

Washington State Auditor's Office

Audit Report

Oakville School District
Grays Harbor County

Audit Period
September 1, 1997 through August 31, 1999

Report No. 61314

Issue Date
May 19, 2000



Washington _____

State Auditor

Brian Sonntag

Audit Summary

**Oakville School District
Grays Harbor County
September 1, 1997 through August 31, 1999**

ABOUT THE AUDIT

This report contains the results of our independent audit of the Oakville School District for the period September 1, 1997, through August 31, 1999.

We performed audit procedures to determine whether the District complied with state laws and regulations and its own policies and procedures. We also audited the financial statements and evaluated the internal controls established by District management. Our audit work focused on specific areas that have potential risk for abuse or misuse of public resources.

A special focus of our audit was on the District's compliance with reporting requirements of three major areas of state funding: student enrollment counts, reports on teacher experience and education known as stiff mix, and student bus ridership counts. Cash handling procedures for Associated Student Body funds were also a major focus of our audit.

RESULTS

The District complied with state laws and regulations and its own policies and procedures in the areas we examined. We found the District's financial statements to be accurate and complete.

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Grays Harbor County
September 1, 1997 through August 31, 1999**

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Description of the District

Oakville School District Grays Harbor County September 1, 1997 through August 31, 1999

ABOUT THE DISTRICT

The Oakville School District provides educational services to approximately 311 students in Grays Harbor County. A Superintendent, who reports to a five-member Board, administers day-to-day operations. School Board Members are elected to staggered, four-year terms. The District operates on a \$2.8 million annual budget and has 43 employees. It has one high school, one middle school and an elementary school.

ELECTED OFFICIALS

These officials served during the audit period:

School Board Members:

Steve Reinitz
Lucy Severs
Steve Mittge
Janice Latch
Pay Ayers

APPOINTED OFFICIALS

Superintendent
Business Manager

Eldon S. Lonborg
Lisa Arnold

ADDRESS

District

P.O. Box H
Oakville, WA 98568
(360) 273-0171

Audit Areas Examined

Oakville School District Grays Harbor County September 1, 1997 through August 31, 1999

In keeping with general auditing practices, we do not examine every portion of the Oakville School District'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:

LEGAL COMPLIANCE

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Student enrollment reporting
- Associated Student Body activity and operations
- Reporting of staff's experience and education (staff mix)
- Open Public Meetings Act
- Safeguarding of assets
- Ethics/conflict of interest laws and policies
- Budgeting requirements
- Transportation - bus ridership counts

INTERNAL CONTROL

We evaluated the following areas of the District's internal control structure:

- Cash receipting
- Payroll
- Cash disbursements

FINANCIAL AREAS

In addition to the financial-related work listed in other categories, we audited the following areas:

- Revenue such as state apportionment, Associated Student Body, and locally generated funds
- Long-term debt
- Cash and investment
- Expenditures including payroll costs and vendor payments
- Overall presentation of financial statements and accompanying notes

FEDERAL PROGRAMS

We audited the District's federal programs for the fiscal year ended August 31, 1999, as part of our Washington Education System Single Audit Pilot project. The pilot project is an annual, statewide audit of federal programs administered by school districts, educational service districts and the Office of the Superintendent of Public Instruction (OSPI). The results of the fiscal year 1999 pilot project will be published in a separate report, which includes federal findings from all school districts, educational service districts and OSPI. In conducting our audit, we evaluated and tested the internal controls used by the District and by the Washington Education System to administer its federal programs and tested the District and the education system's compliance with federal laws and regulations. For the Oakville School District's programs, our testing was performed at both the District and OSPI. We audited the following programs at the District:

U.S. Department of Education:

- Impact Aid

Our examination at the District included the following compliance areas, as applicable to each program:

- Spending grant funds for allowable activities and purposes
- Level of effort
- Special reporting requirements
- Special tests and provisions

The District also participated in the pilot for the fiscal year ended August 31, 1998. Because it is not practical to test federal programs at every school district included in the pilot project each year, we schedule our fieldwork to cover each district at least once every four years. Although the District's programs were not examined for fiscal year 1998, the District met its federal audit responsibilities under OMB Circular A-133. The results of that audit have already been published in a separate report.

Audit Overview

Oakville School District Grays Harbor County September 1, 1997 through August 31, 1999

AUDIT HISTORY

We typically audit the Oakville School District every two years. There has been one finding in the past five years of the District's audits.

The 1995 audit contained one finding regarding payroll charges to federal programs not being supported by time and attendance records. The District has taken adequate corrective action to resolve this issue.

Management has been responsive to audit recommendations made by our Office. Audit concerns are often discussed, addressed and resolved before completion of our audit.

CONCLUSIONS

In the areas we audited, we found the District complied with state laws and regulations and its own policies and procedures. We also determined the District's financial statements were accurate and complete.

In particular, our testing showed the District complied with reporting regulations of three major areas that affect the District's state funding:

- Enrollment counts of students in basic education programs.
- Reports of teacher experience and education (staff mix).
- Counts of student bus ridership.

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

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

Oakville School District Grays Harbor County September 1, 1997 through August 31, 1999

Board of Directors
Oakville School District
Oakville, Washington

We have audited the financial statements of the Oakville School District, Grays Harbor County, Washington, as of and for the years ended August 31, 1999 and 1998, and have issued our report thereon dated February 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to

the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Board of Directors, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag". The signature is fluid and cursive, with a large loop at the end of the last name.

BRIAN SONNTAG, CGFM
STATE AUDITOR

February 15, 2000

Independent Auditor's Report on Financial Statements

Oakville School District Grays Harbor County September 1, 1997 through August 31, 1999

Board of Directors
Oakville School District
Oakville, Washington

We have audited the accompanying financial statements of the Oakville School District, Grays Harbor County, Washington, as of and for the years ended August 31, 1999 and 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the District prepares its financial statements on the cash basis of accounting prescribed by Washington State statutes and the *Accounting Manual for Public School Districts in the State of Washington*, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the Oakville School District as of August 31, 1999 and 1998, and the revenues it received and expenditures it paid for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



BRIAN SONNTAG, CGFM
STATE AUDITOR

February 15, 2000

Financial Statements

**Oakville School District
Grays Harbor County
September 1, 1997 through August 31, 1999**

FINANCIAL STATEMENTS

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Fund Types and Account Groups – 1999

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types and Expendable Trust Fund – 1998

Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – All Governmental Fund Types – 1999

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – All Governmental Fund Types – 1998

Notes to Financial Statements – 1999 and 1998