Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Lake Washington School District No. 414

For the period September 1, 2020 through August 31, 2021

Published May 31, 2022

Report No. 1030619

Find out what's new at SAO by scanning this code with your smartphone's camera

Office of the Washington State Auditor
Pat McCarthy

May 31, 2022

Superintendent and Board of Directors
Lake Washington School District No. 414
Redmond, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Lake Washington School District No. 414'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.

TABLE OF CONTENTS

Schedule of Findings and Questioned Costs 4

Schedule of Federal Award Findings and Questioned Costs 6

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards 9

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance 11

Independent Auditor's Report on the Financial Statements 14

Financial Section 17

Corrective Action Plan for Findings Reported Under Uniform Guidance 76

About the State Auditor's Office 77

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Lake Washington School District No. 414 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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (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.

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.

CFDA No.	Program or Cluster Title
84.027	Special Education Cluster (IDEA) – Special Education Grants to States
84.173	Special Education Cluster (IDEA) – Special Education Preschool Grants
84.425	COVID-19 – Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $750,000.

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 2021-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

2021-001 The District's internal controls were inadequate for ensuring compliance with federal requirements for time-and-effort documentation.

CFDA Number and Title:	84.027 – Special Education – Grants to States 84.173 – Special Education – Preschool Grants
Federal Grantor Name:	U.S. Department of Education
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Office of the Superintendent of Public Instruction (OSPI)
Pass-through Award/Contract Number:	307151, 366541, 385466
Questioned Cost Amount:	$0

Background

The objective of the Special Education program is to ensure all children with disabilities receive special education and related services to meet their needs. The program has specifically designed instruction that addresses the unique needs of an eligible student. During fiscal year 2021, the District spent $6,616,020 in Special Education program funds, which included $3,855,101 for payroll costs.

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

The District is responsible for ensuring it supports all payroll costs charged to the program with adequate time-and-effort documentation, as federal regulations and the Office of Superintendent of Public Instruction (OSPI) require. Depending on the number and types of activities an employee performs, time-and-effort documentation can be a semiannual certification or a monthly personnel activity report, such as a detailed timesheet.

Description of Condition

The District's internal controls were ineffective for ensuring it obtained and signed semiannual and monthly personnel activity reports timely for 24 employees working in the Special Education program for the second half of the 2020-2021 school year.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

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

Cause of Condition

The District had processes in place to obtain time-and-effort documentation for the program. However, the Special Education Department experienced turnover in a key position responsible for monitoring time-and-effort documentation. As a result, the District did not obtain and sign the June semiannual certification reports and monthly personnel activity reports timely.

Effect of Condition and Questioned Costs

The District's noncompliance with grant requirements could jeopardize future federal funding, and it could be required to return federal funds to the grantor. Without proper time-and-effort records, the District cannot ensure grantors that $1,372,573 for payroll costs charged to the program were accurate or valid.

During the audit, the District obtained and provided the signed time-and-effort records to support the payroll costs it charged to the program; therefore, we are not questioning these costs.

Recommendation

We recommend the District establish and follow internal controls to ensure it complies with federal and OSPI requirements for time-and-effort reporting. Specifically, we recommend the District obtain and sign time-and-effort documentation timely for employees charging salaries and benefits to the Special Education program.

District's Response

We concur some of the time and effort documents for the second half of the 2020-2021 school year were turned in late. We are implementing additional internal controls to prevent this from happening in the future.

Auditor's Remarks

We appreciate the District's commitment to resolve this finding and thank the District for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

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 2 CFR Part 200, Uniform Guidance, Subpart E, Cost Principles, establishes requirements for determining allowable costs and supporting costs allocated to federal programs.

Office of Superintendent of Public Instruction Addendum to Bulletin 048-17, Guidelines for Charging Employee Compensation to Federal Grants establishes requirements for documenting time-and-effort, including fixed schedule systems.

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*

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

Superintendent and Board of Directors
Lake Washington School District No. 414
Redmond, 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 the governmental activities, each major fund and the aggregate remaining fund information of Lake Washington School District No. 414, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 25, 2022.

As discussed in Note 1 to the financial statements, during the year ended August 31, 2021, the District implemented Governmental Accounting Standards Board Statement No. 84*, Fiduciary Activities*.

As discussed in Note 17 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 17.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

May 25, 2022

INDEPENDENT AUDITOR'S REPORT

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

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

Superintendent and Board of Directors
Lake Washington School District No. 414
Redmond, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of Lake Washington School District No. 414, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001. Our opinion on each major federal program is not modified with respect to these matters.

District's Response to Findings

The District's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over

compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2021-001 that we consider to be a material weakness.

District's Response to Findings

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the 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 25, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

Superintendent and Board of Directors
Lake Washington School District No. 414
Redmond, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Washington School District No. 414, as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed on page 17.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we

express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Lake Washington School District No. 414, as of August 31, 2021, and the respective changes in financial position thereof, and the respective budgetary comparison for the General and Special Revenue (Associated Student Body) funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

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

As discussed in Note 17 to the 2021 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the District is unknown. Management's plans in response to this matter are also described in Note 17. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements 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).This schedule is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 25, 2022

FINANCIAL SECTION

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2021

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2021
Statement of Activities – 2021
Balance Sheet – Governmental Funds – 2021
Reconciliation – Balance Sheet/Statement of Net Position – 2021
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – 2021
Reconciliation – Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities – 2021
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – General Fund – 2021
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual – Special Revenue Fund (Associated Student Body Fund) – 2021
Statement of Fiduciary Net Position – Fiduciary Funds – 2021
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2021
Notes to Financial Statements – 2021

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability – PERS 1, SERS 2/3, TRS 1, TRS 2/3 – 2021
Schedule of District Contributions – PERS 1, SERS 2/3, TRS 1, TRS 2/3 – 2021
Schedule of Changes in Total OPEB Liability and Related Ratios – 2021

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2021
Notes to the Schedule of Expenditures of Federal Awards – 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Lake Washington School District No. 414's financial performance provides an overview of the district's financial activities for the fiscal year ended August 31, 2021.

FINANCIAL HIGHLIGHTS

- The district's Statement of Net Position reports net position of $681 million as of August 31, 2021.
- During the year, the district had revenues that were $110 million higher than the $488 million in expenses incurred for all governmental activities.
- The general fund reported a decrease in fund balance of $75,431 for the fiscal year.
- The average student enrollment decreased by 771 full time equivalent students (FTE's) over the previous year.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the district as a whole and present a longer-term view of the district finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statement section also reports the district's operations in more detail than the government-wide statements by providing information about the district's most significant funds. The remaining statements provide financial information about activities for which the district acts solely as a trustee or agent for the benefit of those outside of the government.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide financial statements are designed to provide a broad overview of the district finances. The Statement of Net Position and Statement of Activities report information about the district as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the district's net position and changes in them. The district's net position (the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources) may be viewed as one way to measure the district's financial health, or financial position. Over time increases or decreases in the district's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors must be considered in assessing the overall health of the district, such as changes in the district's property tax base and student enrollment.

In the Statement of Net Position and the Statement of Activities, the district's governmental activities are detailed. Most of the district's basic services are reported here, including the general fund, associated student body fund, debt service fund, capital projects fund, and the transportation vehicle fund.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Governmental Fund Financial Statements

The governmental fund financial statements detail the district's major funds. The focus is on the major funds, not the district as a whole. Some of the funds are required to be established by State law.

Most of the district's basic services are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the district's general education and support operations and the basic services it provides. Governmental fund information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. The relationship between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds is provided in both of the reconciliation statements and Note 14.

THE DISTRICT AS A WHOLE

The government-wide financial statement uses the full accrual basis of accounting. Comparisons are made with prior years. Included is an analysis on the net position (Table 1) and changes in net position (Table 2) of the district's governmental activities.

Net position serves as a useful indicator of a government's financial position. The Lake Washington School District's assets exceeded liabilities by $681,322,985 at the end of the 2020-2021 fiscal year.

The largest portion, $615 million of net position is the investment in capital assets (e.g., land, building, and equipment), less any related outstanding debt used to acquire those assets. Resources required to repay this debt comes from property tax levies. Twenty-two percent of the net position represents resources committed for capital projects, debt payments, pension and contractual obligations. These assets are restricted and not available for general operations and maintenance of district education programs.

The remaining unrestricted net position includes $131 million that can be used to finance the day-to-day operations without such constraints as debt covenants, legislation, or other legal requirements and -$55 million represents GASB 68 and -$160 million for GASB 75 requirements.

Table 1

Net Position

	2020-21	2019-20
Current and Other Assets	$299,803,486	$392,228,096
Capital Assets	1,302,457,587	1,218,540,238
Pension Assets	104,871,035	
Total Assets	$1,707,132,108	$1,610,768,334
Deferred Outflows of Resources	$87,392,862	$94,739,093
Total Assets and Deferred Outflows of Resources	$1,794,524,970	$1,705,507,427
Long-Term Debt Outstanding	$890,419,135	$1,061,030,443
Other Liabilities	33,304,529	50,226,019
Total Liabilities	$923,723,664	$1,111,256,462
Deferred Inflows of Resources	$189,478,321	$22,979,987
Total Liabilities and Deferred Inflows of Resources	$1,113,201,985	$1,134,236,449
Invest in Cap Assets, Net of Debt	$615,135,558	$546,236,264
Restricted	150,311,978	134,844,466
Unrestricted	(84,124,551)	(109,809,752)
Total Net Position	$681,322,985	$571,270,978

The 2020-2021 revenues of $598 million were more than expenditures of $488 million by $110 million. The net position of the district's governmental increased by $110 million, which is a 19.2% increase during the year.

Table 2
Changes in Net Position

	Primary Government Governmental Activities	
	2020-21	2019-20
Revenues		
Program Revenues		
Charges for Services	$2,621,563	$11,913,195
Operating Grants and Contributions	77,268,242	78,687,249
Capital Grants and Contributions	21,361,449	11,327,759
General Revenues:		
Property Taxes	184,254,613	177,247,100
Interest and Investment Earnings	1,883,888	4,182,603
Other Revenues	310,420,712	304,094,032
Total Revenues	$597,810,467	$587,451,938
Program Expenses		
Regular Instruction	$280,857,723	$290,057,941
Special Instruction	65,995,120	69,527,475
Vocational Instruction	16,369,649	15,099,442
Skills Center	3,842,380	4,160,648
Compensatory Education	15,590,325	14,867,542
Other Instructional Programs	4,054,346	2,887,147
Federal Stimulus COVID-19	3,799,159	
Community Services	2,252,828	4,519,777
Support Services	73,038,476	85,530,696
Extracurricular Activities (ASB)	966,086	2,383,563
Debt Payment	21,031,678	21,746,005
Total Expenses	$487,797,770	$510,780,236
Increase (Decrease) in Net Position	$110,012,697	$76,671,702
Net Position, Beginning of Year	$571,270,978	$494,599,276
Cumulative Effect of Change in Accounting Principle	39,310	
Net Position, End of Year	$681,322,985	$571,270,978

Governmental Activities

The cost of each of the district's largest programs – regular instruction, special instruction, vocational instruction, skills center, compensatory instruction, other instructional programs, and support services, as well as, each program's net cost (total cost less revenues generated by the activities) is illustrated in Table 3. The net cost shows the financial impact upon each of these functions.

Governmental Activities

Table 3

	Total Cost of Services		Net Cost of Services	
	2020-21	2019-20	2020-21	2019-20
Regular Instruction	$280,857,723	$290,057,941	$265,990,278	$281,024,057
Special Instruction	65,995,120	69,527,475	18,933,411	20,755,957
Vocational Instruction	16,369,649	15,099,442	15,456,860	14,499,861
Skills Center	3,842,380	4,160,648	3,618,901	4,036,398
Compensatory Instruction	15,590,325	14,867,542	1,384,939	515,586
Other Instructional Programs	4,054,346	2,887,147	1,945,952	479,293
Support Services	73,038,476	85,530,696	56,601,806	65,408,059
All Others	28,049,751	28,649,345	22,614,369	22,132,822
Totals	$487,797,770	$510,780,236	$386,546,516	$408,852,033

THE DISTRICT FUNDS

As the district completed the fiscal year, its governmental funds (as presented in the balance sheets under the governmental financial statement section) reported a combined fund balance of $177 million, which is lower than the prior year by $76 million. This decrease is primarily due to a decrease in the Capital Projects fund balance.

The Capital Projects decrease in fund balance is primarily due to the purchase of property, and planned expenditures for scheduled 2016 bond and 2019 levy projects.

Table 4 presents a summary of the governmental fund's revenues and expenditures for 2020-2021 and the percentage increases/decreases in relation to the prior year.

Table 4
Government Fund Revenues and Expenditures

	2020-21 Amounts	Percent of Total	Increase (Decrease) Over 2019-20	Percent Increase (Decrease)
Revenues:				
Local Tax/Non-Tax	$193,240,600	32.44%	($273,575)	-0.14%
State Revenues	384,043,846	64.48%	11,690,031	3.14%
Federal Revenues	18,046,010	3.03%	3,604,756	24.96%
Other Revenues	265,053	0.04%	(2,610,036)	-90.78%
Total Revenues	$595,595,509	100.00%	$12,411,176	2.13%
Expenditures:				
Regular Instruction	$286,766,904	42.68%	$16,025,305	5.92%
Special Instruction	67,383,642	10.03%	2,486,333	3.83%
Vocational Instruction	16,714,063	2.49%	2,620,165	18.59%
Skills Center	3,923,223	0.58%	39,652	1.02%
Compensatory Instruction	15,918,341	2.37%	2,040,900	14.71%
Other Instructional Prog.	4,139,649	0.62%	1,444,771	53.61%
Federal Stimulus COVID-19	3,879,093	0.58%	3,879,093	100.00%
Community Services	2,107,246	0.31%	(2,120,286)	-50.15%
Support Services	75,419,854	11.23%	(4,414,945)	-5.53%
Student Services	903,656	0.13%	(1,325,788)	-59.47%
Capital Outlay	119,655,950	17.81%	26,496,975	28.44%
Debt Service	75,030,558	11.17%	(133,277,464)	-63.98%
Total Expenditures	$671,842,179	100.00%	($86,105,289)	-11.36%

General Fund

Revenues and other financing sources for the general fund totaled $461.4 million. This was $365,379 or .087% more than the prior year. Expenditures in the general fund amounted to $461.5 million for the fiscal year ended August 31, 2021. This was $27,464,765 or 6.33% percent more than the prior year. Ending fund balance was $106.9 million, $75,431 less than the prior year. These changes are primarily due to COVID-19 impacts on revenues and expenditures, contingencies and underspending.

Special Revenue Fund (ASB)

The ASB (Associated Student Body) fund is established for the purpose of supporting extra-curricular student activities. The funds are generated through students' fund raising events, student fees, and donations. The fund balance decreased by $33,265. A minor increase or decrease in fund balance is expected given the changes in activities and fundraising efforts to support these activities. Contingencies are built into the ASB budget to provide capacity for unanticipated fundraisers and activities.

Changes in the ASB fund balance for the fiscal year ended August 31, 2021 is detailed in Table 5.

Table 5
ASB Recap

	8/31/2020 Fund Balance	Adjusted Fund Balance	Revenues	Transfers	Expenditures	8/31/2021 Fund Balance
General	$1,274,654		$576,146	(124,493)	$428,323	$1,297,984
Athletics	260,515		24,410	140,959	202,172	223,712
Classes	103,615		13,077	(7,430)	21,444	87,818
Clubs	304,680		186,905	(9,036)	197,473	285,076
Private	0	39,310	69,852		54,244	54,918
	$1,943,464	$39,310	$870,390	$0	$903,656	$1,949,508

Capital Projects Fund

The proceeds from the sales of unlimited general obligation bonds, capital levies, state construction assistance program funds, investment earnings, and impact fees are accounted for in the Capital Projects Fund. Capital assets are capitalized and depreciated in the government-wide statement of net position and statement of activities. The district continued to complete major projects from the 2016 bond and 2019 levy authorizations. Capital dollars continue to be used for smaller capacity projects, facility improvements, major renovations, and technology upgrades. The ending fund balance was $32.9 million. The Capital Projects Fund had a decrease in fund balance of $76.7 million as the district completed 2016 bond projects and the majority of 2019 levy projects. A budget revision was done in June 2021 to accommodate expenditures for the purchase of property. Total revenues exceeded the budget due to an increase in state funding assistance for construction projects. Expenditures were less than planned due to budgeted project contingencies. Transfers out (to general fund and debt services) were lower than budgeted due to contingencies. The ending fund balance is mostly committed to 2019 levy projects.

Debt Service Fund

The Debt Service fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest, and related expenditures. Revenues are from property tax levies and investment earnings. The ending fund balance was $32.3 million. Revenues were within budget and expenditures were less than planned due to budgeted contingencies.

Transportation Vehicle Fund

The Transportation Vehicle fund is used for the purchase, major repair, rebuilding, and related debt service incurred for pupil transportation equipment. Revenues are from state depreciation funds on district owned buses and investment earnings. The ending fund balance was $3.1 million. Revenues were higher than budgeted due to additional state depreciation. Expenditures were less than planned due to budgeted contingencies.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General fund accounts for the day-to-day operation of the school district. Included are all the normal and recurring financial activities of the school district that are not accounted for in other funds. Revenues for the General Fund include state funds, special maintenance and operations levy funds, federal funds, and other funds. Expenditures include salaries and benefit costs, and non-salary costs, such as supplies and materials, books and other instructional materials, utilities, purchased services and equipment. The

district's budget is developed using the guidelines of the Washington State Office of Superintendent of Public Instruction. General Fund revenues were $461.4 million, which was $10.9 million less than budgeted. Revenues were lower than budgeted due to contingencies and the COVID-19 impact of uncollected revenue. General Fund expenditures were $461.5 million, which was $29.6 million less than budgeted. This is a result of lower expenditures due to COVID-19, contingencies, underspending of textbooks, Skill Center, building budgets, and grants/donations, some of which will be carryover to the next year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The district has $1,663 million invested in land, buildings, transportation equipment, and other equipment as of August 31, 2021. This is a $115 million increase from the previous fiscal year.

Note 6 to the financial statements provides additional capital asset information.

Debt

Bonds outstanding totaled $621 million as of August 31, 2021. This is a decrease of $48.4 million from the previous fiscal year. Note 10 to the financial statements provides additional debt information.

The district is rated by two bond rating agencies and the district's voted bonds are rated Aaa and AA+ by the respective rating agencies.

The Lake Washington School District belongs to the Washington Schools Risk Management Pool which provides property and liability coverages. Other district obligations include unemployment, vision, other reserve benefits, industrial insurance, and compensated absences. More detailed information can be found in Note 13 of these financial statements.

