

# **Washington State Auditor's Office**

## **Accountability Audit Report**

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### **City of Bellingham Whatcom County**

Report Date  
**August 12, 2014**

**Report No. 1012387**

Issue Date  
**August 21, 2014**



**Washington State Auditor  
Troy Kelley**

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Independence • Respect • Integrity



## Washington State Auditor Troy Kelley

August 21, 2014

Mayor and City Council  
City of Bellingham  
Bellingham, 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 Bellingham'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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**Whatcom County**  
**August 12, 2014**

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# Audit Summary

**City of Bellingham  
Whatcom County  
August 12, 2014**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Bellingham from January 1, 2013 through December 31, 2013.

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:

- Rental and lease revenue
- Restricted funds
- Safeguarding of assets
- Credit card disbursements
- Bid law
- Utility billing
- Cash receipting
- Permit revenue

## ***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 Bellingham  
Whatcom County  
August 12, 2014**

### ***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.

### ***FEDERAL GRANT PROGRAMS***

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the City's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

## Description of the City

### City of Bellingham Whatcom County August 12, 2014

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

The City of Bellingham encompasses approximately 28 square miles of Whatcom County and serves approximately 82,000 citizens. The City provides an array of services including water, sewer, police, Municipal Court, fire, emergency medical services, parks and recreation, library, museum, cemetery, golf course, public improvements, planning and economic development. The City contracts out solid waste collection and disposal.

An elected, seven-member Council and a separately elected Mayor govern the City. The Mayor appoints senior management to oversee the City's daily operations as well as its 846 employees. In fiscal year 2013, the City had an operating general fund budget of \$67 million.

#### ***ELECTED OFFICIALS***

These officials served during the audit period:

Mayor  
City Council:

Kelli Linville  
Jack Weiss  
Gene Knutson  
Cathy Lehman  
Stan Snapp  
Terry Bornemann  
Michael Lilliquist  
Seth Fleetwood

Municipal Court Judge

Debra Lev

Note: Stan Snapp and Seth Fleetwood were replaced by Pinky Vargas and Roxanne Murphy in January 2014.

## ***APPOINTED OFFICIALS***

Finance Director  
City Attorney  
Hearing Examiner  
Museum Director  
Library Director  
Director of Human Resources  
Judicial Services Director  
Director of Information Systems  
Director of Parks and Recreation  
Director of Planning and Community  
Development  
Director of Public Works  
Fire Chief  
Police Chief

Brian Henshaw  
Peter Ruffato  
Dawn Sturwold  
Patricia Leach  
Pam Kiesner  
Lorna Klemanski  
Linda Storck  
Marty Mulholland  
James King  
  
Jeff Thomas  
Ted Carlson  
Roger Christensen  
Clifford Cook

Note: Bill Newbold replaced Roger Christensen in January 2014.

## ***CITY CONTACT INFORMATION***

Address: City of Bellingham  
210 Lottie Street  
P.O. Box V  
Bellingham, WA 98225  
  
Phone: 360-778-8036  
  
Website: [www.cob.org](http://www.cob.org)

## ***AUDIT HISTORY***

We audit the City on an annual basis. The past five audits have reported one finding. During the fiscal year 2009 audit, we reported a finding related to noncompliance with bid requirements. This finding has been resolved.



## **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.

We 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.

**State Auditor**  
**Chief of Staff**  
**Director of Performance and State Audit**  
**Director of Local Audit**  
**Deputy Director of State Audit**  
**Deputy Director of Local Audit**  
**Deputy Director of Local Audit**  
**Deputy Director of Performance Audit**  
**Deputy Director of Quality Assurance**  
**Deputy Director of Communications**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Troy Kelley**  
**Doug Cochran**  
**Chuck Pfeil, CPA**  
**Kelly Collins, CPA**  
**Jan M. Jutte, CPA, CGFM**  
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