City of Stevenson

About our Office
The Washington State Auditor's Office’s vision is government that works for citizens. Our goal is for government that works better, costs less and earns greater public trust.

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

Audit Scope
We performed the following audits for City of Stevenson:

- Accountability audit for 2014. See draft report.
- Federal grant compliance audit for 2014. See draft report.

Financial Statement required communications
In relation to our 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.
Recommendations not included in the Audit Reports

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.

Concluding Comments

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/Login.aspx

Audit Cost
At the entrance conference, we estimated the cost of the audit to be $20,900 plus travel costs and actual audit costs will approximate that amount.

Customer Service Survey
When your report is released you will receive a customer service survey from us. We value your opinions on our audit services and hope you provide feedback.

Your Next Scheduled Audit
Your next audit is scheduled to be conducted in the fall of 2016 and will cover the following general areas:

- Accountability for Public Resources - 2015
- Financial Statement - 2015

The estimated cost for the next audit based on current rates is $11,100 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are $750,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal single audit requirements. Federal awards can include grants, loans, and non-cash assistance such as equipment and supplies.
## 2014 Summary of Uncorrected Misstatements

<table>
<thead>
<tr>
<th>Statement / Schedule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-4 and C-5</td>
<td>The City is reporting the Unemployment Fund activity on the C-5 as an agency fund, however, this may be more appropriately reported as an Internal Service Fund which would be reported on C-4.</td>
</tr>
<tr>
<td>C-4</td>
<td>The City is presenting the Street Fund (100) as a Special Revenue Fund, however, it does not meet the criteria for a standalone fund and should have been presented on the C-4. It should have been rolled into the General Fund.</td>
</tr>
<tr>
<td>C-4</td>
<td>The City is reporting all of its Ending Cash Balance as Reserved for Fund 305 (Quiet Zone/CERB project), however, we believe that a portion of this balance should be reported as Unreserved.</td>
</tr>
<tr>
<td>C-5</td>
<td>The City did not report Custodial Account activity on the Financial Statements.</td>
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<tr>
<td>C-4</td>
<td>The City did not set up a Reserve Account as required by the bonds when it issued $500k for use on the Sewer Extension project. The City did transfer the required $32,760 to meet this bond requirement during the course of the audit. As this account was not established during FY 2014, the reserve amount was not shown as reserved ending cash for Fund 400 on the C-4 statement.</td>
</tr>
<tr>
<td>C-4</td>
<td>The City did not record interest earned within the LGIP account ($618) and for 1 of its CDs ($250) during 2014.</td>
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