



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Seattle School District No. 1

For the period September 1, 2019 through August 31, 2020

Published June 3, 2021

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

June 3, 2021

Superintendent and Board of Directors
Seattle School District No. 1
Seattle, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Seattle School District No. 1's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Seattle School District No. 1 September 1, 2019 through August 31, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Seattle School District No. 1 are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the District’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the District’s compliance with requirements applicable to each of its major federal programs.

We reported no findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>CFDA No.</u>	<u>Program or Cluster Title</u>
10.553	Child Nutrition Cluster – School Breakfast Program
10.553	Child Nutrition Cluster – COVID-19 – School Breakfast Program
10.555	Child Nutrition Cluster – National School Lunch Program
10.555	Child Nutrition Cluster – COVID-19 – National School Lunch Program
84.027	Special Education Cluster (IDEA) – Special Education Grants to States
84.173	Special Education Cluster (IDEA) – Special Education Preschool Grants
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
84.425d	COVID-19 – Elementary and Secondary School Emergency Relief Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,585,752.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Seattle School District No. 1 September 1, 2019 through August 31, 2020

Superintendent and Board of Directors
Seattle School District No. 1
Seattle, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Seattle School District No. 1, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 25, 2021.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because, as described in Note 1, the *Accounting Manual for Public School Districts in the State of Washington* does not require the District to prepare the government-wide statements presenting the financial position and changes in financial position of its governmental activities as required by GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

As discussed in Note 16 to the financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 16.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's

internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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 that reads "Pat McCarthy". The signature is written in a cursive style with a large initial "P" and "M".

Pat McCarthy, State Auditor

Olympia, WA

May 25, 2021

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Seattle School District No. 1 September 1, 2019 through August 31, 2020

Superintendent and Board of Directors
Seattle School District No. 1
Seattle, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Seattle School District No. 1, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2020. The District's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. 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 that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 25, 2021

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Seattle School District No. 1 September 1, 2019 through August 31, 2020

Superintendent and Board of Directors
Seattle School District No. 1
Seattle, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Seattle School District No. 1, as of and for the year ended August 31, 2020, and the related notes to the financial statements, which collectively comprise the District's financial statements, as listed on page 16.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of state law and the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual) described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant account estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1, the District has prepared these financial statements to meet the financial reporting requirements of state law using accounting practices prescribed by the Accounting Manual. Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The difference in these accounting practices is also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seattle School District No. 1, as of August 31, 2020, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. GAAP requires presentation of government-wide financial statements to display the financial position and changes in financial position of its governmental activities.

As described in Note 1, the Accounting Manual does not require the District to prepare the government-wide financial statements, and consequently such amounts have not been determined or presented. We are therefore required to issue an adverse opinion on whether the financial statements are presented fairly, in all material respects, in accordance with GAAP.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Seattle School District No. 1, as of August 31, 2020, or the changes in financial position or cash flows thereof for the year then ended, due to the significance of the matter discussed in the above “Basis for Adverse Opinion on U.S. GAAP” paragraph.

Matters of Emphasis

As discussed in Note 16 to the financial statements, the full extent of the COVID-19 pandemic’s direct or indirect financial impact on the District is unknown. Management’s plans in response to this matter are also described in Note 16. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2021 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

May 25, 2021

**Seattle School District No. 1
September 1, 2019 through August 31, 2020**

FINANCIAL STATEMENTS

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Schedule of Expenditures of Federal Awards – 2020
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Seattle Public Schools No. 001

Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	203,967,962.00	3,822,893.51	1,398,572.53	157,364,043.44	0.00	0.00	366,553,471.48
Minus Warrants Outstanding	-15,414,192.24	-62,367.64	0.00	-8,225,880.84	0.00	0.00	-23,702,440.72
Taxes Receivable	79,784,396.32		-39,435.33	150,678,564.25	0.00	0.00	230,423,525.24
Due From Other Funds	13,963,544.92	0.00	0.00	0.00	0.00	0.00	13,963,544.92
Due From Other Governmental Units	27,138,587.00	0.00	0.00	0.00	0.00	0.00	27,138,587.00
Accounts Receivable	1,970,269.80	795.00	0.00	77,583.83	0.00	0.00	2,048,648.63
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	127,781.58	3,368.34	1,238.77	140,796.67	0.00	0.00	273,185.36
Inventory	1,526,685.24	0.00	0.00	0.00	0.00	0.00	1,526,685.24
Prepaid Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	313,065,034.62	3,764,689.21	1,360,375.97	300,035,107.35	0.00	0.00	618,225,207.15
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	313,065,034.62	3,764,689.21	1,360,375.97	300,035,107.35	0.00	0.00	618,225,207.15
LIABILITIES							
Accounts Payable	14,582,184.66	205,680.60	0.00	24,328,421.12	0.00	0.00	39,116,286.38
Contracts Payable Current	0.00	0.00		0.00			0.00
Accrued Interest Payable			0.00				0.00

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001
Balance Sheet - Governmental Funds
August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	40,048,339.63	0.00	0.00	0.00	0.00	0.00	40,048,339.63
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	25,005,468.61	0.00	0.00	0.00	0.00	0.00	25,005,468.61
Due To Other Governmental Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00		0.00	0.00			0.00
Estimated Employee Benefits Payable	2,862,802.10						2,862,802.10
Due To Other Funds	0.00	124,931.47	0.00	13,820,982.51	0.00	0.00	13,945,913.98
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	46,902.16	0.00		2,944,617.98			2,991,520.14
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
TOTAL LIABILITIES	82,545,697.16	330,612.07	0.00	41,094,021.61	0.00	0.00	123,970,330.84
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	1,943,246.37	0.00	7,520.03	1,349,893.85	0.00	0.00	3,300,660.25
Unavailable Revenue - Taxes Receivable	79,784,396.32		-39,435.33	150,678,564.26	0.00		230,423,525.25
TOTAL DEFERRED INFLOWS OF RESOURCES	81,727,642.69	0.00	-31,915.30	152,028,458.11	0.00	0.00	233,724,185.50
FUND BALANCE:							
Nonspendable Fund Balance	1,526,685.24	0.00	0.00	0.00	0.00	0.00	1,526,685.24
Restricted Fund Balance	16,247,618.89	3,434,077.14	1,392,291.27	1,200,696.00	0.00	0.00	22,274,683.30
Committed Fund Balance	38,700,000.00	0.00	0.00	101,783,031.63	0.00	0.00	140,483,031.63
Assigned Fund Balance	70,487,173.83	0.00	0.00	3,928,900.00	0.00	0.00	74,416,073.83

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001
 Balance Sheet - Governmental Funds

August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	21,830,216.81	0.00	0.00	0.00	0.00	0.00	21,830,216.81
TOTAL FUND BALANCE	148,791,694.77	3,434,077.14	1,392,291.27	106,912,627.63	0.00	0.00	260,530,690.81
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	313,065,034.62	3,764,689.21	1,360,375.97	300,035,107.35	0.00	0.00	618,225,207.15

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	195,140,830.54	3,227,912.47	26,801.19	258,641,888.44	0.00		457,037,432.64
State	685,583,083.93		0.00	13,289,071.29	0.00		698,872,155.22
Federal	53,526,476.98		0.00	0.00	0.00		53,526,476.98
Other	6,981,823.19			2,292,333.48	0.00	0.00	9,274,156.67
TOTAL REVENUES	941,232,214.64	3,227,912.47	26,801.19	274,223,293.21	0.00	0.00	1,218,710,221.51
EXPENDITURES:							
CURRENT:							
Regular Instruction	457,820,864.26						457,820,864.26
Special Education	185,475,342.11						185,475,342.11
Vocational Education	14,812,461.51						14,812,461.51
Skill Center	1,446,456.30						1,446,456.30
Compensatory Programs	74,372,542.10						74,372,542.10
Other Instructional Programs	42,822,392.47						42,822,392.47
Community Services	2,333,332.13						2,333,332.13
Support Services	185,725,128.44						185,725,128.44
Student Activities/Other		3,279,842.01				0.00	3,279,842.01
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				158,972,460.04			158,972,460.04
Equipment				2,049,302.02			2,049,302.02
Instructional Technology				10,005,567.66			10,005,567.66
Energy				0.00			0.00
Transportation Equipment				0.00	0.00		0.00
Sales and Lease				0.00			0.00
Other	2,067,260.75						2,067,260.75
DEBT SERVICE:							
Principal	0.00		2,255,000.00			0.00	2,255,000.00
Interest and Other Charges	0.00		482,409.53			0.00	482,409.53

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

For the Year Ended August 31, 2020

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	966,875,780.07	3,279,842.01	2,737,409.53	171,027,329.72	0.00	0.00	1,143,920,361.33
REVENUES OVER (UNDER) EXPENDITURES	-25,643,565.43	-51,929.54	-2,710,608.34	103,195,963.49	0.00	0.00	74,789,860.18
OTHER FINANCING SOURCES (USES) :							0.00
Bond Sales & Refunding Bond Sales	0.00		20,621,000.00	0.00	0.00		20,621,000.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	21,647,717.15		2,683,171.17	0.00	0.00		24,330,888.32
Transfers Out (GL 536)	0.00		0.00	-24,330,888.32	0.00	0.00	-24,330,888.32
Other Financing Uses (GL 535)	0.00		-20,566,342.88	0.00	0.00		-20,566,342.88
Other	56,277.49		0.00	0.00	0.00		56,277.49
TOTAL OTHER FINANCING SOURCES (USES)	21,703,994.64		2,737,828.29	-24,330,888.32	0.00	0.00	110,934.61
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-3,939,570.79	-51,929.54	27,219.95	78,865,075.17	0.00	0.00	74,900,794.79
BEGINNING TOTAL FUND BALANCE	152,731,265.56	3,486,006.68	1,365,071.32	28,047,552.46	0.00	0.00	185,629,896.02
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	148,791,694.77	3,434,077.14	1,392,291.27	106,912,627.63	0.00	0.00	260,530,690.81

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001

Statement of Fiduciary Net Position

August 31, 2020

	Private Purpose Trust	Other Trust
ASSETS:		
Imprest Cash	53,981.75	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	2,401,588.46	0.00
Minus Warrants Outstanding	-33,800.00	0.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	2,203.27	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	2,423,973.48	0.00
LIABILITIES:		
Accounts Payable	23,580.00	0.00
Due To Other Funds	17,630.94	0.00
TOTAL LIABILITIES	41,210.94	0.00
NET POSITION:		
Held in trust for:		
Held In Trust For Intact Trust Principal	374,500.00	0.00
Held In Trust For Private Purposes	2,008,262.54	0.00
Held In Trust For Pension Or Other Post-Employment Benefits	0.00	0.00
Held In Trust For Other Purposes	0.00	0.00
TOTAL NET POSITION	2,382,762.54	0.00

The accompanying notes are an integral part of this financial statement.

Seattle Public Schools No. 001
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2020

	Private Purpose Trust	Other Trust
ADDITIONS:		
Contributions:		
Private Donations	182,671.73	0.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	182,671.73	0.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	40,208.17	0.00
Less Investment Expenses	0.00	0.00
Net Investment Income	40,208.17	0.00
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	222,879.90	0.00
DEDUCTIONS:		
Benefits	0.00	0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	110,113.65	0.00
Other	73,486.14	0.00
TOTAL DEDUCTIONS	183,599.79	0.00
Net Increase (Decrease)	39,280.11	0.00
Net Position - Prior Year August Beginning	2,343,482.43	0.00
Prior Year F-196 Manual Revision	0.00	0.00
Net Position - Total	2,343,482.43	0.00
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	2,382,762.54	0.00

The accompanying notes are an integral part of this financial statement.

Seattle School District #1
Notes to the Financial Statements
September 1, 2019 through August 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Seattle School District #1 (District) is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purposes of providing public school services to students in grades K–12. Oversight responsibility for the District's operations is vested with the independently elected board of directors. Management of the District is appointed by and is accountable to the board of directors. Fiscal responsibility, including budget authority and the power to set fees, levy property taxes, and issue debt consistent with provisions of state statutes, also rests with the board of directors.

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting in accordance with the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1) and RCW 28A.505.020. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- (1) Districtwide statements, as defined in GAAP, are not presented.
- (2) A Schedule of Long-Term Liabilities is presented as supplementary information.
- (3) Supplementary information required by GAAP is not presented.
- (4) Property Taxes collected after the end of the fiscal period are not considered available for revenue accrual as described below.

Fund Accounting

Financial transactions of the District are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. All funds are considered major funds. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

Governmental Funds

General Fund

This fund is used to account for all expendable financial resources, except for those that are required to be accounted for in another fund. In keeping with the principle of having as few funds as are necessary, activities such as food services, maintenance, data processing, printing, and student transportation are included in the General Fund.

Capital Projects Funds

These funds account for financial resources that are to be used for the construction or acquisition of major capital assets. There are two funds that are considered to be of the capital projects fund type: the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund. This fund is used to account for resources set aside for the acquisition and construction of major capital assets such as land and buildings.

Debt Service Fund

This fund is used to account for the accumulation of resources for and the payment of matured general long-term debt principal and interest.

Special Revenue Fund

In Washington state, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) Fund. This fund is accounted for in the District's financial statements as the financial resources legally belong to the District. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student Body of the District.

Permanent Funds

These funds are used to report resources that are legally restricted such that only earnings, and not principal, may be expended. Amounts in the Permanent Fund may only be spent in support of the District's programs and may not be used to the benefit of any individual.

Fiduciary Funds

For the fiscal year, the District only has a single Fiduciary Fund, a Private-Purpose Trust Fund.

Private-Purpose Trust Fund

This fund is used to account for resources that are legally held in trust by the District. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the District's programs, and may be used to benefit individuals, private organizations, or other governments.

Measurement focus, basis of accounting, and fund financial statement presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the

amount of the transaction can be readily determined. Revenues are considered “available” when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Categorical program claims and interdistrict billings are measurable and available and are, therefore, accrued. Property taxes not collected by the fiscal year end are measurable and recorded as a receivable, however the receivable is not considered available of revenue accrual, but is recorded as a deferred inflow of resources

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

Chapter 28A.505 RCW and Chapter 392-123 Washington Administrative Code (WAC) mandate school district budget policies and procedures. The board adopts annual appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Appropriations lapse at the end of the fiscal period.

Budgets are adopted on the same modified accrual basis as used for financial reporting. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

District Policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available

The District receives state funding for specific categorical education-related programs. Amounts that are received for these programs that are not used in the current fiscal year may be carried forward into the subsequent fiscal year, where they may be used only for the same purpose as they were originally received. When the District has such carryover, those funds are expended before any amounts received in the current year are expended.

Additionally, the District has other restrictions placed on its financial resources. When expenditures are recorded for purposes for which a restriction or commitment of fund balance is available, those funds that are restricted or committed to that purpose are considered first before any unrestricted or unassigned amounts are expended.

Fund balance classifications policies and procedures

The District classifies ending fund balance for its governmental funds into five categories.

Nonspendable Fund Balance. The amounts reported as Nonspendable are resources of the District that are not in spendable format. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that are reported as Restricted are those resources of the District that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.

Committed Fund Balance. Amounts that are reported as Committed are those resources of the District that have had a limitation placed upon their usage by formal action of the District's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

Assigned Fund Balance. In the General Fund, amounts that are reported as Assigned are those resources that the District has set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. Assignments reduce the amount reported as Unassigned Fund Balance, but may not reduce that balance below zero.

In other governmental funds, Assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the District's board of directors and as allowed by statute.

The Superintendent and the Chief Financial Officer are the only persons who have the authority to create Assignments of fund balance.

Unassigned Fund Balance. In the General Fund, amounts that are reported as Unassigned are those net spendable resources of the District that are not otherwise Restricted, Committed, or Assigned, and may be used for any purpose within the General Fund.

In other governmental funds, Unassigned fund balance represents a deficit in ending spendable fund balance once all restrictions and commitments are considered.

A negative Unassigned fund balance means that the legal restrictions and formal commitments of the District exceed its currently available resources.

Cash and Cash Equivalents

All of the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

The District's receivables (or payables) reflect current financial resources (obligations) that are expected to be collected (paid) within one year.

Inventory

Inventory is valued at cost using the weighted average method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Nonspendable. Such reserves for inventory indicate that a portion of net current assets is set aside to replace or increase the inventory. USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

NOTE 2: DEPOSITS AND INVESTMENTS

The King County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District directs the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District.

The District's deposits and certificates of deposit are entirely covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Washington State statutes authorize the district to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States,
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System,
- Bankers' acceptances purchased on the secondary market,
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities,
- Investment deposits with qualified public depositories,
- Washington State Local Government Investment Pool, and
- County Treasurer Investment Pools.

The District's participation in the King County Investment Pool is voluntary and the pool is not rated by a nationally recognized statistical rating organization (NRSRO). The fair value of the district's investment in the pool is measured using a net asset value (NAV) as determined by the pool. The pool maintains an average effective duration of 1.12 years.

The District's investments as of August 31, 2020, are as follows:

Type of Investment	Fund	Carrying Amount	Fair Value
County Treasurer's Investment Pool			
	General	\$ 201,561,796	\$ 203,505,042
	Capital Projects	154,273,999	155,623,893
	Debt Service	1,391,052	1,398,573
	Associated Student Body	3,707,152	3,701,557
	Private Purpose Trust	2,405,016	2,401,588
Total		\$ 363,339,015	\$ 366,630,653

NOTE 3: PENSION PLANS

General Information

The Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, prepares a stand-alone comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The school district is reporting the net pension liability in the notes and on the Schedule of Long-term Liabilities calculated as the district's proportionate allocation percentage multiplied by the total plan collective net pension liability. The DRS total collective net pension liabilities for the pension plans school districts participate in are shown here.

The Collective Net Pension Liability

The collective net pension liabilities for the pension plans districts participated in are reported in the following tables:

The Collective Net Pension Liability as of June 30, 2020				
	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	\$11,256,796,000	\$7,726,256,000	\$3,530,540,000	68.64%
SERS 2/3	\$7,043,384,000	\$6,511,420,000	\$531,964,000	92.45%
TRS 1	\$8,179,362,000	\$5,770,576,000	\$2,408,786,000	70.55%
TRS 2/3	\$18,559,021,000	\$17,023,040,000	\$1,535,981,000	91.72%

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS CAFR. Copies of the report may be obtained by contacting the Washington State Department of Retirement Systems, P.O. Box 48380, Olympia, WA 98504-8380; or online at <http://www.drs.wa.gov/administrations/annual-report>.

Membership Participation

Substantially all school district full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS).

Membership participation by retirement plan as of June 30, 2020, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	44,359	310	1,181
SERS 2	11,112	6,274	28,943
SERS 3	11,200	9,064	36,772
TRS 1	31,777	92	263
TRS 2	6,201	2,808	22,980
TRS 3	15,316	8,279	56,593

Membership & Plan Benefits

Certificated employees are members of TRS. Classified employees are members of PERS (if Plan 1) or SERS. Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. TRS 1 and PERS 1 are closed to new entrants.

TRS Plan Information

TRS was established in 1938, and its retirement provisions are contained in RCW Chapters 41.34 and 41.32. TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated, public school employee working in an instructional, administrative or supervisory capacity.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the average final compensation (AFC), for each year of service credit, up to a maximum of 60 percent, divided by twelve. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the average final compensation (AFC) per year of service for Plan 2 members and one percent of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. TRS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS Plan Information

PERS was established in 1947, and its retirement benefit provisions are contained in RCW Chapters 41.34 and 41.40. PERS is a cost-sharing, multi-employer retirement system. PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

SERS Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service for Plan 2 and one percent of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Plan Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. Employers do not contribute to the defined contribution portion of the TRS Plan 3 or SERS Plan 3. Under current law, the employer must contribute 100% of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for the PERS plan were effective as of July 1, 2019. SERS and TRS contribution rates are effective as of September 1, 2019. All plans will

not have a contribution rate change until September 1, 2020. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2020 are listed below:

Pension Contribution Rates from September 1, 2019 to August 31, 2020			
	Employer	Employee	
PERS Plan 1	12.86%	6.00%	
TRS Plan 1	15.51%	6.00%	
TRS Plan 2/3	15.51%	7.77%	*/**
SERS Plan 2/3	13.19%	8.25%	*/**
<i>Note: The Employer rates include .0018 DRS administrative expense.</i>			
* TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.			
** TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.			

The School District's Proportionate Share of the Net Pension Liability (NPL)

At June 30, 2020, the school district reported a total liability of \$295,248,620 for its proportionate shares of the individual plans' collective net pension liability. Proportion of net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2020, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2020	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$8,195,997	\$13,561,362	\$29,585,953	\$32,674,119
Proportionate Share of the Net Pension Liability	\$39,926,130	\$33,361,193	\$135,705,922	\$86,255,375

At June 30, 2020, the school district's percentage of the proportionate share of the collective net pension liability was as follows and the change in the allocation percentage from the prior period is illustrated below.

Change in Proportionate Shares	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability	1.130879%	6.271325%	5.633789%	5.615654%
Prior year proportionate share of the Net Pension Liability	1.144153%	6.330084%	5.633606%	5.624938%
Net difference percentage	-0.013275%	-0.058759%	0.000183%	-0.009284%

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2019, with the results rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.50% salary inflation
Salary increases	In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.40%

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of the *2013-2018 Demographic Experience Study Report* and the *2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

Long-term Expected Rate of Return

OSA selected a 7.40% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

The CMAs contain three pieces of information for each class of assets the WSIB currently invest in:

- Expected annual return
- Standard deviation of the annual return;
- Correlations between the annual returns of each asset class with every other asset class

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons. The expected future rates of return are developed by the WSIB for each major asset class. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2020, are summarized in the following table:

TRS1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	2.20%
Tangible Assets	7.00%	5.10%
Real Estate	18.00%	5.80%
Global Equity	32.00%	6.30%
Private Equity	23.00%	9.30%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.40 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in the DRS CAFR Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return, a 7.40 percent on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the Seattle School District's proportionate share of the collective net pension liability (NPL) calculated using the discount rate of 7.40 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.40 percent) or one percentage-point higher (8.40 percent) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1 NPL	\$4,422,202,000	\$3,530,540,000	\$2,752,919,000
Allocation Percentage	1.130879%	1.130879%	1.130879%
Proportionate Share of Collective NPL	\$50,009,747	\$39,926,130	\$31,132,179
SERS 2/3 NPL	\$1,517,879,000	\$531,964,000	(\$283,583,000)
Allocation Percentage	6.271325%	6.271325%	6.271325%
Proportionate Share of Collective NPL	\$95,191,131	\$33,361,193	\$(17,784,413)
TRS 1 NPL	\$3,051,911,000	\$2,408,786,000	\$1,847,550,000
Allocation Percentage	5.633789%	5.633789%	5.633789%
Proportionate Share of Collective NPL	\$171,938,228	\$135,705,922	\$104,087,070
TRS 2/3 NPL	\$4,526,645,000	\$1,535,981,000	(\$903,643,000)
Allocation Percentage	5.615654%	5.615654%	5.615654%
Proportionate Share of Collective NPL	\$254,200,710	\$86,255,375	\$(50,745,462)

NOTE 4: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The state, through the Health Care Authority (HCA), administers a defined benefit other post-employment benefit (OPEB) plan that is not administered through a qualifying trust. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life insurance and long-term disability insurance.

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of K–12 school districts and ESDs. The District’s retirees are eligible to participate in the PEBB plan under this arrangement.

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 or 3 of TRS or SERS.

Former members who are entitle to a deferred vested pension benefit are not eligible to receive medical and life insurance benefits after pension benefit commencement. Survivors of covered members who die are eligible for medical benefits.

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2020:

Members not eligible for Medicare			
(or enrolled in Part A only)	Type of Coverage		
Descriptions	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$715.66	\$1,426.75	\$1,959.20
Kaiser Permanente NW CDHP	\$608.85	\$1,206.99	\$1,611.85
Kaiser Permanente WA Classic	\$752.15	\$1,499.24	\$2,059.55
Kaiser Permanente WA CDHP	\$610.16	\$1,210.10	\$1,616.32
Kaiser Permanente WA Sound Choice	\$618.49	\$1,231.92	\$1,692.00
Kaiser Permanente WA Value	\$675.71	\$1,346.36	\$1,849.35
UMP Classic	\$679.72	\$1,354.37	\$1,860.37
UMP CDHP	\$608.35	\$1,206.48	\$1,611.34
UMP Plus-Puget Sound High Value Network	\$644.97	\$1,284.88	\$1,764.82
UMP Plus-UW Medicine Accountable Care Network	\$644.97	\$1,284.88	\$1,764.82

Retirees enrolled in Medicare Parts A and B receive an explicit subsidy in the form of reduced premiums on Medicare supplemental plans. Retirees pay the following monthly rates.

Members enrolled in Part A and B of Medicare Descriptions	Type of Coverage		
	Employee	Employee & Spouse ¹	Full Family ¹
Kaiser Permanente NW Senior Advantage	\$173.01	\$342.75	\$875.70
Kaiser Permanente WA Medicare Plan	\$174.55	\$344.04	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$904.36
Kaiser Permanente WA Sound Choice	N/A	N/A	\$804.11
Kaiser Permanente WA Value	N/A	N/A	\$847.03
UMP Classic	\$320.54	\$636.02	\$1,142.01

Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.

Funding Policy

The funding policy is based upon the pay-as-you go financing requirements.

The School Employee Benefits Board (SEBB) collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. For the fiscal year 2019–20, SEBB was required to collect for the HCA \$69.56 per month per eligible employee to support the program. This amount is set forth in the state’s operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

The District has no control over the benefits offered to retirees, the rates charged to retirees, nor the fee paid to the Health Care Authority. The District does not determine its annual required contributions nor the net other post-employment benefit obligation associated with this plan. Accordingly, these amounts are not shown on the financial statements.

For further information on the results of the actuarial valuation of the employer provided subsidies associates with the state’s PEBB plan, refer to the Office of State Actuary.
<https://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx>

The plan does not issue a separate report; however, additional information is included in the State of Washington Comprehensive Annual Financial Report, which is available on this site:
<https://www.ofm.wa.gov/accounting/financial-audit-reports/comprehensive-annual-financial-report>

NOTE 5: COMMITMENTS UNDER NONCAPITALIZED (OPERATING) LEASES

The District has several operating leases for the facilities used for the Center School and Interagency; warehouses for capital programs, a science materials center and a copier lease.

Total future minimum lease payments for all leases are \$3,777,211 and for the next five years are:

Year Ended August 31

2021	\$1,171,856
2022	\$1,011,254
2023	\$936,453
2024	\$321,390
2025	\$336,259

NOTE 6: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District adopted a Facilities Master Plan (the “Plan”) in 1992 that provides direction for the strategic use of all District facilities through 2010 and is the basis for developing its capital improvement program. The Plan updated in March 2008 expanding the period covered through 2020.

