

Washington State Auditor's Office
Accountability Audit Report

City of Lacey
Thurston County

Report Date
June 20, 2014

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June 30, 2014



Washington State Auditor
Troy Kelley

Independence • Respect • Integrity



Washington State Auditor Troy Kelley

June 30, 2014

Mayor and City Council
City of Lacey
Lacey, Washington

Report on Accountability

We appreciate the opportunity to work in cooperation with your City to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role to advocate for government accountability and transparency and to promote positive change.

Please find attached our report on the City of Lacey's accountability and compliance with state laws and regulations and its own policies and procedures. Thank you for working with us to ensure the efficient and effective use of public resources.

Sincerely,

TROY KELLEY
STATE AUDITOR

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Thurston County
June 20, 2014**

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Audit Summary

**City of Lacey
Thurston County
June 20, 2014**

ABOUT THE AUDIT

This report contains the results of our independent accountability audit of the City of Lacey from January 1, 2013 through December 31, 2013.

We evaluated internal controls and performed audit procedures on the activities of the City. We also determined whether the City complied with state laws and regulations and its own policies and procedures.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, the areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. The following areas were examined during this audit period:

- Open Public Meetings Act
- Revenue
- Expenditures
- Cash receipting
- Procurement
- Bond covenants/ limitation of indebtedness
- Third party cash receipting
- Financial condition

RESULTS

In the areas we examined, the City's internal controls were adequate to safeguard public assets. The City also complied with state laws and regulations and its own policies and procedures in the areas we examined.

Related Reports

**City of Lacey
Thurston County
June 20, 2014**

FINANCIAL

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements.

Description of the City

**City of Lacey
Thurston County
June 20, 2014**

ABOUT THE CITY

The City of Lacey, located in Thurston County, is home to 44,350 citizens. The City provides a full range of municipal services, either directly or through contracts, including parks and recreation, planning and zoning, police, building inspection, street maintenance and construction engineering, general administrative services and utilities, which include water, wastewater, and stormwater. Through an agreement with Thurston County, Olympia and Tumwater, the City accounts for the financial activity of Joint Animal Services and the Thurston County Narcotics Task Force. The City also, under agreement with Capital Area Regional Public Facilities District (CARPFD), provides administrative support services and accounts for the financial activity of CARPFD.

The City is governed by a council-manager form of government with seven elected Council Members, one of whom serves as Mayor. The City operates on a \$97 million annual budget and has approximately 450 full- and part-time employees.

ELECTED OFFICIALS

These officials served during the audit period:

Mayor and City Council:

Virgil Clarkson, Mayor
Jason Hearn, Deputy Mayor
Jeff Gadman
Lenny Greenstein
Ron Lawson
Cynthia Pratt
Andy Ryder

APPOINTED OFFICIALS

City Manager	Scott Spence
City Attorney	Ken Ahlf
Community Development Director	Frederick Walk
Finance Director	Troy Woo
Parks and Recreation Director	Lorraine Flemm
Police Chief	Dusty Pierpoint
Human Resource Director	Elizabeth Gotelli
Public Works Director	Scott Egger

CITY CONTACT INFORMATION

Address: City of Lacey
420 College Street S.E.
Lacey, WA 98503-1238

Phone: (360) 438-2623

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AUDIT HISTORY

We audit the City annually. The City had been free of audit findings for over 30 audits with the exception of the 2011 audit when the City received a finding regarding internal controls over indirect costs charged to a federal grant. That finding has been resolved. The current audit is free of findings. Management has been responsive to audit recommendations and concerns are often discussed and resolved prior to completion of an audit.



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 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 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 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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