

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

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**City of Port Orchard**  
**Kitsap County**

Report Date  
**November 7, 2007**

**Report No. 73801**

Issue Date  
**January 7, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

January 7, 2008

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  
November 7, 2007**

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# Audit Summary

**City of Port Orchard  
Kitsap County  
November 7, 2007**

## ***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, 2006, through December 31, 2006.

## ***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 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 November 7, 2007

### **ABOUT THE CITY**

The City of Port Orchard was incorporated on September 1, 1890, and operates under a mayor-council form of government. There are seven elected Council Members and an independently elected Mayor. Port Orchard is also the County Seat for Kitsap County.

During 2006, the City served approximately 8,300 citizens in Kitsap County, with a budget of over \$21 million. Approximately 70 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 between Karcher Creek Sewer District and the City.

### **AUDIT HISTORY**

We audit the City annually. The City has had only one audit finding in the past 15 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 often discussed, addressed and resolved before completion of our audit.

### **ELECTED OFFICIALS**

These officials served during the audit period:

|               |                                  |
|---------------|----------------------------------|
| Mayor:        | Kim Abel                         |
| City Council: | John Clauson                     |
|               | Robert Geiger                    |
|               | Rick Wyatt                       |
|               | Carolyn Powers                   |
|               | Rita Dilenno                     |
|               | Fred Chang                       |
|               | Tye Moore (through October 2006) |

### **APPOINTED OFFICIALS**

|                                     |                   |
|-------------------------------------|-------------------|
| Clerk/Assistant to the Mayor        | Michelle Merlino  |
| Treasurer                           | Kristine Tompkins |
| Public Works Director/City Engineer | Maher Abed        |
| Planning Director                   | Joanne Long-Woods |
| Police Chief                        | Alan Townsend     |
| Municipal Court Judge               | Tarrell Decker    |

**ADDRESS**

City

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

# Audit Areas Examined

## City of Port Orchard Kitsap County November 7, 2007

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:

- Accounting/financial reporting
- Cash handling and imprest funds
- Insurance/risk management
- Public works contracts/bid law compliance
- Open public meetings
- Disbursements/expenditures
- Payroll
- Conflict of interest
- Use of restricted funds

### **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/expenses
- 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**  
**Chief Policy Advisor**  
**Director of Administration**  
**Director of Audit**  
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**Director of Special Investigations**  
**Director for Legal Affairs**  
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**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free hotline for government efficiency**

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**Web Site**

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