



Office of the Washington State Auditor  
Pat McCarthy

## Assessment Audit Report

# Palisades School District No. 102

For the period September 1, 2022 through August 31, 2023

*Published September 30, 2024*

Report No. 1035695



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

September 30, 2024

Board of Directors  
Palisades School District No. 102  
Palisades, Washington

**Report on Assessment Audit**

Thank you for the opportunity to work with you to promote accountability, integrity and openness in government. The Office of the Washington State Auditor 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.

The attached report describes the procedures performed and conclusions for the areas we reviewed. We appreciate the opportunity to work with your staff, and value your cooperation during the assessment audit.

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

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## AUDIT SUMMARY

### Results in brief

Based on the procedures performed, nothing came to our attention in the areas we reviewed that caused us to believe the District was not in substantial compliance with applicable state laws, regulations, and its own policies, or had not provided adequate controls over the safeguarding of public resources. Had we performed additional procedures, other matters might have come to our attention that would have been reported.

### About the assessment audit

This report contains the results of our independent audit of Palisades School District No. 102 from September 1, 2022 through August 31, 2023.

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. State law (WAC 392-117-035) also requires school districts to prepare and submit certified annual reports to the Office of the Superintendent of Public Instruction (OSPI) detailing the District's revenues and other financing sources, expenditures and other financing uses, assets, liabilities, financial condition, and fund balances.

This assessment 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 at least once every three years. Assessment audits are risk-based, limited-scope reviews of small local governments, generally defined as school districts with 250 or fewer FTE students. To help minimize audit costs, our work for this engagement was conducted off-site primarily using financial and other information provided by the District.

This assessment audit was limited to the following:

- Reviewing meeting minutes for compliance with the Open Public Meetings Act
- Inquiring as to internal controls over assets, revenues, and disbursements
- Verifying that annual reports submitted to our Office were complete and filed timely in compliance with state law
- Reviewing the District's annual revenues and expenditures for unusual transactions or trends
- Corroborating financial information reported by the District by comparing reported revenues, expenditures, and cash and investment balances to third-party sources
- Reviewing expenditures for indications of unusual activities, excessive Board of Directors compensation, conflicts of interest, or procurement requirements.
- Evaluating the District's financial information for indications of financial distress
- Using validation queries to verify the completeness and accuracy of WSIPC data.
- Reviewing payroll transactions for unusual or excessive payments.

# PALISADES SCHOOL DISTRICT

1114 Palisades Road - Palisades, Washington 98845 – Telephone (509) 884-8071 – Fax (509) 886-0615  
It is the mission of the Palisades School District to provide a safe learning environment in which the school  
parents, and community cooperate in setting expectations:  
For growth in academic and social skills  
For physical and emotional well-being, and  
For the development of personal responsibility for living meaningful, satisfying, and fruitful lives



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### Palisades School District No. 102 September 1, 2022 through August 31, 2023

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

<b>Audit Period:</b> September 1, 2020 through August 31, 2022	<b>Report Ref. No.:</b> 1032790	<b>Finding Ref. No.:</b> 2022-001
<b>Finding Caption:</b> The District did not obtain approval from the Office of Superintendent of Public Instruction before placing an enrichment levy on the February 8, 2022, ballot, as required by state law.		
<b>Background:</b> 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 that school district local revenues are used solely for the purposes of enriching 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 the 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.		
<b>Status of Corrective Action: (check one)</b> <div><input checked="checked" type="checkbox"/> Fully Corrected</div> <div><input type="checkbox"/> Partially Corrected</div> <div><input type="checkbox"/> Not Corrected</div> <div><input type="checkbox"/> Finding is considered no longer valid</div>		
<b>Corrective Action Taken:</b> <i>The District promptly addressed the issue by obtaining retroactive Office of Superintendent of Public Instruction (OSPI) approval for the 2022 Enrichment Levy. Before any future enrichment levy is placed on the ballot, the District will prepare a levy expenditure plan and submit it to OSPI for review and approval as required by state law. A levy checklist and timeline has been created to ensure all steps are completed during the levy process. The checklist will be reviewed by both the Business Manager and Superintendent, and confirmation of OSPI approval will be required before Board action to submit a levy. All documentation, including levy expenditure plans, OSPI approval letters, and related communication, will be maintained in District records.</i>		

## INFORMATION ABOUT THE DISTRICT

Palisades School District No. 102 consists of one elementary school with approximately 30 students. Preschool/Transitional Kindergarten through sixth grade are taught in a two-room school house with two additional portable classrooms on site. The District also owns the local Grange Hall in which school events are held.

An elected five-member Board of Directors governs the District. The District operated on a General Fund Revenue budget for the 2022-23 school year of approximately \$1.1 million.

### Contact information related to this report

Address:	Palisades School District No. 102 1114 Palisades Road Palisades, WA 98845
Contact:	Julie Streeter, Secretary
Telephone:	509-884-8071
Website:	<a href="http://www.palisades.wednet.edu">www.palisades.wednet.edu</a>

*Information current as of report publish date.*

### Audit history

You can find current and past audit reports for Palisades School District No. 102 at <http://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](http://www.sao.wa.gov). Additionally, we share regular news and other information via an email subscription service and social media channels.

We take our role as partners in accountability seriously. The Office provides training and technical assistance to governments both directly and through partnerships with other governmental support organizations.

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