vendor, invoice numbers, general ledger accounts or funds once entered into the Accounts Payable system. The total accounts payable balance in each fund was researched and determined to be made up of several transactions. Of the Accounts Payable balances in these funds totaling \$14,610.99, \$14,542.91 or 99.5% were identified and are considered known. Although unknown, the remaining \$68.08 was corrected as a prior period adjustment with those identified.

Two additional funds had Accounts Payable balances to be corrected, each of which was caused by only one minor error and are listed separately.

Capital Equipment Fund – Police (520) \$183.94 – Caused by a transaction in September 1999. Journal Voucher IVAP9994 credited (\$1,745.75) to AP. Journal Voucher IVAP9996 debited \$1,926.69 from AP to Cash, causing a \$183.94 discrepancy. Check no. 117164 in the amount of \$183.94 was paid to Vendor no. 11841. No expenditures or AP posted for this payment, yet the full amount was posted as a decrease to cash. To correct this minor error, the expenditure line item was debited and AP was credited. A prior period adjustment was included on the financial statement C4.

Treasurer’s Trust Fund (633) \$18.00 – Caused by a transaction in September 2001. Journal Voucher IVAP191 credited (\$7,982.87) to AP yet \$8,000.87 was debited from AP to Cash, causing an \$18.00 discrepancy. Check no. 119442 in the amount of \$57.00 was paid to Vendor no. 9337 for two invoices: invoice 082801 in the amount of \$39.00 and E210616 in the amount of \$18.00. Only \$39.00 was posted to expenditures and to AP. Yet, all \$57.00 was posted as a decrease of cash. To correct this minor error, the expenditure line item was debited and AP was credited. A prior period adjustment was included on the financial statement C5.

Joint Ventures and Jointly Governed Organizations

Alliance for Housing Affordability (AHA)

In September, 2013, the City of Lake Stevens joined the cities of Everett, Granite Falls, Mount Lake Terrace, Lynnwood, Marysville, Mill Greek, Mountlake Terrace, Mukilteo, and Snohomish, the Town of Woodway, and Snohomish County to establish the Alliance for Housing Affordability (AHA). The agreement was amended in May, 2014 to add the City of Arlington and in June, 2014 to add the City of Stanwood.

The purpose of AHA is to cooperatively formulate affordable housing goals and policies and to foster efforts to provide affordable housing by providing expertise and information to member jurisdictions. Operating funding is provided by the member cities.

AHA is governed by a Joint Board composed of an elected official from each member. The Joint Board is responsible for review and approval of all budgetary, financial, policy, and contractual matters. The Board is assisted by an administrative staff housed at the Housing Authority for Snohomish County. Fiscal agent duties are performed by the City of Mountlake Terrace.

Each member city is responsible for contributing operating revenues as determined from the AHA annual budget. Contributions from the member cities are based on each member's population. A grant from the Gates Foundation provided \$50,000 to assist with the first two years of organizational start-up. The City of Lake Stevens’ equity share to date is:

Year	AHA Budget	Lake Stevens’ Share	Lake Stevens’ Share as % of AHA Budget
2013	\$89,850	\$1,682	1.9%
2014	\$92,543	\$1,732	1.9%

Members withdrawing from the agreement relinquish all rights to any reserve funds, equipment, or material purchased. Upon dissolution, the agreement provides for distribution of net assets among the members based on the percentage of the total annual contributions during the period of the Agreement paid by each member.

Budget monitoring information can be obtained from Sonja Springer, Finance Director, City of Mountlake Terrace, 6100 219th Street SW, Mountlake Terrace WA 98043 (or email: sspringer@ci.mlt.wa.us) or from Kristina Gallant, Housing Analyst, Alliance for Housing Affordability, 12625 4th Ave W, Suite 200, Everett, WA 98204.

Snohomish County Police Staff and Auxiliary Services Center, (SNOPAC)

The City of Lake Stevens and other Police and Fire entities (currently 37) operate jointly the Snohomish County Police Staff and Auxiliary Services Center, (SNOPAC). SNOPAC, a cash basis, special purpose district, was created under the Interlocal Cooperation Act, as codified in RCW 39.34. This established the statutory authority necessary for Snohomish County, the cities, towns, fire districts, police districts and other service districts to enter into a contract and agreement to jointly establish, maintain and operate a support communications center. Control of SNOPAC is with an 11 member Board of Directors which is specified in the Interlocal Agreement. SNOPAC takes 911 calls, and performs emergency dispatch services for local governmental agencies including police, fire and medical aid.

In the event of the dissolution of SNOPAC, any money in the possession of SNOPAC or the Board of Directors after payment of all costs, expenses and charges validly incurred under this Agreement shall be returned to the parties to this Agreement in proportion to their contribution during the fiscal year of dissolution. Before deducting the payment of all costs, expenses and charges validly incurred, the City's share was \$603,240 on December 31, 2013.

Complete financial statements for SNOPAC can be obtained from SNOPAC's administrative office at 1121 SE Everett Mall Way, Suite 200, Everett, WA 98208.

**City of Lake Stevens
Schedule of Liabilities
For the Year Ended December 31, 2014**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	G.O. Bonds (2004)	12/1/2023	825,000	-	70,000	755,000
251.11	G.O. and Refunding Bonds (2008 A)	12/1/2028	2,379,234	-	130,032	2,249,202
251.19	G.O. Bonds (2008A)	12/1/2022	1,005,766	-	94,968	910,798
251.11	G.O. Bonds (2010A)	12/1/2018	300,563	-	62,858	237,705
251.11	G.O. and Refunding Bonds (2010 B)	12/1/2015	455,000	-	-	455,000
263.81	Public Works Trust Fund Loan (2010)	7/1/2030	10,777	-	634	10,143
263.81	Public Works Trust Fund Loan (2002)	7/1/2022	771,222	-	85,691	685,531
263.81	Public Works Trust Fund Loan (2005)	7/1/2025	631,579	-	52,632	578,947
263.81	Public Works Trust Fund Loan (2006)	7/1/2026	5,324,016	-	409,539	4,914,476
263.81	Public Works Trust Fund Loan (2008)	7/1/2028	8,297,697	-	553,180	7,744,517
259.11	Compensated Absences		330,018	449,283	462,995	316,306
263.81	Emergency Radio System Capital Loan	12/31/2021	143,276	-	14,738	128,538
263.81	Parkway Crossing Project ILA	11/15/2021	85,600	-	10,700	74,900
Total General Obligations:			20,559,747	449,283	1,947,967	19,061,063
Total Liabilities:			20,559,747	449,283	1,947,967	19,061,063

**City of Lake Stevens
Schedule of Liabilities
For the Year Ended December 31, 2013**

ID. No.	Description	Due Date	Beginning Balance	Additions	Reductions	Ending Balance
General Obligations						
251.11	G.O. Bonds (2004)	12/1/2023	890,000	-	65,000	825,000
251.11	G.O. and Refunding Bonds (2008 A)	12/1/2028	2,509,440	-	130,206	2,379,234
251.19	G.O. Bonds (2008A)	12/1/2022	1,100,560	-	94,794	1,005,766
251.11	G.O. Bonds (2010A)	12/1/2018	362,575	-	62,012	300,563
251.11	G.O. and Refunding Bonds (2010 B)	12/1/2015	455,000	-	-	455,000
263.81	Public Works Trust Fund Loan (2010)	7/1/2030	11,411	-	634	10,777
263.81	Public Works Trust Fund Loan (2002)	7/1/2022	856,913	-	85,691	771,222
263.81	Public Works Trust Fund Loan (2005)	7/1/2025	684,211	-	52,632	631,579
263.81	Public Works Trust Fund Loan (2006)	7/1/2026	5,383,555	350,000	409,539	5,324,016
263.81	Public Works Trust Fund Loan (2008)	7/1/2028	8,350,877	500,000	553,180	8,297,697
259.11	Compensated Balances		321,342	351,501	342,825	330,018
263.81	Emergency Radio System Capital Loan	12/31/2021	157,246	-	13,970	143,276
263.81	Diking District 2 WMA ILA	6/1/2013	19,956	-	19,956	-
263.81	Parkway Crossing Project ILA	11/15/2021	96,300	-	10,700	85,600
Total General Obligations:			21,199,386	1,201,501	1,841,139	20,559,748
Total Liabilities:			21,199,386	1,201,501	1,841,139	20,559,748

ABOUT THE STATE AUDITOR'S OFFICE

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Adam Wilson Adam.Wilson@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov