



Washington State Auditor's Office

Independence • Respect • Integrity

Financial Statements and Federal Single Audit Report

City of Kent

King County

For the period January 1, 2014 through December 31, 2014

Published September 28, 2015

Report No. 1015289





Washington State Auditor's Office

September 28, 2015

Mayor and City Council
City of Kent
Kent, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on the City of Kent's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the City's financial condition.

Sincerely,

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

TABLE OF CONTENTS

Federal Summary	4
Status of Prior Federal Audit Findings	6
Independent Auditor’s Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Audit Standards.....	10
Independent Auditor’s Report On Compliance For Each Major Federal Program And On Internal Controls Over Compliance In Accordance With OMB Circular A-133	12
Independent Auditor’s Report On Financial Statements.....	15
Financial Section	19
Schedule of Expenditure of Federal Awards (SEFA)	20
Notes to the SEFA	21
About the State Auditor’s Office.....	22

FEDERAL SUMMARY

**City of Kent
King County
January 1, 2014 through December 31, 2014**

The results of our audit of the City of Kent are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

Financial Statements

An unmodified opinion was issued on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information.

Internal Control Over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the City.

Federal Awards

Internal Control Over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the City's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Identification of Major Programs:

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
14.218	CDBG - Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The City did not qualify as a low-risk auditee under OMB Circular A-133.

STATUS OF PRIOR FEDERAL AUDIT FINDINGS

This schedule presents the status of federal findings reported in prior audit periods. The status listed below is the representation of the City of Kent. The State Auditor’s Office has reviewed the status as presented by the City.

Audit Period: 01/01/2013-12/31/2013	Report Ref. No.: 1012755	Finding Ref. No.: 1	CFDA Number(s): 97.042
Federal Program Name and Granting Agency: Emergency Management Performance Grants, Department of Homeland Security		Pass-Through Agency Name: Military Department	
Finding Caption: The City did not have internal controls in place to ensure compliance with Federal subrecipient monitoring requirements.			
Background: Description of Condition The Emergency Management Performance Grant (EMPG) program provides resources to assist governments in preparing for all hazards, as authorized by Section 662 of the Post Katrina Emergency Management Reform Act and the Robert T. Stafford Disaster Relief and Emergency Assistance Act. The federal government, through the EMPG program, provides necessary direction, coordination, and guidance, and provides necessary assistance, as authorized to support a comprehensive all hazards emergency preparedness system. The City received \$104,471 in EMPG funds from the Military Department, which it passed through to the Kent Fire Department Regional Fire Authority (RFA), a separate legal entity, for costs related to the program. The RFA was not eligible to apply for these funds directly. The City has an inter-local agreement with the Kent Regional Fire Authority to provide emergency management services on the City’s behalf. Federal regulations require the City to monitor the RFA to ensure federal funds are used for authorized purposes. Our audit found the City did not perform subrecipient monitoring as required. We consider this to be an internal control deficiency that is a material weakness.			
Cause of Condition City management considered the grant agreement with the Military Department a three-party grant agreement between the City of Kent, Kent Fire Department Regional Fire Authority and the state agency and does not consider the City’s participation in the agreement to have established its responsibility for subrecipient monitoring requirements.			

Effect of Condition and Questioned Costs

The City did not have internal controls in place, nor did it perform subrecipient monitoring activities over the program as required. By not performing the required activities, the City cannot ensure the RFA used program funds in accordance with the grant agreement and federal compliance requirements.

Status of Corrective Action: (check one)

- Fully Corrected
 Partially Corrected
 No Corrective Action Taken
 Finding is considered no longer valid

Corrective Action Taken:

1. *In late February 2015 the City entered into a contract with the City of Auburn to provide specified subrecipient monitoring services for the City of Kent. The contract incorporated each of the two existing EMPG awards (E14-088 and E15-135), and will be amended for each subsequent EMPG award. As of April 2015, the City had received monitoring reports for each of these awards, and these reports did not reflect any concerns.*
2. *In early March 2015 the City entered into a standardized federal sub-award contract with the Kent Fire Department Regional Fire Authority (RFA), incorporating key provisions governing the administration of the EMPG awards. This contract was executed for each of the two existing EMPG awards (E14-088 and E15-135), and will be executed for each subsequent EMPG award.*
3. *The City will ensure that an OMB Circular A-133 audit is performed for the RFA for any year in which \$500,000 or more in federal financial assistance is expended, and that the RFA provides the City with a copy of this report and Management Letter, if any, to the City.*

