



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

City of Yelm

Thurston County

For the period January 1, 2014 through December 31, 2015

Published February 16, 2017

Report No. 1018536





**Office of the Washington State Auditor
Pat McCarthy**

February 16, 2017

Mayor and City Council
City of Yelm
Yelm, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office takes seriously our role of providing state and local governments with assurance and accountability as the independent auditor of public accounts. In this way, we strive to help government work better, cost less, deliver higher value and earn greater public trust.

Independent audits provide essential accountability and transparency for City operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our report on the City's compliance and safeguarding of public resources. Our independent audit report describes the overall results and conclusions for areas we examined. We appreciate the opportunity to work with your staff and we value your cooperation during the audit.

Sincerely,

Pat McCarthy
State Auditor
Olympia, WA

TABLE OF CONTENTS

Audit Summary.....	4
Related Reports.....	5
Information About The City	6
About The State Auditor’s Office.....	7

AUDIT SUMMARY

Results in brief

In most areas we audited, City operations complied with applicable requirements and provided adequate safeguarding of public resources. The City also complied with state laws and regulations and its own policies and procedures in most areas we examined.

We noted certain matters that we communicated to City management in a letter dated January 26, 2017, related to cash receipting, cost allocation, and bid law compliance. We appreciate the City's commitment to resolving those matters.

About the audit

This report contains the results of our independent accountability audit of the City of Yelm from January 1, 2014 through December 31, 2015.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, loss or abuse. This includes the design, implementation and maintenance of internal controls relevant to these objectives.

Our audit involved performing procedures to obtain evidence about the City's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

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 fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- Financial condition
- Self-insurance
- Credit cards
- Procurement
- Open public meetings
- Significant internal controls: cash receipting, disbursements, payroll, and utility billings and adjustments

RELATED REPORTS

Financial

Our opinion on the City's financial statements is provided in a separate report, which includes the City's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

That report includes a finding for a material weakness in internal controls over financial reporting regarding the City's internal controls over financial statement preparation are inadequate to ensure accurate and complete reporting.

INFORMATION ABOUT THE CITY

The City of Yelm, located in Thurston County, was incorporated in 1924 and serves approximately 8,400 citizens. The City provides, either directly or through contract, services including public safety, fire prevention, street improvement, parks, Municipal Court and general administration. In addition, the City owns and operates a water and sewer system.

An elected, seven-member City Council and an independently elected Mayor govern the City. The Mayor appoints and the Council approves a City Administrator to oversee the City's daily operations as well as its 44 employees. For fiscal years 2014 and 2015, the City's general fund reported total operating expenditures of \$3,833,376 and \$4,099,717, respectively.

Contact information related to this report

Address:	City of Yelm 105 Yelm Avenue W. City Hall Yelm, WA 98597
Contact:	Noah Crocker, Finance Director
Telephone:	(360) 458-8403
Website:	www.ci.yelm.wa.us

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Yelm at <http://portal.sao.wa.gov/ReportSearch>.

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	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov