



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

May 25, 2023

Board of Directors  
Tahoma School District No. 409  
Maple Valley, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our financial audit of Tahoma School District No. 409 from September 1, 2021 through August 31, 2022. We believe our recommendations will assist you in improving the District's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to District officials and personnel. If you have any further questions, please contact me at (253) 893-6628.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

Sincerely,

Ngan Kim-Hoang Nguyen, CPA, CFE, Audit Manager

Attachment

Management Letter  
Tahoma School District No. 409  
September 1, 2021 through August 31, 2022

**Financial Statement Preparation**

Management is responsible for designing and following internal controls that provide reasonable assurance the District's financial statements, related schedules, and notes are reliable and fairly presented. The District prepares its financial statements in accordance with the modified accrual method of accounting prescribed in the Office of Superintendent of Public instruction's *Accounting Manual for Public School Districts in the State of Washington*.

Our audit identified control deficiencies over financial reporting and errors that resulted from them. We found the District's process for preparing and reviewing the financial statements it submitted for audit was ineffective for identifying all reporting errors. The District's review of the financial statements and schedules submitted for audit did not ensure it had identified the following errors on the Schedule of Long-Term Liabilities:

- Understatement of TRS 1 net pension liabilities by \$9,554,261
- Understatement of PRS 1 net pension liabilities by \$2,337,919

The District correctly reported TRS 1 and PRS 1 net pension liabilities in the notes to the financial statements. We also identified other less significant errors in the note disclosures. The District corrected the misstatements we identified.

We recommend the District strengthen internal controls over preparing its financial statements, related schedules and notes, and perform an effective review to ensure they are reported accurately and classified correctly.