ECONOMIC FACTORS

For calendar year 2021, the total property tax rate for special levies and bond debt was $2.57 per thousand dollars of assessed value. The projected rate for 2022 is expected to be $2.57**.** Total assessed value increased by 1.99% from $70.7 billion to $72.1 billion in 2021. For 2022 the projected assessed valuation is $75.0 billion, an increase of 4.0% over the prior year.

The Lake Washington School District encompasses an area of 76 square miles and is located on the northeast side of Lake Washington in the Puget Sound urban area of King County. The District is situated northeast of the city of Seattle and north of the city of Bellevue. Most of the cities of Redmond and Kirkland, approximately half of the city of Sammamish, and small portions of Bellevue, Woodinville, Bothell, and Kenmore are encompassed by the District. The remainder of the District lies in unincorporated King County. The general area continues to grow and includes a portion of the "high-tech corridor" in the northern portion of King County and south Snohomish County.

The economy is diverse and growing. Redmond has a high concentration of high-technology employers with some of the largest companies in the country. Some of the major employers in both Redmond and Kirkland include Microsoft, Evergreen Health Care, AT&T Mobility, Genie Industries, Volt Technical Services LLC, Nintendo of America Inc., Honeywell International Inc., United Parcel Service, Clearwire Corporation, Medtronic Physio-Control, and Google.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the district's finances. If you have questions about this report or need additional financial information, visit www.lwsd.org or contact Margo Allen, Accounting Manager at 16250 N.E. 74th Street, Redmond Washington.

Lake Washington School District No. 414
Statement of Net Position
08/31/21

	Primary Government
	Governmental Activities
Assets	
Cash & Cash Equivalents	$196,173,523
Property Tax Receivable	86,676,794
Accounts Receivable, Net	188,061
Due From Other Gov't. Units	12,078,583
Inventories at Cost	407,905
Prepaid Items	4,278,620
Capital Assets, Non-depreciable:	
Land	77,964,632
Construction-in-Progress	40,845,789
Capital Assets, Net of Accum. Depn.:	
Buildings & Improvements	1,171,274,643
Equipment	12,372,523
Pension Assets	104,871,035
Total Assets	$1,707,132,108
Deferred Outflows of Resources	
Deferred Charge on Refunding	$8,439,632
Deferred Pension Plan	49,575,450
Deferred OPEB	29,377,780
Total Deferred Outflows of Resources	$87,392,862
Total Assets and Deferred Outflows of Resources	$1,794,524,970
Liabilities	
Accounts Payable	$17,082,516
Accrued Wages & Benefits Pay.	14,072,964
Due to Other Gov't Units	63,262
Unearned Revenue	2,085,787
Long-Term Liabilities:	
Due Within One Year	59,638,028
Due In More Than One Year	642,590,936
Pension Plan	24,230,072
Other Post Employment Benefits	163,960,099
Total Liabilities	$923,723,664
Deferred Inflows of Resources	
Deferred Pension Plan	$163,685,576
Deferred OPEB	$25,792,745
Total Deferred Inflows of Resources	$189,478,321
Total Liabilities and Deferred Inflows of Resources	$1,113,201,985
Net Position	
Net Investment In Capital Assets	$615,135,558
Restricted For:	
Capital Projects	62,614,765
Debt Service	61,593,732
Net Pension Assets	21,862,546
Other Purposes	4,240,935
Unrestricted	(84,124,551)
Total Net Position	$681,322,985

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Activities
For the Fiscal Year Ended 8/31/2021

Functions/Programs	Expenses	Charges for Services	Program Revenues: Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Primary Government:					
Governmental Activities:					
Regular Instruction	$280,857,723	$928,319	$912,963	$13,026,163	($265,990,278)
Special Instruction	65,995,120		44,000,860	3,060,849	(18,933,411)
Vocational Instruction	16,369,649	37,261	116,305	759,223	(15,456,860)
Skills Center	3,842,380	18,283	26,987	178,209	(3,618,901)
Compensatory Education	15,590,325	(6,110)	13,488,418	723,078	(1,384,939)
Other Instructional Programs	4,054,346	80,812	1,839,542	188,040	(1,945,952)
Federal Stimulus COVID-19	3,799,159		3,879,093		79,934
Community Services	2,252,828	244,719	50,445		(1,957,664)
Support Services	73,038,476	57,154	12,953,629	3,425,887	(56,601,806)
Extracurricular Activities(AS	966,086	1,261,125			295,039
Int. Paymt. On L/T Debt	21,031,678				(21,031,678)
Total Governmental Activitie	$487,797,770	$2,621,563	$77,268,242	$21,361,449	($386,546,516)

General Revenues:	
Property Taxes, Levies for Maintenance and Operations	$64,694,052
Property Taxes, Levies for Debt Service	62,313,596
Property Taxes, Levies for Capital Projects	57,246,965
Unallocated State Apportionment & Others	310,420,712
Interest and Investment Earnings	1,883,888
Total General Revenues & Special Items	$496,559,213
Changes in Net Position	$110,012,697
Beginning Net Position as Previously Stated	$571,270,978
Cumulative Effect of Change in Accounting Principle	39,310
Beginning Net Position as Restated	$571,310,288
Ending Net Position	$681,322,985

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Balance Sheet
Government Funds
08/31/21

	General Fund	Special Revenue Fund (ASB)	Debt Service Fund	Capital Project Fund	Transportation Vehicle Fund	Total Government Funds
Assets						
Cash and Cash Equivalents	$121,727,582	2,072,854	$32,229,898	$37,059,100	$3,084,089	$196,173,523
Property Taxes Receivable	30,450,056		29,349,136	26,877,602		86,676,794
Accounts Receivable, Net	102,478					102,478
Accrued Interest	49,220	915	14,698	19,668	1,082	85,583
Due From Other Funds	72,689	803,376				876,065
Due From Other Gov't Units	4,344,075			7,734,508		12,078,583
Inventories at Cost	407,905					407,905
Prepaid Items	3,717,589	25,508		535,523		4,278,620
Total Assets	$160,871,594	$2,902,653	$61,593,732	$72,226,401	$3,085,171	$300,679,551
Liabilities						
Accounts Payable	$4,663,285	$40,202		$12,379,029		$17,082,516
Accrued Wages & Benefits Pay.	16,733,154					16,733,154
Due To Other Funds	803,376	9,632		63,057		876,065
Due To Other Gov't Units	63,262					63,262
Unearned Revenue	1,182,476	903,311				2,085,787
Total Liabilities	$23,445,553	$953,145	$0	$12,442,086	$0	$36,840,784
Deferred Inflows of Resources						
Unavailable Revenue	$30,449,156		$29,326,553	$26,883,272		$86,658,981
Total Deferred Inflows of Resources	$30,449,156	$0	$29,326,553	$26,883,272	$0	$86,658,981
Fund Balances						
Nonspendable Fund Balance	$4,125,494	$25,508		$535,523		$4,686,525
Restricted Fund Balance	14,041,698	1,924,000	$32,267,179	22,518,697	$3,085,171	73,836,745
Committed Fund Balance				7,446,218		7,446,218
Assigned Fund Balance				2,400,605		2,400,605
Unassigned Fund Balance	88,809,693					88,809,693
Total Fund Balances	$106,976,885	$1,949,508	$32,267,179	$32,901,043	$3,085,171	$177,179,786
Total Liab., Deferred Inflow of Resources and Fund Balance	$160,871,594	$2,902,653	$61,593,732	$72,226,401	$3,085,171	$300,679,551

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Reconciliation
Balance Sheet/Statement of Net Position
08/31/21

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
Assets				
Cash and Cash Equivalents	$196,173,523			$196,173,523
Property Taxes Receivable	86,676,794			86,676,794
Accounts Receivable, Net	188,061			188,061
Due From Other Funds	876,065		($876,065)	0
Due From Other Gov't Units	12,078,583			12,078,583
Inventories at Cost	407,905			407,905
Prepaid Items	4,278,620			4,278,620
Capital Assets, Net		$1,302,457,587		1,302,457,587
Pension Assets		$104,871,035		104,871,035
Total Assets	$300,679,551	$1,407,328,622	($876,065)	$1,707,132,108
Deferred Outflows of Resources				
Deferred Charge on Refunding		$8,439,632		$8,439,632
Deferred Pension Plan		49,575,450		49,575,450
Deferred OPEB		29,377,780		29,377,780
Total Deferred Outflows of Resources		$87,392,862		$87,392,862
Total Assets and Deferred Outflows of Resources	$300,679,551	$1,494,721,484	(876,065)	$1,794,524,970
Liabilities				
Accounts Payable	$17,082,516			$17,082,516
Accrued Wages & Benefits Pay.	16,733,154	(2,660,190)		14,072,964
Due To Other Funds	876,065		($876,065)	0
Due to Other Gov't Units	63,262			63,262
Unearned Revenue	2,085,787			2,085,787
Long-Term Liabilities		890,419,135		890,419,135
Total Liabilities	$36,840,784	$887,758,945	($876,065)	$923,723,664
Deferred Inflows of Resources				
Unavailable Revenue	$86,658,981	($86,658,981)		$0
Deferred Pension Plans		163,685,576		163,685,576
Deferred OPEB		25,792,745		25,792,745
Total Deferred Inflows of Resources	$86,658,981	$102,819,340	$0	$189,478,321
Fund Balances/Net Position	$177,179,786	$504,143,199		$681,322,985
Total Liabilities, Deferred Inflows Of Resources and Fund Balances/Net Position	$300,679,551	$1,494,721,484	($876,065)	$1,794,524,970

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Revenues, Expenditures, and Changes in Fund Balances
Government Funds
For the Fiscal Year Ended 8/31/2021

	General Fund	Special Revenue Fund (ASB)	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Total Governmental Funds
Revenues						
Local	$67,899,851	$870,391	$61,617,232	$62,829,301	$23,825	$193,240,600
State	367,284,872			15,987,230	771,744	384,043,846
Federal	18,046,010					18,046,010
Miscellaneous	265,053					265,053
Total Revenues	$453,495,786	$870,391	$61,617,232	$78,816,531	$795,569	$595,595,509
Expenditures						
Regular Instruction	$286,766,904					$286,766,904
Special Instruction	67,383,642					67,383,642
Vocational Instruction	16,714,063					16,714,063
Skills Center	3,923,223					3,923,223
Compensatory Instruction	15,918,341					15,918,341
Other Instructional Programs	4,139,649					4,139,649
Federal Stimulus COVID-19	3,879,093					3,879,093
Community Services	2,107,246					2,107,246
Support Services	60,285,707			$15,134,147		75,419,854
Student Services		$903,656				903,656
Capital Outlay	405,389			118,445,213	$805,348	119,655,950
Debt Service-Principal			$48,370,000			48,370,000
Debt Service-Interest & Other			26,660,558			26,660,558
Total Expenditures	$461,523,257	$903,656	$75,030,558	$133,579,360	$805,348	$671,842,179
Revenues Over (Under) Exp.	($8,027,471)	($33,265)	($13,413,326)	($54,762,829)	($9,779)	($76,246,670)
Other Financing Sources (Uses)						
Issuance of Bonds						$0
Issuance Premium						0
Sale of Land/Equipment	$2,679			$223,724	$3,234	229,637
Compensated Loss of Capital Assets						0
Transfers In	7,949,362		14,196,615			22,145,977
Transfers Out				(22,145,977)		(22,145,977)
Total Other Financing Sources(Uses)	$7,952,041	$0	$14,196,615	($21,922,253)	$3,234	$229,637
Net Change in Fund Balance	($75,430)	($33,265)	$783,289	($76,685,082)	($6,545)	($76,017,033)
Beginning Fund Balance	107,052,315	1,943,463	31,483,890	109,586,125	3,091,716	253,157,509
Cumulative Effect of Change in Accounting Principle		39,310				39,310
Ending Fund Balance	$106,976,885	$1,949,508	$32,267,179	$32,901,043	$3,085,171	$177,179,786

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Reconciliation
Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities
For the Fiscal Year Ended 8/31/2021

	Total Governmental Funds	Long-Term Revenue, Expenditures	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
Revenues					
Local	$193,240,600	$1,985,321	$229,637		$195,455,558
State	384,043,846				384,043,846
Federal	18,046,010				18,046,010
Miscellaneous	265,053				265,053
Total Revenues	$595,595,509	$1,985,321	$229,637	$0	$597,810,467
Expenditures					
Current:					
Regular Instruction	$286,766,904	($25,720,921)	$19,811,740		$280,857,723
Special Education	67,383,642	(6,043,826)	4,655,304		65,995,120
Vocational Instruction	16,714,063	(1,499,131)	1,154,717		16,369,649
Skills Center	3,923,223	(351,885)	271,042		3,842,380
Compensatory Education	15,918,341	(1,427,760)	1,099,744		15,590,325
Other Instructional Programs	4,139,649	(371,297)	285,994		4,054,346
Federal Stimulus COVID-19	3,879,093	(347,927)	267,993		3,799,159
Community Services	2,107,246		145,582		2,252,828
Support Services	75,419,854	(10,365,433)	7,984,055		73,038,476
Student Activities	903,656		62,430		966,086
Capital Outlay	119,655,950		(119,655,950)		0
Debt Service-Principal	48,370,000			($48,370,000)	0
Debt Service-Interest & Other	26,660,558			(5,628,880)	21,031,678
Total Expenditures	$671,842,179	($46,128,180)	($83,917,349)	($53,998,880)	$487,797,770
Revenues Over (Under) Exp	($76,246,670)	$48,113,501	$84,146,986	$53,998,880	$110,012,697
Other Financing Sources (Uses)					
Issuance of Bonds					$0
Issuance Premium					0
Sale of Land/Equipment	$229,637		($229,637)		0
Compensated Loss of Fixed Assets					0
Total Other Financing Sources(Uses)	$229,637	$0	($229,637)	$0	$0
Cumulative effect of change in accounting principle	$39,310				$39,310
Net Change for the Year	($75,977,723)	$48,113,501	$83,917,349	$53,998,880	$110,052,007

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual
General Fund
For the Year Ended August 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amount	(Negative)
Revenues:				
Local	$83,461,668	$83,461,668	$67,899,851	($15,561,817)
State	370,886,663	370,886,663	367,284,872	(3,601,791)
Federal	18,003,807	18,003,807	18,046,010	42,203
Other	15,190	15,190	265,053	249,863
Total Revenues	$472,367,328	$472,367,328	$453,495,786	($18,871,542)
Expenditures:				
Regular Instruction	$303,084,917	$303,084,917	$286,805,573	$16,279,344
Special Education	68,175,453	68,175,453	67,389,159	786,294
Vocational Education	13,735,679	13,735,679	16,915,859	(3,180,180)
Skills Center	3,709,579	3,709,579	3,931,799	(222,220)
Compensatory Education	16,456,930	16,456,930	15,938,341	518,589
Other Instructional Programs	13,273,696	13,273,696	4,165,243	9,108,453
Federal Stimulus COVID-19			3,879,093	(3,879,093)
Community Services	3,483,062	3,483,062	2,117,554	1,365,508
Support Services	69,168,886	69,168,886	60,380,636	8,788,250
Total Expenditures	$491,088,202	$491,088,202	$461,523,257	$29,564,945
Excess of Revenues Over (Under) Expenditures	($18,720,874)	($18,720,874)	($8,027,471)	$10,693,403
Other Financing Sources (Uses):				
Other Financial Sources			$7,952,041	$7,952,041
Total Other Financing Sources (Uses)	$0	$0	$7,952,041	$7,952,041
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Uses	($18,720,874)	($18,720,874)	($75,430)	$18,645,444
Beginning Fund Balance	90,224,217	90,224,217	107,052,315	16,828,098
Ending Fund Balance	$71,503,343	$71,503,343	$106,976,885	$35,473,542

Note: There was no budget revision during the fiscal year 2020-21. The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual
Special Revenue Fund (Associated Student Body Fund)
For the Year Ended August 31, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amount	(Negative)
Revenues:				
General	$2,668,900	$2,668,900	$576,146	($2,092,754)
Athletics	663,610	663,610	24,411	(639,199)
Classes	219,600	219,600	13,077	(206,523)
Clubs	2,499,306	2,499,306	186,905	(2,312,401)
Private Monies	162,000	162,000	69,852	(92,148)
Total Revenues	$6,213,416	$6,213,416	$870,391	($5,343,025)
Expenditures:				
General	$2,016,543	$2,016,543	$428,323	$1,588,220
Athletics	1,465,760	1,465,760	202,172	1,263,588
Classes	216,784	216,784	21,444	195,340
Clubs	2,609,434	2,609,434	197,473	2,411,961
Private Monies	162,000	162,000	54,244	107,756
Total Expenditures	$6,470,521	$6,470,521	$903,656	$5,566,865
Excess of Revenues Over (Under) Expenditures	($257,105)	($257,105)	($33,265)	$223,840
Beginning Fund Balance	1,475,202	1,475,202	1,943,463	468,261
Change in Accounting Principle			39,310	39,310
Ending Fund Balance	$1,218,097	$1,218,097	$1,949,508	$731,411

Note: There was no budget revision during the fiscal year 2020-21. The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Fiduciary Net Position
Fiduciary Funds
August 31, 2021

	Private-Purpose Trust
Assets	
Cash and Cash Equivalents	$180,017
Accounts Receivable, Net	108
Due From Other Funds	
Total Assets	$180,125
Liabilities	
Accounts Payable	
Due to Other Funds	
Total Liabilities	$0
Fund Balance/Net Position	$180,125
Total Liab. & Fund Balance/Net Position	$180,125

The notes to the financial statements are an integral part of this statement.

Lake Washington School District No. 414
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended August 31, 2021

	Private-Purpose Trust
Additions	
Donations	
Investment Earnings	$1,530
Total Additions	$1,530
Deductions	
Scholarships	$1,700
Total Deductions	$1,700
Change in Net Position	($170)
Net Position, Beginning of Year	$219,605
Cumulative Effect of Change in Accounting principle	(39,310)
Beginning Net Position as Restated	$180,295
Net Position, End of Year	$180,125

The notes to the financial statements are an integral part of this statement.

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Lake Washington School District is a municipal corporation organized pursuant to Title 28A, Revised Code of Washington (RCW) for the purpose 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.

For financial reporting purposes, the Lake Washington School District includes all funds and organizations that are controlled by or dependent on the school district's board of directors. Control by or dependence on the Lake Washington School District was determined on the basis of budget adoption, outstanding debt secured by the general credit of the district, taxing authority, obligation of the district to finance any deficits that may occur, or receipt of significant subsidies from the district.

B. Districtwide and Fund Financial Statements

Information on all of the non-fiduciary activities of the district is reported on the district-wide Statement of Net Position and the Statement of Activities.

