



Office of the Washington State Auditor  
Pat McCarthy

# Accountability Audit Report

## City of Mesa

For the period January 1, 2018 through December 31, 2020

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

October 31, 2022

Mayor and City Council  
City of Mesa  
Mesa, 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***

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TABLE OF CONTENTS

Audit Results..... 4

Schedule of Audit Findings and Responses..... 6

Information about the City..... 8

About the State Auditor's Office..... 9

## 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 complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

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

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.

However, during the audit certain matters came to our attention that are currently under investigation.

### About the audit

This report contains the results of our independent accountability audit of the City of Mesa from January 1, 2018 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 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, 2020, 2019 and 2018, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Accounts payable – general disbursements
- Accounts receivable – billing and adjustments
- Cash receipting – timeliness and completeness of deposits
- Procurement – public works and professional services
- Contract compliance – cash receipting and deposit timeliness

- Annual report filing – timeliness and completeness
- Open public meetings – compliance with minutes, meetings and executive session requirements
- Financial condition – reviewing for indications of financial distress

## SCHEDULE OF AUDIT FINDINGS AND RESPONSES

### City of Mesa January 1, 2018 through December 31, 2020

#### **2020-001    The City lacked adequate internal controls over financial reporting to ensure compliance with timely annual report submissions.**

##### ***Background***

Federal and state agencies, the City Council, Mayor, and the public rely on the information included in financial statements and reports to make decisions. City management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of 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 the fiscal year. The annual report includes financial statements, supporting schedules and notes to the financial statements.

##### ***Description of Condition***

The City did not monitor its financial reporting to ensure it submitted annual reports to our Office within 150 days of fiscal year-end for 2018, 2019 and 2020.

##### ***Cause of Condition***

The City has not devoted sufficient time and resources to ensuring it completes annual reports timely and that they reflect the *Budget, Accounting and Reporting System* (BARS) manual reporting requirements.

Additionally, the City did not have staff with the technical knowledge and experience necessary to ensure portions of the annual report were complete and accurate. Further, the City experienced some turnover in City Clerk/Treasurer position in 2021.

##### ***Effect of Condition***

The City filed its 2018 and 2019 annual reports 12 and 50 days late, respectively. Additionally, the City has not filed its 2020 annual report. Failure to file annual reports prevents the Council, Mayor and the public from obtaining timely and

accurate financial information about the City's operations. Such delays also hinder public transparency and the efforts our Office to compile statistical financial information that the Legislature and other parties use.

### ***Recommendation***

We recommend the City establish internal controls to ensure accurate, complete, and timely financial reporting in accordance with state law.

### ***City's Response***

*In 2021 our City Clerk/Treasurer resigned on June 1<sup>st</sup>. She left not telling anyone about the annual report that was due or what it was about. By 2022 we were on our 3<sup>rd</sup> new clerk with little experience who loved to overlook emails she didn't understand.*

*June 17, 2022, Mayor resigns has little to no knowledge of an annual report. The Clerk has been replaced also. Out books are not up to date and we don't know where to start. Any help or advice would be greatly appreciated.*

*As far as when the 2021 and 2022 reports will be done, maybe six months.*

### ***Auditor's Remarks***

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

### ***Applicable Laws and Regulations***

RCW 43.09.230, Local government accounting—Annual reports—Comparative statistics.

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

RCW 43.09.260, Local government accounting—Examination of local governments—Reports—Action by attorney general.

*Budgeting, Accounting and Reporting System (BARS) manual 3.1.3.20, Internal Control*

## INFORMATION ABOUT THE CITY

The City of Mesa serves about 490 residents in Franklin County. The City is governed by a mayor-council form of government with three elected Council Members and a separately elected Mayor. Two full-time and two part-time employees provide services including water, sewer, parks, streets, and planning for economic development for the City.

Franklin County Fire Protection District No. 1 and Franklin County Public Hospital District No. 1 provide fire and emergency services through volunteers. The City contracts for law enforcement as well as solid waste collection and disposal services. Library services are provided by the Mid-Columbia Library District. The City's revenues and expenditures were \$509,708 and \$454,632 for 2018, \$634,108 and \$572,668 for 2019 and \$583,307 and \$548,907 for 2020.

### Contact information related to this report

Address:	City of Mesa 103 Franklin Street P.O. Box 146 Mesa, WA 99343
Contact:	Jim Cronenwett, Mayor Pro-Tem
Telephone:	509-265-4253

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for the City of Mesa 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](http://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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