

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

---

**City of Sunnyside**  
**Yakima County**

Report Date  
**March 10, 2009**

**Report No. 1001133**

Issue Date  
**May 11, 2009**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

May 11, 2009

Mayor and City Council  
City of Sunnyside  
Sunnyside, Washington

***Report on Accountability***

Please find attached our report on the City of Sunnyside's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the City's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

Table of Contents

**City of Sunnyside  
Yakima County  
March 10, 2009**

Audit Summary..... 1  
Description of the City ..... 2  
Audit Areas Examined..... 4  
Status of Prior Audit Findings..... 5

# Audit Summary

**City of Sunnyside  
Yakima County  
March 10, 2009**

## ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of the City of Sunnyside.

We performed audit procedures to determine whether the City complied with state laws and regulations and its own policies and procedures. We also examined City management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from January 1, 2007, through December 31, 2007.

## ***RESULTS***

In most areas, the City complied with state laws and regulations, its own policies and procedures and internal controls were adequate to safeguard public assets. However, we noted certain issues that we communicated to City management. We appreciate the City's commitment to resolving the issues.

## ***RELATED REPORTS***

Our opinion on the City's financial statements and compliance with federal program requirements is provided in a separate report, which includes the City's financial statements.

## ***CLOSING REMARKS***

We thank City officials and personnel for their assistance and cooperation during the audit.

# Description of the City

## City of Sunnyside Yakima County March 10, 2009

### **ABOUT THE CITY**

The City of Sunnyside serves approximately 15,130 citizens in Yakima County. It has a council/mayor form of government with six elected Council Members and a separately elected Mayor. The City operates on a \$28.2 million annual budget. With approximately 105 employees, the City provides a full range of services including public safety, Municipal Court, public improvements, sanitation, water utility, community development and parks and recreation.

### **AUDIT HISTORY**

We audit the City annually. The past five audits have reported three areas of concern. The 2006 audit reported internal control deficiencies over preparation of the financial statements. The 2004 audit contained a federal audit finding relating to not ensuring a single audit was performed timely. The 2004 audit also contained an internal control finding over lack of controls over key financial systems and financial reporting. No findings were reported in 2005, 2003 and 2002.

### **ELECTED OFFICIALS**

These officials served during the audit period:

Mayor and City Council:

Mayor

Mayor Pro-Tem

Council Members:

Ed Prilucik

Jim Restucci

Bruce Epps

William Gant

Paul Garcia

Theresa Hancock

Carol Stone

### **APPOINTED OFFICIALS**

City Manager:

Robert Stockwell (through September 23, 2007)

Mark Kunkler (Interim September 24, 2007 through May 26, 2008)

Eric Swansen (effective May 27, 2008)

City Attorney

Mark Kunkler

Finance Director

Jordan Arreola

Fire Chief

Aaron Markham

Police Chief

Ed Radder

Public Works Director

Jim Bridges

**ADDRESS**

City

818 E. Edison Avenue  
Sunnyside, WA 98944-2206  
(509) 837-3782  
(509) 837-3268 (fax)

# Audit Areas Examined

## City of Sunnyside Yakima County March 10, 2009

In keeping with general auditing practices, we do not examine every portion of the City of Sunnyside's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the City were examined during this audit period:

### ***ACCOUNTABILITY***

We evaluated the City's accountability in the following areas:

- Open Public Meetings Act
- Disbursements/expenditures
- Payroll/personnel
- Budget compliance
- Utility billings
- Inter-fund loans
- Capital asset system
- Conflict of interest/ethics laws
- Bond covenants
- Municipal Court
- Ambulance billings

### ***FEDERAL PROGRAMS***

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

### ***FINANCIAL AREAS***

Our opinion on the City's financial statements is provided in a separate report. That report includes the City's financial statements and other required financial information. We examined the financial activity and balances of the City including:

- Cash and investments
- Revenue
- Expenditures/expenses
- Journal entries
- Subsequent events
- Going concern
- Overall presentation of the financial statements and notes
- Schedule of Long-Term debt

# Status of Prior Audit Findings

## City of Sunnyside Yakima County March 10, 2009

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

**1. The City of Sunnyside's internal controls over preparation of financial statements are inadequate.**

Report No. 73770, dated December 24, 2007

### **Background**

In the prior audit, we identified the following deficiencies in internal controls over financial reporting that, when taken together, represented a significant deficiency in controls:

- Controls intended to ensure financial statements and related schedules were accurate, complete and prepared correctly did not detect errors. Several city personnel are responsible for preparing the financial statements. Independent reviews of the financial statements are performed as sections of the financial packet are completed. However, the review process in place was not sufficient to identify the errors we noted.
- City personnel did not have adequate experience preparing financial statements in accordance with generally accepted accounting principles (GAAP). The City attempted to mitigate this weakness by engaging a consultant to assist in preparation of the financial statements. However, we noted the financial statement presentation of various items did not comply with the GAAP requirements.

### **Status**

The City has corrected the internal control weaknesses noted in this finding. In January 2007, the City changed to a cash basis of reporting. This change has reduced the complexity of the financial statements and the workload associated with their preparation. The cash basis financial statements take much less time to prepare, which allows more time for an independent review process upon completion of the statements prior to the submission deadline. City staff has significant experience preparing financial statements in accordance with cash basis reporting standards. Prior to 2004, the City reported on a cash basis and had no findings in the preceding nine years.

In addition to the change to cash basis, both the Finance Director and the Assistant Finance Director attended training on March 14, 2008, on "Cash Basis Annual Financial Reporting" given by the State Auditor's Office. The financial statements were prepared by both the Finance Director and Assistant Finance Director and reviewed independently by the Assistant Finance Director and the Interim City Manager/City Attorney using the checklist provided by the State Auditor's office at the March 14 training, prior to submitting the 2007 Annual Financial report to the state.



## **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.

Our mission is to work in cooperation 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 our 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 continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

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**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
**Ivan Dansereau**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Web Site**

[www.sao.wa.gov](http://www.sao.wa.gov)

**Subscription Service**     <https://www.sao.wa.gov/applications/subscriptionservices/>