

Washington State Auditor's Office
Accountability Audit Report

City of Port Orchard
Kitsap County

Report Date
February 10, 2009

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March 16, 2009



WASHINGTON
BRIAN SONNTAG
STATE AUDITOR



**Washington State Auditor
Brian Sonntag**

March 16, 2009

Mayor and City Council
City of Port Orchard
Port Orchard, Washington

Report on Accountability

Please find attached our report on the City of Port Orchard'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. The results of that audit will be included in a separately issued audit report.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

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Kitsap County
February 10, 2009**

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Audit Summary

**City of Port Orchard
Kitsap County
February 10, 2009**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Port Orchard.

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 Port Orchard Kitsap County February 10, 2009

ABOUT THE CITY

The City of Port Orchard, located in Kitsap County, was incorporated on September 1, 1890. An elected, seven-member City Council governs the City with an independently elected Mayor. During 2007, the City served approximately 8,350 citizens with an operating budget of approximately \$14 million. Approximately 75 employees provide an array of services including water, sewer, police, Municipal Court, street maintenance, parks and recreation, community service programs, and planning and economic development. Sewage treatment is a joint venture with West Sound Utility District.

AUDIT HISTORY

We audit the City annually. The City had only one audit finding in the past 17 years. This reflects the City's commitment to maintain a strong financial system with sufficient internal controls. In addition, City officials are very responsive to audit recommendations, and audit concerns are discussed, addressed and often resolved before completion of our audit.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor
City Council:

Kim Abel
John Clauson
Robert Geiger
Rick Wyatt
Carolyn Powers
Rita Dilenno
Fred Chang
Robert Putaansuu

APPOINTED OFFICIALS

Clerk/Assistant to the Mayor
Treasurer
Public Works Director/City Engineer
Planning Director
Police Chief
Municipal Court Judge

Michelle Merlino
Kristine Tompkins
Maher Abed
Joanne Long-Woods
Alan Townsend
Tarrell Decker

ADDRESS

City

216 Prospect Street
Port Orchard, WA 98366
(360) 876-4407

Audit Areas Examined

City of Port Orchard Kitsap County February 10, 2009

In keeping with general auditing practices, we do not examine every portion of the City of Port Orchard'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 in the following areas:

- Open public meetings laws
- Conflict of interest/ethics laws
- Centralized cash receipting
- Disbursements
- Payroll
- Evidence room

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
- Capital and other assets
- Revenue
- Expenditures/expenses
- Financial condition
- Overall presentation of the financial statements



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.

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 employees are located around the state to deliver our services effectively and efficiently.

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 and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service. 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 quality assurance program.

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Director of Special Investigations
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