

**Washington State Auditor's Office**  
**Accountability Audit Report**

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**Wapato School District No. 207**  
**Yakima County**

Report Date  
**May 12, 2008**

**Report No. 75195**

Issue Date  
**October 6, 2008**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

October 6, 2008

Board of Directors  
Wapato School District No. 207  
Wapato, Washington

***Report on Accountability***

Please find attached our report on Wapato School District No. 207's accountability and compliance with state laws and regulations and its own policies and procedures.

In addition to this work, we also audit the District's financial statements and compliance with federal laws and regulations. The results of that audit will be included in a separately issued audit report.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

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**Yakima County**  
**May 12, 2008**

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# Audit Summary

## **Wapato School District No. 207 Yakima County May 12, 2008**

### ***ABOUT THE AUDIT***

This report contains the results of our independent accountability audit of Wapato School District No. 207.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also examined District management's accountability for public resources. Our work focused on specific areas that have potential for abuse and misuse of public resources.

Areas examined during the audit were selected using financial transactions from September 1, 2005, through August 31, 2007.

### ***RESULTS***

In most areas, the District complied with state laws and regulations and its own policies and procedures. Internal controls were adequate to safeguard public assets. However, we noted certain issues that we communicated to District's management. We appreciate the District's commitment to resolving the issues.

### ***RELATED REPORTS***

Our opinion on the District's financial statements and compliance with federal program requirements is provided in a separate report, which includes the District's financial statements. That report includes one finding regarding internal controls over financial reporting.

### ***CLOSING REMARKS***

We thank District officials and personnel for their assistance and cooperation during the audit.

# Description of the District

## Wapato School District No. 207 Yakima County May 12, 2008

### **ABOUT THE DISTRICT**

Wapato School District No. 207 serves approximately 3,150 students in Yakima County. The District provides a full range of school programs and services including preschool, basic elementary, middle school, high school, vocational, Running Start, bilingual and special education. The District also has an alternative school for fifth through 12th grades. The District provides pupil transportation, school breakfast and lunch and numerous programs for remedial and enriched education.

The District operates on a \$29.2 million annual budget. It is administered by an elected, five-member Board of Directors. A staff of approximately 400 provides services to students at six buildings.

### **AUDIT HISTORY**

We typically audit the District every two years, performing an annual audit only if the District spends \$500,000 or more in federal money in one year. We reported one finding each in fiscal years 2001, 2002 and 2005 and two findings in fiscal year 2006.

### **ELECTED OFFICIALS**

These officials served during the audit period:

Board of Directors:  
President

Cathy Kehm  
Joanne Estes  
Ron Wilcox  
Becky Cordova  
Chris Klebaum

### **APPOINTED OFFICIALS**

Superintendent  
Business Manager  
Executive Director of Support Services  
District Attorney

Art Edgerly (through July 2007)  
Becky Imler (effective July 2007)  
Angela Watts (through July 2007)  
Dr. Charles Wheaton (effective August 2007)  
Jeanie Tolcacher, Lyon Law Offices

**ADDRESS**

District

P.O. Box 38  
Wapato, WA 98951  
(509) 877-4181  
(509) 877-6077 (fax)

# Audit Areas Examined

## Wapato School District No. 207 Yakima County May 12, 2008

In keeping with general auditing practices, we do not examine every portion of Wapato School District No. 207's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of the District were examined during this audit period:

### **ACCOUNTABILITY**

We evaluated the District's accountability in the following areas:

- Payroll
- General disbursements
- Associated Student Body activities (booster clubs, fundraisers, student council minutes and student store)
- High school revolving account
- Middle school revolving account
- Financial reporting requirements
- Student enrollment reporting
- Student transportation ridership reporting
- Federal procurement
- Transportation accounting
- Open Public Meetings Act
- Conflict of interest laws
- Credit cards/open accounts

### **FEDERAL PROGRAMS**

We evaluated internal controls and tested compliance with federal program requirements, as applicable, for the District's major federal programs, which are listed in the Federal Summary section of the financial statement and single audit report.

### **FINANCIAL AREAS**

Our opinion on the District's financial statements is provided in a separate report. That report includes the District's financial statements and other required financial information. We examined the financial activity and balances of the District including:

- Cash and investments
- Taxes receivable
- Revenues
- Expenditures
- Subsequent events
- Going concern
- Schedule of Long-Term Debt
- Schedule of Expenditures of Federal Awards
- Overall presentation of the financial statements

# Status of Prior Audit Findings

## Wapato School District No. 207 Yakima County May 12, 2008

The status of findings contained in the prior years' audit reports of Wapato School District No. 207 is provided below:

**1. The District lacked adequate controls over enrollment reporting.**

Report No. 71546, dated July 17, 2006

### **Background**

The Office of Superintendent of Public Instruction establishes the rules and provides instructions on how school districts should report enrollment for state funding. These rules require that only students who participate in one of the first four days of September may be counted for funding.

In the 2005 and 2004 school years, the District reported 3,219 and 3,250 students and received approximately \$13.2 million and \$13.3 million in combined state enrollment and staff mix funding, respectively.

The District counted students for state funding in September and October of 2003 and 2004 who were not enrolled in the District. Although the students had been enrolled in the District in the previous year, they did not return to the District in the years under audit. Districts are supposed to ensure all students counted in the month of September participated in one of the first four days of school. The District did not properly take attendance, retain attendance records or otherwise ensure students actually participated during this time. In addition, students who were scheduled less than full time were not being reported in accordance with regulations.

The District did not have procedures in place to ensure only eligible students were reported as enrolled.

The District over reported enrollment by 67 students in 2004 and 5.43 students in 2005.

### **Status**

We reviewed the District's changes to internal controls. Based on the additional controls established by the District, we consider the finding resolved.





## **ABOUT THE STATE AUDITOR'S OFFICE**

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The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work in cooperation with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office has 300 employees who are located around the state to deliver our services effectively and efficiently. Approximately 65 percent of our staff are certified public accountants or hold other certifications and advanced degrees.

Our regular audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. We also perform fraud and whistleblower investigations. In addition, we have the authority to conduct performance audits of state agencies and local governments.

The results of our audits are widely distributed through a variety of reports, which are available on our Web site. We continue to refine our reporting efforts to ensure the results of our audits are useful and understandable.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive program to coordinate audit efficiency and to ensure high-quality audits.

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