

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**City of Lake Forest Park**  
**King County**

Report Date  
**January 17, 2013**

**Report No. 1009181**

Issue Date  
**February 19, 2013**



WASHINGTON  
**TROY KELLEY**  
STATE AUDITOR



**Washington State Auditor  
Troy Kelley**

February 19, 2013

Mayor and City Council  
City of Lake Forest Park  
Lake Forest Park, 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 Lake Forest Park'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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King County  
January 17, 2013

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# **Audit Summary**

**City of Lake Forest Park  
King County  
January 17, 2013**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Lake Forest Park from January 1, 2011 through December 31, 2011.

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:

- Financial condition
- Cash receipting
- Credit cards
- Travel
- State grants
- Fuel use

## ***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 Lake Forest Park  
King County  
January 17, 2013**

### ***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 Lake Forest Park King County January 17, 2013**

### ***ABOUT THE CITY***

The City of Lake Forest Park serves 12,640 citizens in King County. It is administered by a mayor-council form of government. The City has seven elected Council Members and an independently elected Mayor. The City operates on a \$26 million biennial budget. Its 58 employees provide services including surface water, sewer, police, Municipal Court, public works and planning and economic development.

### ***ELECTED OFFICIALS***

These officials served during the audit period:

Mayor	David Hutchinson
Council Members:	Don Fiene
	Dwight Thompson
	Robert Lee
	Catherine Stanford
	Sandy Koppenol
	Ed Sterner
	John Wright

### ***APPOINTED OFFICIALS***

City Administrator	David Cline (until November 2011)
Interim City Administrator	Bob Jean (November 2011-December 2011)
Finance Director	John Hawley (January 2011)
Acting Finance Director	Peggy Graham (February 2011-March 2011)
Finance Director	Jillian Hostenske (April 2011-August 2011)
Acting/Interim Finance Director	Steve Nolen (September 2011-December 2011)
Municipal Services Manager/City Clerk	Susan Stine

## ***CITY CONTACT INFORMATION***

Address: City of Lake Forest Park  
17425 Ballinger Way N.E.  
Lake Forest Park, WA 98155

Phone: (206) 368-5440

Website: [www.cityofflp.com](http://www.cityofflp.com)

## ***AUDIT HISTORY***

We generally audit the City every year, with the exception of a two-year audit for fiscal years 2009 and 2010. That audit contained a finding for internal controls over cash receipting. The City has improved its controls in this area. As a result, the City will move to a two-year audit cycle starting with the audit of fiscal years 2012 and 2013.

# **Status of Prior Audit Findings**

## **City of Lake Forest Park King County January 1, 2011 through December 31, 2011**

The status of findings contained in the prior years' audit reports of the City of Lake Forest Park is provided below:

### **1. The City lacks adequate controls and monitoring over cash receipts**

Report No. 10006860, dated September 19, 2011

#### **Background**

We found internal control weaknesses that increase the risk of misappropriation in three different departments. Specifically:

- No one independently reviews and approves adjustments to utility billings and red-light camera ticket revenues.
- The Business License and Tax Department and Municipal Court do not deposit receipts timely.
- The Business License and Tax Department does not reconcile handwritten receipts to the general ledger to ensure all money received is recorded in the general ledger and deposited. In addition, no one independently reviews and approves refunds, other than the individual making the refund.
- The City keeps most of the cash it collects in a filing cabinet that is unlocked during business hours and is accessible to multiple individuals.
- The Building Permit Technician is able to delete permits after printing them. No report lists the permits deleted. Therefore, we could not determine if revenue was collected for all permits issued.

#### **Status**

The City has corrected the internal control weaknesses noted in this finding. During the current audit, we found the City took corrective action to improve internal controls and provide training to departments that perform cash receipting functions.





## **ABOUT THE STATE AUDITOR'S OFFICE**

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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.

Our mission is to 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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**Director of State and Local Audit**  
**Director of Performance Audit**  
**Deputy Director of State and Local Audit**  
**Deputy Director of State and Local Audit**  
**Deputy Director of Quality Assurance**  
**Local Government Liaison**  
**Public Records Officer**  
**Main number**  
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