The Statement of Activities demonstrates the degree to which the direct expenses of specific programs or functions are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include l) charges to individuals or groups who purchase, use, or directly benefit from goods, services, or privileges provided by a program or function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Presentation

The financial statements of the Lake Washington School District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both

measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes receivable are measurable, however only the portion that is collected within 30 days after the current fiscal year is available for accrual. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.
However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are subject to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the district receives cash.

In the process of aggregating data for the district-wide Statement of Net Position and Statement of Activities, the inter-fund receivables and payables within governmental funds were eliminated.

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 84: *Fiduciary Activities* for the year ended August 31, 2021. This statement establishes criteria for identifying and reporting fiduciary activities. This resulted in a change in accounting principle on the statement of activities.

The district reports the following major governmental funds:

General fund

This fund is the district's primary operating fund. It is used to account for all financial resources of the district, except those required to be accounted for in another fund. In keeping with the principle of as few funds as necessary, food services, maintenance, data processing, printing, and transportation activities are included in the fund.

Special Revenue Fund (Associated Student Body Fund)

This fund is used to account for the extracurricular fees and resources collected in fund-raising events for students. Disbursements require the joint approval of the appropriate student body organization and the district's board of directors. This fund is accounted for as a special revenue fund since the financial resources legally belong to the Lake Washington School District.

Debt Service Fund

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

Capital Projects Fund

These funds account for financial resources to be used for the acquisition of major capital assets. The district has two capital projects funds, both are reported as major funds.

> Capital Projects Fund – This fund is used to account for the resources set aside for the acquisition, construction, and major repair and upgrades of capital assets.
> Transportation Vehicle Fund – This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures related to pupil transportation equipment.

Fiduciary Funds

Trust funds are used to account for assets held by the district in a trustee capacity.

> Private-Purpose Trust Fund – This fund is used to account for resources legally held in trust to

benefit individuals or private organizations. All resources of the fund, including any earnings on invested resources, may be used to support the trust arrangements.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

The district's cash is held and controlled by the King County Treasurer as prescribed by Washington State law. The district uses the Bank of New York as its fiscal agent for bond principal and coupon redemption.

The district's cash and cash equivalents are considered to be cash on hand, funds invested in the King County Investment Pool, and warrants outstanding.

2. Property Taxes

Property tax revenues are collected as the result of special levies passed by the voters in the District. Per Revised Code of Washington 84.60.020 the tax assessment date is January 1 of the calendar year of collection. The tax lien date is January 1 of the year of collection and taxes receivable are recognized as of that date. Current year taxes are due in full as of April 30, and are delinquent after that date. However, without incurring penalty, the taxpayer may elect to pay one-half of the taxes due by April 30, with the remaining one-half taxes due October 31, and are delinquent after that date. Typically, a little more than half of the taxes due are collected on the April 30 date. In governmental fund financial statements, property tax revenue which is measurable but not available (taxes that are not expected to be collected within 30 days after the current period) is recorded as a receivable and a deferred inflow of resources. In government-wide financial statements, property tax revenue, net of estimated uncollectible property taxes, is accrued at year-end.

Tax Abatements

As of December 31, 2020 King County independently has entered into agreements that affect the levy rate assessed by the District in two programs-the Current Use Program and the Single-family Dwelling Program. All of these programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue to the District because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers.

Current Use Programs

The Current Use Programs provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland via four programs on their property pursuant to RCW 84.33.130 and RCW 84.34.010.

Public Benefit Rating System (PBRS) enrollment and associated tax savings are based on a point system. Points are awarded for each PBRS resource category a property qualifies for such as protecting buffers to streams and wetlands, ground water protection, preserving significant wildlife habitat, conserving farmland and native forestland and preserving historic landmarks.

Timber Land enrollment requires a property to have between five and 20 acres of manageable forestland, and be zoned accordingly. Land participating in this program must be devoted primarily to the growth, harvest and management of forest crops for commercial purposes and must be managed according to an approved forest stewardship plan.

Farm and Agricultural Land enrollment requires land to be used for the production of livestock or agricultural commodities for commercial purposes.
Forestland enrollment requires a property to have more than 20 acres of eligible forestland primarily devoted to the growth and harvest of timber.

An owner of land desiring current use classification must submit an application to the County Assessor. Once enrolled, a participating property is assessed at a "current use" value, which is lower than the "highest and best use" assessment value that would otherwise apply to the property. When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected.

Single-family Dwelling Improvement Program

The Single-family Dwelling Improvement Program provides property tax abatements to encourage home improvements to single-family dwellings under RCW 84.36.400. Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three (3) assessment years subsequent to the completion of the improvement. Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2020.

Tax Abatement Program	Total Amount of Taxes Abated
Current Use	$202,775
Single-family Dwelling Improvement	$19,537

3. Accounts Receivable

This account represents amounts due for services rendered by the district, net of allowance for doubtful accounts.

4. Due From/To Other Funds

Interfund receivables and payables and the associated revenues and expenditures/expenses are recorded in the respective funds in governmental fund financial statements. Interfund receivables and payables are eliminated in government-wide financial statements, except for fiduciary funds.

5. Due From Other Governments

This account represents receivables for federal, state, and local grants. Grant revenues are recorded in the year in which the related expenditures are incurred.

6. Inventories and Prepaid Items

Inventories are valued at cost either using the weighted average method perpetual inventory system or first-in, first-out (FIFO) method for other inventory items. District inventories are recorded when consumed rather than when purchased. Physical inventories are conducted annually in August. An inventory reserve is established to indicate that a portion of the fund balance is not available for future expenditures.

7. Bond Discounts and Premiums

In governmental fund types, bond discounts and premium costs are recognized in the period of issuance. In government-wide financial statements, they are amortized over the life of the bonds.

8. Unavailable Revenue

In governmental fund financial statements, unavailable revenues consist of receivables such as uncollected property taxes, which are measurable but not yet available. In district-wide financial statements, property taxes are accrued as revenues.

9. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the applicable governmental activity columns in the district-wide financial statements. Capital assets are defined by the district as assets with an initial, individual cost of $5,000 or more for equipment and vehicles and an estimated useful life in excess of one year. Buildings and improvements are capitalized. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. In governmental fund financial statements, there is no depreciation for capital assets. However, depreciation is charged to expenses and allocated to various functions/programs in district-wide financial statements.

Donated capital assets are valued at their acquisition value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Building & Improvements	50 Years
Portables	25 Years
Vehicles	20 Years
Equipment	10 Years

10. Long-Term Liabilities

Long-term liabilities consist of scheduled debt payments and compensated absences.

Debt Payments

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities (in the applicable district activities) on the Statement of Net Position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, district fund types recognize bond premiums and discounts, as well as, bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt expenditures.

Compensated Absences

a. Sick Leave

Full-time employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

Under the provisions of the Revised Code of Washington, sick leave accumulated by district employees is paid at death or retirement at the rate of 25% of each day of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buy-back of an amount up to the maximum annual accumulation of twelve days. To qualify for annual sick buy-back, the employee must have accumulated an excess of 60 days of sick leave as of January 1. Sick leave is reported under long-term liabilities in the Statement of Net Position. For reporting purposes, 25% of the sick leave liability (up to 180 days) for those eligible for retirement is considered accruable. The amount of accrued sick leave as of August 31, 2021 was $5,090,517 and reported as long-term liabilities in the district-wide financial statements.

b. Vacation Leave

Vacation leave is accrued according to bargaining agreement provisions for those employees eligible. Annual leave accumulated by district employees is paid upon retirement at 100% of per diem value. The amount accrued for vacation leave as of August 31, 2021 was $1,483,988 and reported as long-term liabilities in the district-wide financial statements.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense) until then. The district has 3 items in this category. The Deferred Charge on Refunding results from the difference in the carrying value of the old debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Deferred charge for Pension Plans is detailed in note #7. This amount is amortized over the service life of each plan. The Deferred OPEB is the contribution made subsequent to the measurement date.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow (revenue) until then. The district has 2 items in this category. It is the Deferred Inflow on Pension Plan and the Deferred Inflow on OPEB which is detailed in note #7 and #8. This amount is amortized over the service life of each plan.

12. Net Position (District-wide Financial Statements)

The “Net Investment in Capital Assets” component consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The “Restricted” component reports the assets where constraints are placed on net position by external laws, regulations, or legislation. Therefore, they are available for disbursements only for specific purposes (i.e., debt service, capital projects, net pension asset and others). The “Unrestricted” component are assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

13. Fund Balance Reserves (Government Fund Financial Statements)

Fund Balances are segregated under the following categories and presented on the face of the financial statements in the aggregate.

Nonspendable: Fund balance not available to be spent because they are not in spendable form or are legally required to be maintained intact.

Restricted: Fund balance constrained externally, such as those resulting from federal and state legislation, grant awards, bond covenants, and inter-local service agreements.

Committed: Fund balance constrained by District code, ordinance or resolution as adopted by the Board.

Assigned: Fund balance in special revenue funds intended to be used for specific purposes, but that are neither restricted or committed, include transfers from other funds, investment interest not constrained by contract or covenant, fees for services, and rents. Senior administration has the authority to create assignments of fund balance.

Unassigned: Unrestricted fund balance not committed or assigned in the General fund is considered unassigned. Also, negative fund balance in any other governmental fund is unassigned.

Minimum General Fund Balance – The District's financial plan ensures that the District's financial position is fiscally sound and that it is derived from a multi-year plan. As a result, the District plans to maintain a projected year-end Fund Balance of not less than five percent of the projected revenue in the General Fund. This will ensure that the District can continue to provide quality education to its students in the event of an emergency or other economic impact.

Note 2: Stewardship, Compliance, and Accountability

Budgetary Information

General Budgetary Policies

Chapter 28A.505 RCW and chapter 392-123 Washington Administrative Code (WAC) mandate school district policies and procedures. The board adopts the budget after a public hearing. An appropriation is a prerequisite to expenditure. Appropriations lapse at the end of the fiscal period.

Budgetary Basis of Accounting

For budget and accounting purposes, revenues and expenditures are accounted for on the modified accrual basis as prescribed in law for all governmental funds. Fund balance is budgeted as available resources and, pursuant to law; the budgeted ending fund balance cannot be negative.

Formal budgetary accounting is employed as a management control for all governmental funds. Budgets are adopted on the same basis of accounting used to reflect actual revenues and expenditures on a generally accepted accounting principles basis.

Note 3: Deposits and Investments

In accordance with state investment laws, the district's governing body has entered into a formal interlocal

Agreement with the district's ex officio treasurer, King County, to have all its funds not required for immediate expenditure to be invested in the King County Investment Pool (Pool).

The district's deposits 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). The fair value of the investment in the pool is measured using a net asset value (NAV) as determined by the pool.

As of August 31, 2021 the district had the following investments:

Investment Type	Financial Amount	Fair Value Amount	Effective Duration
King County Investment Pool	$202,076,230	$203,005,781	1.27 Years

Impaired Investments. As of August 31, 2021, all impaired commercial paper investments have completed enforcement events. The King County impaired investment pool (Impaired Pool) held one commercial paper asset where the Impaired Pool accepted an exchange offer and is receiving the cash flows from the investment's underlying securities. The Impaired Pool also held the residual investments in one commercial paper assets that were part of completed enforcement events, where the Impaired Pool accepted the cash-out option. The District's share of the impaired investment pool is $126,357 and the district's fair value of these investments is $79,231.

Interest Rate Risk. As of August 31, 2021, the Pool's average duration was 1.27 years. As a means of limiting its exposure to rising interest rates, securities purchased in the Pool must have a final maturity, or weighted average life, of no longer than five years. While the Pool's market value is calculated on a monthly basis, unrealized gains and losses are not distributed to participants. The Pool distributes earnings monthly using an amortized cost methodology.

Credit Risk. As of August 31, 2021, the district's investment in the Pool was not rated by a nationally recognized statistical rating organization (NRSRO). In compliance with state statutes, Pool policies authorize investments in U.S. Treasury securities, U.S. agency securities and mortgage-backed securities, corporate notes (rated at least "A") , municipal securities (rated at least "A" by two NRSROs), commercial paper (rated at least the equivalent of "A-1"), certificates of deposits issued by qualified public depositaries, repurchase agreements, and the Local Government Investment Pool managed by the Washington State Treasurer's office.

Note 4: Receivables

Receivables as of year-end for the district's governmental and fiduciary funds are as follows:

	General	ASB	Debt Service	Capital Projects	Transpor. Vehicle	Private Purpose Trust
Receivables:						
Taxes	$30,450,056		$29,349,136	$26,877,602		
Governmental	4,344,075					
Accounts	151,698	$915	14,699	19,668	$1,082	$108
Total	$34,945,829	$915	$29,363,835	$26,897,270	$1,082	$108

Government funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

Note 5: Interfund Transactions

As of August 31, 2021 short-term interfund receivables and payables in governmental funds that resulted from various interfund transactions in governmental fund financial statements were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 72,689	$ 803,376
Capital Projects Fund		63,057
Special Revenue Fund	803,376	9,632
Total	$ 876,065	$ 876,065

The interfund balances are liquidated on a monthly basis.

Note 6: Capital Assets

Purchases of items over $5,000 for equipment and machinery are capitalized and depreciated in the district-wide financial statements. Buildings and Improvements are capitalized. The capital assets reported on the Statement of Net position are reported net of accumulated depreciation.

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, not Depreciated:				
Land	$38,371,694	$40,146,108	$553,170	$77,964,632
Construction in Progress	9,585,946	$76,561,429	$45,301,586	40,845,789
Total	$47,957,640	$116,707,537	$45,854,756	$118,810,421
Capital Assets being Depreciated:				
Building and Improvements	$1,479,226,819	$46,904,877	$3,650,061	$1,522,481,635
Transportation Equipment	15,439,030	900,278	$432,535	15,906,773
Other Equipment	5,398,671	444,844	76,488	5,767,027
Total	$1,500,064,520	$48,249,999	$4,159,084	$1,544,155,435
Less: Accumulated Depreciation:				
Building and Improvements	$320,885,058	$33,249,334	$2,927,400	$351,206,992
Transportation Equipment	5,834,419	748,704	384,090	6,199,033
Other Equipment	2,762,445	416,287	76,488	3,102,244
Total Accumulated Depreciation	$329,481,922	$34,414,325	$3,387,978	$360,508,269
Net Depreciated Assets	$1,170,582,598	$13,835,674	$771,106	$1,183,647,166
Net Total Assets	$1,218,540,238	$130,543,211	$46,625,862	$1,302,457,587

Depreciation expense was charged to governmental activities as follows:

Regular Instruction	$19,077,627
Special Education	$4,482,805
Vocational Education	$1,111,930
Skills Center	$260,999
Compensatory Instruction	$1,058,993
Other Instructional Programs	$275,397
Federal Stimulus COVID-19	$258,063
Community Services	$140,188
Support Services	$7,688,210
Student Activities	$60,117
	$34,414,328

Major projects included in Construction in Progress:

	Project Authorization	Expended as of 8/31/2021	Additional Local Funds Committed	Additional State Funds Estimated
Twain El	19,801,056	11,435,939	8,365,117	
Rose Hill El	23,653,767	14,365,376	9,288,391	
Franklin El	20,039,209	11,859,838	8,179,371	
Carson El	13,869,741	1,281,968	12,587,773	
	$77,363,773	$38,943,121	$38,420,652	$0

The district's property valuation of buildings and equipment for insurance purposes is $1,252,637,380 on August 31, 2021.

Note 7: Pension Plans

The following table represents the aggregate pension amounts for all plans for fiscal year 2021:

Aggregate Pension Amounts-All Plans	
Pension Liabilities	$24,230,072
Pension Assets	$104,871,035
Deferred outflows of resources	$49,575,449
Deferred inflows of resources	$163,685,576
Pension expense/expenditures	($58,858,646)

DRS, a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Washington State Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or online at https://www.drs.wa.gov.

Membership Participation

Substantially all of the District's 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 & 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 multi-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, multiemployer 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 portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2020. PERS contribution rates changed on July 1, 2021. TRS and SERS plans will not have a contribution rate change until September 1, 2021. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2021 are listed below:

Pension Contribution Rates from September 01, 2020 to June 30, 2021			
	Employer	Employee	
PERS Plan 1	12.97%	6.00%	
Pension Contribution Rates from July 01, 2021 to August 31, 2021			
	Employer	Employee	
PERS Plan 1	10.252%	6.00%	
Pension Contribution Rates from September 01, 2020 to August 31, 2021			
	Employer	Employee	
TRS Plan 1	15.74%	6.00%	
TRS Plan 2/3	15.74%	7.77%	*/**
SERS Plan 2/3	13.30%	8.25%	*/**
Note: The Employer rates include .0018 DRS administrative expense.			
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.			
** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.			

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

At June 30, 2021, the school district reported a total liability of $24,230,072 for its proportionate shares of the individual plans' collective net pension liability and $104,871,035 for its proportionate shares of net pension assets. Proportion of net pension liability is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2021, the district's proportionate share of each plan's net pension liability (asset) is reported below:

June 30, 2021	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	$2,967,053	$5,016,469	$15,808,309	$17,456,059
Proportionate Share of the Net Pension Liability (Asset)	$4,864,452	($25,581,324)	$19,365,620	($79,289,709)

Changes to net pension liability from the prior period are displayed in the Schedule of Changes in Long Term Liabilities.

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

Allocation percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability (Asset)	0.398323%	2.2382546%	2.876233%	2.884514%
Prior year proportionate share of the Net Pension Liability (Asset)	0.390956%	2.208082%	2.7678718%	2.759083%
Net difference percentage	0.007367%	0.0301726%	0.1083612%	0.125430%

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2020, with the results rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all prior periods included in the measurement:

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

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the *2013–2018 Demographic Experience Study Report and the 2019 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report.

Long-term Expected Rate of Return

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

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

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

WSIB uses the CMAs and their target asset allocation to simulate future investment returns over various time horizons.