The Plan identifies facility requirements based on student enrollment and demographics, projected space requirements, community use, and a facilities inventory. Planning is accomplished through a community-based approach, including input from the City, community organizations, parents, and District staff, as well as consideration of requirements relating to historical and landmark buildings.

Since 1995, the District has obtained voter approval for a series of major capital levies, divided between two purposes, the Building Excellence Levies (BEX) and the Buildings, Technologies and Athletics Levies (BTA), to further the goals of the Plan. The BTA program focuses on deferred maintenance, code requirements, seismic upgrades, and modernization of athletic facilities, classroom technology and management information systems.

BEX Levies:

In February 2001, Seattle voters approved a six-year \$398 million BEX II property tax levy to fund renovation and/or new construction in 17 school buildings throughout the District. The levy enables the District to completely renovate three aging high schools, namely Roosevelt, Cleveland, and Garfield, as well as Madison Middle School. The levy also increased capacity at elementary and middle schools in the southeast part of the City, and improved technology support.

In February 2007, Seattle voters approved a six-year \$490 million BEX III Capital Bond (of which the Bonds are a portion), which will help pay for projects divided into three categories: Building Projects, Infrastructure Improvements, and Technology Improvements. The Building Projects component includes the renovations or replacement of seven school facilities and continues the District’s long-range plan for renewing aging school buildings throughout the District. The Infrastructure Improvements component includes health and safety upgrades such as replacement or repair of plumbing to ensure drinking water quality, interior upgrades to improve indoor air quality, and replacement and renovation of athletic fields. The Technology Improvements component includes replacement of outdated classroom

computers, expansion of a website that keeps families informed of student progress; and improvements to business and academic systems. This levy replaces an expiring capital levy.

The \$694.9 million Building Excellence IV (BEX IV) capital levy was approved by Seattle voters in February 2013. It supports the District’s long-range plans to upgrade and renovate aging school facilities and address enrollment growth. Since 1998, the BEX I, BEX II and BEX III voter approved levies have allowed the District to replace or renovate 37 buildings. BEX IV continues the work to replace or modernize district buildings, infrastructure and technology with previous levies. It has allowed the district to address earthquake and safety issues, capacity needs, building condition and infrastructure improvements, and major preventive maintenance needs throughout the school district. BEX IV projects were chosen based on four criteria as approved by the School Board: safety and security, capacity needs, building condition and maximizing flexibility for programs and services.

In February 2019, Seattle voters approved a six-year \$1.4 billion BEX V Capital levy to replace or modernize aging schools, add classroom space, improve safety and security, provide equitable classroom technology and support for student learning, and improve district systems and infrastructure. BEX V projects were chosen based on five criteria as approved by the School Board: safety and security, right size capacity, building conditions, environment/financial sustainability, and updating technology.

BTA Levies:

In February 2004, Seattle voters continued the work of BTA I by approving a six-year \$178 million capital levy (“BTA II”), which pays for nearly 700 projects, improving every school in the District. The BTA II levy contains three major components: Buildings (\$95.5 million), Technology (\$42.75 million), and Academics (\$39.75 million).

BTA III was approved by voters in February 2010. This is a six-year \$270M capital levy that provides funds for projects that will benefit every school in the district and to open five buildings to meet growing student enrollment. There are three components to the BTA III levy: Building Construction (\$140.5M), Academics (\$94.6M) and Technology (\$34.9M).

In February 2016, the voters of Seattle approved a six-year \$475.3 million BTA IV capital levy. BTA IV improves schools in every region of the city. There are three major components to the levy: Building (\$335.4 million), Technology (104.7 million) and Academics/Athletics (\$35.2 million).

Project	Project Authorized Amount	Accumulated Revenue to 8/31/20	Accumulated Expend. to 8/31/20
BEX II			
Building Construction	\$407,000,000		\$409,028,235
Technology	<u>26,000,000</u>		<u>25,718,312</u>
BEX II Total	\$433,000,000	\$434,744,277	\$434,746,547
BTA II			
Building Reinvestment	\$95,500,000		\$99,387,941
Academics	36,620,000		36,234,798
Technology	<u>39,880,000</u>		<u>45,154,021</u>
BTA II Total	\$172,000,000	\$182,170,900	\$180,776,760

BEX III			
Building Construction	\$383,000,000		\$420,136,942
Infrastructure	26,000,000		16,844,166
Technology	42,000,000		41,957,408
BEX III Total	\$451,000,000	\$480,139,213	\$478,938,517
BTA III			
Building Construction	\$140,500,000		\$134,144,171
Academics	94,600,000		102,483,553
Technology	34,900,000		35,223,059
BTA III Total	\$270,000,000	\$290,819,704	\$271,850,783
BEX IV			
Building Construction	\$530,757,952		\$538,478,442
Infrastructure	110,379,960		76,711,892
Technology	53,800,000		50,658,227
BEX IV Total	\$694,937,912	\$725,885,482	\$665,848,561
BTA IV			
Building Construction	\$335,400,000		\$279,955,002
Academics	35,200,000		83,455,393
Technology	104,700,000		15,659,478
BTA IV Total	\$475,300,000	\$292,625,778	\$379,069,873
BEX V			
Building Construction	1,057,120,064		\$13,762,527
Infrastructure	191,181,936		9,815,327
Technology	151,698,000		12,264,295
BEX V Total	\$1,400,000,000	\$123,964,749	\$35,842,149

NOTE 7: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$1 billion per loss occurrence for fiscal year 2019-20. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

Capital Assets Lease Agreements

The District leases various school buildings and properties throughout the City of Seattle to outside parties, with termination dates ranging from current month-to-month through 2084. Original cost and carrying values are not available, as the properties were acquired more than fifty years ago. Revenues through the end of all current leases are \$55,642,941. Five year revenues from current leases are as follows:

<u>Fiscal Year</u>	<u>Revenue</u>
2021	\$1,979,991
2022	\$2,004,816
2023	\$2,006,032
2024	\$2,026,647
2025	\$2,026,662

NOTE 8: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

General Obligation Bonds

Bonds payable at August 31, 2020, are comprised of the following individual issues:

Issue Name	Rates	Amount Authorized	9/1/19 Beg. Bal	Additions	Reductions	8/31/19 Balance
2010 Refunding Bonds	2-4.0%	\$33,080,000	\$22,255,000		\$22,255,000	\$0
2020 Refunding Bonds	1.21%	\$20,621,000	-	\$20,621,000	\$200,000	\$20,421,000
Total General Obligation Bonds			\$22,255,000	\$20,621,000	\$22,455,000	\$20,421,000

The following is a schedule of annual requirements to amortize debt at August 31, 2020:

Years Ending August 31	Principal	Interest	Total
2021	2,459,000	232,217	2,691,217
2022	2,621,000	201,483	2,822,483
2023	2,691,000	169,346	2,860,346
2024	2,874,000	135,677	3,009,677
2025-2027	9,776,000	182,274	9,958,274
Total	\$20,421,000	\$920,997	\$21,341,997

At August 31, 2020, the District had \$1,392,291 available in the Debt Service Fund to service the general obligation bonds.

