



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Redmond Community Facilities District No. 2016-1

For the period January 1, 2020 through December 31, 2020

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

November 8, 2021

Board of Supervisors
Redmond Community Facilities District No. 2016-1
Redmond, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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 District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

Attached is our independent audit report on the District's compliance with applicable requirements and safeguarding of public resources for the areas we examined. We appreciate the opportunity to work with your staff and value your cooperation during the audit.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

In keeping with general auditing practices, we do not examine every transaction, activity, policy, internal control, or area. As a result, no information is provided on the areas that were not examined.

About the audit

This report contains the results of our independent accountability audit of the Redmond Community Facilities District No. 2016-1 from January 1, 2020 through December 31, 2020.

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.

This audit was conducted under the authority of RCW 43.09.260, which requires the Office of the Washington State Auditor to examine the financial affairs of all local governments. Our audit involved obtaining evidence about the District's use of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters. The procedures performed were based on our assessment of risks in the areas we examined.

Based on our risk assessment for the year ended December 31, 2020, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Financial condition and fiscal sustainability
- General disbursements – review of general disbursements for allowable purpose(s) and proper approval
- Open Public Meetings Act (OPMA) – review for compliance with statutory requirements

INFORMATION ABOUT THE DISTRICT

The Redmond Community Facilities District 2016-1 (CFD) was formed on June 21, 2016 when the City Council Adopted Resolution No. 1453.

In April 2016 the City of Redmond received a petition from Microsoft Corporation to form a community facilities district for the purpose of financing multimodal improvements of eastbound and westbound left-turn lanes at the intersection of 154th Avenue NE and NE 51st Street along with bicycle lanes along NE 51st Street from 154th Avenue NE to the SR 520 eastbound on-ramp; and separately, multimodal improvements including bicycle lanes along NE 31st Street from the roundabout just east of SR 520 to 156th Avenue NE along with improvements to the intersection of NE 31st Street and 156th Avenue NE. The City of Redmond is responsible for designing, engineering, and administering construction of the improvements.

In June 2017 the City of Redmond received an amended petition from Microsoft Corporation to expand the community facilities district to include the financing of 156th Avenue NE intersection improvements, to include the extension of storm water pipe from 172nd Avenue NE to Lake Sammamish along the NE 40th street right-of-way and related improvements, and a grade separated path for pedestrians/bicycles on the west side of SR 520 to reduce potential pedestrian/bicycle conflicts with motor vehicles on NE 40th Street.

The governing board of the Redmond Community Facilities District 2016-1 consists of three members of the Redmond City Council and two representatives nominated by the petitioner. The City's Finance Director acts as the Treasurer. The District is a blended component unit of the city of Redmond. Primary revenue sources for the District come from special assessments levied against specific Microsoft Corporation properties.

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 Redmond Community Facilities District No. 2016-1 at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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