Washington State Auditor's Office

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Accountability Audit Report

City of Bellevue

King County

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

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Washington State Auditor's Office

September 26, 2016

Mayor and City Council
City of Bellevue
Bellevue, 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,

TROY KELLEY

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 the 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 the areas we examined.

About the audit

This report contains the results of our independent accountability audit of the City of Bellevue from January 1, 2015 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:

- Procurement- public works bid law- NS 4th Street Extension and Water Facilities
- Procurement- public works bid law - Wilburton Sewer Capacity Improvements
- Debt and covenants- new bond issue
- Interlocal agreements
- Utility adjustments
- General disbursement
- Disbursements- Parks and Community Center Department
- Disbursements- Police Department
- Credit cards and accounts
- Travel
- Cash receipting:
  - Bellevue Skate Park
  - Northwest Arts Center
  - Ivanhoe Performing Arts/Bellevue Youth Theater
- Payroll- Parks and Community Service Department
- Payroll- Fire Department

RELATED REPORTS

Financial

Our opinion on the City's financial statements and compliance with federal grant program requirements 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.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal program, which is listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report is available on our website, http://portal.sao.wa.gov/ReportSearch.

Special investigations

We noted certain matters that we communicated to City management in a letter dated September 2016, that was presented to us by the City relating to a loss of public funds through payroll and employee benefits. We appreciate the City's commitment to resolving those matters.

INFORMATION ABOUT THE CITY

The City of Bellevue was incorporated in 1953. It is the fifth largest city in the state of Washington, with a population of approximately 135,000 residents. It is located east of Lake Washington and west of Lake Sammamish. The surrounding cities include Medina, Clyde Hill, Hunts Point, Yarrow Point, Kirkland, Redmond, Issaquah and Newcastle.

The City operates under a council-manager form of government, with seven elected Council Members, one of whom is selected by the Council to serve as Mayor for a two-year term. The City adopts a two-year budget. The 2015-2016 biennium combined operating and capital budgeted expenditures are approximately $1.5 billion.

The City employs approximately 1,500 people and provides the following services: police and fire protection, water/sewer/storm utilities, community and economic development, transportation and public works, parks and recreation including two golf courses, an aquatic center, tennis center, botanical gardens, marina, skate park and senior, youth and community centers, and performing arts theaters.

The City created the Bellevue Convention Center Authority in December 1989. The purpose of the Authority is to develop, promote and operate a convention center. Upon issuance of Special Obligation Revenue Bonds in 1991, the Authority constructed the convention center known as Meydenbauer Center, which opened for business on September 13, 1993.

Contact information related to this report	
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of Bellevue 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

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