Audit Period: 01/01/2013-12/31/2013	Report Reference No.: 1012755	Finding Reference No.: 2	CFDA Number(s): 14.218
---	---	---------------------------------	----------------------------------

Federal Program Name and Granting Agency: Community Development Block Grant, Department of Housing and Human Services	Pass-Through Agency Name: None
--	--

Finding Caption:

The City’s internal controls were not adequate to ensure compliance with Community Development Block Grant Federal Funding Accountability and Transparency Act of 2006 (FFATA) reporting requirements.

Background:

Description of Condition

During 2013, the City received \$807,439 of Community Development Block Grant (CDBG) funding provided by the U.S. Department of Housing and Urban Development.

The City passed through \$162,175 in grant funds to subrecipients. Grant funding may be used to benefit low- and moderate-income persons, aid in the prevention or elimination of slums and blight, or meet community development needs having a particular urgency.

The Federal Funding Accountability and Transparency Act of 2006 (FFATA) requires grantees to report subawards to subrecipients for amounts of \$25,000 or more. They must report each subaward by the end of the month following the month in which it was granted. During our audit we found the City did not have sufficient internal controls in place to ensure the fiscal year 2013 Accountability Act reports were filed. The City did not report the two subawards made during the audit period.

Cause of Condition

City staff did not understand the requirement to report subawards over \$25,000 under the accountability act was an on-going requirement. We consider this control deficiency to be a material weakness in internal controls.

Effect of Condition and Questioned Costs

By not correctly submitting the required Accountability Act reports, the federal government's ability to ensure transparency and accountability of federal spending is diminished.

Status of Corrective Action: (check one)

<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> No Corrective Action Taken	<input type="checkbox"/> Finding is considered no longer valid
---	--	---	--

Corrective Action Taken:

1. *The department administering this award:*
 - *Worked with HUD and the FSRS technical assistance team and was able to submit the 2013 FFATA report. Subsequently, the City then filed the 2014 FFATA report in September 2014 for all sub-recipient contracts over \$25,000 to adhere to the Transparency Act for the 2014 CDBG granting period.*
 - *Developed an annual checklist for all required HUD CDBG reporting which is maintained in the administrative file and is reviewed monthly for compliance.*
 - *Personnel responsible for the administration of this program will attend additional CDBG training during 2015. Additionally, in late 2014 the Division Manager provided training to staff about the reporting requirements.*

2. *The City originally planned to develop checklist for federal grants of common reporting requirements for use by all departments. However, this plan was not implemented due to the diverse nature of these requirements and the significant number of federal programs administered by the City.*

This topic was presented to the City of Kent Mayor's Leadership Team (MLT) meeting in late 2014. MLT is comprised of the Mayor, the Chief Administrative Officer and all department directors.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**City of Kent
King County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of Kent
Kent, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent, King County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 21, 2015. As discussed in Note 1 to the financial statements, during the year ended December 31, 2014, the City implemented Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 70, *Nonexchange Financial Guarantees*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

August 21, 2015

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

**City of Kent
King County
January 1, 2014 through December 31, 2014**

Mayor and City Council
City of Kent
Kent, Washington

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM**

We have audited the compliance of the City of Kent, King County, Washington, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the accompanying Federal Summary.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance

with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any

deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

PURPOSE OF THIS REPORT

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

September 15, 2015

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

City of Kent King County January 1, 2014 through December 31, 2014

Mayor and City Council
City of Kent
Kent, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent, King County, Washington, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed on page 19.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Kent, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General and Capital Improvement Special Revenue Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2014, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* and Statement No. 70, *Nonexchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 21 through 37, information on postemployment benefits other than pensions on page 111 and pension trust fund information on pages 112 through 114 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Jan M. Jutte". The signature is written in a cursive style with a large initial "J" and "M".

