



Office of the Washington State Auditor

Pat McCarthy

Exit Conference: City of North Bonneville

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share the results of your audit and our draft reporting. We value and appreciate your participation.

Audit Reports

We will publish the following report:

- Accountability audit for January 1, 2023 through December 31, 2024 – see draft report.

Recommendations not included in the Audit Reports

Exit Items

We have provided exit recommendations for management's consideration. Exit items address control deficiencies or noncompliance with laws or regulations that have an insignificant or immaterial effect on the entity, or errors with an immaterial effect on the financial statements. Exit items are not referenced in the audit report.

Finalizing Your Audit

Report Publication

Audit reports are published on our website and distributed via email in a .pdf file. We also offer a subscription service that notifies you by email when audit reports are released or posted to our website. You can sign up for this convenient service at [Sign Up for News & Alerts | Office of the Washington State Auditor](#).

Management Representation Letter

We have included a copy of representations requested of management.

Audit Cost

At the entrance conference, we estimated the cost of the audit to be \$27,300 and actual audit costs will be more than that amount due to the time needed to work through the audit issues.

Your Next Scheduled Audit

Your next audit is scheduled to be conducted in 2027 and will cover the following general areas:

- Accountability for public resources

The estimated cost for the next audit based on current rates is \$27,900 plus travel expenses. This preliminary estimate is provided as a budgeting tool and not a guarantee of final cost.

If expenditures of federal awards are \$1,000,000 or more in any fiscal year, notify our Office so we can schedule your audit to meet federal Single Audit requirements. Federal awards can include grants, loans, and non-cash assistance like equipment and supplies.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide feedback.

Local Government Support Team

This team provides support services to local governments through technical assistance, comparative statistics, training, and tools to help prevent and detect a loss of public funds. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions. Additionally, this team assists with the online filing of your financial statements.

The Center for Government Innovation

The Center for Government Innovation at the Office of the Washington State Auditor offers services specifically to help you help the residents you serve at no additional cost to your government. What does this mean? We provide expert advice in areas like Lean process improvement, peer-to-peer networking, and culture-building to help local governments find ways to be more efficient, effective and transparent. The Center can help you by providing assistance in financial management, cybersecurity and more. Check out our best practices and other resources that help local governments act on accounting standard changes, comply with regulations, and respond to recommendations in your audit. The Center understands that time is your most precious commodity as a public servant, and we are here to help you do more with the limited hours you have. If you are interested in learning how we can help you maximize your effect in government, call us at (564) 999-0818 or email us at Center@sao.wa.gov.

Questions?

Please contact us with any questions about information in this document or related audit reports.

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LETTER OF REPRESENTATION TO BE TYPED ON CLIENT LETTERHEAD

December 15, 2025

Office of the Washington State Auditor
3200 Capitol Blvd
P.O. Box 40031
Olympia, WA 98504-0031

To the Office of the Washington State Auditor:

We are providing this letter in connection with your audit of City of North Bonneville for the period from January 1, 2023 through December 31, 2024. Representations are in relation to matters existing during or subsequent to the audit period up to the date of this letter.

Certain representations in this letter are described as being limited to matters that are significant or material. Information is considered significant or material if it is probable that it would change or influence the judgment of a reasonable person.

We confirm, to the best of our knowledge and belief, having made appropriate inquiries to be able to provide our representations, the following representations made to you during your audit. If we subsequently discover information that would change our representations related to this period, we will notify you in a timely manner.

General Representations:

1. We have provided you with unrestricted access to people you wished to speak with and made available all relevant and requested information of which we are aware, including:
 - a. Financial records and related data.
 - b. Minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes have not yet been prepared.
 - c. Other internal or external audits, examinations, investigations or studies that might concern the objectives of the audit and the corrective action taken to address significant findings and recommendations.
 - d. Communications from regulatory agencies, government representatives or others concerning possible noncompliance, deficiencies in internal control or other matters that might concern the objectives of the audit.
 - e. Related party relationships and transactions.
 - f. Results of our internal assessment of business risks and risks related to financial reporting, compliance and fraud.
2. We acknowledge our responsibility for compliance with requirements related to confidentiality of certain information, and have notified you whenever records or data containing information subject to any confidentiality requirements were made available.

