



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Greater Wenatchee Regional Events Center Public Facilities District (Town Toyota Center)

Chelan County

For the period January 1, 2017 through December 31, 2017

Published September 20, 2018

Report No. 1022050





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

September 20, 2018

Board of Directors
Town Toyota Center
Wenatchee, Washington

Report on Accountability

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The State Auditor's Office 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 District operations. This information is valuable to management, the governing body and public stakeholders when assessing the government's stewardship of public resources.

The attached comprises our independent audit report on the District'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 we value your cooperation during the audit.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy
State Auditor
Olympia, WA

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AUDIT RESULTS

This report describes the overall results and conclusions for the areas we examined. In those selected areas, District operations complied with applicable state laws, regulations, and its own policies, and provided adequate controls over the safeguarding of public resources.

About the audit

This report contains the results of our independent accountability audit of the Town Toyota Center from January 1, 2017 through December 31, 2017.

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 State Auditor to examine the financial affairs of all local governments. Our audit involved performing procedures to obtain evidence about the District's uses of public resources, compliance with state laws and regulations and its own policies and procedures, and internal controls over such matters.

In keeping with general auditing practices, we do not examine every transaction, activity or area. Instead, based on our risk assessment for the year ended December 31, 2017, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. The following areas were examined during this audit period:

- General disbursements and credit card activity
- Payroll – wages and leave activity

RELATED REPORTS

Financial

Our opinion on the District's financial statements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <http://portal.sao.wa.gov/ReportSearch>.

TOWN TOYOTA CENTER

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Town Toyota Center
Chelan County
January 1, 2017 through December 31, 2017

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

Audit Period: January 1, 2015 through December 31, 2015	Report Ref. No.: 1018763	Finding Ref. No.: 2015-001
Finding Caption: The District does not have adequate cash receipting controls, increasing the risk that undetected errors or misappropriation could occur.		
Background: In 2015, the Greater Wenatchee Regional Events Center Public Facilities District receipted about \$530,000 in concessions revenue and \$930,000 in box office ticket sales. In addition, the District receipted approximately \$280,000 and processed refunds totaling approximately \$4,000 from its community ice rink. We reviewed internal controls over receipting and cash handling and noted the following deficiencies: <ul style="list-style-type: none">• The Box Office did not reconcile receipted funds and ticket vouchers to register activity in order to detect and prevent loss.• The District did not reconcile food and beverage inventory to activity reports to detect if a loss had occurred. In addition, the same person who places the food and beverage orders also reconciles the inventory when it is received.• The District did not consistently perform reconciliations of change funds.• The District did not maintain sufficient documentation to support refunds within the community ice rink. In addition, the District's refund form template did not have space to document information required in the District's policy, such as customer phone number. The District's policy also does not require supervisor approval of refunds.		

- The District did not deposit all receipts within 24 hours as required by state law (RCW 43.09.240).
- The District cannot demonstrate that inventory levels reconcile to sales. The District's inventory process does not compare physical inventory to a book inventory, nor does the District adequately segregate duties between ordering and receiving food and beverage inventory.

These control weaknesses increase the risk that the District would not identify a potential loss in a timely manner, if at all.

Status of Corrective Action:

☒ Fully
Corrected

☐ Partially
Corrected

☐ Not Corrected

☐ Finding is considered no
longer valid

Corrective Action Taken:

- *Box Office – the Box Office Clerk prints a report from their register at the end of the shift. The printout is reconciled to the Box Office Daily Sales Report. Any refunds are documented and the Clerk and the Lead Box Office both verify the that the reports reconcile with the cash to be deposited. They also print a report that breakdowns the each total by which event the ticket/cash was for.*
- *Food and Beverage – inventory is processed the two days of the month. There are two team members that process the inventory count and notates the count on the inventory sheets. The person ordering for the kitchen doesn't participate in the inventory process. The inventory sheets are then given to the Director of Finance to complete the inventory process.*
- *The District is reconciling bank counts every other month.*
- *The Districts policy has been updated and the following process has been put into place: when refunds are processed in the Rink, there is a refund form that contains the Customer Name, Date, Amount of Refund, Date of Refund, Reason for Refund, Employee Name and Supervisor Name. These forms are included with the Daily Deposit Log that is given to the Director of Finance with deposits.*
- *All deposits are deposited the day the Director of Finance receives the deposits from the given establishments.*

INFORMATION ABOUT THE DISTRICT

The Greater Wenatchee Regional Events Center Public Facilities District was created in June 2006 through an interlocal agreement. The interlocal included the following entities: Chelan and Douglas counties, the cities of Wenatchee, East Wenatchee, Chelan, Cashmere, Entiat, Rock Island and the town of Waterville.

The District was formed for the purpose of developing a regional center in the city of Wenatchee called the Town Toyota Center. The creation of the District allowed for the receipt of 0.033 percent of state sales tax dollars to fund the District. An appointed, seven-member Board of Directors governs the District. Board Members are appointed by their respective entities. The District has approximately 15 full-time employees and 120 part-time employees. For fiscal year 2017, the District's operating budget was approximately \$2.9 million.

Contact information related to this report	
Address:	Town Toyota Center 1300 Walla Walla Street Wenatchee, WA 98801
Contact:	Shannon Grill, Director of Finance
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Website:	www.towntoyotacenter.com

Information current as of report publish date.

Audit history

You can find current and past audit reports for the Town Toyota Center at <http://portal.sao.wa.gov/ReportSearch>.

ABOUT THE STATE AUDITOR'S OFFICE

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.

We work with our audit clients and citizens to achieve our vision of government that works for citizens, by helping governments work better, cost less, deliver higher value, and earn greater public trust.

In fulfilling our mission to hold state and local governments accountable for the use of public resources, we also hold ourselves accountable by continually improving our audit quality and operational efficiency and developing highly engaged and committed employees.

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.

Our 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. In addition, we conduct performance audits of state agencies and local governments as well as [fraud](#), state [whistleblower](#) and [citizen hotline](#) investigations.

The results of our work are widely distributed through a variety of reports, which are available on our [website](#) and through our free, electronic [subscription](#) service.

We take our role as partners in accountability seriously, and provide training and technical assistance to governments, and have an extensive quality assurance program.

Contact information for the State Auditor's Office	
Public Records requests	PublicRecords@sao.wa.gov
Main telephone	(360) 902-0370
Toll-free Citizen Hotline	(866) 902-3900
Website	www.sao.wa.gov