

# MEMORANDUM

To: Mabton Mayor and City Council  
From: Jamison Horner, Financial Consultant  
CC: Residents of Mabton  
Date: February 24, 2025  
Re: Financial Update – Reconciliation, Current Financial Condition, Covid Relief Funds Information, Annual Report Filing

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## **Reconciliation Process**

All financial transactions are reconciled through December 31, 2022. Fiscal Years 2023 to current are currently being processed. Transactions with an exact match between the bank and the City accounting system have been reconciled, but missing transactions and/or transactions with amount discrepancies are still being researched for reconciliation. The net amount of the discrepancies between the bank and the accounting system for 2023 and 2024 are as follows:

	Bank Deposits	City Receipts	Credit Difference	Bank Debits	City Payments	Debit Difference
2023	\$3,234,540.58	\$3,254,677.45	<b>-\$20,136.87</b>	\$3,831,149.90	\$3,534,760.23	<b>\$296,389.67</b>
2024	\$5,757,428.16	\$5,615,906.46	<b>\$141,521.70</b>	\$5,374,568.93	\$5,822,527.55	<b>-\$447,958.62</b>

Reasons for discrepancies in credits could be due to unentered receipts, duplicate receipts, or receipting errors. Reasons for discrepancies in debits could be due to duplicate check entry, unprocessed voids on issued checks, or payment errors. These discrepancies are still being researched and corrected.

## **Current Financial Condition**

The City has entered into a professional services contract with me to identify, correct, and report on financial activity for years 2022 through current. Please be advised that I am doing this work in my available spare time, as I have full-time commitments elsewhere. It is my recommendation that the City make every effort to hire a full-time City Treasurer with professional level knowledge and experience in local government accounting in Washington State. Accounting for local governments like Mabton is prescribed and regulated by the Washington State Auditors Office (SAO) through the approved Budgeting, Accounting, and Reporting System (BARS). I strongly discourage the City from hiring unexperienced personnel for the City Treasurer as the accounting is complex and takes years to fully understand. The City's current financial situation is directly tied to the City's lack of experienced staff to manage the City's finances.

Currently, the City's accounting system shows the following fund balances, which are known to be inaccurate and unreliable:

## Cash and Investment Activity

Period: 2025 - February  
Fiscal Totals

Fund	Beginning Cash	Beginning Investments	Activity In	Activity Out	Ending Cash	Ending Investments	Ending Balance
001 General Fund	\$57,033.04	\$0.00	\$27,813.28	\$263,622.25	(\$178,775.93)	\$0.00	(\$178,775.93)
021 Criminal Justice	\$136,850.08	\$0.00	\$0.00	\$0.00	\$136,850.08	\$0.00	\$136,850.08
102 Cemetery	(\$172,399.42)	\$0.00	\$4,000.00	\$29,521.54	(\$197,920.96)	\$0.00	(\$197,920.96)
103 City Streets	\$324,511.60	\$0.00	\$0.00	\$36,698.31	\$287,813.29	\$0.00	\$287,813.29
113 Capital Improvements Fund	\$131,584.78	\$6,656.49	\$0.00	\$0.00	\$131,584.78	\$6,656.49	\$138,241.27
115 Ems Fund	\$243,445.63	\$26,071.33	\$0.00	\$28,341.44	\$215,104.19	\$26,071.33	\$241,175.52
304 2005 Cdbg Well Project	\$77,427.60	\$0.00	\$0.00	\$0.00	\$77,427.60	\$0.00	\$77,427.60
401 Water	\$219,949.02	\$54,250.60	\$97,964.94	\$66,926.96	\$250,987.00	\$54,250.60	\$305,237.60
402 Sewer	\$285,242.34	\$0.00	\$96,693.75	\$39,735.07	\$342,201.02	\$0.00	\$342,201.02
403 Water Sewer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
404 Garbage	\$28,030.48	\$0.00	\$44,842.69	\$48,081.42	\$24,791.75	\$0.00	\$24,791.75
501 Equipment Replacement Fund	\$75,000.00	\$0.00	\$0.00	\$0.00	\$75,000.00	\$0.00	\$75,000.00
631 Custodial Fund	(\$3,964.70)	\$0.00	\$411.81	\$0.00	(\$3,552.89)	\$0.00	(\$3,552.89)
635 State fees	\$998.06	\$0.00	\$0.00	\$0.00	\$998.06	\$0.00	\$998.06
701 Cemetery Perpetual Care	\$61,150.57	\$4,881.60	\$0.00	\$0.00	\$61,150.57	\$4,881.60	\$66,032.17
	<b>\$1,464,859.08</b>	<b>\$91,860.02</b>	<b>\$271,726.47</b>	<b>\$512,926.99</b>	<b>\$1,223,658.56</b>	<b>\$91,860.02</b>	<b>\$1,315,518.58</b>

### Covid Relief Funds – CARES and SLFRF(ARPA)

The City received the following funds from the Federal Government for Covid Relief:

Awarded Funds	Award Amount	Date Received
CARES Act	\$21,355.74	10/1/2020
CARES Act	\$83,044.26	10/30/2020
SLFRF	\$316,554.00	6/25/2021
SLFRF	\$306.00	8/31/2021
SLFRF	\$316,863.00	7/5/2022
	<b>\$738,123.00</b>	

The City has reported all expended funds received under the CARES act, but has not yet reported expended funds for SLFRF/ARPA. This report is Due on March 30, 2025. Expended funds are still being classified based on what Council approved for the use of funds. This report should be filed on time and the City should not be at risk of losing the funds. Council will be advised of the use of funds at the second meeting in March, 2025.

### Annual Report Filing – Fiscal Year 2022

The Annual Report for 2022 has been filed with the State Auditors Office and is attached. Once accounting records for 2023 and 2024 are fully reconciled, those reports will also be filed with the State Auditors Office.