



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, 2020 through August 31, 2021

Published May 26, 2022

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

May 26, 2022

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,

A handwritten signature in cursive script that reads "Pat McCarthy".

Pat McCarthy, State Auditor
Olympia, WA

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TABLE OF CONTENTS

Schedule of Findings and Questioned Costs.....	4
Independent Auditor's 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.....	6
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	9
Independent Auditor's Report on the Financial Statements.....	12
Financial Section.....	16
About the State Auditor's Office.....	60

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Seattle School District No. 1 September 1, 2020 through August 31, 2021

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>
84.425	COVID-19 – Education Stabilization Fund
97.036	COVID-19 – Disaster Grants – Public Assistance (Presidentially Declared Disasters)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$3,000,000.

The District qualified 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, 2020 through August 31, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 18, 2022.

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 1 to the financial statements, in 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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, sweeping initial "P".

Pat McCarthy, State Auditor

Olympia, WA

May 18, 2022

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, 2020 through August 31, 2021

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, 2021. 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, 2021.

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 18, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Seattle School District No. 1 September 1, 2020 through August 31, 2021

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, 2021, 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, 2021, and the changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note .

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, 2021, 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 1 to the financial statements, in 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

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 18, 2022 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

May 18, 2022

FINANCIAL SECTION

Seattle School District No. 1 September 1, 2020 through August 31, 2021

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2021
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2021
Statement of Fiduciary Net Position – Fiduciary Funds – 2021
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2021
Notes to Financial Statements – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Long-Term Liabilities – 2021
Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	184,297,626.15	3,561,550.10	1,400,386.50	299,502,292.36	0.00	0.00	488,761,855.11
Minus Warrants Outstanding	-2,256,333.81	-23,064.61	0.00	-3,107,893.94	0.00	0.00	-5,387,292.36
Taxes Receivable	81,136,151.34		-41,477.02	149,975,151.83	0.00	0.00	231,069,826.15
Due From Other Funds	33,723,592.98	20,184.24	0.00	0.00	0.00	0.00	33,743,777.22
Due From Other Governmental Units	67,752,970.09	0.00	0.00	0.00	0.00	0.00	67,752,970.09
Accounts Receivable	1,036,837.94	57,439.00	0.00	0.00	0.00	0.00	1,094,276.94
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	59,308.28	1,499.58	636.17	139,124.49	0.00	0.00	200,568.52
Inventory	1,942,866.68	0.00		0.00			1,942,866.68
Prepaid Items	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	367,693,019.65	3,617,608.31	1,359,545.65	446,508,674.74	0.00	0.00	819,178,848.35
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	315,281,447.00	3,617,608.31	1,359,545.65	446,508,674.74	0.00	0.00	766,767,275.70
LIABILITIES							
Accounts Payable	31,922,538.24	133,543.44	0.00	22,527,668.90	0.00	0.00	54,583,750.58
Contracts Payable Current	0.00	0.00		228.17	0.00	0.00	228.17
Accrued Interest Payable			0.00				0.00

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

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	40,495,471.70	0.00	0.00	0.00	0.00	0.00	40,495,471.70
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	25,678,562.44	0.00	0.00	0.00	0.00	0.00	25,678,562.44
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	0.00	0.00	0.00
Estimated Employee Benefits Payable	1,397,828.38	0.00	0.00	0.00	0.00	0.00	1,397,828.38
Due To Other Funds	0.00	0.00	0.00	33,743,441.77	0.00	0.00	33,743,441.77
Interfund Loans Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deposits	35,393.93	0.00	0.00	2,193,816.98	0.00	0.00	2,229,210.91
Unearned Revenue	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Bonds Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Matured Bond Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Arbitrage Rebate Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	99,529,794.69	133,543.44	0.00	58,465,155.82	0.00	0.00	158,128,493.95
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	816,152.18	0.00	1,578.17	1,234,854.13	0.00	0.00	2,052,584.48
Unavailable Revenue - Taxes Receivable	81,136,151.34	0.00	-41,477.02	149,975,151.84	0.00	0.00	231,069,826.16
TOTAL DEFERRED INFLOWS OF RESOURCES	81,952,303.52	0.00	-39,898.85	151,210,005.97	0.00	0.00	233,122,410.64
FUND BALANCE:							
Nonspendable Fund Balance	1,942,866.68	0.00	0.00	0.00	0.00	0.00	1,942,866.68
Restricted Fund Balance	19,318,089.91	3,484,064.87	1,399,444.50	1,118,206.00	0.00	0.00	25,319,805.28
Committed Fund Balance	39,000,000.00	0.00	0.00	229,901,456.63	0.00	0.00	268,901,456.63
Assigned Fund Balance	125,949,964.85	0.00	0.00	5,813,850.32	0.00	0.00	131,763,815.17

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

Seattle Public Schools No. 001

Balance Sheet - Governmental Funds

August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FUND BALANCE	186,210,921.44	3,484,064.87	1,399,444.50	236,833,512.95	0.00	0.00	427,927,943.76
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	367,693,019.65	3,617,608.31	1,359,545.65	446,508,674.74	0.00	0.00	819,178,848.35

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

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

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	179,239,241.93	1,144,335.08	7,357.70	314,588,229.00	0.00		494,979,163.71
State	653,774,843.06		0.00	9,336,866.65	0.00		663,111,709.71
Federal	111,855,318.27		0.00	0.00	0.00		111,855,318.27
Other	31,220,205.55			150,000.00	0.00	0.00	31,370,205.55
TOTAL REVENUES	976,089,608.81	1,144,335.08	7,357.70	324,075,095.65	0.00	0.00	1,301,316,397.24
EXPENDITURES:							
CURRENT:							
Regular Instruction	463,879,396.98						463,879,396.98
Special Education	185,446,289.21						185,446,289.21
Vocational Education	15,652,514.85						15,652,514.85
Skill Center	1,290,441.66						1,290,441.66
Compensatory Programs	74,820,624.70						74,820,624.70
Other Instructional Programs	36,790,503.83						36,790,503.83
Federal Stimulus COVID-19	47,277,752.83						47,277,752.83
Community Services	1,558,335.14						1,558,335.14
Support Services	145,722,069.83						145,722,069.83
Student Activities/Other		1,094,347.35				0.00	1,094,347.35
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				137,630,454.00			137,630,454.00
Equipment				2,825,017.42			2,825,017.42
Instructional Technology				17,304,401.16			17,304,401.16
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Sales and Lease							0.00
Other	1,346,934.85						1,346,934.85
DEBT SERVICE:							
Principal			2,459,000.00	0.00		0.00	2,459,000.00

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

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

For the Year Ended August 31, 2021

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	0.00		232,421.62	0.00	0.00		232,421.62
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	973,784,863.88	1,094,347.35	2,691,421.62	157,759,872.58	0.00	0.00	1,135,330,505.43
REVENUES OVER (UNDER) EXPENDITURES	2,304,744.93	49,987.73	-2,684,063.92	166,315,223.07	0.00	0.00	165,985,891.81
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	35,079,068.40		2,691,217.15	0.00	0.00		37,770,285.55
Transfers Out (GL 536)	0.00		0.00	-37,770,285.55	0.00	0.00	-37,770,285.55
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	35,413.34		0.00	1,375,947.80	0.00		1,411,361.14
TOTAL OTHER FINANCING SOURCES (USES)	35,114,481.74		2,691,217.15	-36,394,337.75	0.00	0.00	1,411,361.14
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	37,419,226.67	49,987.73	7,153.23	129,920,885.32	0.00	0.00	167,397,252.95
BEGINNING 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
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	186,210,921.44	3,484,064.87	1,399,444.50	236,833,512.95	0.00	0.00	427,927,943.76

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

Statement of Fiduciary Net Position

August 31, 2021

	Custodial Funds	Private Purpose Trust
ASSETS:		
Imprest Cash	0.00	4,000.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	2,333,500.79
Minus Warrants Outstanding	0.00	-27,500.00
Due From Other Funds	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	1,107.64
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	
Capital Assets, Land	0.00	
Capital Assets, Buildings	0.00	
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	0.00	2,311,108.43
LIABILITIES:		
Accounts Payable	0.00	1,350.00
Due To Other Funds	0.00	335.45
TOTAL LIABILITIES	0.00	1,685.45
NET POSITION:		
Held in trust for:		
Held In Trust For Intact Trust Principal	0.00	374,500.00
Held In Trust For Private Purposes	0.00	
Held In Trust For Pension Or Other Post-Employment Benefits		0.00
Held In Trust For Other Purposes	0.00	1,934,922.98
TOTAL NET POSITION	0.00	2,309,422.98

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

Statement of Changes in Fiduciary Net Position

For the Year Ended August 31, 2021

	Custodial Funds	Private Purpose Trust
ADDITIONS:		
Contributions:		
Private Donations	0.00	84,855.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	0.00	84,855.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	18,025.49
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	18,025.49
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	0.00	102,880.49
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	0.00	176,220.05
TOTAL DEDUCTIONS	0.00	176,220.05
Net Increase (Decrease)	0.00	-73,339.56
Net Position--Prior Year August Beginning	0.00	2,382,762.54
Prior Year F-196 Manual Revision	0.00	0.00
Net Position - Total	0.00	2,382,762.54
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	0.00	2,309,422.98

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

Seattle School District #1
Notes to the Financial Statements
September 1, 2020 through August 31, 2021

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 revenue and 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, Deputy Superintendent and the Assistant Superintendent for Business and Finance are the only persons who have the authority to approve 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.

Accounting and Reporting Changes

During the year ended August 31, 2021, the District implemented the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements. The title Agency Funds is replaced with Custodial Funds.

Invest Ed funds

Invest Ed fund activity previously reported in the Fiduciary Fund was moved to the General Fund with the implementation of GASB 84. The following accounts and amounts were moved as of August 31, 2021:

Cash and Cash Equivalents	\$101,534.10
Beginning Fund Balance	91,447.05
Donation Revenue	111,579.73
Charitable Endeavor Expenditures	101,492.68
Ending Fund Balance	\$101,534.10

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 1.23 years.

The District’s investments as of August 31, 2021, are as follows:

Type of Investment	Fund	Carrying Amount	Fair Value
County Treasurer's Investment Pool			
	General	\$182,995,415	\$183,811,561
	Capital Projects	296,524,472	297,759,326
	Debt Service	1,398,766	1,400,387
	Associated Student Body	3,362,755	3,357,160
	Private Purpose Trust	2,336,921	2,333,501
Total		\$486,618,329	\$488,661,935

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 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 (Asset)

The collective net pension liability or asset for the pension plans districts participated in are reported in the following tables:

The Collective Net Pension Liability or (Asset) as of June 30, 2021				
	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	\$10,847,066,000	\$9,625,832,000	\$1,221,234,000	88.74%
SERS 2/3	\$7,586,243,000	\$8,659,940,000	(\$1,073,697,000)	114.15%
TRS 1	\$7,850,211,000	\$7,176,913,000	\$673,298,000	91.42%
TRS 2/3	\$20,032,702,000	\$22,781,509,000	(\$2,748,807,000)	113.72%

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS report. 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 [Annual Financial Reports](#) or <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, 2021, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	42,886	241	875
SERS 2	12,235	6,634	28,835
SERS 3	12,348	9,363	33,615
TRS 1	30,762	84	162
TRS 2	6,594	3,016	24,269
TRS 3	16,963	8,400	55,328

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. The methods used to determine the contribution requirements are established under chapters 41.34 and 41.40 RCW for PERS, 41.34 and 41.35 RCW for SERS, and 41.32 and 41.34 RCW for TRS. 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 all plans were effective as of September 1, 2020. PERS contribution rates changes on July 1, 2021. SERS and TRS plans will not have a contribution rate change until September 1, 2021. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2021 are listed below:

Pension Contribution Rates from September 1, 2020 to June 30, 2021			
	Employer	Employee	
PERS Plan 1	12.97%	6.00%	
Pension Contribution Rates from July 1, 2021 to August 31, 2021			
	Employer	Employee	
PERS Plan 1	10.252%	6.00%	
Pension Contribution Rates from September 1, 2020 to August 31, 2021			
	Employer	Employee	
TRS Plan 1	15.74%	6.00%	
TRS Plan 2/3	15.74%	7.77%	*/**
SERS Plan 2/3	13.30%	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 (Asset)

At June 30, 2021, the school district reported a total liability of \$52,900,318 for its proportionate shares of the individual plans' collective net pension liability and \$231,757,822 for its proportionate shares of the individual plans' collective net pension assets. The proportionate share of the collective net pension liability or asset is based on annual contributions for each of

the employers participating in the DRS administered plans. The district's proportionate share of each plan's net pension liability or asset is reported below:

June 30, 2021	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	\$8,650,605	\$14,320,919	\$31,726,049	\$34,944,994
Proportionate Share of the Net Pension Liability	\$14,035,023	(\$73,029,066)	\$38,865,295	(\$158,728,756)

At June 30, 2021, the school district's percentage of the proportionate share of the collective net pension liability or asset was as follows and the change in the allocation percentage from the prior period is illustrated below:

Allocation percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability or Asset	1.149249%	6.801646%	5.772376%	5.774460%
Prior year proportionate share of the Net Pension Liability	1.130879%	6.271325%	5.633789%	5.615654%
Net difference percentage	0.018370%	0.530320%	0.1385873%	0.158806%

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, 2020, with the results rolled forward to June 30, 2021, 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, 2020 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, 2021, 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 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% on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset)

The following table presents the Seattle School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.40%, 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%) or one percentage-point higher (8.40%) 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.

Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate			
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1	\$2,080,441,000	\$1,221,234,000	\$471,917,000
Allocation Percentage	1.149249%	1.149249%	1.149249%
Proportionate Share	\$23,909,453	\$14,035,023	\$5,423,503
SERS 2/3	(\$11,793,000)	(\$1,073,697,000)	(\$1,952,101,000)
Allocation Percentage	6.801646%	6.801646%	6.801646%
Proportionate Share	(\$802,118)	(\$73,029,066)	(\$132,774,994)
TRS 1	\$1,290,542,000	\$673,298,000	\$134,647,000
Allocation Percentage	5.772376%	5.772376%	5.772376%
Proportionate Share	\$74,494,942	\$38,865,295	\$7,772,332
TRS 2/3	\$479,331,000	(\$2,748,807,000)	(\$5,382,150,000)
Allocation Percentage	5.774460%	5.774460%	5.774460%
Proportionate Share	\$27,678,776	(\$158,728,756)	(\$310,790,089)

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.

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one which the employers and plan members understand the plan terms. This understanding is based on communications between the HCA, employers and plan members, and historical pattern of practice with regards to sharing of benefits costs.

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 (approximately 2,459) 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 PERS 1, TRS 1, 2 or 3: or SERS 2 and 3 plans.

Former members who are entitled 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 2021:

Members not eligible for Medicare (or enrolled in Part A only)			
Descriptions	Type of Coverage		
	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 & Spouse¹	Full Family¹
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 School Employees Benefits Board (SEBB) Program administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and

approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEB Board is separate and independent from the Public Employees Benefits Board (PEBB).

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. 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.

For the fiscal year 2020–21, the Seattle School District paid 94,752,966 in total to HCA-SEBB.

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 contribution, 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 the State Actuary](#). 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 the [OFM](#) website.

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, and a copier lease. Total future minimum lease payments for all leases are \$5,030,123 and for the next five years are:

Year Ended August 31

2022	\$2,206,417
2023	\$1,180,860
2024	\$565,088
2025	\$535,622
2026	\$542,136

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 was updated in March 2008 expanding the period covered through 2020. The Plan was updated in 2021 expanding the period covered through 2026.

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 8/31/21	Accumulated Expend. to 8/31/21
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	\$434,746,547	\$434,746,547
BTA II			
Building Reinvestment	\$95,500,000		\$99,387,941
Academics	36,620,000		37,182,661
Technology	<u>39,880,000</u>		<u>45,154,021</u>
BTA II Total	\$172,000,000	\$182,184,011	\$181,724,623
BEX III			
Building Construction	\$383,000,000		\$420,219,381
Infrastructure	26,000,000		16,854,373
Technology	<u>42,000,000</u>		<u>41,957,408</u>
BEX III Total	\$451,000,000	\$480,149,368	\$479,031,162
BTA III			
Building Construction	\$140,500,000		\$136,023,167
Academics	94,600,000		104,154,970
Technology	<u>34,900,000</u>		<u>35,223,059</u>
BTA III Total	\$270,000,000	\$290,980,376	\$275,401,196
BEX IV			
Building Construction	\$530,757,952		\$553,194,050
Infrastructure	110,379,960		84,287,147
Technology	<u>53,800,000</u>		<u>52,854,651</u>
BEX IV Total	\$694,937,912	\$732,660,179	\$690,335,848

BTA IV			
Building Construction	\$335,400,000		\$305,745,176
Academics	35,200,000		18,132,192
Technology	104,700,000		91,217,284
BTA IV Total	\$475,300,000	\$375,333,493	\$415,094,652
BEX V			
Building Construction	1,057,120,064		\$75,445,144
Infrastructure	191,181,936		41,919,912
Technology	151,698,000		44,236,311
BEX V Total	\$1,400,000,000	\$356,195,298	\$161,601,367

NOTE 7: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$500 millions per loss occurrence for fiscal year 2020-21. 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 \$53,662,951. Five year revenues from current leases are as follows:

<u>Fiscal Year</u>	<u>Revenue</u>
2022	\$2,004,816
2023	\$2,006,032
2024	\$2,026,647
2025	\$2,026,662
2026	\$2,026,677

NOTE 8: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

General Obligation Bonds

Bonds payable at August 31, 2021, are comprised of the following individual issues:

Issue Name	Rates	Amount Authorized	9/1/20 Beg. Bal	Additions	Reductions	8/31/21 Balance
2020 Refunding Bonds	1.21%	\$20,621,000	\$20,621,000		\$2,459,000	\$17,962,000
Total General Obligation Bonds		\$20,621,000	\$20,621,000		\$2,459,000	\$17,962,000

The following is a schedule of annual requirements to amortize debt at August 31, 2021:

Years Ending August 31	Principal	Interest	Total
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	3,059,000	99,783	3,158,783
2025-2027	6,717,000	82,491	6,799,491
Total	\$17,962,000	\$688,780	\$18,650,780

At August 31, 2021, the District had \$1,399,444 available in the Debt Service Fund to service the general obligation bonds.

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	\$35,079,069	
Debt Service	\$2,691,217	
Capital Projects		\$37,770,286
Total	\$37,770,286	\$37,770,286

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 \$3,085,687 in premiums to WSRMP for insurance coverage from September 1, 2020 through August 31, 2021.

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 \$800,000 per single incident claim. Insurance is purchased for claims that exceed \$800,000.

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
9/1/2020-8/31/2021	\$ 2,259,266	\$ 3,846,048	\$ 4,391,814	\$ 1,713,500
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 in 2020, pending refunds from the federal CARES Act's aid, resulting in an estimated receivable of \$330,060 at 8/31/2021. The following is a summary of activity:

	Beginning Liability (Receivable)	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability (Receivable)
9/1/2020-8/31/2021	\$ (1,664,783)	\$ 1,334,723	\$ - 0 -	\$ (330,060)
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. As of August 31, 2021, the reserve was closed. The following is a summary of activity:

	Beginning Liability (Receivable)	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability (Receivable)
9/1/2020-8/31/2021	(\$14,624)	\$14,624	\$ - 0 -	\$ - 0 -
9/1/2019-8/31/2020	\$410,045	\$31,789	\$456,458	(\$14,624)

At August 31, 2021, the amount of liabilities for industrial insurance, unemployment benefits, and vision plan totaled \$1,383,440. 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	\$ 34,288
Historics	\$ 1,013,199
Home Improvement	\$ 50,879
Multi-Family Tax Exempt	\$ 14,122
Total	<u>\$ 1,112,488</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 \$77,366 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	\$1,942,867			
Restricted Fund Balance				
For Bond Proceeds			\$1,118,206	
For Fund Purposes		\$3,484,065		
For Carryover of Restricted Revenues	\$16,247,619			
For Debt Service				\$1,399,444
Committed Fund Balance				
For Economic Stabilization	\$39,000,000			
For Levy Proceeds			\$213,190,163	
For Other Purposes			\$16,711,294	
Assigned Fund Balance				
Other Capital Projects				
Other Purposes	\$125,949,965			
Fund Purposes			\$5,813,850	
Unassigned Fund Balance				

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	\$1,118,206
Committed from Levy Proceeds	\$213,190,163

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., a third party administrator. 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 were 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 through the 2020-21 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 2021-22 school year in new ways.

For 2020-21, the district started the school year in a remote learning environment and worked to phase in a hybrid learning model as allowed. For 2021-22 in-person learning resumed with adjustments as needed. 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.

BTA V Levy

On February 8, 2022, voters approved Proposition #2, a six-year \$783 million Building Technology and Academics/Athletics levy. The levy proceeds will be used to fund student and staff computers, technology systems, and building repairs to maintain the health and safety of our schools. The approved levy replaces the expiring BTA IV levy.

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2021

Descr ption	Beginning Outstanding Debt September 1, 2020	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2021	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	20,421,000.00	0.00	2,459,000.00	17,962,000.00	2,621,000.00
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	6,855,000.00	0.00	1,426,000.00	5,429,000.00	2,259,266.00
Compensated Absences	40,006,213.00	1,113,720.00	0.00	41,119,933.00	4,902,039.00
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	135,705,922.00	0.00	96,840,627.00	38,865,295.00	
Net Pension Liabilities TRS 2/3	86,255,375.00	0.00	86,255,375.00	0.00	
Net Pension Liabilities SERS 2/3	33,361,193.00	0.00	33,361,193.00	0.00	
Net Pension Liabilities PERS 1	39,926,130.00	0.00	25,891,107.00	14,035,023.00	
Total Long-Term Liabilities	362,530,833.00	1,113,720.00	246,233,302.00	117,411,251.00	9,782,305.00

Other postemployment benefits other than pensions (OPEB) liabilities are not presented in the Schedule of Long Term Liabilities.

Seattle School District No. 1
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

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 OSP)	School Breakfast Program	10.553	1010 217WAWA3N10 99 and 217WAWA3N11 99	5,405,630	-	5,405,630	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	National School Lunch Program	10.555	1010 217WAWA3N10 99 and 217WAWA3N11 99	10,119,946	-	10,119,946	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	COVID 19 - National School Lunch Program	10.555	1010 217WAWA3N10 99 and 217WAWA3N11 99	307,307	-	307,307	-	4
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	National School Lunch Program	10.555	1010 217WAWA3N10 99 and 217WAWA3N11 99	1,115,237	-	1,115,237	-	3
Total CFDA 10.555:				11,542,490	-	11,542,490	-	
Total Child Nutrition Cluster:				16,948,120	-	16,948,120	-	
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	12,895	-	12,895	-	4
Total Forest Service Schools and Roads Cluster:				12,895	-	12,895	-	

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, 2021

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 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	3,205	-	3,205	-	
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	3,668	-	3,668	-	
Total CFDA 16.560:				6,873	-	6,873	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via PSESD)	COVID 19 - Coronavirus Relief Fund	21.019	1Q56-21 Agreement # 11357	235,198	-	235,198	-	
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	-	23,212	23,212	-	2
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024	1N29-21 Award #1861533-51- 20	-	39,196	39,196	-	2
Total CFDA 45.024:				-	62,408	62,408	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via University of Washington)	Education and Human Resources	47.076	1P12-18 BPO 25149 UWSC9883 (NSF Award # DRL1720578)	92,082	-	92,082	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via UW)	Education and Human Resources	47.076	1P93-20 BPO 41020 (43522)	236,223	-	236,223	-	
Total CFDA 47.076:				328,305	-	328,305	-	

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, 2021**

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	1C01-21 GR0203628	13,035,187	-	13,035,187	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1C03-21 GR0224755	93,088	-	93,088	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P72-21 GR0271065	25,001	-	25,001	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1P73-21 GR0270235	85,001	-	85,001	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1Q60-21 GR0270907	30,603	-	30,603	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1Q61-21 GR0270908	40,923	-	40,923	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1Q64-21 GR0270239	54,255	-	54,255	-	
Total CFDA 84.010:				13,364,058	-	13,364,058	-	

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, 2021

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)	Migrant Education State Grant Program	84.011	1C02-21 GR0282496	109,261	-	109,261	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Migrant Education State Grant Program	84.011	1F78-21 GR0290989	2,537	-	2,537	-	
			Total CFDA 84.011:	111,798	-	111,798	-	
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 GR0223120	(3,780)	-	(3,780)	-	
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	1C04-21 GR0223136	540,271	-	540,271	-	
			Total CFDA 84.013:	536,491	-	536,491	-	
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 GR0306677	(13,031)	-	(13,031)	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	1A48-21 GR0307207	11,300,382	-	11,300,382	-	

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, 2021**

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 Grants to States	84.027	1G28-21 GR0338389	1,074,172	-	1,074,172	-	
			Total CFDA 84.027:	12,361,523	-	12,361,523	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	1A46-21 GR0366600	158,543	-	158,543	-	
			Total CFDA 84.173:	13,794	-	13,794	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	1L23-21 GR0385470	13,794	-	13,794	-	
			Total CFDA 84.173:	172,337	-	172,337	-	
Total Special Education Cluster (IDEA):				12,533,860	-	12,533,860	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1A03-21 GR0174690	385,090	-	385,090	-	
			Total CFDA 84.048:	4,279	-	4,279	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1H24-21 GR0178063	4,279	-	4,279	-	
			Total CFDA 84.048:	6,230	-	6,230	-	
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	6,230	-	6,230	-	
			Total CFDA 84.048:	20,459	-	20,459	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1M54-21 GR0174965	20,459	-	20,459	-	
			Total CFDA 84.048:	20,459	-	20,459	-	

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, 2021

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 Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	1Q81-21 GR0178094	7,601	-	7,601	-	
			Total CFDA 84.048:	423,659	-	423,659	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	1C27-20 S060A190393	-	19,261	19,261	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	1C27-21 S060A200393	-	142,573	142,573	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	1C27-22 S060A210393	-	12,357	12,357	-	
			Total CFDA 84.060:	-	174,191	174,191	-	
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- 20	-	706,363	706,363	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Education for Homeless Children and Youth	84.196	1F77-21 GR0457523	51,783	-	51,783	-	
INSTITUTE OF EDUCATION SCIENCES, EDUCATION, DEPARTMENT OF (via UW)	Education Research, Development and Dissemination	84.305	1P96-20 UWSC11219	33,976	-	33,976	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	English Language Acquisition State Grants	84.365	1C21-21 GR0402955	819,856	-	819,856	-	

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, 2021**

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)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	1C17-21 GR0525148	1,327,984	-	1,327,984	-	
Department of Education (via OSPI)	School Improvement Grants (Archived 2018)	84.377	1Q83-21 GR0270239	2,693	-	2,693	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	1C24-21 GR0430776	672,665	-	672,665	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D 1Q53 -20 GR0120261	2,300,890	-	2,300,890	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D 1Q53 -21 GR0120376	41,396,435	-	41,396,435	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D 1Q54 -21 GR0130178	186,279	-	186,279	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U 1Q53 -22 GR0138054	9,999,469	-	9,999,469	-	
Total CFDA 84.425:				53,883,073	-	53,883,073	-	
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	1P46-21 5 NU87PS004370 -03-00	-	447,987	447,987	-	

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, 2021**

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		
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Seattle KC-Public Health (PHSKC))	Sodium Reduction in Communities	93.082	1Q79-21 PHSKC #4771 CDIP	6,696	-	6,696	-	
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	11,108	-	11,108	-	
Head Start Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600	1B60-20 10CH010714- 02-00 / 10CH010714- 02-C3	-	1,147,252	1,147,252	-	2
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600	1B60-21 10CH010714- 03-00	-	3,781,588	3,781,588	-	2
			Total Head Start Cluster:	-	4,928,840	4,928,840	-	
Medicaid Cluster								
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HCA)	Medical Assistance Program	93.778	1030 R6310	40,512	-	40,512	-	4
			Total Medicaid Cluster:	40,512	-	40,512	-	

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, 2021**

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		
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	327,757	-	327,757	-	
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	1P79-21 GR0930614	26,810	-	26,810	-	
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1Q74-20 D20-320, PW No. 192	246,799	-	246,799	-	27
FEDERAL EMERGENCY MANAGEMENT AGENCY, HOMELAND SECURITY, DEPARTMENT OF (via WA State Military Department)	COVID 19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	1Q74-21 D20-320, PW No. 207	593,815	-	593,815	-	27
Total CFDA 97.036:				840,614	-	840,614	-	
Total Federal Awards Expended:				102,546,784	6,319,789	108,866,573	-	

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, 2021**

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 34 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	\$ 4,850,734.02
Total		\$ 4,850,734.02

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 2019/2020	3.77%	15.14%
FY 2020/2021	3.25%	13.64%
FY 2021/2022	5.27%	12.02%

Note 7 – CFDA 97.036 COVID-19 Disaster Grant

Expenditures totaling 840.613.71 included on the Fiscal Year 2021 SEFA under CFDA 97.036 COVID-19 Disaster Grants (FEMA), were incurred in Fiscal year 2020. The grant award was officially approved in Fiscal Year 2021.

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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