3. We acknowledge our responsibility for compliance with applicable laws, regulations, contracts and grant agreements.
4. We have identified and disclosed all laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
5. Except as reported by the audit, we have complied with all material aspects of laws, regulations, contracts and grant agreements.
6. We acknowledge our responsibility for establishing and maintaining effective internal controls over compliance with applicable laws and regulations, safeguarding of public resources, and financial reporting, including controls to prevent and detect fraud.
7. Except as reported by the audit, we have established adequate procedures and controls to provide reasonable assurance of compliance with applicable laws and regulations, safeguarding of public resources, and accurate financial reporting.
8. We have no knowledge of any loss of public funds or assets or other illegal activity, or any allegations of fraud or suspected fraud involving management or employees.
9. In accordance with RCW 43.09.200, all transactions have been properly recorded in the financial records.
10. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings, and we have provided you with all the information on the status of the follow-up on prior audit findings.
11. We are responsible for taking corrective action on audit findings and have developed a corrective action plan.

Bryan Sabo, Mayor



Office of the Washington State Auditor

Pat McCarthy

Preliminary Draft - Please do not duplicate, distribute, or disclose.

Accountability Audit Report

City of North Bonneville

For the period January 1, 2023 through December 31, 2024

Published (Inserted by OS)

Report No. 1038847



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Office of the Washington State Auditor Pat McCarthy

Issue Date – (Inserted by OS)

Mayor and City Council
City of North Bonneville
North Bonneville, 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 City 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 City'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

Americans with Disabilities

In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at webmaster@sao.wa.gov.

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AUDIT RESULTS

Results in brief

This report describes the overall results and conclusions for the areas we examined. In most of the areas we examined, City operations did not comply, in all material respects, with applicable state laws, regulations, or its own policies. Additionally, the City did not provide adequate controls over safeguarding of public resources in most of the areas we examined.

As referenced above, we identified areas where the City could make improvements. These recommendations are included with our report as findings.

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 City of North Bonneville from January 1, 2023 through December 31, 2024.

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 City'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 years ended December 31, 2024 and 2023, 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 – reviewing for indications of financial distress
- Budget compliance
- Annual report filing – timeliness and completeness
- Payroll – gross wages, overtime, leave balances and accruals
- Accounts payable – general disbursements and credit cards
- Cash receipting – timeliness and completeness of deposits, voids and adjustments at City Hall
- Open public meetings – compliance with minutes, meetings and executive session requirements

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of North Bonneville **January 1, 2023 through December 31, 2024**

2024-001 The City lacked adequate internal controls for ensuring accurate accounting and financial reporting, compliance with state law, and effective monitoring of its financial position.

Background

An elected City Council and Mayor govern the City, and a Clerk-Treasurer is responsible for financial transactions. In fiscal years 2023 and 2024, the City had about \$1.6 million and \$1.8 million in operating revenues, respectively. The City's primary revenue sources are property and sales taxes and utility billings.

Federal and state agencies, the City Council and the public rely on the information included in financial statements and reports to make decisions. Management is responsible for designing, implementing, and maintaining controls adequate to provide reasonable assurance that City resources are safeguarded against misuse or misappropriation, and that City officials have accurate financial information upon which to base their decisions.

Financial transactions of the government are reported in individual funds with each fund accounting for its own cash and investments, revenues and expenditures. The resources should be allocated to and accounted for within the appropriate fund. City management is responsible for ensuring financial activity is reported in the corresponding fund.

Description of Condition

The City does not have processes to ensure its financial activity follows state laws and is recorded accurately in accordance with the *Budgeting, Accounting and Reporting System* (BARS) Manual. Our audit identified the following concerns related to the City's accounting, cash reconciliations, financial reporting, budget compliance and the sewer fund's financial condition.

Accounting

The City did not have adequate controls to accurately record financial activity for each fund within its accounting software. In effort to remedy this and ensure the City reported financial activity accurately moving forward, it converted accounting systems twice during the audit period. However, staff did not completely or accurately transfer information, such as outstanding checks, from one system to the new system, as of the conversion date.

