



# Washington State Auditor's Office

Government that works for citizens

## Accountability Audit Report

# Town of Spangle

Spokane County

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

Published August 1, 2016

Report No. 1017097





## Washington State Auditor's Office

August 1, 2016

Mayor and Town Council  
Town of Spangle  
Spangle, 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 Town 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 Town'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,

A handwritten signature in black ink that reads "Troy X. Kelley". The signature is written in a cursive, flowing style.

TROY KELLEY  
STATE AUDITOR  
OLYMPIA, WA

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## AUDIT SUMMARY

### Results in brief

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

### About the audit

This report contains the results of our independent accountability audit of the Town of Spangle 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 Town'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
- Procurement (bidding/prevaling wage)
- Use of restricted funds
- Cash receipting

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**Town of Spangle  
Spokane County  
January 1, 2014 through December 31, 2015**

This schedule presents the status of findings reported in prior audit periods. The status listed below is the representation of the Town of Spangle. The State Auditor's Office has reviewed the status as presented by the Town.

<b>Audit Period:</b> January 1, 2012 through December 31, 2013	<b>Report Ref. No:</b> 1012992	<b>Finding Ref. No:</b> 1
<b>Finding Caption:</b> The Town does not allocate shared costs to restricted funds based on the actual benefit received.		
<b>Background:</b> Towns are allowed to charge costs incurred by their central service functions, such as general administration, purchasing and payroll to the funds that benefit from the services. They should charge costs in proportion to the benefit received. The Town has a responsibility to adopt a fair and equitable method of distributing shared costs among funds. Additionally, state law prohibits resources restricted for specific uses, such as utilities, to benefit or subsidize other functions of government.  During the prior audit, we communicated concerns to the Mayor, Town Council and management about the Town's lack of support for its allocation of shared costs.		
<b>Status of Corrective Action: (check one)</b> <div style="display: flex; justify-content: space-between; align-items: flex-start;"><div style="text-align: center;"><input type="checkbox"/> Fully Corrected</div><div style="text-align: center;"><input checked="" type="checkbox"/> Partially Corrected</div><div style="text-align: center;"><input type="checkbox"/> Not Corrected</div><div style="text-align: center;"><input type="checkbox"/> Finding is considered no longer valid</div></div>		
<b>Corrective Action Taken:</b> <i>The Town passed a resolution raising water rates to ensure the positive financial condition for the water fund, thus eliminating the subsidization or benefit of other restricted funds. The Town is retaining support for the actual charges for each fund and how they are calculated. The Town has created a plan for charging shared services. However, the Town has yet to adopt a policy over cost allocation, and is still working on ensuring that cost allocations are accurately calculated.</i>		

## RELATED REPORTS

### **Financial**

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

## INFORMATION ABOUT THE TOWN

The Town of Spangle was incorporated in 1888 and currently serves 283 Spokane County residents. It provides an array of services including parks, water, wastewater, street and general administrative services.

An elected, five-member Council with a separately elected Mayor governs the Town. The Council appoints management to oversee the Town's daily operations as well as its two full-time employees. For fiscal years 2014 and 2015, the Town operated on annual budgets of \$1,085,075 and \$432,210, respectively.

Contact information related to this report	
Address:	Town of Spangle W. 115 2nd P.O. Box 147 Spangle, WA 99031
Contact:	Peggy Mangis, Clerk/Treasurer
Telephone:	(509) 245-3260
Website:	<a href="http://www.icehouse.net/spangletown">www.icehouse.net/spangletown</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the Town of Spangle 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	<a href="mailto:PublicRecords@sao.wa.gov">PublicRecords@sao.wa.gov</a>
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	<a href="http://www.sao.wa.gov">www.sao.wa.gov</a>