



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Town of Rosalia

For the period January 1, 2021 through December 31, 2024

Published March 9, 2026

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

March 9, 2026

Mayor and Town Council
Town of Rosalia
Rosalia, 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 Town 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 Town'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, Town 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 Town of Rosalia from January 1, 2021 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 Town'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, 2023, 2022 and 2021, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Cash receipting – utility account overpayments
- Accounts receivable – utility billing, shut-offs and adjustments
- Procurement – public works, purchases and professional services
- Treasury activities – bank reconciliations and monitoring of banking activity
- Financial condition – reviewing for indications of financial distress
- Open public meetings – compliance with minutes, meetings and executive session requirements

Town of Rosalia

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Town of Rosalia January 1, 2021 through December 31, 2024

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

Audit Period: January 1, 2015 through December 31, 2017	Report Ref. No.: 1023751	Finding Ref. No.: 2017-003
Finding Caption: The Town lacked effective internal controls to monitor compliance with its fiscal agent agreement to ensure it did not use the Town's resources for the payment of expenditures under the agreement.		
Background: The Town entered into an agreement with the Palouse Regional Transportation Planning Organization (RTPO) in July 2017 to provide fiscal agent services and a part-time finance officer to perform these services for the RTPO. The Town maintained RTPO activities in a separate fund and the RTPO compensated the Town the agreed-upon percentage for services performed. However, Town management did not establish effective internal controls to monitor contract compliance and the financial activities of the RTPO. When RTPO revenues were not sufficient to cover expenditures, the Town covered these costs using its own resources without evaluating if this would be allowable. Further, the Town did not have an agreement in place requiring the RTPO to reimburse the Town for these costs.		
Status of Corrective Action: (check one) <input type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input checked="" type="checkbox"/> Finding is considered no longer valid		
Corrective Action Taken: <i>The Town of Rosalia is no longer the lead financial agency for the RTPO.</i>		

INFORMATION ABOUT THE TOWN

The Town of Rosalia was incorporated in 1894 in Whitman County. An elected, five-member Council and a separately elected Mayor govern the Town and oversee the Town's daily operations.

The Town provides an array of services including street and parks maintenance, water and sewer utilities and general administration. The Town receives a variety of revenue sources, including property taxes, sales taxes, business taxes, utility charges for services, and grants. The Town's revenues were approximately \$3.5 million, \$2.1 million, \$1.7 million and \$1.3 million for 2021, 2022, 2023 and 2024, respectively.

Contact information related to this report

Contact:	Barbara Leighton, Clerk/Treasurer
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Information current as of report publish date.

Audit history

You can find current and past audit reports for the Town of Rosalia 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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