



# City of Stevenson

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Phone (509)427-5970  
FAX (509) 427-8202

7121 E Loop Road, PO Box 371  
Stevenson, Washington 98648

## **Recommendation**

Approve a Personal Services Agreement with Teresa D. Johnson CPA, Inc. (TDJ CPA) for CPA advisory and financial oversight services in an amount not to exceed \$15,000 through December 31, 2026.

## **Background**

The City has identified a need for additional financial oversight and technical accounting support to ensure compliance with Washington State Auditor requirements, improve internal controls, and provide independent review of financial reporting. Due to staffing limitations common in small municipalities, full segregation of duties and specialized governmental accounting expertise can be challenging to achieve internally.

## **Scope of Work**

TDJ CPA will provide oversight and advisory services, including:

- Review of the City's annual financial report prior to submission
- Review of monthly financial reports before presentation to Council
- Guidance on cash reconciliations and reconciliation processes
- Internal control review of selected finance activities and work products
- Budget development support and consultation
- Assistance with State Auditor (SAO) requirements and BARS reporting
- General accounting guidance as requested within the contract limit

Services are advisory in nature and do not include day-to-day accounting functions.

## **Fiscal Impact**

- Not-to-exceed amount: \$15,000
- Hourly rates:
  - CPA: \$274
  - Accountant: \$205
  - Financial Analyst: \$114

Costs will be incurred only as services are used and will be monitored to remain within budget.

## **Benefits to the City**

### **State Auditor Compliance**

- Improves accuracy and completeness of financial reporting
- Helps prepare for Washington State Auditor Office (SAO) audits
- Reduces risk of audit findings and repeat deficiencies
- Provides technical expertise on GASB and BARS requirements

### **Segregation of Duties**

- Provides an independent review layer over financial processes
- Helps mitigate risks in areas where duties cannot be fully separated due to staffing constraints
- Demonstrates implementation of compensating controls, consistent with auditor expectations

### **Internal Controls and Risk Reduction**

- Identifies process gaps and control weaknesses
- Recommend best practices to strengthen financial operations
- Supports accountability and transparency

### **Operational Value**

- Provides access to CPA-level expertise without the cost of a full-time position
- Enhances confidence in financial information presented to Council
- Supports staff with complex accounting and reporting requirements

### **Conclusion**

This agreement provides a cost-effective and practical approach to improving financial oversight, strengthening internal controls, and supporting compliance with State Auditor requirements. It is particularly beneficial in addressing segregation of duties limitations and enhancing the overall reliability of the City's financial reporting.