



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of Clarkston

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following reports:

- Accountability audit for January 1, 2019 through December 31, 2020 – see draft report.
- Financial statement audit for January 1, 2019 through December 31, 2020 – see draft report.
- Federal grant compliance audit for January 1, 2020 through December 31, 2020 – see draft report.

Audit Highlights

- We thank City officials and staff for the time and resources rendered to us during the audit.
- In particular, we would like to thank Steve Austin, Darren White, Michelle Courtney, and Erica Fisher for their cooperation, assistance and providing us with all necessary documentation to perform the audit.

Recommendations not included in the Audit Reports

Management Letters

Management letters communicate control deficiencies, non-compliance or abuse with a less-than-material effect on the financial statements or other items significant to our audit objectives. Management letters are referenced, but not included, in the audit report. We noted certain matters that we are communicating in a letter to management related to financial statement preparation.

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or non-compliance with laws or regulation that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Status of Prior Management Letter items

Brief Description	In Progress	Unresolved	Resolved
Financial statement preparation		X	
Cost allocation plan	X		
Theft-sensitive assets	X		

Communications required by audit standards

In relation to our financial statement audit report, we would like to bring to your attention:

- Uncorrected misstatements in the audited financial statements are summarized on the attached schedule. We agree with management's representation that these misstatements are immaterial to the fair presentation of the financial statements.
- There were no material misstatements in the financial statements corrected by management during the audit.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via e-mail in an electronic .pdf file. We also offer a subscription service that allows you to be notified by email when audit reports are released or posted to our website. You can sign up for this convenient service at: <https://portal.sao.wa.gov/SAOPortal>.

Management Representation Letter

We have included a copy of representations requested of received from management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$34,800 and actual audit costs will approximate \$40,000. Additional time was required to address audit exceptions identified in the financial statement and federal grant compliance audits.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2022 and will cover the following general areas:

- Accountability for Public Resources
- Financial Statement
- Federal Programs

The estimated cost for the next audit based on current rates is \$28,000 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

Working Together to Improve Government

Audit Survey

When your report is released you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor is designed to offer services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean, peer-to-peer networking and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

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Attachment: Schedule of Uncorrected Misstatements

Year	Statement / Schedule	Description
2019	Fund Resources and Uses Arising from Cash Transactions	Miscellaneous revenues reported in the financial statements did not agree to the general ledger by \$16,533, which understated both revenues and ending cash and investments.
2019	Notes to Financial Statements	Actual expenditures for the Sanitation O & M Fund 410 disclosed in the budget note do not agree to the general ledger by \$42,922 (understatement).
2019	Notes to Financial Statements	The City did not disclose bank deposits in its deposits and investments note and the amounts disclosed in the note do not agree to the financial statements by \$27,111 as the BARS Manual prescribes (overstatement).
2020	Fund Resources and Uses Arising from Cash Transactions	Difference of approximately \$3,612 between the auditor's expectation of total beginning cash and investments and actual beginning cash and investments reported in the financial statements (overstatement).
2020	Fund Resources and Uses Arising from Cash Transactions	Difference of approximately \$218,203 between the auditor's expectation of total revenues and actual revenues reported in the financial statements (understatement).
2020	Fund Resources and Uses Arising from Cash Transactions	Difference of approximately \$232,340 between the auditor's expectation of total expenditures and actual expenditures reported in the financial statements (understatement).
2020	Fund Resources and Uses Arising from Cash Transactions	Difference of approximately \$491 between the auditor's expectation of total ending cash and investments and actual ending cash and investments reported in the financial statements (overstatement).
2020	Notes to Financial Statements	Actual expenditures for the Sanitation O & M Fund 410 disclosed in the budget note do not agree to the general ledger by \$47,136 (understatement).
2020	Notes to Financial Statements	The City did not disclose bank deposits in its deposits and investments note and the amounts disclosed in the note do not agree to the financial statements by \$321,269 as the BARS Manual prescribes (understatement).