



Office of the Washington State Auditor
Pat McCarthy

Accountability Audit Report

Moses Lake School District No. 161

For the period September 1, 2022 through August 31, 2024

Published March 19, 2026

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Office of the Washington State Auditor Pat McCarthy

March 19, 2026

Board of Directors
Moses Lake School District No. 161
Moses Lake, Washington

Report on Accountability

This audit report provides important insights into issues that District officials and its elected board must address as the Moses Lake School District continues its efforts to restore financial accountability and public trust.

At the end of the period we reviewed, the summer of 2024, the District was grappling with some of the very issues on which we report, including a declining financial condition and a failure to comply with state budgeting requirements. In addition to the findings in this report, a separate letter to District management details other issues of public concern, including accounting for the use of Associated Student Body funds and basic education instructional hours.

We recognize the District has taken several steps to improve its financial condition and its operations. The District's most recent financial statements – although not yet audited – suggest improvement.

The public is understandably frustrated. As a former school board member, I want to recognize the important role the public plays in holding the District and elected board members accountable to ensure local public schools, a keystone of community life, remain operational and financially stable.

This independent audit provides the District and the public with valuable, objective information as that work continues. Thank you for the opportunity to promote accountability, integrity and openness in government.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized "P" and "M".

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 most of the areas we examined, District operations complied, in all material respects, with applicable state laws, regulations, and its own policies, and provided adequate controls over safeguarding of public resources.

As referenced above, we identified areas where the District could make improvements. These recommendations are included with our report as findings.

We also noted certain matters related to payroll, basic education instructional hours, Associated Student Body, cash receipting, and theft-sensitive assets that we communicated to District management and the Board of Directors in a letter dated March 19, 2026. We appreciate the District's commitment to resolving those matters.

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 Moses Lake School District No. 161 from September 1, 2022 through August 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 District'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 August 31, 2024 and 2023, the areas examined were those representing the highest risk of fraud, loss, abuse, or noncompliance. We examined the following areas during this audit period:

- Financial condition – reviewing for indications of financial distress
- Budget compliance
- County Treasurer deposits
- Payroll – jury duty and bereavement leave
- Accounts payable – credit cards and levy expenses
- Procurement – purchases
- Tracking and monitoring of theft sensitive assets, such as computers, tools, and equipment
- Use of restricted funds – professional learning and local revenue for enrichment activities
- Compliance with supplemental contracts for enrichment activities
- Associated Student Body activities – Future Farmers of America revenues
- Student enrollment reporting – basic education instructional hours
- Open public meetings – compliance with minutes, meetings and executive session requirements

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Moses Lake School District No. 161 September 1, 2022 through August 31, 2024

2024-001 The District’s financial condition places it at risk of being unable to meet financial obligations or provide services at current levels. The District also did not comply with state budget requirements.

Background

The District provides educational services to more than 8,000 students in kindergarten through 12th grade in Grant County. An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District’s operations and about 1,600 employees. The District’s operating revenues and expenditures for the 2022-23 school year were \$147.4 million and \$153.4 million, respectively; and for the 2023-24 school year, were \$153.4 million and \$156.6 million, respectively.

State law (RCW 28A.505.150 and RCW 28A.505.130) requires school districts to establish budget appropriations for each fund and limits the Board of Directors to not incur more expenditures than the estimated revenues for the budgeted fiscal year. If a director or employee knowingly or negligently does not comply with the budget appropriation and incurs expenditures more than the budget appropriations, they could be held civilly liable for all excess expenditures.

State law (RCW 28A.505.170) states if a first-class school district needs to increase the amount of the appropriations from any fund for any reason other than an emergency, the school district board of directions, before incurring expenditures more than budget appropriations, shall adopt a resolution stating the purpose and estimating the amount of appropriation needed and to present and approve the resolution in a open public meeting.

Description of Condition

Financial condition

The Board of Directors and District management are responsible for monitoring the District’s financial data to ensure it can meet its current and future financial obligations. We reviewed the District’s financial condition and noted that its ending general fund balance and fund balance sufficiency have declined since previous years.

Operating margin is a measure that shows the difference between operating revenues and expenses, or if annual revenues are sufficient to cover annual expenses. The following table shows the District’s declining financial indicators since 2022, which increases its risk of being unable to sustain operations or provide the same level of services.

In addition, the District has incurred questionable costs in its use of federal grant funds because it lacked required support for payroll expenditures. As a result, the District could be at risk of repaying these costs, totaling about \$4.43 million.

As of year ending August 31:					
Ratio	2021	2022	2023	2024	Through 8/31/25*
General fund operating revenue (millions)	\$125.88	\$131.59	\$147.4	\$152.78	\$139.60
General fund operating expenses (millions)	\$122.28	\$134.31	\$152.33	\$155.47	\$128.70
General fund ending balance (millions)	\$22.26	\$20.64	\$14.74	\$11.76	\$22.70
Change in general fund balance from prior year	18.79%	-7.29%	- 28.61%	- 20.18%	92.7%
Days of operating expenditures	66	56	35	27	64

**Data is based on unaudited financial statements*

As a result of the continuing decline, the District could sustain only 27 days of operating expenditures as the end of the 2024 fiscal year. According to the District’s unaudited financial statements, its days of operating expenditures improved to 64 as of August 31, 2025. However, the District remains at risk of not being able to meet its future financial obligations or maintaining current service levels if it does not continue to monitor its financial activity.

In addition, District expenditures exceeded revenue for each year under audit, as shown in the following table.

As of year ending August 31:		
General Fund	2023	2024
Total revenues recorded	147,402,718	153,374,388
Total expenditures disbursed	153,360,663	156,563,517
Amount of expenditures exceed revenues	(5,957,945)	(3,189,129)

Budget compliance

We found the District exceeded its budget authority by not operating within its approved budgets for fiscal years 2023 and 2024, as shown in the table below.

General Fund	Budget	Actual	Variance
Total expenditures 2022-23 school year	148,900,911	153,360,663	(4,459,752)
Total expenditures 2023-24 school year	152,471,433	156,563,517	(4,092,084)

District management presented budget to actual revenues and expenditures reports to the Board of Directors monthly, which show percentages of year-to-date progress for monitoring. Budget status reports identified in May 2023 and June 2024 that the District would overspend its approved budgets for fiscal years 2023 and 2024, respectively. However, delayed and inaccurate budget status reports in addition to an ineffective review process failed to identify the District might exceed its approved budget before year-end.

Cause of Condition

The District experienced turnover in key management positions and former staff did not have a clear understanding of preparing reports or presenting financial information to the board timely. District management said staff routinely presented monthly budget status reports to the Board of Directors one month later than would be expected. Additionally, these reports were incomplete and presented the remaining budget capacity that reflected only encumbrances rather than all expected future spending.

Effect of Condition

The District's financial condition and noncompliance with budget appropriations puts it at risk of not being able to sustain operations and meet existing debt service requirements while continuing to provide the same level of basic service.

In addition, without accurate and timely budget status information, management and the Board of Directors cannot ensure that District expenditures are within legal appropriations.

Recommendations

The District has taken several steps to improve its financial condition through 2025 and into 2026. We recommend the District continue to prioritize its financial condition and monitor financial operations to ensure long-term sustainability. Additionally, we recommend the District work closely with OSPI and North Central Educational Service District No. 171 to continue improving its financial condition.

We also recommend the Board establish a formal, written comprehensive plan to address the District's financial condition and closely monitor financial operations to ensure it can meet its financial obligations.

In addition, we recommend District management ensure it provides its Board of Directors with relevant, accurate and timely budget to actual financial information for monitoring the District's financial position and ensuring it is operating within its approved budget.

District's Response

The District acknowledges the concerns related to its financial condition and prior budget compliance issues. During the period under audit, the District experienced significant turnover in key financial leadership positions, which contributed to weaknesses in financial monitoring, forecasting, and reporting processes. During this time, the District experienced declining fund balance levels and expenditures that exceeded budgeted appropriations.

Since that time, the District has taken substantial corrective actions to strengthen financial oversight and restore its financial position.

During the 2024–25 fiscal year, the District implemented enhanced financial monitoring and budget control processes. These actions included expanding internal review procedures beyond the Finance Department to also involve the

superintendent, board of directors, and district leaders, as appropriate to each department or school. The District also strengthened its financial reporting practices by providing the Board of Directors with more transparent and detailed monthly financial reports and by implementing more conservative revenue forecasting and more detailed expenditure tracking.

In addition, two representatives of the Board of Directors reviews the District's Accounts Payable twice monthly. This process provides an additional level of oversight to ensure expenditures are aligned with the District's approved budget and support the priorities outlined in the District's strategic plan.

The District also implemented additional corrective measures to strengthen fiscal oversight and compliance with state budget requirements. These include the development and use of a detailed Materials, Supplies and Operating Costs (MSOC) budget list used to guide budget development, which has never been done before to the level of detail it is now being done. This process now incorporates input from district leadership across departments to ensure greater transparency and alignment between program needs and available resources.

In addition, the District has strengthened monitoring of expenditures throughout the fiscal year by implementing tighter internal controls and more frequent review of budget-to-actual reports. Financial reports provided to the Board of Directors have been improved to ensure they are timely, complete, and clearly communicate the District's financial position.

In response to the District's financial challenges, the District made difficult reductions that resulted in the layoff of more than 200 staff members. Following the successful passage of the 2026 levy, the District is carefully reviewing staffing needs as positions are restored. This review includes analysis of student enrollment trends, full-time equivalent (FTE) staffing levels, and program needs to ensure that available resources are used efficiently and effectively. The District is prioritizing staffing decisions that will have the greatest impact on student success and access to educational opportunities.

As a result of these corrective actions, by the end of the 2024–25 school year the District had restored its General Fund balance levels and improved key financial indicators. The District continues to monitor financial activity closely to ensure expenditures remain aligned with available revenues and that it operates within approved budget appropriations.

The District will continue working closely with the Office of Superintendent of Public Instruction (OSPI) and North Central Educational Service District 171 to maintain long-term financial stability and ensure compliance with state budget requirements.

The District remains committed to continued monitoring and improvement of its financial practices to ensure long-term financial sustainability and compliance with state law.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and acknowledge its commitment to resolve this finding. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

RCW 28A.505.150 Budgeted expenditures as appropriations

RCW 28A.505.130 Budget requirements for balancing estimated expenditures.

RCW 28A.505.170 First-class school districts – Emergency or additional appropriation resolutions – Procedure

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Moses Lake School District No. 161 September 1, 2022 through August 31, 2024

2024-002 The District did not obtain approval from the Office of Superintendent of Public Instruction before placing an enrichment levy on the February 13, 2024, and April 23, 2024 ballots, as required by state law.

Background

In March 2018, the Legislature passed Engrossed Second Substitute Senate Bill (E2SSB) 6362. Beginning with the 2019-2020 school year, the bill modified basic education funding requirements to ensure school district local revenues are used only to enrich the state's statutory program of basic education. One requirement is that all school districts that submit an enrichment levy to voters must first demonstrate how they will spend the levy revenues, then obtain approval from the Office of Superintendent of Public Instruction (OSPI). School districts must complete a levy expenditure plan, and OSPI must approve it before the enrichment levy can be placed on the ballot. This requirement was effective for levies placed on ballots after January 1, 2020.

Description of Condition

The District placed an enrichment levy on the February 13, 2024, and April 23, 2024, ballots in Grant County without first obtaining OSPI's approval. The levy was requested for the initial year in the amount of \$11,462,510 to pay expenses of educational programs and operations.

Cause of Condition

The District experienced staff turnover, and it is unknown why staff responsible for submitting levies to OSPI for approval did not do so.

Effect of Condition

The District did not obtain OSPI's approval of the enrichment levy expenditure plan before including the levy on the ballot, as required by state law. Without this approval, the District could not ensure that the funds were used solely to enrich the state's program of basic education, as outlined in RCW 84.52.053(4).

The District obtained OSPI's retroactive approval on June 11, 2025.

Recommendation

We recommend the District ensure it receives OSPI's approval for a levy expenditure plan before submitting an enrichment levy to voters, as required by state law (RCW 84.52.053(4)).

We also recommend the District's Board of Directors hold a public hearing on this audit finding within 30 days of the issuance of our Office's report, as required by state law (RCW 28A.320.245).

District's Response

The District acknowledges the finding related to the enrichment levy expenditure plan approval and agrees that OSPI approval of the levy expenditure plan should have been obtained prior to placing the enrichment levy on the ballot.

During the audit period, the District experienced turnover in key administrative positions responsible for coordinating levy submissions and compliance requirements. As a result, the required pre-ballot approval process was not completed prior to the February 2024 and April 2024 elections.

OSPI subsequently reviewed the District's levy expenditure plan and granted retroactive approval on June 11, 2025.

