

## **State Auditor issues "finding" to Lake Quinault School District**

### **Local News**

Posted by: David Haviland

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Lake QUINAULT, Wash. - The Lake Quinault School District was recently issued a finding by the Washington State Auditor's Office for a declining general fund. With an ending balance as of March 31, 2013 listed at negative \$109,285, the auditor stated "The District has not effectively controlled costs, resulting in continued decline in its financial position. The auditor found that the District was issued approximately \$327,000 in interest-bearing warrants through the Grays Harbor County Treasurer's Office for the 2012-2013 school year. This resulted in the District incurring interest payments of \$379. The [finding](#) said that this could put the District at risk of not being able to meet financial obligations or maintain services at its current levels. This could result in the District needing to take out bank loans or find alternate funding sources. The District response in the finding stated that Lake Quinault School District concurs that it continues to have a low fund balance. The district is taking steps to correct the balance and clean up past issues. The district has contracted with ESD 113 to provide business manager support. The ESD 113 provides guidance and recommendations as the district moves to correct its financial position.

The Board of Directors has approved a plan to reduce personnel costs both this year and next year to align the district's manpower in accordance with its student population.

On March 11, 2013 the district implemented a reduction in hours to classified to make adjustments to the cash balance. This was done in response to ESD 113 recommendations. There is continued monitoring and adjustments to the cash balance by both the district and ESD 113. The district is working with ESD 113 to establish a budget for School Year 2013-14 that puts it back on track for financial stability..

The auditor's office said in the finding that they would follow up on the issue during their next audit, recommending that the District officials:

- Work closely with the Education Service District on ways to improve its fund balance and to create financial stability. Washington State Auditor's Office
- Adopt and follow a formal, comprehensive plan that includes detailed financial benchmarks and guidelines to specifically meet loan requirements.
- Closely monitor and evaluate the District's financial activities to ensure the plan is being followed and the desired results are achieved.
- Revise the plan as needed to resolve cash flow issues.