Additionally, as accounting information was not accurate and complete, management was not able to effectively monitor its financial operations for each fund.

Cash reconciliation

The City held three bank and investment accounts with combined year-end balances of about \$1.3 million in 2023 and 2024. The City has been working for several years to try and reconcile its financial activity from its accounting software to the bank records. The audit found the City recorded invalid transactions, such as “plug numbers,” to force the accounting system to reconcile to bank activity. The City has been unable to perform a complete reconciliation of financial activity as of the audit.

Financial reporting

State law (RCW 43.09.230) requires the City to submit an annual financial report to the State Auditor’s Office within 150 days after the end of its fiscal year. The annual financial report includes summaries of financial information and supporting schedules.

While the City did submit its annual reports on time each year, due to the deficiencies noted above related to the recording of accounting entries, the information was not accurate and could not be relied upon. Specifically, the audit found ending cash and investments, revenues and expenditures for 2024 were overreported by at least \$86,500, \$131,800 and \$190,000, respectively.

In addition, the annual financial reports the City submitted to our Office were missing required supplemental schedules.

Budget compliance

The Council annually approves a budget determining its legal spending limits. Under state law (RCW 35A.33.120), spending should not exceed this limit without a Council-approved budget amendment. The City did not monitor its budget when obligating expenditures to ensure the City was spending within its authorized appropriations and resources. The following table shows the City overspent approved and amended budgets for one fund in 2023 and two funds in 2024.

Fund	Amount overspent in 2023	Amount overspent in 2024
Water Fund	-	\$34,805
Sewer Fund	-	\$21,687
Equipment Fund	\$50,229	-

Sewer Fund

For the prior seven audits, we have communicated financial condition recommendations to the City with specific concerns regarding the sewer fund. The current audit noted that the City still has significant funding deficits for necessary sewer infrastructure upgrades. A recent Asset Management report obtained by the City identified 52 individual assets, of which 11 have less than two years of estimated useful life remaining. Specifically, the report identified:

- Four assets, with an estimated replacement cost of \$632,000, that were evaluated as being in poor or very poor condition
- Six assets, with an estimated replacement cost of \$939,000, are likely to fail
- Two of the City's pump stations have components that were determined as likely to fail and have estimated replacement costs of \$600,000

The City wants to finance some of these improvements through grants and state loans, but officials say the City no longer qualifies for some of the grants. In addition, grants might require matching contributions from the City, and loans require full repayment plus interest. The City does not have a plan to finance these obligations. Though the City raised utility rates during the audit period, these have not been sufficient to cover the City's needs.

Cause of Condition

Employees responsible for accounting, cash reconciliations, and financial reporting lacked the necessary training and experience to ensure the City maintains complete and accurate financial records. The Mayor and City Council have not taken an active role in ensuring the City's financial information is accurate and complete and has not dedicated the resources necessary to address deficiencies.

Effect of Condition

The City is unable to effectively monitor its financial condition. Because of the issues identified, the audit was unable to determine if the City's financial position has improved or declined. We attempted to reconcile reported revenues, expenditures and ending cash and investments to bank records; however, as the City's records were inaccurate and incomplete, we were unable to effectively perform a reconciliation.

Without accurate and complete financial records, the City is unable to make informed financial decisions. It also risks not being able to meet future financial obligations or continue operations at current service levels.

The City reported negative cash and investments balances for the following funds:

Fund	Ending cash and investment in 2023	Ending cash and investment in 2024
Street Fund	\$ -16,697	\$ -40,400
Equipment Fund	\$ -61,781	\$ -64,056

When expenditures in a fund exceed the amount of available resources, the City is using resources from other funds to continue operations without formally making an interfund transfer or establishing an interfund loan. The City can only make transfers from unrestricted sources, such as the general fund. The Council must approve interfund loans by a resolution or ordinance that includes a payment plan and sets a reasonable interest rate for the City to pay to the lending fund. Interfund loans that the City does not repay in a timely manner represent an unallowable diversion of funds.