To prevent this issue from occurring in the future, the District has implemented additional internal controls and procedures. The District has established a documented process and internal checklist for levy preparation and submission requirements, including obtaining approval of the levy expenditure plan from the Office of Superintendent of Public Instruction prior to placing a levy before voters. In an effort to be proactive, the District has also developed a bond preparation checklist and internal process.

Clear responsibility has been assigned within the Finance Department for coordinating levy planning timelines and OSPI approval requirements, and an executive leadership review step has been implemented prior to submitting levies to the Board of Directors and county election officials to ensure all statutory requirements have been satisfied.

Additionally, the District successfully obtained OSPI approval for the levy submitted to voters in February 2025, demonstrating that the new process is functioning as intended.

The District will also comply with the requirement for the Board of Directors to hold a public hearing regarding this audit finding and will ensure that all future enrichment levies receive OSPI approval prior to being submitted to voters.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and acknowledge its commitment to resolve this finding. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

RCW 84.52.053 (4)(b), Levies by school districts authorized – When – Procedure.

RCW 28A.505.240, Enrichment levy spending plans – Preballot approval – Revised spending plan for voter-approved levies.

RCW 28A.150.276, Local Revenues – Enrichment of program of basic education – “Local revenues” defined.

RCW 28A.320.245, Responses to audit findings on use of local revenues – Policies – Hearings – Disciplinary actions

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Moses Lake School District No. 161 September 1, 2022 through August 31, 2024

2024-003 The District lacked adequate controls for ensuring compliance with state procurement laws when making purchases.

Background

District management is responsible for designing, implementing and maintaining internal controls to ensure compliance with state laws and protect public resources. Missing or inadequate internal controls can hinder the District's ability to comply with state laws.

Procurement laws are intended to prevent fraud, collusion and favoritism when awarding public contracts and purchasing goods and services. When procuring public works contracts and purchases exceeding \$75,000, state law (RCW 28A.335.190) requires the District to formally solicit bids and award contracts to the lowest responsible bidder. Further, District policy and state law allow the District to use the purchase contract process for purchases between \$40,000 and \$75,000 to ensure that a competitive price is established. This process requires the District to obtain quotes from at least three different vendors and award the contract to the lowest responsible bidder.

State law (RCW 39.34.030) allows Districts to fulfill bidding requirements through a process referred to as "piggybacking," which is when one local government makes purchases from contracts awarded by another government or group of governments via an interlocal agreement or contract.

To ensure compliance when procuring through piggybacking, the local government must ensure the awarding entity is a public agency, maintain documentation to show the public awarding agency met its own statutory requirements, and ensure the bid was posted on the public agency's website. The District must also ensure it is receiving the same item or service for the agreed-upon price.

Description of Condition

Our audit noted the following issues relating to the District's compliance with state laws and its own policies for purchasing and piggybacking.

Purchases

The District did not retain quotes or supporting documentation to demonstrate compliance with state law or its own policies for the purchase contract process or formal bidding of purchases totaling about \$750,000. These purchases consisted of furniture, a flight simulator, a motor pool van and six sound systems.

Piggybacking

The District used the piggybacking method to purchase furniture for a new school building totaling about \$1.6 million through a purchasing cooperative. The District did not retain documentation, gain an understanding of the cooperative's compliance requirements or evaluate whether it complied with its procurement requirements before purchasing the furniture. Also, the District could not demonstrate it received the same items for the agreed-upon price.

Cause of Condition

Purchases

The District experienced staff turnover and did not dedicate enough resources to ensure staff understood state law and District policy when procuring goods or retained documentation to support compliance with requirements.

Piggybacking

The District experienced staff turnover and did not dedicate enough resources to ensure new staff understood state law and District policy. Staff did not understand the requirements of interlocal agreements with the public awarding agency when piggybacking through a purchasing cooperative. Since the contract was listed on the purchasing cooperative's website, staff thought it was effective and ready to use without additional steps.

Effect of Condition

The District cannot demonstrate it complied with state procurement and piggybacking requirements, nor can it be sure it allowed for full and open competition and that it received the best price for these purchases.

Recommendation

We recommend the District:

- Provide adequate training to key employees on state procurement requirements, including how to determine the cost of a project or purchase, to ensure the District uses the proper procurement methods
- Strengthen internal controls and internal policies over procurement to ensure compliance with state laws when making purchases, including when purchasing through a purchasing cooperative
- Ensure staff keep documentation of purchases to demonstrate the District's compliance with state laws

District's Response

The District acknowledges the finding related to procurement documentation and compliance with state purchasing requirements.

During the audit period, the District experienced turnover in key business office positions responsible for procurement and contract administration. As a result, procurement documentation was not consistently retained or centralized to demonstrate compliance with state law and District policy.

The District recognizes the importance of maintaining clear documentation and ensuring that staff understand procurement laws and District procedures. In response to this finding, the District is in the process of developing and implementing corrective actions and strengthening internal controls related to procurement activities to ensure compliance with state requirements.

These actions include updating internal procurement procedures to provide clearer guidance regarding state bidding requirements, the purchase contract process, and the appropriate use of cooperative purchasing agreements. These updates will reinforce documentation requirements and outline the steps staff must follow to ensure compliance with state law and District policy.

The District is also providing additional training to staff responsible for making purchases across the organization to ensure they understand procurement requirements, documentation expectations, competitive bidding thresholds, and approval processes.

Additionally, the District is working to establish centralized recordkeeping procedures to ensure procurement documentation, including quotes, bids, contracts, and cooperative purchasing documentation, is maintained and accessible for audit and compliance purposes. The District is also strengthening internal review procedures within the Finance Department for larger purchases to ensure proper procurement methods are followed and documentation is retained.

The District is committed to completing implementation of these improvements and strengthening internal controls to ensure future procurement activities comply with state laws and District policy.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and acknowledge its commitment to resolve this finding. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

RCW 28A.335.190 – Competitive bid procedures.

RCW 39.04.190 – Purchase contract process.

RCW 39.12.020 – Prevailing rate to be paid on public works contracts

RCW 39.12.030 – Prevailing Wage – Contract specifications.

RCW 60.28.051 – Retainage – Duties of disbursing officer upon completion of contract.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Moses Lake School District No. 161 September 1, 2022 through August 31, 2024

2024-004 The District lacked adequate controls for ensuring expenditures were allowable and supported.

Background

The District provides educational and support services to more than 8,000 students in kindergarten through 12th grade in Grant County. An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations.

The Board and District management are responsible for the integrity and retention of the original invoices, receipts and other documents necessary to demonstrate the validity of every transaction relating to the District's use of public resources. In addition, state law and the *Accounting Manual for School Districts in the State of Washington* require the Board to accept and approve all claims for vendor payments. District management is also responsible for designing and following internal controls that provide reasonable assurance of compliance with state laws and policies and the safeguarding of public resources. Inadequate internal controls can hinder the District's ability to prevent or detect misappropriation and comply with laws and policies.

The District spent about \$693,000 in 2023 and \$751,000 in 2024 through credit cards and open accounts. The District also charged about \$695,000 in 2023 and \$652,000 in 2024 through fuel cards.

Description of Condition

Our audit found the District lacked adequate oversight and internal controls to safeguard public resources, which increases the risk of misappropriation. Although the District had internal controls documented in policy, staff did not follow them consistently.

Credit cards and open accounts

We reviewed 135 credit card and open account transactions totaling about \$200,000 and noted the following issues. The District:

- Did not retain adequate support for disbursements to determine what was purchased or the purpose of the purchase. Seventy-eight transactions totaling \$53,370 lacked detailed receipts or purchase orders that clearly identified the purchased items. Sixteen transactions totaling \$12,419 lacked all supporting documentation.
- Did not retain packing slips or other documentation to confirm the District received the purchases for seven transactions totaling \$18,783
- Did not retain a purchase order, as required by District policy, for one \$16,520 transaction. Also, two transactions totaling \$490 showed a purchase order was created after the charge was made, which is not in accordance with District policy for prior approval.
- Purchased multiple transactions through a vendor's purchase order that was labeled as "Open PO for \$25,000"; however, there was no identification of the purpose or secondary review of the purchases to show that they were for allowable purposes. In addition, receipts did not consistently include an adequate description of what was purchased.
- Charged one \$1,234 transaction to the wrong account code

Fuel Purchases

We identified the following concerns for motor pool purchases and bulk fuel. Specifically, the District did not:

- Have clear policies or procedures for monitoring fueling activities, including assigning responsibility for monitoring fuel usage data, employees' fueling patterns and routes
- Maintain a list of employees who are authorized to dispense fuel or have access to fuel cards
- Perform a reconciliation of fuel balances to the actual measured fuel tank level and the amount received of bulk fuel to determine if usage was reasonable based on activity

Cause of Condition

The District experienced staff turnover and did not dedicate enough resources to ensure staff had proper training to effectively monitor credit cards, open accounts and fuel transactions to ensure they were supported by adequate documentation, allowable and approved.