Refunded Debt

On April, 17 2020, the District issued \$20,621,000 in general obligation bonds with an average interest rate of 1.21 percent to advance refund \$20,566,343 of outstanding 2010 bonds with an average interest rate of 3.39 percent. The net proceeds of \$20,620,343 after payment of \$54,000 in underwriting fees, insurance, and other issuance costs, were deposited in an irrevocable trust with an escrow agent to pay the remaining payments of principal and interest related to the 2010 series bonds on the call date of June 1, 2020. As a result of this current refunding, the 2010 bonds are no longer outstanding.

The District refunded these bonds to reduce its overall debt service payments over the next six years by \$1.9 million and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,864,585

Cash Flow Difference		
Old Debt Service Cash Flow	\$23,521,038	
New Debt Service Cash Flow	\$21,572,494	
Difference		\$1,948,544
Plus: Bond Proceeds Deposited to the Debt Service Fund		\$657
Cash Flow Savings		\$1,949,201
Economic Gain		
Present Value of Cash Flow Savings		\$1,863,928
Plus: Bond Proceeds Deposited to the Debt Service Fund		\$657
Economic Gain		\$1,864,585

NOTE 9: INTERFUND TRANSFERS

Interfund transfers consist of: 1) reimbursement due to the General Fund for salary, inventory issues, and work-order expenditures budgeted, and properly chargeable to other funds, recorded as reductions in expenditures to the General Fund, and expenditures in the reimbursing fund; 2) transfers to Debt Service Fund for debt payments and 3) other interfund transfers as authorized.

The following table depicts interfund transfer activity:

Fund	Transferred To (Fund) 965 9901	Transferred From (Fund) 535 or 536
General	\$21,647,717	
Debt Service	\$2,683,171	
Capital Projects		\$24,330,888
Total	\$24,330,888	\$24,330,888

NOTE 10: ENTITY RISK MANAGEMENT ACTIVITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District has been a member of the Washington Schools Risk Management Pool (WSRMP) since September 2001. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or

contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. WSRMP was formed in 1986 when educational service districts and school districts in the state of Washington joined together by signing the Cooperative Risk Management Pool Account Agreement (Account Agreement) to pool their self-insured losses and jointly purchase insurance and administrative services. Over 90 school and educational service districts have joined the WSRMP.

WSRMP allows members to jointly purchase insurance coverage, establish a plan of self-insurance, and provide related services, such as risk management. WSRMP provides the following coverages for its members: property, liability, vehicle, school board liability, crime, employment practices, errors and omissions, equipment breakdown, cyber security, terrorism and stop gap liability.

Members make an annual contribution to fund the WSRMP. WSRMP purchases reinsurance and excess insurance from unrelated carriers subject to a per-occurrence self-insured retention of \$1 million risk shared by WSRMP. Reinsurance or Excess carriers cover losses over \$1 million to the maximum limits of each policy. Members are responsible for varied deductibles for auto and property claims. Insurance carriers cover losses over \$1 million to the maximum limits of each policy. Since WSRMP is a cooperative program, there is a joint liability among the participating members.

Members contract to remain in WSRMP for a minimum of three years and must give notice three years before terminating participation. The Account Agreement is renewed automatically each year after the initial three-year period. Even after termination, a member is still responsible for their share of contributions to the Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the Account Agreement.

WSRMP is fully funded by its member participants and is governed by a board of directors which is comprised of one designated representative from each participating member. An executive board is elected at the annual meeting and is responsible for overseeing the business affairs of WSRMP.

The district paid \$2,628,318 in premiums to WSRMP for insurance coverage from September 1, 2019 through August 31, 2020.

Self-Insurance

The District covers and reports its industrial insurance, unemployment compensation, and employee vision plan out of its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not recorded.

Industrial Insurance

The District has been self-insured since July 1974. The District self-insures its industrial insurance claims, currently up to \$600,000 per single incident claim. Insurance is purchased for claims that exceed \$600,000.

The industrial insurance claims management has been assigned to Corvel. The following is a summary of activity:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
9/1/2018-8/31/2019	\$ 1,980,900	\$ 4,569,967	\$ 4,444,892	\$ 2,105,975
9/1/2019-8/31/2020	\$ 2,105,975	\$ 4,686,348	\$ 4,533,057	\$ 2,259,266

Unemployment Insurance

The District has been self-insured since July 2001 for unemployment benefits for all of its employees. Actual employee claims are paid by the Washington State Department of Employment Security, and then reimbursed by the District. Payments were made, pending refunds from the federal CARES Act's aid, resulting in an estimated receivable of \$1,664,783. The following is a summary of activity:

	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
9/1/2018-8/31/2019	\$ 106,989	\$ 270,388	\$ 302,722	\$ 74,655
9/1/2019-8/31/2020	\$ 74,655	\$ 1,095,994	\$ 2,835,432	\$ (1,664,783)

Vision

The District had been self-insured since October 1994 for an employee vision plan for all of its employees. In June 2017, the Washington state legislature created the school employees' benefits board (SEBB) under the Washington state health care authority to implement and administer health insurance benefits for school employees, including vision insurance. The effective date of implementation was January 1, 2020 whereby employees of school districts were merged into a single, community-rated risk pool for medical, dental and vision insurance. Self-insurance for vision ended December 31, 2019. However, funds were held in a reserve through December 31, 2020 to pay all expected claims incurred. At August 31, 2020, there was an estimated receivable from the Vision Plan of \$14,624. The following is a summary of activity:

		Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
9/1/2018-8/31/2019	Prior Year	\$ 613,935	\$ 707,976	\$ 911,866	\$ 410,045
9/1/2018-8/31/2019	Current Year	\$ 410,045	\$ 31,789	\$ 456,458	\$ (14,624)

At August 31, 2020, the amount of liabilities for industrial insurance, unemployment benefits, and vision plan totaled \$579,859. This liability is the District's best estimate based on available information.

NOTE 11: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as a deferred inflow of resources.

Tax Abatements

For tax year 2020, the City of Seattle entered into tax abatement agreements with property owners. However, tax levy rates were adjusted to ensure no incurrence of loss of total property tax collected.

The following are totals of abated taxes for each tax abatement type, pertaining to the Seattle School District for tax year 2020:

<u>Tax Abatement type</u>	<u>Amount</u>
Current Use	\$ 37,555
Historics	\$ 1,081,344
Home Improvement	\$ 66,884
Multi-Family Tax Exempt	\$ 110,219
Total	<u>\$ 1,296,002</u>

NOTE 12: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The District is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by signing Articles of Agreement dated August 18, 1971 and has remained in the joint venture ever since. The District's current equity of \$55,385 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The District may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

NOTE 13: FUND BALANCE CLASSIFICATION DETAILS

The District’s financial statements include the following amounts presented in the aggregate.