Recommendation

We recommend the City ensures it accounts for financial activity completely and accurately within its accounting system, in accordance with the BARS Manual and state law. The City should prioritize reconciling its activity from the fund accounting system to the bank activity and ensure it follows up on and resolves all variances.

In addition, we recommend the City follow state law by:

- Obligating expenditures only when funds have the available budget and resources to pay for the transactions, and use restricted resources only for allowable purposes
- Establishing interfund loans that include appropriate interest rates and repayment plans for funds with negative cash and investments balances to avoid the permanent diversion of restricted resources.

Finally, we continue to recommend the City's elected officials and management establish a formal, written comprehensive plan to address the City's financial condition and closely monitor financial operations to ensure it can meet its future financial obligations.

City's Response

Budget Compliance: The City staff will ensure budget is available before obligating funds. If there are not funds available, they must get prior authorization to tap into restricted resources and double-check to ensure we are using the funds appropriately.

The Clerk/Treasurer and Mayor will ensure the City contracts with a qualified accountant that understands how to establish interfund loans, interest rates, and repayment plans.

The City Council will ensure the Mayor elect hires qualified employees that have experience with Budgeting, Accounting and Reporting System (BARS Manual) and good understanding of State laws.

Sewer Fund: The city is working with the city's engineer to complete an updated water system plan and sewer plan. The rate study has been completed. The sewer infrastructure has slowly been upgraded and continues to do so. The city has worked and continues to work to build reserves to allow for match or partial funding of the outdated lift stations. The Planner is working with State Public Works Board to obtain grants or loan funding for the replacement of the oldest lift station first.

Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank management for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.200 – Local government accounting – Uniform system of accounting.

Budgeting, Accounting and Reporting System (BARS Manual) – Accounting, Accounting Principles and General Procedures, Internal Control

RCW 35A.33.120 – Funds – Limitations on expenditures – Transfers and adjustments.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of North Bonneville January 1, 2023 through December 31, 2024

2024-002 The City lacked adequate controls over cash receipting to ensure it safeguarded public resources.

Background

The City is responsible for establishing adequate controls over cash receipting to ensure the collection process adequately safeguards the payments it receives. The City must also adequately segregate duties when developing controls over its receipting and adjustment processes or ensure adequate monitoring procedures are in place when duties cannot be segregated.

The City operates a water/sewer utility and receipts payments for other miscellaneous revenues at City Hall. In 2023 and 2024, the City deposited customer receipts of \$688,595 and \$945,059, respectively.

Description of Condition

In each of our previous three audits, we have communicated concerns related to internal control deficiencies over cash receipting. While the City has made some changes to processes, in the current audit we noted:

- Multiple employees had access to and performed cash handling procedures using the same cash drawer.
- The City did not receipt all payments collected immediately into its software system. Instead, employees issued manual receipts for some payments. The City did not have a process to reconcile its manual receipts to the system to ensure staff eventually recorded all payments.
- Staff did not make deposits weekly, as required.
- Not all deposits were independently reconciled to ensure amounts agreed to receipt records and deposited intact.
- The City did not have an independent, comprehensive review of voids, adjustments or deleted transactions.

Cause of Condition

While management has taken steps to address concerns previous audits identified, management has not committed sufficient time and resources to establish adequate internal controls to safeguard public resources.

Effect of Condition

Without adequate controls, the City would not be able to identify a loss or assign responsibility should a loss occur. The City also faces increased risk that errors or irregularities could occur and not be detected quickly, if at all.

Additionally, based on the testing performed, our audit noted the following:

- Staff did not make six deposits weekly, as required.
- Sixteen deposits did not document the cash/check composition. As a result, we were unable to ensure these deposits were made intact.
- Fifteen deposits did not have evidence of independent review.

Also, the City was unable to provide documentation of voids, adjustments and deleted transactions that occurred during the audit period. As a result, we were unable to perform detailed testing to ensure these transactions were valid.