JAN M. JUTTE, CPA, CGFM
ACTING STATE AUDITOR
OLYMPIA, WA

August 21, 2015

FINANCIAL SECTION

This Single Audit reporting package has been prepared for use on the City of Kent's web page. The financial statements of the City of Kent, as well as the accompanying notes and required supplementary information has been removed from this reporting package and is displayed elsewhere on the City's web page as the Comprehensive Annual Financial Report for the year ended December 31, 2014 (CAFR 2014).

CITY OF KENT, WASHINGTON
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2014

Federal Agency Name/Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. No.	Expenditures			Note Ref
				From Pass-Through Awards	Direct Awards	Total	
Department of Education - Office of Elementary and Secondary Education Pass-through WA Alliance for Better Schools	Twenty-First Century Community Learning Centers	84.287	NA	1,438		1,438	2
Department of Health & Human Services Substance Abuse & Mental Health Services Administration	Drug-Free Communities Support Program Grants Substance Abuse & Mental Health Services_Projects of Regional and National Significance Total Department of Health & Human Services	93.276 93.243	NA NA		41,875 32,306 74,181	41,875 32,306 74,181	2 2
Department of Housing and Urban Development Office of Community Planning and Development	Community Development Block Grants/Entitlement Grants Total CFDA #14.28 and Department of Housing and Urban Development	14.218 14.218	B-13-MC-53-0017 B-14-MC-53-0017		199,062 636,714 835,776	199,062 636,714 835,776	2 2, 3
Department of Homeland Security Pass through WA State Emergency Management	Emergency Management Performance Grants Total Department of Homeland Security	97.042	NA	108,111 108,111		108,111 108,111	2, 3
Department of Justice/ Bureau of Justice Assistance	Bulleproof Vest Partnership Program State Criminal Alien Assistance Program Edward Byrne Memorial Justice Assistance Grant Program Edward Byrne Memorial Justice Assistance Grant Program Total JAG Program cluster Total Department of Justice	16.607 16.606 16.738 16.738	AP#03018548 2012-2013 NA NA		12,734 3,980 1,021 44,726 44,726 17,735	12,734 3,980 1,021 44,726 44,726 62,461	2 2 2 2
Department of Transportation/Federal Highway Administration (FHWA) Pass through WA Department of Transportation	Highway Planning and Construction Recreational Trails Program Total Highway Planning & Construction cluster	20.205 20.219	HSIP-0515(014) CM-0615(008)	44,063 205,280 249,343		44,063 205,280 249,343	2 2
National Highway Traffic Safety Administration (NHTSA) Pass through WA Department of Transportation	State and Community Highway Safety Total Department of Transportation	20.600	HLP-BP11(001)	69,900 319,243		69,900 319,243	2
National Endowment for the Arts Pass through Western States Arts Foundation	Promotion of the Arts_Partnership Agreements Total National Endowment for the Arts	45.025	NA	11,600 11,600		11,600 11,600	2
TOTAL FEDERAL AWARDS EXPENDED				485,118	927,692	1,412,810	

The Accompanying Notes to the Schedule of Financial Assistance are an Integral Part of this Schedule

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the City's financial statements. The City uses the modified accrual basis of accounting. Modified accrual for governmental funds means revenues are recognized when they are measurable and available as net current assets and expenditures are recognized in the accounting period in which the related fund liability is incurred.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only federal portion of the program costs. Actual program costs, including the City's portion, may be more than shown.

NOTE 3 - AMOUNTS AWARDED TO SUBRECIPIENTS

Included in the total amount expended for the Community Development Block Grants program is \$159,657 that was passed through to a subrecipient that administered its own project.

Included in the total amount expended for the Emergency Management Performance Grants program is \$108,111 that was passed through to a subrecipient that administered its own project.

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 to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

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 as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Deputy Director for Communications	Thomas Shapley Thomas.Shapley@sao.wa.gov (360) 902-0367
Public Records requests	(360) 725-5617
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov