



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, 2021 through August 31, 2022

*Published May 31, 2023*

Report No. 1032730



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

May 31, 2023

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

**Report on Financial Statements and Federal Single Audit**

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

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

Sincerely,

Pat McCarthy, State Auditor  
Olympia, WA

***Americans with Disabilities***

*In accordance with the Americans with Disabilities Act, we will make this document available in alternative formats. For more information, please contact our Office at (564) 999-0950, TDD Relay at (800) 833-6388, or email our webmaster at [webmaster@sao.wa.gov](mailto:webmaster@sao.wa.gov).*

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# SCHEDULE OF FINDINGS AND QUESTIONED COSTS

## Seattle School District No. 1 September 1, 2021 through August 31, 2022

### 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 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, with the exception of the 32.009 – COVID-19 Emergency

Connectivity Fund Program on which we issued an adverse opinion on compliance with applicable requirements.

We reported 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>ALN</u>	<u>Program or Cluster Title</u>
32.009	COVID-19 – Emergency Connectivity Fund Program
84.010	Title I Grants to Local Educational Agencies
84.425	COVID-19 – Education Stabilization Fund
93.600	Head Start Cluster – Head Start
93.600	Head Start Cluster – COVID-19 – Head Start

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

See Finding 2022-001.

# SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

## Seattle School District No. 1 September 1, 2021 through August 31, 2022

### **2022-001 The District did not have adequate internal controls for ensuring compliance with allowable activities and costs, and restricted purpose requirements.**

<b>Assistance Listing Number and Title:</b>	32.009, COVID-19 – Emergency Connectivity Fund Program
<b>Federal Grantor Name:</b>	Federal Communications Commission
<b>Federal Award/Contract Number:</b>	ECF202109384 ECF202109551 ECF202109553 ECF202109554
<b>Pass-through Entity Name:</b>	N/A
<b>Pass-through Award/Contract Number:</b>	N/A
<b>Known Questioned Cost Amount:</b>	\$4,912,945

### ***Background***

The Emergency Connectivity Fund (ECF) Program provides funding to meet the needs of students and school staff who would otherwise lack access to connected devices and broadband connections sufficient to engage in remote learning. This is referred to as “unmet need.” In fiscal year 2022, the District spent \$4,912,945 in ECF Program funds to purchase laptops and tablet computers for students and school staff.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

### ***Allowable activities and costs***

ECF Program recipients may only seek reimbursement for the eligible devices and services provided to students and staff with unmet need. Recipients are prohibited

from seeking reimbursement for eligible equipment and services purchased for use solely at the school or held for future use (i.e., warehousing).

*Restricted purpose – unmet need*

When submitting applications to the Federal Communications Commission (FCC), schools only had to provide an estimate of their students' and staff's unmet need. However, when requesting reimbursement, the District could only request program funds for eligible equipment and services provided to students and school staff with actual unmet need.

*Restricted purpose – per-location and per-user limitations*

The FCC imposed per-location and per-user limitations to maximize the use of limited funds. Under the program, eligible schools could only be reimbursed for one connected device and Wi-Fi hotspot per student or school employee with unmet need, and no more than one fixed broadband connection per location, such as a student's or employee's residence.

## ***Description of Condition***

*Allowable activities and costs/restricted purpose – unmet need*

The District estimated unmet need for eligible equipment when it applied for ECF Program funds. However, our audit found the District did not document its determination of actual unmet need for the equipment provided to students and school staff. Specifically, the District purchased laptops and tablet computers, based on its estimate of unmet need, and it requested reimbursement for these purchases totaling \$4,912,945. However, the District did not maintain documentation showing it provided each laptop and tablet computer paid with program funds to a student or employee with unmet need.

*Restricted purpose – per-location and per-user limitations*

Our audit found the District's internal controls were ineffective for demonstrating it complied with the FCC's per-location and per-user limitations. Specifically, the District did not maintain documentation showing it monitored or had a tracking process in place to ensure it only provided one device per user and location.

We consider these deficiencies in internal controls to be material weaknesses that led to material noncompliance.

This issue was not reported as a finding in the prior audit.

## ***Cause of Condition***

### *Allowable activities and costs/restricted purpose – unmet need*

Employees in the District's finance department did not know that another department received an ECF Program award. Further, District staff did not know about the requirement to request reimbursement only for actual unmet need, and thought the estimate of unmet need provided during the application process was sufficient to comply with this requirement.

### *Restricted purpose – per-location and per-user limitations*

Staff said they did not know the District could not provide more than one device per student and employee.

## ***Effect of Condition and Questioned Costs***

### *Allowable activities and costs/restricted purpose – unmet need*

Because the District did not have documentation supporting whether it provided eligible equipment to students and school staff with actual unmet need, it cannot demonstrate compliance with the program's requirements. Given the nature of the program and circumstances, it is likely that at least some of the equipment the District charged to the award addressed unmet needs. However, the lack of a documented assessment of students' and staff's actual unmet need means that all costs are unsupported. Since we do not have a reasonable basis for estimating how much of the District's expenditures are allowable, we are questioning all unsupported costs.

Federal regulations require the State Auditor's Office to report known questioned costs that are greater than \$25,000 for each type of compliance requirement. We question costs when we find the District does not have adequate documentation to support expenditures.

### *Restricted purpose – per-location and per-user limitations*

Because the District did not maintain documentation, it cannot demonstrate compliance with the FCC's restrictions. Additionally, we cannot determine whether the District only provided one device or connection per user and location.

## ***Recommendation***

We recommend the District work with the granting agency to determine audit resolution.



We further recommend the District establish and follow internal controls to ensure staff fully understand the requirements for ECF awards. Specifically, the District should:

- Request reimbursement only for eligible equipment and services provided to students and staff with unmet need, and maintain documentation demonstrating compliance
- Monitor to confirm it provides no more than one device per student and employee, and no more than one broadband connection per location, in compliance with the ECF Program's requirements

### ***District's Response***

*The District does not concur with the audit finding or the \$4.9 million of questioned costs. The District does agree that internal controls and processes could be improved, however this was during the pandemic and we believe the appropriate level of reporting would be a management letter because all costs were allowable and devices were only provided to those with unmet need.*

*The audit's condition states that our internal controls were ineffective for ensuring we requested reimbursement only for students and staff with a documented unmet need and that our internal controls were ineffective for demonstrating per location and per user limitations.*

*Based on the guidance below, we have spent all funds for allowable costs, that those costs were reasonable and necessary and for students and staff with unmet needs. Districts were able to determine whether students and staff had unmet needs, and for our district this meant addressing instances where students may have shared a home device with others siblings; the student or staff devices were too old or slow to function properly when running multiple required applications and student owned devices did not have the appropriate security in place to protect students during remote learning especially from unauthorized websites. Additionally, the home drive, where all educational digital resources were stored, couldn't be accessed unless using a district issued device. Likewise, the district's technical support could not access personally owned devices to provide for thousands of trouble tickets and support issues students faced during remote learning. Based on these experiences, unmet need was defined broadly, but within allowed parameters and inventory records were kept, albeit, not perfectly.*

*Devices for remote learning could also be used at school. During the pandemic in Washington State we experienced times when classrooms, schools and or districts were closed by the health department and state regulations because of outbreaks.*

*Districts had to be prepared to support remote learning each day with constantly changing guidance on who was allowed to be in person.*

*The following guidance from the Federal Communications Commission, titled “Emergency Connectivity Fund Common Misconceptions”, “Misconception #2: If schools have returned to in-class instruction for the upcoming school year, they are not eligible to participate. Answer: This is false. Equipment and services provided to students or school staff who would otherwise lack sufficient access to connected devices, and/or broadband internet access connection while off campus are eligible for Emergency Connectivity Fund Support.”*

*From the Federal Communications Commission Order FCC-CIRC21-93-043021, question 77: “We think schools are in the best position to determine whether their students and staff have devices and broadband services sufficient to meet their remote learning needs, and we recognize that they are making such decisions in the midst of a pandemic. We, therefore, will not impose any specific metrics or process requirements on those determinations.” And from question 51: “...we are sensitive to the need to provide some flexibility during this uncertain time. If those connected devices were purchased for the purpose of providing students...with devices for off-campus use consistent with the rules we adopt today, we will not prohibit such on-campus use.”*

*SAO did not apply any reasonable measure to reduce questioned costs but did state they know that at least some of the equipment addressed unmet needs, while still choosing to question all costs. That is clearly out of alignment with the FCC guidance.*

### ***Auditor’s Remarks***

The State Auditor’s Office is sympathetic to the significant challenges the District faced during the COVID-19 pandemic, and deeply respects its commitment to student learning despite these challenges. SAO knows that in many cases, governments across Washington received significant pandemic-era federal funds without also receiving clear guidance on how to use them. Then, and now, SAO continues to advocate for clear, timely guidance from federal agencies to make sure Washington governments are not put in a difficult position at audit time. However, when auditing federal programs of any kind, governments must provide documentation to substantiate that they met the award requirements. As is our practice and audit standards require, we will review the status of this finding during our next audit. We value our partnership with the District in striving for transparency in public service.

## *Applicable Laws and Regulations*

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 47 CFR Part 54, *Universal Service*, Subpart Q, Emergency Connectivity Fund, describes the ECF Program requirements.

## 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, 2021 through August 31, 2022

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, 2022, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 26, 2023.

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.

### REPORT ON 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) as a basis for designing 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

We noted certain other matters that we have reported to the management of the District in a separate letter dated May 26, 2023.

## **REPORT ON 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 its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

May 26, 2023

# 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, 2021 through August 31, 2022

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

## REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

### Adverse and Unmodified Opinions

We have audited the compliance of Seattle School District No. 1, with the types of compliance requirements identified as subject to audit 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, 2022. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### Adverse Opinion on 32.009 – COVID-19 -Emergency Connectivity Fund Program

In our opinion, because of the significance of the matter described in the Basis for Adverse and Unmodified Opinions section of our report, the District did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 32.009 – COVID-19 – Emergency Connectivity Fund Program for the year ended August 31, 2022.

### Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended August 31, 2022.

## **Basis for Adverse Opinion and Unmodified Opinions**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

## **Matter Giving Rise to Adverse Opinion on 32.009 – COVID-19 - Emergency Connectivity Fund Program**

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirements regarding 32.009 – COVID-19 – Emergency Connectivity Fund Program as described in finding number 2022-001 for activities allowed, allowable costs, and the restricted purposes special test requirements. Compliance with such requirements is necessary, in our opinion for the District to comply with the requirements applicable to that program.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **REPORT ON 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

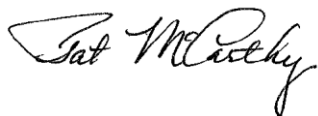
However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2022-001 that we consider to be a material weakness.

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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.



Pat McCarthy, State Auditor

Olympia, WA

May 26, 2023

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### Seattle School District No. 1 September 1, 2021 through August 31, 2022

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

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Unmodified and Adverse Opinions

We have audited the financial statements of Seattle School District No. 1, as of and for the year ended August 31, 2022, and the related notes to the financial statements as listed in the financial section of our report.

### 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 and the accounting practices prescribed by the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual). Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Seattle School District No. 1, as of the year ended August 31, 2022, and the regulatory basis of changes in financial position thereof for the year then ended, on the basis of accounting as described in Note 1.

### 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, 2022, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

## **Basis for Unmodified and Adverse Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Governmental Auditing Standards*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

## **Matter Giving Rise to 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. As described in Note 1 of the financial statements, the government-wide financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory 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 and pervasive.

## **Matter of Emphasis**

As discussed in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance for presentation and disclosure of leases as required by the Accounting Manual. Our opinion was not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of state law and the 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying 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 as a whole.

## **OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 26, 2023 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 effectiveness of 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.



Pat McCarthy, State Auditor

Olympia, WA

May 26, 2023

**Seattle School District No. 1  
September 1, 2021 through August 31, 2022**

**FINANCIAL STATEMENTS**

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Balance Sheet - Governmental Funds

August 31, 2022

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>Assets</b>							
Cash and Cash Equivalents	198,185,852.50	3,864,483.45	1,371,049.23	360,116,648.10	0.00	0.00	563,538,033.28
Minus Warrants Outstanding	-13,074,640.99	-207,324.85	0.00	-7,042,538.56	0.00	0.00	-20,324,504.40
Taxes Receivable	85,142,432.73		-42,198.36	149,153,339.23	0.00	0.00	234,253,573.60
Due From Other Funds	34,497,073.50	0.00	0.00	0.00	0.00	0.00	34,497,073.50
Due From Other Governmental Units	29,944,530.43	0.00	0.00	0.00	0.00	0.00	29,944,530.43
Accounts Receivable	2,770,981.36	25,299.65	0.00	21,956,236.59	0.00	0.00	24,752,517.60
Interfund Loans Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Receivable	107,208.57	3,575.47	1,357.91	370,175.49	0.00	0.00	482,317.44
Inventory	1,999,629.79	0.00	0.00	0.00	0.00	0.00	1,999,629.79
Prepaid Items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments/Cash With Trustee	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Self-Insurance Security Deposit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL ASSETS</b>	<b>339,573,067.89</b>	<b>3,686,033.72</b>	<b>1,330,208.78</b>	<b>524,553,860.85</b>	<b>0.00</b>	<b>0.00</b>	<b>869,143,171.24</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>							
Deferred Outflows of Resources - Other	4,721,593.24	0.00	36,975.82	8,626,272.41	0.00	0.00	13,384,841.47
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>4,721,593.24</b>	<b>0.00</b>	<b>36,975.82</b>	<b>8,626,272.41</b>	<b>0.00</b>	<b>0.00</b>	<b>13,384,841.47</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>344,294,661.13</b>	<b>3,686,033.72</b>	<b>1,367,184.60</b>	<b>533,180,133.26</b>	<b>0.00</b>	<b>0.00</b>	<b>882,528,012.71</b>
<b>LIABILITIES</b>							
Accounts Payable	14,234,910.67	227,591.84	0.00	39,505,076.39	0.00	0.00	53,967,578.90
Contracts Payable Current	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accrued Interest Payable	0.00	0.00	0.00	0.00	0.00	0.00	0.00

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



Balance Sheet - Governmental Funds

August 31, 2022

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	41,193,512.30	0.00	0.00	0.00	0.00	0.00	41,193,512.30
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
<b>LIABILITIES:</b>							
Payroll Deductions and Taxes Payable	25,803,712.80	188.69		35,149.64			25,839,051.13
Due To Other Governmental Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00		0.00	0.00			0.00
Estimated Employee Benefits Payable	1,977,051.17						1,977,051.17
Due To Other Funds	0.00	60,762.02	0.00	34,436,311.48	0.00	0.00	34,497,073.50
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	158,653.12	0.00	0.00	2,444,557.00	0.00		2,603,210.12
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
<b>TOTAL LIABILITIES</b>	<b>83,367,840.06</b>	<b>288,542.55</b>	<b>0.00</b>	<b>76,421,094.51</b>	<b>0.00</b>	<b>0.00</b>	<b>160,077,477.12</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	0.00	0.00	0.00	22,390,007.19	0.00	0.00	22,390,007.19
Unavailable Revenue - Taxes Receivable	85,142,432.73		-42,198.36	149,153,339.24	0.00		234,253,573.61
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>85,142,432.73</b>	<b>0.00</b>	<b>-42,198.36</b>	<b>171,543,346.43</b>	<b>0.00</b>	<b>0.00</b>	<b>256,643,580.80</b>
<b>FUND BALANCE:</b>							
Nonspendable Fund Balance	1,999,629.79	0.00	0.00	0.00	0.00	0.00	1,999,629.79
Restricted Fund Balance	17,690,553.02	3,397,491.17	1,409,382.96	1,093,349.05	0.00	0.00	23,590,776.20
Committed Fund Balance	42,200,000.00	0.00	0.00	276,500,895.63	0.00	0.00	318,700,895.63
Assigned Fund Balance	103,498,465.04	0.00	0.00	7,621,447.64	0.00	0.00	111,119,912.68

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

Seattle Public Schools No. 001

Balance Sheet - Governmental Funds

August 31, 2022

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	10,395,740.49	0.00	0.00	0.00	0.00	0.00	10,395,740.49
<b>TOTAL FUND BALANCE</b>	<b>175,784,388.34</b>	<b>3,397,491.17</b>	<b>1,409,382.96</b>	<b>285,215,692.32</b>	<b>0.00</b>	<b>0.00</b>	<b>465,806,954.79</b>
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	344,294,661.13	3,686,033.72	1,367,184.60	533,180,133.26	0.00	0.00	882,528,012.71

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, 2022

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
<b>REVENUES:</b>							
Local	186,512,828.05	2,721,749.83	10,108.46	317,985,302.27	0.00	0.00	507,229,988.61
State	655,011,366.74		0.00	33,401,779.62	0.00	0.00	688,413,146.36
Federal	127,310,971.00		0.00	0.00	0.00	0.00	127,310,971.00
Other	34,827,983.88			360,459.00	0.00	0.00	35,188,442.88
<b>TOTAL REVENUES</b>	<b>1,003,663,149.67</b>	<b>2,721,749.83</b>	<b>10,108.46</b>	<b>351,747,540.89</b>	<b>0.00</b>	<b>0.00</b>	<b>1,358,142,548.85</b>
<b>EXPENDITURES:</b>							
<b>CURRENT:</b>							
Regular Instruction	467,035,230.00						467,035,230.00
Special Education	186,979,902.83						186,979,902.83
Vocational Education	17,896,129.30						17,896,129.30
Skill Center	1,373,654.01						1,373,654.01
Compensatory Programs	78,477,947.65						78,477,947.65
Other Instructional Programs	40,822,492.93						40,822,492.93
Federal Stimulus COVID-19	64,473,425.18						64,473,425.18
Community Services	1,826,852.15						1,826,852.15
Support Services	192,479,587.43						192,479,587.43
Student Activities/Other		2,808,323.53				0.00	2,808,323.53
<b>CAPITAL OUTLAY:</b>							
Sites				0.00			0.00
Building				243,342,719.95			243,342,719.95
Equipment				1,340,432.88			1,340,432.88
Instructional Technology				23,451,715.81			23,451,715.81
Energy				0.00			0.00
Transportation Equipment					0.00		0.00
Sales and Lease							0.00
Other	2,224,941.99						2,224,941.99
<b>DEBT SERVICE:</b>							
Principal	738,974.87		2,621,000.00	1,887,220.90		0.00	5,247,195.77

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, 2022

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	2,243.25		201,653.15	975.92	0.00		204,872.32
Bond/Levy Issuance				0.00	0.00		0.00
<b>TOTAL EXPENDITURES</b>	<b>1,054,331,381.</b>	<b>2,808,323.53</b>	<b>2,822,653.15</b>	<b>270,023,065.46</b>	<b>0.00</b>	<b>0.00</b>	<b>1,329,985,423.73</b>
REVENUES OVER (UNDER) EXPENDITURES	-50,668,231.92	-86,573.70	-2,812,544.69	81,724,475.43	0.00	0.00	28,157,125.12
<b>OTHER FINANCING SOURCES (USES) :</b>							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	1,851,820.83			5,761,733.40	0.00		7,613,554.23
Transfers In	38,310,316.31		2,822,483.15	0.00	0.00		41,132,799.46
Transfers Out (GL 536)	0.00		0.00	-41,132,799.46	0.00		-41,132,799.46
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	79,561.68		0.00	2,028,770.00	0.00		2,108,331.68
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>40,241,698.82</b>		<b>2,822,483.15</b>	<b>-33,342,296.06</b>	<b>0.00</b>	<b>0.00</b>	<b>9,721,885.91</b>
<b>EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>-10,426,533.10</b>	<b>-86,573.70</b>	<b>9,938.46</b>	<b>48,382,179.37</b>	<b>0.00</b>	<b>0.00</b>	<b>37,879,011.03</b>
<b>BEGINNING TOTAL FUND BALANCE</b>	<b>186,210,921.44</b>	<b>3,484,064.87</b>	<b>1,399,444.50</b>	<b>236,833,512.95</b>	<b>0.00</b>	<b>0.00</b>	<b>427,927,943.76</b>
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>ENDING TOTAL FUND BALANCE</b>	<b>175,784,388.34</b>	<b>3,397,491.17</b>	<b>1,409,382.96</b>	<b>285,215,692.32</b>	<b>0.00</b>	<b>0.00</b>	<b>465,806,954.79</b>

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

Statement of Fiduciary Net Position

August 31, 2022

	Custodial Funds	Private Purpose Trust
<b>ASSETS:</b>		
Imprest Cash	0.00	4,000.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	2,313,703.39
Minus Warrants Outstanding	0.00	-2,000.00
Due From Other Governmental Units	0.00	0.00
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	2,267.38
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
<b>TOTAL ASSETS</b>	<b>0.00</b>	<b>2,317,970.77</b>
<b>LIABILITIES:</b>		
Accounts Payable	0.00	7,350.00
Due To Other Governmental Units	0.00	5,000.00
<b>TOTAL LIABILITIES</b>	<b>0.00</b>	<b>12,350.00</b>
<b>NET POSITION:</b>		
<b>Restricted for:</b>		
Restricted For Intact Trust Principal	0.00	374,500.00
Restricted for Individuals, Organizations, and Other Governments - CF	0.00	
Restricted for Individuals, Organizations, and Other Governments - PPT		1,931,120.77
Restricted For Other Purposes	0.00	0.00
<b>TOTAL NET POSITION</b>	<b>0.00</b>	<b>2,305,620.77</b>

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

Statement of Changes in Fiduciary Net Position

For the Year Ended August 31, 2022

	Custodial Funds	Private Purpose Trust
<b>ADDITIONS:</b>		
<b>Contributions:</b>		
Private Donations	0.00	86,550.00
Employer		0.00
Members		0.00
Other	0.00	0.00
<b>TOTAL CONTRIBUTIONS</b>	<b>0.00</b>	<b>86,550.00</b>
<b>Investment Income:</b>		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	15,980.79
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	15,980.79
<b>Other Additions:</b>		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
<b>TOTAL ADDITIONS</b>	<b>0.00</b>	<b>102,530.79</b>
<b>DEDUCTIONS:</b>		
Benefits	0.00	0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	0.00
Scholarships	0.00	
Other	0.00	106,333.00
<b>TOTAL DEDUCTIONS</b>	<b>0.00</b>	<b>106,333.00</b>
Net Increase (Decrease)	0.00	-3,802.21
Net Position - Beginning Balance	0.00	2,309,422.98
Prior Year(s) Corrections or Restatements	0.00	0.00
<b>NET POSITION -- ENDING</b>	<b>0.00</b>	<b>2,305,620.77</b>

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

# Seattle School District #1

## Notes to the Financial Statements

September 1, 2021 through August 31, 2022

### **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**

### **Leases**

For the year ended August 31, 2022, the district implemented guidance for the presentation and disclosures of leases, as required by the State School District Accounting Manual. These changes were in response to the provisions of GASB Statement No. 87.

As a result, the impact to the district of the adoption of the new lease requirements includes:

- Lease receivables and Deferred Inflows for leases where the District is a lessor are presented on the Balance Sheet.
- Beginning balances for lease liabilities, where the District is a lessee, presented on the Schedule of Long-Term Liabilities have been restated to reflect implementation of these requirements.

Information regarding the District's leases are presented in the Note 5 - Leases, as applicable.

## **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 1.09 years on August 31, 2022.

The District's investments as of August 31, 2022, are as follows:

Type of Investment	Fund	Carrying Amount	Fair Value
County Treasurer's Investment Pool			
	General	\$202,550,273	\$197,828,673
	Capital Projects	366,880,332	358,254,059
	Debt Service	1,407,983	1,371,049
	Associated Student Body	3,746,850	3,741,255
	Private Purpose Trust	2,317,124	2,313,703
Total		\$576,902,562	\$563,508,739

### **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, 2022
---------------------------------------------------------------------

	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	\$11,877,621,000	\$9,093,254,000	\$2,784,367,000	76.56%
SERS 2/3	8,478,821,000	8,747,471,000	(268,650,000)	103.17%
TRS 1	8,739,146,000	6,837,316,000	1,901,830,000	78.24%
TRS 2/3	22,946,845,000	23,143,631,000	(196,786,000)	100.86%

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, 2022, was as follows:

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	41,154	196	632
SERS 2	13,480	7,186	33,622
SERS 3	13,819	9,896	31,861
TRS 1	29,731	63	111
TRS 2	7,026	3,428	27,202
TRS 3	18,956	8,681	54,336

## 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, 2021. 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 2022 are listed below:

<b>Pension Contribution Rates from July 1, 2021 to August 31, 2022</b>			
	Employer	Employee	
PERS Plan 1	10.25%	6.00%	
<b>Pension Contribution Rates from September 1, 2021 to August 31, 2022</b>			
	Employer	Employee	
TRS Plan 1	14.42%	6.00%	
TRS Plan 2/3	14.42%	8.05%	*/**
SERS Plan 2/3	11.65%	7.76%	*/**
<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, 2022, the school district reported a total liability of \$140,712,956 for its proportionate shares of the individual plans' collective net pension liability and \$28,379,527 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, 2022	PERS 1	SERS 2/3	TRS 1	TRS 2/3
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District's Annual Contributions	\$7,499,104	\$14,540,451	\$28,774,228	\$35,514,479
Proportionate Share of the Net Pension Liability (Asset)	\$34,070,055	(\$17,453,047)	\$106,642,902	(\$10,926,480)

At June 30, 2022, 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	1.223619%	6.496574%	5.607384%	5.552468%
Prior year proportionate share of the Net Pension Liability	1.149249%	6.801646%	5.772376%	5.774460%
Net difference percentage	0.074370%	-0.305072%	-0.164993%	-0.221992%

### 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, 2021, with the results rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.25% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%

### 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, 2021 valuation were based on the results of the *2013-2018 Demographic Experience Study Report* and the *2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report.

### Long-term Expected Rate of Return

OSA selected a 7.00% 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, 2022, 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%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

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 7.00 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 7.00% 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 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) 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.

<b>Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate</b>			
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<b>PERS 1</b>	\$3,719,876,000	\$2,784,367,000	\$1,967,887,000

Allocation Percentage	1.223619%	1.223619%	1.223619%
Proportionate Share	\$45,517,124	\$34,070,055	\$24,079,447
<b>SERS 2/3</b>	\$929,172,000	(\$268,650,000)	(\$1,255,926,000)
Allocation Percentage	6.496574%	6.496574%	6.496574%
Proportionate Share	\$60,364,348	(\$17,453,047)	(\$81,592,164)
<b>TRS 1</b>	\$2,582,448,000	\$1,901,830,000	\$1,306,883,000
Allocation Percentage	5.607384%	5.607384%	5.607384%
Proportionate Share	\$144,807,763	\$106,642,902	\$73,281,942
<b>TRS 2/3</b>	\$3,565,129,000	(\$196,786,000)	(\$3,255,167,000)
Allocation Percentage	5.552468%	5.552468%	5.552468%
Proportionate Share	\$197,952,653	(\$10,926,480)	(\$180,742,111)

#### **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 3,250) 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 2022:

<b>Members not eligible for Medicare (or enrolled in Part A only)</b>			
<b>Descriptions</b>	<b>Type of Coverage</b>		
	<b>Employee</b>	<b>Employee &amp; Spouse</b>	<b>Full Family</b>
Kaiser Permanente NW Classic	\$768.23	\$1,531.47	\$2,103.90
Kaiser Permanente NW CDHP	\$643.88	\$1,277.21	\$1,708.47
Kaiser Permanente WA Classic	\$813.24	\$1,621.48	\$2,227.66
Kaiser Permanente WA CDHP	\$641.39	\$1,272.99	\$1,702.94
Kaiser Permanente WA Sound Choice	\$659.19	\$1,313.37	\$1,804.01
Kaiser Permanente WA Value	\$721.89	\$1,438.79	\$1,976.46
UMP Classic	\$718.68	\$1,432.35	\$1,967.61
UMP CDHP	\$647.73	\$1,290.45	\$1,772.50
UMP Plus-Puget Sound High Value Network	\$638.69	\$1,270.29	\$1,700.24
UMP Plus-UW Medicine Accountable Care Network	\$687.13	\$1,369.26	\$1,880.86

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.

<b>Members enrolled in Part A and B of Medicare</b>			
<b>Descriptions</b>	<b>Type of Coverage</b>		
	<b>Employee</b>	<b>Employee &amp; Spouse<sup>1</sup></b>	<b>Full Family<sup>1</sup></b>
Kaiser Permanente NW Senior Advantage	\$172.79	\$340.58	\$913.01
Kaiser Permanente WA Medicare Plan	\$175.69	\$346.39	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$952.57
Kaiser Permanente WA Sound Choice	N/A	N/A	\$837.03
Kaiser Permanente WA Value	N/A	N/A	\$884.06
UMP Classic	\$364.87	\$724.74	\$1,260.00

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 2021–22, the Seattle School District paid \$100,470,193 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: LEASES**

For the year ended August 31, 2022, the district implemented guidance for the presentation and disclosures of leases, as required by the School District Accounting Manual. These changes were in response to the provisions of GASB Statement No. 87.

### **District as Lessee**

The District has several long term leases for the facilities used for the Center School and Interagency; warehouse for capital programs, and a copier lease. Significant leasehold improvements were made prior to the commencement of the Center School and Interagency lease.

Total future minimum lease payments for all leases are \$5,236,040 and the future payment liabilities are as follows:

Year Ending August 31	Principle	Interest	Total
2023	\$1,074,988	\$13,649	\$1,088,637
2024	\$471,552	\$9,184	\$480,737
2025	\$474,195	\$6,541	\$480,737
2026	\$454,297	\$3,889	\$458,186
2027	\$942,042	\$63,335	\$1,005,377
2028-2032	\$835,326	\$134	\$835,460
2033-2036	\$862,527	\$24,380	\$886,907
<b>Total</b>	<b>\$5,114,928</b>	<b>\$121,112</b>	<b>\$5,236,040</b>

District as Lessor

The District leases out buildings not used by the District. Long term leases include buildings used for Interlake Center, Jefferson Square, Oaktree Village, West Queen Anne condominiums, and Lake City office building. The lease for Jefferson Square can have a variable payment based on property revenue performance. The lease for Interlake can have a variable payment based on cash flow performance. The District also leases out office space on month-to-month leases. Current long term leases have termination dates ranging from 12/1/2024 to 8/1/2085.

Lease income for the fiscal year ended August 31, 2022 is detailed below:

For the Year Ending August 31, Lease Income	Additional Income
Interlake Center	\$ 93,168
Jefferson Square	\$ 180,699
Oaktree Village	\$ 350,000
West Queen Anne	\$ 199,066
Lake City Office Building	\$ 592,841
<b>Totals</b>	<b>\$ 1,415,774</b>

**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 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).

In February 2022, the Seattle voters approved a six-year \$783 million BTA V capital levy to be collected from 2023 to 2028. There are three major components to the levy: Building (\$463.1 million), Technology (270 million) and Academics/Athletics (\$49.9 million). 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.

Project	Project Authorized Amount	Accumulated Revenue to 8/31/22	Accumulated Expend. to 8/31/22
<b>BTA II</b>			
Building Reinvestment	\$95,500,000		\$99,388,196
Academics	36,620,000		37,522,148
Technology	39,880,000		45,270,894
<b>BTA II Total</b>	<b>\$172,000,000</b>	<b>\$182,186,417</b>	<b>\$181,181,238</b>
<b>BEX III</b>			
Building Construction	\$383,000,000		\$420,747,368
Infrastructure	26,000,000		16,857,942
Technology	42,000,000		41,957,408
<b>BEX III Total</b>	<b>\$451,000,000</b>	<b>\$480,157,065</b>	<b>\$479,562,718</b>
<b>BTA III</b>			
Building Construction	\$140,500,000		\$132,030,254
Academics	94,600,000		109,551,858
Technology	34,900,000		35,223,059
<b>BTA III Total</b>	<b>\$270,000,000</b>	<b>\$291,083,755</b>	<b>\$276,805,171</b>
<b>BEX IV</b>			
Building Construction	\$530,757,952		\$553,380,733
Infrastructure	110,379,960		92,988,799
Technology	53,800,000		53,293,549
<b>BEX IV Total</b>	<b>\$694,937,912</b>	<b>\$735,642,894</b>	<b>\$699,663,081</b>
<b>BTA IV</b>			
Building Construction	\$335,400,000		\$324,836,006
Academics	35,200,000		22,564,769
Technology	104,700,000		98,406,187
<b>BTA IV Total</b>	<b>\$475,300,000</b>	<b>\$465,506,514</b>	<b>\$445,806,962</b>
<b>BEX V</b>			
Building Construction	1,057,120,064		\$243,562,408
Infrastructure	191,181,936		92,160,719
Technology	151,698,000		80,134,223
<b>BEX V Total</b>	<b>\$1,400,000,000</b>	<b>\$611,890,960</b>	<b>\$415,857,350</b>
<b>BTA V</b>			
Building Construction	463,067,300		399
Academics	49,892,700		



Technology	270,040,000		
BTA V Total	783,000,000	-	399

## **NOTE 7: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS**

The District's capital assets are insured in the amount of \$500 million per loss occurrence for fiscal year 2021-22. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

## **NOTE 8: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES**

### **Long-Term Debt**

#### General Obligation Bonds

Bonds payable at August 31, 2022, are comprised of the following individual issues:

Issue Name	Rates	Amount Authorized	9/1/21 Beg. Bal	Additions	Reductions	8/31/22 Balance
2020 Refunding Bonds	1.21%	\$20,621,000	\$17,962,000		\$2,621,000	\$15,341,000
Total General Obligation Bonds		\$20,621,000	\$17,962,000		\$2,621,000	\$15,341,000

The following is a schedule of annual requirements to amortize debt at August 31, 2022:

Years Ending August 31	Principal	Interest	Total
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
2026	3,258,000	61,565	3,319,565
2027	3,459,000	20,927	3,479,927
Total	\$15,341,000	\$487,298	\$15,828,298

At August 31, 2022, the District had \$1,409,383 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	\$38,310,316	
Debt Service	\$2,822,483	
Capital Projects		\$41,132,799
Total	\$41,132,799	\$41,132,799

## **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 is a member of the Washington Schools Risk Management Pool (WSRMP). 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 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 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, crisis/active shooter coverage, and stop gap liability.

Members make an annual contribution to fund WSRMP. WSRMP purchases reinsurance and excess insurance from unrelated carriers subject to a per-occurrence self-insured retention of \$1 million for property risk \$2M for liability risk shared by WSRMP. Reinsurance or Excess carriers cover losses over the self-insured retention to the maximum limits of each Coverage Agreement. 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 WSRMP for any unresolved, unreported, and in-process claims for the period in which they were a signatory to the Account Agreement.

WSRMP is fully funded by its member participants and is governed by a board of directors that consists 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 \$4,595,176 in premiums to WSRMP for insurance coverage from September 1, 2021 through August 31, 2022.

**Self-Insurance**

The District covers and reports its industrial insurance and unemployment compensation 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
9/1/2021-8/31/2022	\$1,713,500	\$6,605,220	\$6,488,903	\$1,829,817
9/1/2020-8/31/2021	\$2,259,266	\$3,846,048	\$4,391,814	\$1,713,500

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. At the end of FY 21-22, the ending liability balance was \$122,010. The following is a summary of activity:

	Beginning Liability (Receivable)	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability (Receivable)
9/1/2021-8/31/2022	\$(330,060)	\$735,749	\$283,679	\$122,010
9/1/2020-8/31/2021	\$(1,664,783)	\$1,334,723	\$0	\$(330,060)

At August 31, 2022, the amount of liabilities for industrial insurance and unemployment benefits totaled \$1,951,827. 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 2022, 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 2022:

<u>Tax Abatement type</u>	<u>Amount</u>
Current Use	\$ 44,830
Historics	\$ 1,121,203
Home Improvement	\$ 27,648
Multi-Family Tax Exempt	\$ 90,621
Total	<u>\$ 1,284,302</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 \$161,372 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	\$1,999,630			
Restricted Fund Balance				
From Bond Proceeds			\$594,348	
From State Proceeds			\$499,001	
For Fund Purposes		\$3,397,491		
For Carryover of Restricted Revenues	\$17,690,553			
For Debt Service				\$1,409,383
Committed Fund Balance				
For Economic Stabilization	\$42,200,000			
For Levy Proceeds			\$259,789,602	
For Other Purposes			\$16,711,294	
Assigned Fund Balance				
Other Capital Projects				
Other Purposes	\$103,498,465			
Fund Purposes			\$7,621,448	
Unassigned Fund Balance	\$10,395,740			

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 included 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. 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 continued to experience the effects of decreased enrollment in the 2021-2022 school year due to Covid. The main impact of enrollment loss is a decrease in state funding. Federal ESSER funds awarded to the district have mitigated some of the COVID related spending the district has made to address the needs of students that have been disproportionately impacted by the pandemic. These one-time federal relief funds will continue to be used through 2023-2024, when they will then expire.

The District expects continued enrollment decline in 2022-2023 and 2023-2024. As such, the District plans to reduce expenditures and use the economic stabilization fund as plans for continued fiscal reductions continue in future years.

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

Seattle Public Schools No. 001

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2022

Description	Beginning Outstanding Debt September 1, 2021	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2022	Amount Due Within One Year
<b>Voted Debt</b>					
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
<b>Non-Voted Debt and Liabilities</b>					
Non-Voted Bonds	17,962,000.00	0.00	2,621,000.00	15,341,000.00	2,691,000.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Leases	7,613,554.22	0.00	2,626,195.77	4,987,358.45	1,079,298.38
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	5,429,000.00	1,489,000.00	0.00	6,918,000.00	1,713,500.00
Compensated Absences	41,119,933.00	0.00	33,840.00	41,086,093.00	3,906,620.00
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
<b>Other Liabilities</b>					
<b>Non-Voted Notes Not Recorded as Debt</b>	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	38,865,295.00	67,777,607.00	0.00	106,642,902.00	
Net Pension Liabilities TRS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities SERS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities PERS 1	14,035,023.00	20,035,032.00	0.00	34,070,055.00	
<b>Total Long-Term Liabilities</b>	<b>125,024,805.22</b>	<b>89,301,639.00</b>	<b>5,281,035.77</b>	<b>209,045,408.45</b>	<b>9,390,418.38</b>

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
<b>Child Nutrition Cluster</b>								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	School Breakfast Program	10.553	N/A	3,122,262	-	3,122,262	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	National School Lunch Program	10.555	N/A	15,442,459	-	15,442,459	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	National School Lunch Program	10.555	N/A	1,487,800	-	1,487,800	-	5
				<b>Total ALN 10.555:</b>	-	<b>16,930,259</b>	-	
				<b>Total Child Nutrition Cluster:</b>	-	<b>20,052,521</b>	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSP)	Pandemic EBT Administrative Costs	10.649	N/A	5,814	-	5,814	-	3
<b>Forest Service Schools and Roads Cluster</b>								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	17,327	-	17,327	-	3
				<b>Total Forest Service Schools and Roads Cluster:</b>	-	<b>17,327</b>	-	
NATIONAL SECURITY AGENCY (NSA), DEPT OF DEFENSE (via National Security Agency)	Language Grant Program	12.900	H98230-20-1-0236	3,117	-	3,117	-	
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	Agreement#OC A2021-15NIJ	231,994	-	231,994	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via OSPI)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	GR0714036	49,327	-	49,327	-	
FEDERAL COMMUNICATIONS COMMISSION, FEDERAL COMMUNICATIONS COMMISSION (via OSPI)	COVID 19 - Emergency Connectivity Fund Program	32.009	ECF Program	4,912,946	-	4,912,946	-	
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024		-	60,805	60,805	-	4
NATIONAL ENDOWMENT FOR THE ARTS, NATIONAL ENDOWMENT FOR THE ARTS	Promotion of the Arts Grants to Organizations and Individuals	45.024		-	23,211	23,211	-	4
<b>Total ALN 45.024:</b>				-	<b>84,016</b>	<b>84,016</b>	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via University of Washington)	STEM Education (formerly Education and Human Resources)	47.076	BPO 25149 UWSC9883 (NSF Award # DRL1720578)	13,864	-	13,864	-	
NATIONAL SCIENCE FOUNDATION, NATIONAL SCIENCE FOUNDATION (via UW)	STEM Education (formerly Education and Human Resources)	47.076	BPO 41020 (43522)	(18,755)	-	(18,755)	-	
<b>Total ALN 47.076:</b>				<b>(4,891)</b>	-	<b>(4,891)</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0203628	33,756	-	33,756	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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	GR0203965	10,474,701	-	10,474,701	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0224776	69,877	-	69,877	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0271077	25,001	-	25,001	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0270304	99,738	-	99,738	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0270591	26,371	-	26,371	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0270947	23,589	-	23,589	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0270948	22,998	-	22,998	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	GR0270298	72,047	-	72,047	-	
<b>Total ALN 84.010:</b>				<b>10,848,078</b>	<b>-</b>	<b>10,848,078</b>	<b>-</b>	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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	GR0282496	(6,067)	-	(6,067)	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Migrant Education State Grant Program	84.011	GR0282583	87,272	-	87,272	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Migrant Education State Grant Program	84.011	GR0291040	6,446	-	6,446	-	
<b>Total ALN 84.011:</b>				<b>87,651</b>	<b>-</b>	<b>87,651</b>	<b>-</b>	
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	GR0223153	599,064	-	599,064	-	
<b>Special Education Cluster (IDEA)</b>								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	GR0307377	11,481,996	-	11,481,996	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	GR0338513	1,291,358	-	1,291,358	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	GR0312099	84,132	-	84,132	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			<b>Total ALN 84.027:</b>	<b>12,857,486</b>	-	<b>12,857,486</b>	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	GR0366751	395,556	-	395,556	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	GR0371087	94,871	-	94,871	-	
			<b>Total ALN 84.173:</b>	<b>490,427</b>	-	<b>490,427</b>	-	
			<b>Total Special Education Cluster (IDEA):</b>	<b>13,347,913</b>	-	<b>13,347,913</b>	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	GR0176022	377,335	-	377,335	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	GR0174980	22,959	-	22,959	-	
			<b>Total ALN 84.048:</b>	<b>400,294</b>	-	<b>400,294</b>	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060		-	138,132	138,132	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	School Safety National Activities	84.184		-	692,094	692,094	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Education for Homeless Children and Youth	84.196	GR0457558	57,915	-	57,915	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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)	English Language Acquisition State Grants	84.365	GR0403143	784,818	-	784,818	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	GR0525148	(6,474)	-	(6,474)	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	GR0525335	1,238,430	-	1,238,430	-	
				<b>Total ALN 84.367:</b>	-	<b>1,231,956</b>	-	
Department of Education (via OSPI)	School Improvement Grants (Archived 2018)	84.377	GR0225421	28,139	-	28,139	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	GR0430776	(144)	-	(144)	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	GR0431152	702,639	-	702,639	-	
				<b>Total ALN 84.424:</b>	-	<b>702,495</b>	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D GR0120261	43,637	-	43,637	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0138054	35,972,134	-	35,972,134	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0137091	10,946,116	-	10,946,116	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W GR0459030	93,501	-	93,501	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W GR0459599	154,523	-	154,523	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0140045	100,253	-	100,253	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0140046	31,532	-	31,532	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0712239	93,426	-	93,426	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U GR0140625	61,000	-	61,000	-	
<b>Total ALN 84.425:</b>				<b>47,496,122</b>	<b>-</b>	<b>47,496,122</b>	<b>-</b>	
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		-	492,737	492,737	-	

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, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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	PHSKC #4771 CDIP	39,588	-	39,588	-	
CDC NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Drug-Free Communities Support Program Grants	93.276		-	84,307	84,307	-	
<b>Head Start Cluster</b>								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	(396)	(396)	-	4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	1,046,989	1,046,989	-	4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Head Start	93.600		-	4,379,091	4,379,091	-	4
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	COVID 19 - Head Start	93.600		-	91,943	91,943	-	
<b>Medicaid Cluster</b>								
			<b>Total Head Start Cluster:</b>	-	<b>5,517,627</b>	<b>5,517,627</b>	-	



**Seattle School District No. 1**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended August 31, 2022**

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via HCA)	Medical Assistance Program	93.778	N/A	109,050	-	109,050	-	3
<b>Total Medicaid Cluster:</b>				<b>109,050</b>	<b>-</b>	<b>109,050</b>	<b>-</b>	
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	Contract# 6059159	99,672	-	99,672	-	
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	Contract# 6277321	202,966	-	202,966	-	
<b>Total ALN 93.959:</b>				<b>302,638</b>	<b>-</b>	<b>302,638</b>	<b>-</b>	
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	GR0930618	16,122	-	16,122	-	
<b>Total Federal Awards Expended:</b>				<b>101,319,998</b>	<b>7,008,913</b>	<b>108,328,911</b>	<b>-</b>	

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, 2022**

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 – 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 2020/2021	3.25%	13.64%
FY 2021/2022	5.27%	12.02%
FY 2022/2023	4.66%	9.06%

Note 3 – 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 4 – Program Costs/Matching Contributions

The amounts shown as current year expenses represent only the federal award portion of the program costs. Entire program costs, including the Seattle School District's local matching share, may be more than shown. Such expenditures are recognized following, 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 5 – 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 6 – Schoolwide Program

The district operates a "schoolwide program" in 35 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	\$ 4,891,920.28
<b>Total</b>		<b>\$ 4,891,920.28</b>



**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER  
UNIFORM GUIDANCE**

**Seattle School District No. 1  
September 1, 2021 through August 31, 2022**

This schedule presents the corrective action planned by the District for findings reported in this report 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).

<b>Finding ref number:</b> 2022-001	<b>Finding caption:</b> The District did not have adequate internal controls for ensuring compliance with allowable activities and costs, and restricted purpose requirements.
<b>Name, address, and telephone of District contact person:</b> Amy Fleming, Accounting Director 2445 3rd Avenue S. Seattle WA 98104 (206) 252-0274	
<b><i>Corrective action the auditee plans to take in response to the finding:</i></b> <i>The District does not concur with the finding or questioned costs. SAO reviewed various types of documentation and chose not to accept any documentation presented by the District to even consider reducing questioned costs. The standard of documentation required by SAO to satisfy “unmet” need in would have been hard to meet even if the District hadn’t been in the midst of a pandemic.</i> <i>The District has internal controls over asset inventory and provided equipment only to students and staff with unmet needs, and all costs were allowable, reasonable and necessary.</i> <i>We look forward to working with the FCC to resolve this finding and we appreciate the guidance that was provided by the FCC, as noted below.</i>	

**Guidance from the FCC**

*Devices for remote learning could also be used at school. During the pandemic in Washington State we experienced times when classrooms, schools and or districts were closed by health department and state regulations because of outbreaks. Districts had to be prepared to support remote learning each day with constantly changing guidance on who was allowed to be in person. The following guidance from the Federal Communications Commission, titled “Emergency Connectivity Fund Common Misconceptions”, “Misconception #2: If schools have returned to in-class instruction for the upcoming school year, they are not eligible to participate. Answer: This is false. Equipment and services provided to students or school staff who would otherwise lack sufficient access to connected devices, and/or broadband internet access connection while off campus are eligible for Emergency Connectivity Fund Support.”*

*From the Federal Communications Commission Order FCC-CIRC21-93-043021, question 77: “We think schools are in the best position to determine whether their students and staff have devices and broadband services sufficient to meet their remote learning needs, and we recognize that they are making such decisions in the midst of a pandemic. We, therefore, will not impose any specific metrics or process requirements on those determinations.” And from question 51: “...we are sensitive to the need to provide some flexibility during this uncertain time. If those connected devices were purchased for the purpose of providing students...with devices for off-campus use consistent with the rules we adopt today, we will not prohibit such on-campus use.”*

**Anticipated date to complete the corrective action:** December 2023

## ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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