Recommendation

We recommend the City continue working to strengthen internal controls to safeguard public resources. Specifically, we recommend the City:

- Adequately segregate duties or establish compensating controls to increase oversight of operations
- Stop sharing the cash drawer to ensure accountability of funds
- Ensure it performs independent reconciliations of deposits to receipt records that include all receipts and validates cash and check composition
- Ensure it deposits cash and checks collected on-time and intact
- Perform an independent review of deleted transactions and voids/adjustments to ensure they are properly supported and reasonable

City's Response

Segregating duties or establishing compensating controls to increase oversight of operations needs to be passed on to the new Administrations review. They will need to determine how to segregate duties based on staffing and positions.

The City will have a second person review deposits, receipts, validate cash and check composition, and review voids, adjustments, or deleted transactions.

Deposits: The City typically makes one deposit each week. If we are unable to make the deposit on schedule, we will attempt to make the deposit earlier in the week. If we are unable to make the deposit on schedule because of unforeseen issues, i.e., weather or closures, we will make two deposits the following week, one at the beginning of the week and one at the end.

Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank management for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

RCW 43.09.200, Local government accounting – Uniform system of accounting

RCW 43.09.240, Local government accounting – Public officers and employees Duty to account and report – Removal from office – Deposit of collections

Budgeting Accounting and Reporting System (BARS) Manual – Accounting Principles and Internal Control section 3.1.3

Budgeting Accounting and Reporting System (BARS) Manual – Accounting Revenues Cash Receipting Deposits section 3.6.1.20

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

City of North Bonneville January 1, 2023 through December 31, 2024

2024-003 The City's internal controls over payroll and accounts payable disbursements were not adequate to safeguard public resources.

Background

The City is responsible for designing and following internal controls that provide reasonable assurance that it is complying with state laws and its own policies, and safeguarding public resources. The City is also responsible for the integrity and retention of original vouchers, receipts and other documents needed to support the validity of every transaction relating to the use of public funds. The City reported about \$1.4 million and \$1.7 million in accounts payable expenditures in 2023 and 2024, respectively. The City also reported about \$397,000 and \$434,000 in payroll expenditures in 2023 and 2024, respectively.

Description of Condition

In each of our previous three audits, we have communicated concerns related to internal control deficiencies for both payroll and accounts payable disbursements. While the City has taken steps to address segregation of duties concerns, in the current audit, we noted the City did not:

- Have a process to ensure all purchases were supported by adequate documentation and only for valid business purposes
- Follow approved salary schedules and collective bargaining agreements when processing payroll and accruing leave

Have an effective review to ensure all disbursements were supported, for a valid obligation of the City, and paid in accordance with applicable policies or agreements

Cause of Condition

The City experienced turnover in the Clerk-Treasurer's position after the audit period, and new staff were unable to locate supporting documentation.

Additionally, the City did not dedicate the necessary time and resources to ensure staff conducted payroll and leave accruals in accordance with its own policies and collective bargaining agreements. The City converted accounting systems twice during the audit period, and staff did not dedicate the time and resources needed to ensure they entered the data completely and accurately in the systems.

Effect of Condition

Without adequate internal controls, public funds could be at risk of misappropriation, misuse or loss that City management would not detect promptly, if at all.

Our audit specifically noted the following:

- Ten transactions totaling \$5,730 that the City could not support with valid invoices or receipts. As a result, we were unable to confirm the expenditures were for valid public purposes.
- While the City had supporting documentation for four transactions totaling \$503, it could not demonstrate they were for a valid public purpose
- One \$3,641 payment that the City paid to a vendor twice

Of the 12 paychecks and eight leave balances our audit tested, we identified:

- The City paid one employee a full month's salary even though the employee's position was terminated mid-month. As a result, the City overpaid the employee about \$2,851.
- The City overpaid one employee \$849 because of a \$1/hour wage increase that the City could not demonstrate was approved.
- The City paid one salaried employee \$550 for additional hours that the City could not demonstrate were in addition to the regular salaried duties and thus, an obligation for the City to pay.
- Two employees had errors in leave accruals resulting in an under-accrual of 2.5 and 8 hours, respectively.
- One employee had leave accrual errors resulting in an over-accrual of 16 hours.