Effect of Condition

Without adequate internal controls and procedures over credit card and fuel expenditures, the District cannot ensure payments are for allowable public purposes. This increases the risk that a loss or misappropriation of public funds could occur and not be detected promptly, if at all.

Recommendation

We recommend the District develop and implement policies and establish effective internal controls and monitoring for credit card and open account transactions to ensure it obtains and keeps supporting documentation showing the public purpose of all expenditures. In addition, we recommend the District implement oversight and monitoring policies and procedures for fuel consumption.

District's Response

The District acknowledges the finding related to oversight and documentation of expenditures, including credit card, open account, and fuel purchases.

Since the audit period, the District has implemented significant changes to strengthen oversight and internal controls related to expenditures.

The District has reorganized central office leadership responsibilities to ensure clear assignment and oversight of grant management and program expenditures. This change improves accountability and ensures that expenditures charged to grants and other funding sources are reviewed and monitored appropriately.

In addition, the District has discontinued the use of open purchase orders, which previously limited the District's ability to clearly identify the purpose and approval of specific purchases. Staff have been trained on updated expectations regarding purchase order requirements, including the requirement that purchase orders be approved prior to purchases.

The District has also provided training to staff regarding the appropriate use of credit cards, required documentation for purchases, and expectations for maintaining receipts and other supporting records. These improvements are intended to ensure that all expenditures clearly demonstrate a public purpose and are supported by appropriate documentation.

To further strengthen oversight, the Board of Directors reviews the District's Accounts Payable twice per month. In addition, all purchase orders exceeding \$25,000 are reviewed and approved by a member of the Board of Directors prior to processing. These additional oversight measures provide greater transparency and help ensure expenditures align with the District's approved budget and strategic priorities.

The District has also established a Citizens' Financial Oversight Committee to increase transparency and strengthen community engagement regarding the District's financial status. This committee provides an opportunity for community members to review financial information, offer input, and provide additional oversight and guidance as the District continues to improve its financial practices. In addition, the committee is working to assist the District in communicating the complex nature of school district finances to the general public in order to improve transparency, understanding, and communication with the community.

Through these actions, the District has strengthened internal controls and oversight processes to safeguard public resources and ensure compliance with state requirements. The District remains committed to continued monitoring and improvement of financial controls and expenditure oversight.

Auditor's Remarks

We thank the District for its cooperation and assistance during the audit and acknowledge its commitment to resolve this finding. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

RCW 42.24.080 – Municipal corporations and political subdivisions – Claims against for contractual purposes – Auditing and payment – Forms – Authentication and certification.

RCW 43.09.200 – Local government accounting – Uniform system of accounting.

RCW 43.09.2855 Local governments — Use of credit cards.

RELATED REPORTS

Financial

Our opinion on the District's financial statements and compliance with federal grant program requirements is provided in a separate report, which includes the District's financial statements. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

Federal grant programs

We evaluated internal controls and tested compliance with the federal program requirements, as applicable, for the District's major federal programs, which are listed in the Schedule of Findings and Questioned Costs section of the separate financial statement and single audit report. That report includes federal findings regarding time-and-effort and private school requirements. That report is available on our website, <https://portal.sao.wa.gov//ReportSearch>.

INFORMATION ABOUT THE DISTRICT

Moses Lake School District No. 161 serves over 8,000 students from kindergarten through 12th grade in Grant County. The District operates two high schools, three middle schools, eleven elementary schools, a Technical Skills Center and an online learning program.

An elected, five-member Board of Directors governs the District. The Board appoints a Superintendent to oversee the District's daily operations. For fiscal years 2023, and 2024 the District operated on annual revenues of \$173.2 and \$161.4 million, respectively.

Contact information related to this report

Contact:	Ruby Perez, Business Manager
Telephone:	(509) 766-2650
Website:	www.ml161.org

Information current as of report publish date.

Audit history

You can find current and past audit reports for Moses Lake School District No. 161 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.

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