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund
Nonspendable Fund Balance				
Inventory and Prepaid Items	\$1,526,685			
Restricted Fund Balance				
For Bond Proceeds			\$1,200,696	
For Fund Purposes		\$3,434,077		
For Carryover of Restricted Revenues	\$16,247,619			
For Debt Service				\$1,392,291
Committed Fund Balance				
For Economic Stabilization	\$38,700,000			
For Levy Proceeds			\$85,071,738	
For Other Purposes			\$16,711,294	
Assigned Fund Balance				
Other Capital Projects				
Other Purposes	\$70,487,174			
Fund Purposes			\$3,928,900	
Unassigned Fund Balance	\$21,830,217			

In addition, the Capital Projects Fund has the following amounts in Restricted and Committed Fund Balance, based on the source of the revenues:

Restricted from Bond Proceeds	\$1,200,696
Committed from Levy Proceeds	\$85,071,738

On August 19, 2015, the board of directors took action to commit a portion of the District’s ending balance towards an economic stabilization account. The amount of fund balance that has been set aside may only be used for that purpose. It cannot be used for any other purpose of the District.

NOTE 14: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS—BOTH IN SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS

457 Plan – Deferred Compensation Plan

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the state deferred compensation plan.

403(b) Plan – Tax Sheltered Annuity (TSA)

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under two types of deferrals: elective deferrals (employee contribution) and non-elective contribution (employer matching).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by Carruth Compliance Consulting, Inc. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements.

NOTE 15: TERMINATION BENEFITS

Compensated Absences

Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

Under the provisions of RCW 28A.400.210, sick leave accumulated by District employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buyout of an amount up to the maximum annual accumulation of 12 days. For buyout purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

These expenditures are recorded when paid, except termination sick leave that is accrued upon death, retirement, or upon termination provided the employee is at least 55 years of age and has sufficient years of service. Vested sick leave was computed using 25% of per diem value of all accumulated sick leave of the employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments, plus related Social Security and Medicare taxes.

Note 16: SUBSEQUENT EVENTS

COVID-19 Pandemic

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures include closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they are leaving for an essential function. On April 6, 2020, the Governor closed all public and private K–12 school buildings throughout the remainder of the 2019–20 school year. The school district, however, continues to operate, educating students using continuous learning models. Many of the precautionary measures put in place during the 2019-20 school year remain in effect; and are affecting the district for the 2020-21 school year in new ways.

For 2020-21, the district started the school year in a remote learning environment and has worked to phase in a hybrid learning model as allowed. A restart plan was followed to bring the K-5 grades back to school first, and phasing in 6-12 grades as permitted for in-person learning following the hybrid learning model approved. Parents continue to have an option for students to continue distance learning if they so choose.

The district has experienced decreasing enrollment beginning in the 2020-2021 school year due to the COVID pandemic. The main impact is a decrease in state funding. The district has realized natural savings due to remote learning such as a lower use of substitute teachers, reduced contract expenditures with our service providers, reduced athletic program expenditures, and no out of district travel expenses. In addition, federal ESSER funds awarded to the district have mitigated some of the COVID related spending the district has made to bring students back to in person learning.

The length of time these measures will be in place, and the full extent of the financial impact on the school district, is unknown at this time.

Seattle Public Schools No. 001
Schedule of Long-Term Liabilities

For the Year Ended August 31, 2020

Description	Beginning Outstanding Debt September 1, 2019	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2020	Amount Due Within One Year
Voted Debt					
Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	22,255,000.00	20,621,000.00	22,455,000.00	20,421,000.00	2,459,000.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Capital Leases	0.00	0.00	0.00	0.00	0.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Non-Cancellable Operating Leases	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	7,124,000.00	0.00	269,000.00	6,855,000.00	2,259,266.00
Compensated Absences	33,558,233.00	4,537,121.00	0.00	38,095,354.00	3,254,516.00
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	139,476,992.00	0.00	3,771,070.00	135,705,922.00	
Net Pension Liabilities TRS 2/3	33,892,162.00	52,363,213.00	0.00	86,255,375.00	
Net Pension Liabilities SERS 2/3	14,843,920.00	18,517,273.00	0.00	33,361,193.00	
Net Pension Liabilities PERS 1	43,996,758.00	0.00	4,070,628.00	39,926,130.00	
Total Long-Term Liabilities	295,147,065.00	96,038,607.00	30,565,698.00	360,619,974.00	7,972,782.00

**Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	School Breakfast Program	10.553	1010 R6198	1,097,073	-	1,097,073	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	COVID 19 - School Breakfast Program	10.553	207WAWA3N10 99	77,995	-	77,995	-	4
			Total CFDA 10.553:	1,175,068	-	1,175,068	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	1010 R6198	3,609,394	-	3,609,394	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	1010 R6998	876,684	-	876,684	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	COVID 19 - National School Lunch Program	10.555	207WAWA3N10 99	4,763,467	-	4,763,467	-	4
			Total CFDA 10.555:	9,249,545	-	9,249,545	-	
			Total Child Nutrition Cluster:	10,424,613	-	10,424,613	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Child and Adult Care Food Program	10.558	1A04-19 WINS of OPSI	20,058	-	20,058	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Child and Adult Care Food Program	10.558	1A04-20 WINS of OPSI	135,453	-	135,453	-	4
			Total CFDA 10.558:	155,511	-	155,511	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Fresh Fruit and Vegetable Program	10.582	1L41-20 LOA	59,060	-	59,060	-	

The accompanying notes are an integral part of this schedule.

Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of State Treasurer)	Schools and Roads - Grants to States	10.665	1000 R5500	14,509	-	14,509	-	4
Total Forest Service Schools and Roads Cluster:				14,509	-	14,509	-	
NATIONAL SECURITY AGENCY (NSA), DEPT OF DEFENSE (via National Security Agency)	Language Grant Program	12.900	1G61-20 H98230-19-1- 0110	(1,000)	-	(1,000)	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via City of Seattle-City Auditor Office)	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	1P23-20 Agreement#OC A2020-11NIJ	46,541	-	46,541	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via City of Seattle-City Auditor Office)	National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	1P77-20 Agreement#OC A2020-10NIJ	193,143	-	193,143	-	
Total CFDA 16.560:				239,684	-	239,684	-	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via WDC- KC)	YouthBuild	17.274	1P47-19 17- 322-CCW	(177)	-	(177)	-	
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS (via National Endowment for the Arts)	Promotion of the Arts Grants to Organizations and Individuals	45.024	1N29-19 1809403-51-18	(921)	-	(921)	-	2

The accompanying notes are an integral part of this schedule.

Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024	1N29-20 1809403-51-18	-	75,051	75,051	-	2
			Total CFDA 45.024:	(921)	75,051	74,130	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via Michigan State University)	Education and Human Resources	47.076	1N03-15 RC104101SPS	(28)	-	(28)	-	2
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via University of Washington)	Education and Human Resources	47.076	1P12-18 UWSC9883 (NSF Award # DRL1720578)	75,893	-	75,893	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via UW)	Education and Human Resources	47.076	1P93-20 BPO 41020, 43522	244,861	-	244,861	-	
			Total CFDA 47.076:	320,726	-	320,726	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1C01-20 GR0203471	11,883,739	-	11,883,739	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1C03-20 GR0222591	64,932	-	64,932	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P66-20 GR0270824	35,001	-	35,001	-	

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Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P67-20 GR0270831	35,001	-	35,001	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P68-20 GR0270832	19,384	-	19,384	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P69-20 GR0270846	21,290	-	21,290	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P70-20 GR0270837	4,533	-	4,533	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P71-20 GR0270833	21,584	-	21,584	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P72-20 GR0271042	623	-	623	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P73-19 GR0270063	(677)	-	(677)	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P73-20 GR0270127	60,001	-	60,001	-	

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Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P74-20	29,978	-	29,978	-	
			GR0270836					
Total CFDA 84.010:				12,175,389	-	12,175,389	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Migrant Education State Grant Program	84.011	1C02-20	100,815	-	100,815	-	
			GR0282408					
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	1C04-20	521,484	-	521,484	-	
			GR0223120					
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	1A48-20	10,710,787	-	10,710,787	-	
			GR0306677					
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	1G28-20	724,629	-	724,629	-	
			GR0338???					
Total CFDA 84.027:				11,435,416	-	11,435,416	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	1A46-20	260,580	-	260,580	-	
			GR0366174					

The accompanying notes are an integral part of this schedule.

Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	1L23-20 GR03	6,411	-	6,411	-	
	Total CFDA 84.173:			266,991	-	266,991	-	
	Total Special Education Cluster (IDEA):			11,702,407	-	11,702,407	-	
	Career and Technical Education -- Basic Grants to States	84.048	1A03-20 GR0174565	375,551	-	375,551	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1M54-20 GR0173948	12,556	-	12,556	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1N52-20 GR0189166	2,730	-	2,730	-	
Total CFDA 84.048:			390,837	-	390,837	-		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	1C27-20 S060A190393	-	119,555	119,555	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities- National Programs)	84.184	1Q28-20 S184G190309	-	92,909	92,909	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Education for Homeless Children and Youth	84.196	1F77-19 GR0456939	(1,029)	-	(1,029)	-	

The accompanying notes are an integral part of this schedule.

**Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Education for Homeless Children and Youth	84.196	1F77-20 GR0456973	32,550	-	32,550	-	
Total CFDA 84.196:				31,521	-	31,521	-	
INSTITUTE OF EDUCATION SCIENCES, EDUCATION, DEPARTMENT OF (via Johns Hopkins university)	Education Research, Development and Dissemination	84.305	1N27-16 LOI/ Subcontract of Dept of Ed #R305H150081	30,850	-	30,850	-	
INSTITUTE OF EDUCATION SCIENCES, EDUCATION, DEPARTMENT OF (via UW)	Education Research, Development and Dissemination	84.305	1P96-20 UWSC11219	16,381	-	16,381	-	
Total CFDA 84.305:				47,231	-	47,231	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	English Language Acquisition State Grants	84.365	1C21-20 GR0402782	807,136	-	807,136	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	1C17-20 GR0524849	1,483,982	-	1,483,982	-	
Department of Education (via OSPI)	School Improvement Grants (Archived 2018)	84.377	1M87-18 GR0225383	(410)	-	(410)	-	
Department of Education (via OSPI)	School Improvement Grants (Archived 2018)	84.377	1M87-19 GR0225388	49,115	-	49,115	-	
Total CFDA 84.377:				48,705	-	48,705	-	

The accompanying notes are an integral part of this schedule.

**Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	1C24-20 GR0430663	306,936	-	306,936	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Elementary and Secondary School Emergency Relief Fund	84.425d	1Q53-20 GR0120261	8,365,309	-	8,365,309	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	1P46-20 5 NU87PS004370 -02-00	-	392,653	392,653	-	
HEALTH RESOURCES AND SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via King County -Behavioral Health and Recovery Division)	Poison Center Support and Enhancement Grant	93.253	1Q48-20 6059159 Amendment #9	3,911	-	3,911	-	
OFFICE OF ASSISTANT SECRETARY FOR HEALTH, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Pregnancy Assistance Fund Program	93.500	1P27-20 GR0179448	3,183	-	3,183	-	
Head Start Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600	1B60-19 10CHO10714- 01-00	-	982,438	982,438	-	2

The accompanying notes are an integral part of this schedule.

Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020

Federal Agency (Pass-Through Agency)	Expenditures						Passed through to Subrecipients	Note
	Federal Program	CFDA Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600	1B60-20 10CH010714- 02-00 / 10CH010714- 02-C3	-	3,634,451	3,634,451	-	2
Medicaid Cluster		Total Head Start Cluster:		-	4,616,889	4,616,889	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HCA)	Medical Assistance Program	93.778	1030 R6310	90,991	-	90,991	-	4
Medicaid Cluster		Total Medicaid Cluster:		90,991	-	90,991	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via King County -Behavioral Health and Recovery Division)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	1L93-19 Contract # 9999916	256,684	-	256,684	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	1P79-20 GR0930607	12,831	-	12,831	-	
Total Federal Awards Expended:		Total Federal Awards Expended:		47,561,357	5,297,057	52,858,414	-	

The accompanying notes are an integral part of this schedule.

Seattle Public Schools District

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2020**

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the Seattle School District's financial statements. The Seattle School District uses the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the Seattle School District's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Noncash Awards-Food Commodities

The amount of food commodities reported on the Schedule is the value of commodities distributed by Seattle School District during the current year and priced as prescribed by the USDA.

Note 4 – Unit Cost Contracts

Under certain programs, the district receives a fixed amount for the activity, regardless of the district's expenditures. Expenditures for these programs are listed as the amount received from the grantor.

Note 5 – Schoolwide Program

The district operates a "schoolwide program" in 33 buildings. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts (direct expenditures) were expended by Seattle School District in its schoolwide programs:

Title I Grants to Local Educational Agencies	84.010	\$ 4,709,339.92
Total		\$ 4,709,339.92

Note 6 – Indirect Cost Rate

Seattle School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Seattle School District's used the following Federal Restricted and Unrestricted Rates:

Fiscal Year	Restricted Rates	Unrestricted Rates
FY 2018/2019	3.26%	13.83%
FY 2019/2020	3.77%	15.14%
FY 2020/2021	3.25%	13.64%

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.

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