Recommendation

We recommend the City continue to evaluate its policies and procedures over payroll and accounts payable disbursements to safeguard public resources and ensure compliance with state laws and regulations, including records retention requirements. Specifically, the City should:

- Retain supporting documentation for all purchases to demonstrate their public purpose and compliance with applicable laws and City policies
- Evaluate and improve its internal control process for reviewing transactions to ensure purchases are only for allowable business purposes and align with City processes
- Ensure compliance with collective bargaining agreements and employment contracts
- Reconcile and correct employee leave balances

City's Response

The City will retain supporting documentation for all purchases, ensures all documentation is orderly and documents location the items are to be used in the city.

Evaluate and improve internal control process for reviewing transactions to ensure purchases are only for allowable business purposes and align with City processes. The City Clerk is responsible to evaluate and question purchases made. Purchases that appear non-specific should be questioned by the Clerk what or where the items will be used. City Council reviews and approves expenditures at each City Council meeting. They are also responsible to question items or services purchased.

Collective Bargaining Agreement (CBA): We pay out of class pay according to Article 32. When a lump of work is above and beyond what is in the employee's job description, and lasts longer than two weeks. We ensure the employee is fairly compensated according to the CBA which accounts for the \$1.00 raise the Auditor had issue with. We will ensure when there is a different pay for a specific period, there is better documentation in the employee file that lists the rate of pay and period for that work. The exempt employee was paid additional for Gorge Days in July 2023 and 2024. Extra time was on her timesheet and approved by the Mayor because Gorge Day is not within her job description. We will ensure we retain adequate documentation to demonstrate how additional work is outside an employee's regular duties moving forward.

Employee Leave Balances: We will reconcile the leave accrual for the current employee. The employee that was determined to have an over-accrual of 16 hours is researching their accruals and leave usage to verify before changes are made. She will have this completed by the end of the first quarter of 2026 and any adjustments will be made at that time.

Auditor's Remarks

We appreciate the City's commitment to resolve this finding and thank management for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Budgeting, Accounting and Reporting System (BARS Manual), 3.1.3.30, states in part, "The governing body has ultimate responsibility for ensuring adequate controls to achieve objectives, even though primary responsibility has been delegated to management.

Budgeting, Accounting and Reporting System (BARS Manual), 3.1.3.3, Internal Control

Budgeting, Accounting and Reporting System (BARS Manual), 3.8.5, Voucher Certification and Approval

RCW 43.09.200, Local government accounting – Uniform system of accounting

RCW 42.24.080, Municipal corporations and political subdivisions – Claims against for contractual purposes – Auditing and payment – Forms – Authentication and certification



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

City of North Bonneville **January 1, 2023 through December 31, 2024**

This schedule presents the status of findings reported in prior audit periods.

Audit Period:	Report Ref. No.:	Finding Ref. No.:
2021-2022	1034255	2022-001
Finding Caption:		
The City lacked adequate internal controls for ensuring accurate accounting and financial reporting, compliance with state law, and effective monitoring of its financial condition.		
Background: The City did not have processes in place to ensure financial activity followed state laws and was recorded accurately in accordance with the Budgeting, Accounting and Reporting System (BARS manual). Our audit also identified concerns related to the allocation of payroll expenditures, budget compliance, cash reconciliations, and the Sewer Fund's financial condition.		
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input checked="" type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>City employees had to turn in a weekly timecard so City could track hours spent in each department. This allowed us to make adjustments to each fund during the year and track the hours more closely.</i> <i>Hired an accountant to help us track budget and available resources. Most of their time was spent through 2024 helping to get the software up. Now we can use her services to help track funds and expenditures, and reconciliations.</i> <i>City of North Bonneville Financial Policy was adopted January 2023.</i>		

INFORMATION ABOUT THE CITY

The City of North Bonneville serves approximately 985 citizens in Skamania County. It is administered by a mayor-council form of government with five elected Council members and an independently elected Mayor.

In 2023 and 2024, the City had \$1.6 million and \$1.8 million in operating revenues, respectively. The City provides an array of services including water, sewer, fire control, parks and recreation, and planning and building services.

Contact information related to this report

Contact:	Brian Sabo, Mayor
Telephone:	(509) 427-8182
Website:	www.northbonneville.net

Information current as of report publish date.

Audit history

You can find current and past audit reports for the City of North Bonneville at <https://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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