The expected future rates of return are developed by the WSIB for each major asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2021, are summarized in the following table:

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

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

Discount Rate

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Pension Plans reported collective Deferred Outflows of Resources and collective Deferred Inflows of resources related to the individual plans. At August 31, 2021, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions from the following sources:

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		
PERS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences		
Net difference between projected and actual earnings on pension plan investments		($5,397,913)
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	$507,383	
TOTAL	$507,383	($5,397,913)

SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$6,654,736	
Net difference between projected and actual earnings on pension plan investments		($29,015,681)

Changes in assumptions or other inputs	$105,227	($844,272)
Changes in proportionate shares	$1,500,742	($664,885)
Contributions subsequent to the measurement date	$853,924	
TOTAL	$9,114,629	($30,524,838)

TRS 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences		
Net difference between projected and actual earnings on pension plan investments		($29,032,829)
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	$2,821,722	
TOTAL	$2,821,722	($29,032,829)

TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$24,633,032	($641,734)
Net difference between projected and actual earnings on pension plan investments		($92,441,983)
Changes in assumptions or other inputs	$4,932,047	($4,166,730)
Changes in proportionate shares	$4,473,855	($1,479,548)
Contributions subsequent to the measurement date	$3,092,781	
TOTAL	$37,131,715	($98,729,995)

$7,275,810 reported as Deferred Outflows of Resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 31, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended August 31	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2022	(1,429,908)	(5,796,968)	(7,693,667)	(20,373,861)
2023	(1,310,316)	(5,675,157)	(7,040,081)	(18,828,416)
2024	(1,238,957)	(5,189,186)	(6,662,708)	(17,563,247)
2025	(1,418,732)	(6,314,410)	(7,636,373)	(20,219,667)
2026		688,369		3,671,194
Thereafter		23,218		8,622,934

Pension Expense

For the year ending August 31, 2021, the District recognized a total pension expense as follows:

	Pension Expense
PERS 1	($675,300)
SERS 2/3	($3,523,874)
TRS 1	($3,214,125)
TRS 2/3	($10,197,457)
TOTAL	($17,610,756)

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate			
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
PERS 1 NPL	$2,080,441,000	$1,221,234,000	$471,917,000
Allocation Percentage	.398323%	.398323%	.398323%
Proportionate Share of Collective NPL	$8,286,868	$4,864,452	$1,879,752
	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
SERS 2/3 NPL	($11,793,000)	($1,073,697,000)	($1,952,101,000)
Allocation Percentage	2.382546%	2.382546%	2.382546%
Proportionate Share of Collective NPL	($280,974)	($25,581,324)	($46,509,703)
TRS 1 NPL	$1,290,542,000	$673,298,000	$134,647,000
Allocation Percentage	2.876233%	2.876233%	2.876233%
Proportionate Share of Collective NPL	$37,118,996	$19,365,620	$3,872,762
TRS 2/3 NPL	$479,331,000	($2,748,807,000)	($5,382,150,000)
Allocation Percentage	2.884514%	2.884514%	2.884514%
Proportionate Share of Collective NPL	13,826,368	($79,289,710)	($155,248,846)

Note 8: Defined Benefit Other Postemployment Benefit (OPEB) Plans

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB 75 for the year 2021:

Aggregate OPEB Amounts – All Plans	
OPEB liabilities	$163,960,099
Deferred outflows of resources	$29,377,780
Deferred inflows of resources	$25,792,745
OPEB expense/expenditures	$15,896,374

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 regard to sharing of benefit costs.

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), 76 of the state's K–12 school districts and educational service

districts (ESDs), and 249 political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the remaining 227 K–12 school districts and ESDs. The District's retirees approximately 1,065 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 Plans 2 and 3 of SERS and TRS.

Plan 2

- Age 65 with 5 years of service
- Age 55 with 20 years of service

Plan 3

- Age 65 with 10 years of service
- Age 55 with 10 years of service

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

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2021.

Members not eligible for Medicare			
(or enrolled in Part A only)	**Type of Coverage**		
Descriptions	**Employee**	**Employee & Spouse**	**Full Family**
Kaiser Permanente NW Classic	$745.66	$1,485.75	$2,040.82
Kaiser Permanente NW CDHP	$618.76	$1,226.30	$1,638.21
Kaiser Permanente WA Classic	$775.39	$1,545.22	$2,122.58
Kaiser Permanente WA CDHP	$619.29	$1,227.86	$1,640.54
Kaiser Permanente WA Sound Choice	$641.43	$1,277.28	$1,754.17
Kaiser Permanente WA Value	$698.96	$1,392.34	$1,912.38
UMP Classic	$691.72	$1,377.86	$1,892.47
UMP Select	$623.50	$1,241.43	$1,704.88
UMP CDHP	$618.52	$1,226.31	$1,638.41
UMP Plus-Puget Sound High Value Network	$658.79	$1,312.02	$1,801.93
UMP Plus-UW Medicine Accountable Care Network	$658.79	$1,312.02	$1,801.93

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

Members enrolled in Part A and B of Medicare	**Type of Coverage**		
Descriptions	**Employee**	**Employee & Spouse[1]**	**Full Family[1]**
Kaiser Permanente NW Senior Advantage	$174.41	$343.27	$898.34
Kaiser Permanente WA Medicare Plan	$177.10	$348.64	N/A

Kaiser Permanente WA Classic	N/A	N/A	$926.01
Kaiser Permanente WA Sound Choice	N/A	N/A	$825.54
Kaiser Permanente WA Value	N/A	N/A	$868.68
UMP Classic	$336.30	$667.04	$1,181.65
Note 1: Employee–Spouse and Full Family with two Medicare eligible subscribers.			

Membership

The following employees were included in the actuarial valuation as of July 1, 2020:

Retired employees and surviving spouses	1,001
Spouses of retired employees	444
Active employees	3,653

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 pay-as-you go financing.
The 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. The amount collected is set forth in the state's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

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

For further information on the results of the actuarial valuation of the employer provided subsidies associated 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 Annual Comprehensive Financial Report, which is available on the OFM website

Sensitivity Analysis

The following presents the total OPEB liability of the District calculated using the current healthcare cost trend rates, as well as what the District's total OPEB liability would be if it were calculated using trend rates that are 1-percentage point lower or 1-percentage point higher than the current trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$132,797,924	$163,960,099	$206,450,070

The following presents the total OPEB liability of the District calculated using the discount rate of 2.20 percent,

as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.20%) or 1-percentage point higher (3.20%) than the current rate.

	1% Decrease (1.20%)	Current Discount Rate (2.20%)	1% Increase (3.20%)
Total OPEB Liability	$198,133,644	$163,960,099	$137,296,915

Change in OPEB Liability

The following table represents the changes in the total OPEB Liability as of August 31, 2021.

The measurement date of the OPEB liability is August 31, 2020. This is the date at which the OPEB liability is determined. The valuation date is July 1, 2020. There have been no significant changes between the valuation date and fiscal year ends.

Change in Total OPEB Liability	
Total OPEB Liability at 08/31/2020	$167,370,054
Service Cost	11,046,633
Interest on total OPEB liability	5,250,347
Effect of economic/demographic gains or losses	(9,005,561)
Effect of assumptions changes or inputs	(7,402,544)
Expected benefit payments	(3,298,830)
Total OPEB Liability at 08/31/2021	$163,960,099

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At August 31, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$3,770,437	$8,179,363
Changes of Assumptions	$22,182,739	$17,613,382
Payments subsequent to the measurement date	$3,424,604	
Total	$29,377,780	$25,792,745

OPEB Expense

Deferred outflows of resources of $3,424,604 resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended August 31, 2021. Other

amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended August 31:	
2021	($400,606)
2022	($400,606)
2023	($400,606)
2024	($400,606)
2025	$510,853
Thereafter	$1,252,002

Note 9: Participation in Interlocal Cooperative

The Lake Washington School District is a member of the King County Director's Association which is an organization formed and owned by school districts in Washington State. The purpose of the cooperative is to purchase supplies, equipment, food and other merchandise at lower prices through volume purchasing.

The members of the cooperative are billed for items purchased at association cost plus an administrative charge. Profits are allocated annually to the member districts based upon comparative administrative charges. No profit distributions have been paid. The Lake Washington School District's accrued ownership at December 31, 2020 was $340,704.

Note 10: Long-Term Debt

A. Changes in Long-Term Liabilities

Bonds Payable	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
2009 Bonds	$17,445,000			$17,445,000	
2012 Bonds	2,800,000		$2,800,000	0	
2015 Bonds	112,020,000		13,920,000	98,100,000	15,895,000
2016 Bonds	158,045,000		8,915,000	149,130,000	11,805,000
2017 Bonds	128,525,000		4,970,000	123,555,000	6,060,000
2018 Bonds	62,215,000		3,820,000	58,395,000	5,675,000
2020 Bonds	188,495,000		13,945,000	174,550,000	10,715,000
Total Bonds Payable	$669,545,000	$0	$48,370,000	$621,175,000	$50,150,000
Other Liabilities:					
Unemployment Pay.	$296,389	$1,786,593	$1,429,583	$653,399	$250,000
Other Empl. Ins. Pay.	1,481,365	7,810	1,489,175	0	
Industrial Insurance	2,393,147	1,247,640	1,633,996	2,006,791	1,500,000
Net OPEB	167,370,054	16,296,980	19,706,935	163,960,099	3,424,604
Compensated Absences	6,315,815	2,101,526	1,842,835	6,574,506	773,275
Net Pension	134,620,535		110,390,463	24,230,072	
Unamortized Premium	81,336,917		7,415,792	73,921,125	7,180,931
Unamortized Discount	(2,328,779)		(226,922)	(2,101,857)	(216,178)
Total Other Liab.	391,485,443	21,440,549	143,681,857	269,244,135	12,912,632
Grand Total	$1,061,030,443	$21,440,549	$192,051,857	$890,419,135	$63,062,632

During the fiscal year ended August 31, 2021 the following changes occurred in liabilities reported in the district-wide financial statements:

B. Bond Premiums

The amortization schedule of bond premiums is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
2009 Bonds	$49,232		$6,154	$43,078
2012 G.O. Bonds	234,861		234,861	0
2015 Bonds	9,305,505		1,550,917	7,754,588
2016 Bonds	25,060,705		1,566,294	23,494,411
2017 Bonds	14,576,433		809,712	13,766,721
2018 Bonds	7,261,606		382,190	6,879,416
2020 Bonds	24,848,575		$2,865,664	21,982,911
	$81,336,917	$0	$7,415,792	$73,921,125

C. Unamortized Discount Costs

The amortization schedule of bond discount costs is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
2009 Bonds	$61,189		$7,649	$53,540
2012 G.O. Bonds	10,745		10,745	0
2015 Bonds	310,800		51,800	259,000
2016 Bonds	546,057		34,128	511,929
2017 Bonds	484,592		26,921	457,671
2018 Bonds	255,663		13,456	242,207
2020 Bonds	659,733		82,223	577,510
	$2,328,779	$0	$226,922	$2,101,857

D. Unamortized Deferred Charge on Refunding

The amortization schedule of deferred charge on refunding which is carried as a deferred outflow of resources is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
2006 Bond	$2,107,195		$351,200	$1,755,995
2007 Bond	1,779,151		444,787	1,334,364
2008 Bond	3,160,682		451,525	2,709,157
2009 Bond	401,736		57,391	344,345
2010 Bond	2,550,857		255,086	2,295,771
	$9,999,621	$0	$1,559,989	$8,439,632

E. General Obligation Debt

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

	Interest Rates	Issue Date	Maturity Date	Amount Issued	Ending Balance
2009 Bonds	1.65-5.57	11/03/09	12/01/27	$17,445,000	$17,445,000
2015 Bonds	2.00-5.00	06/17/15	12/01/25	162,800,000	98,100,000
2016 Bonds	1.50-5.00	08/23/16	12/01/35	195,020,000	149,130,000
2017 Bonds	2.50-5.00	12/13/17	12/01/37	149,565,000	123,555,000
2018 Bonds	3.00-5.00	12/06/18	12/01/38	71,765,000	58,395,000
2020 Bonds	2.00-4.00	05/28/20	12/01/29	188,495,000	174,550,000
				$785,090,000	$621,175,000

F. Debt Service Requirements to Maturity

Fiscal Year Ended August 31	Principal	Interest	Total
2022	$50,150,000	$24,313,995	$74,463,995
2023	55,855,000	21,780,645	77,635,645
2024	47,365,000	19,604,833	66,969,833
2025	44,485,000	17,965,720	62,450,720
2026	51,755,000	16,146,283	67,901,283
2027-2031	192,790,000	57,014,660	249,804,660
2032-2036	129,650,000	25,935,375	155,585,375
2037-2039	49,125,000	2,471,525	51,596,525
	$621,175,000	$185,233,036	$806,408,036

G. Bonds Authorized but Unissued

As of August 31, 2021, there are no bonds that are authorized and unissued.

Note 11: Operating Leases (Non-Capitalized)

The district is obligated to pay under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the district's Capital Assets. The following is a schedule by years of future minimum rental payments required under operating leases for copiers of one year or more as of August 31, 2021.

Year Ended	Amount
8/31/2022	319,800
8/31/2023	186,550
Total	$506,350

Note 12: Self-Insured Employee Benefits

Unemployment – The district provides for unemployment compensation on a self-insured basis, whereby an estimated liability is accrued and actual benefits paid are charged against the accrual in the General Fund. The district reimburses Washington State Employment Security Department on a quarterly basis for claims approved and paid. The district paid out a total of $335,454 in unemployment claims for the fiscal year ended August 31, 2021. The following is a summary of activity for the current and prior fiscal year.

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2020-21	$296,390	$692,464	$335,455	$653,399
2019-20	$537,329	$80,246	$321,185	$296,390

Industrial Insurance – The district began self-insurance for industrial insurance in January 1979 and contracts with a 3rd party administrator to manage its claims. Industrial insurance compensation is provided for by establishing an estimated liability based on past experience. This liability is reviewed continually for adequacy. In addition, the district carries a major risk policy that covers a single claim over $400,000. The district paid out a total of $759,562 in industrial insurance claims in the General Fund for the fiscal year ended August 31, 2021. The following is a summary of activity for the current and prior fiscal year.

Fiscal Year	Beginning Balance	Additions	Reductions	Ending Balance
2020-21	$2,393,147	$1,220,534	$1,606,890	$2,006,791
2019-20	$2,560,865	$1,316,567	$1,484,285	$2,393,147

Note 13: Risk Management

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, terrorism, 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 $1.5M for liability risk shared by WSRMP. Reinsurance or Excess carriers cover losses over the self-insured retention to the maximum limits of each policy. Members are responsible for varied deductibles for

auto and property claims. 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.

Note 14: Reconciliation Between Governmental Fund Financial Statements and District-Wide Financial Statements

A. Balance Sheet/Statement of Net Position

1. Capital Assets – Capital assets are not reported on governmental fund financial statements. Capital assets are reported on the district-wide Statement of Net Position at historical cost less accumulated depreciation.

Cost of capital assets	$1,662,965,856
Accumulated Depreciation	360,508,269
Net Capital Assets	$1,302,457,587

2. Deferred Charge on Refunding-The difference between the carrying amount of refunded debt and the cost of new debt to retire the old debt resulted in a loss on refunding. The governmental funds recognize this loss as current other financing sources in the period in which the refunding occurred. In the governmental statements, the deferred loss on refunding balance ($8,439,632) is shown as a deferred outflow of resources and amortized as a component of interest expense over the shorter of the life of the old debt or new debt.

3. Deferred Pension Plan-In the governmental funds, the district is required to report a portion of the liabilities for the pension plans with which our employees participate. This resulted in a deferred outflow ($49,575,450) and a deferred inflow ($163,685,576) of resources.

4. Deferred Other Post Employment Benefits- In the governmental funds, the district is required to report a portion of the liabilities for the OPEB plans with which our retirees participate. This resulted in a deferred outflow ($29,377,780) and a deferred inflow ($25,792,745) of resources.

5. Long-term liabilities of $890,419,135 ($59,638,028 due within one year; $642,590,936 due in more than one year); OPEB liability of $163,960,099 and net pension liability of $24,230,072 applicable to the district's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of Net Position.

6. Unavailable Revenue – Property taxes and receivables ($86,658,981) that do not provide current financial resources are reported as unavailable revenue in governmental funds, but as revenues in government-wide financial statements.

7. Due From and Due To Other Funds ($876,065) - Internal transfers between governmental funds were eliminated in the governmental-wide statement to avoid the "doubling up" effect.

B. Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities

1. Property taxes and open accounts receivable that do not provide current financial resources are reported as unavailable revenue in governmental funds, but as revenues in the Statement of Activities ($1,985,321).

2. The increase between the beginning and ending balances of the liability for compensated absences ($258,697) is reported in the Statement of Activities as an expense and is allocated to various applicable programs. This increase is not reported in governmental fund statements.

3. The increase between the beginning and ending balance of the liability for net OPEB obligation ($12,471,770) is reported in the Statement of Activities as an expense and is allocated to various applicable programs. This increase is not reported in governmental fund statements.

4. Current year pension expense per GASB 68 (-$58,858,646) is not reported in the governmental fund financial statements. However, it is reported in the district-wide statement of activities as a negative expense.

5. The proceeds of the sale of property is reported as an increase in other financial resources in governmental funds, while only the loss on sale or disposition of property ($1,324,275) is reported in the statement of activities.

6. Capital Assets – Capital assets are expensed when purchased or constructed in the governmental fund statements. Capital assets are expensed as depreciation over the useful life of the asset in the statement of activities ($34,414,328).

7. Repayment of bond principal ($48,370,000) is reported as an expenditure in governmental funds and, thus has the effect of reducing fund balance. For the district as a whole, however, the principal payments reduce the liabilities in the statement of Net Position.

8. Internal transfers between funds ($22,145,977) are reported as other financial sources/uses in the governmental funds but eliminated in the consolidated Statement of Activities.

9. The government funds report debt interest and other payments, $26,660,558 as expenditures. In the governmental funds, interest expense is adjusted to reflect amortization of bond premium ($7,415,792), amortization of bond discount ($226,923) and amortization of deferred amount on refunding ($1,559,989).

Amortization of Bond Premium	($7,415,792)
Amortization of Bond Discount	226,923
Amortization of Deferred Amount of Refunding	1,559,989
	($5,628,880)

Note 15: Contingent Liabilities

The district receives federal and state grants for specific programs. Both types of grants are subject to audit by the Washington State Auditor's Office. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, the district believes that such disallowances, if any, will be immaterial.

Note 16: Litigation

Possible losses from suits and claims against the Lake Washington School District are fully covered by the Washington Schools Risk Management Pool. The District is not aware of any claims which are not adequately covered.

Note 17: 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. The school district, however, continued to operate, educating students using continuous learning models.

Many of the precautionary measures put in place during the 2019–20 school year remained in effect for most of the 2020-21 school year. The district began the 2020-21 school year primarily offering fully remote learning with a limited number of special education students being served in person. The district did not furlough or layoff staff so that the district would be ready to return students to school when feasible.

In February 2021, the district brought kindergarten and first grade students back for in-person learning 4 days per week. In March 2021, the district brought back grades 2-5 for in-person learning, 2 days per week. In April 2021, the district brought back all grades for in-person learning, 4 days per week.

Since the start of the 2021-22 school year, the district has returned to in-person learning for all grades and followed the regular school calendar. The district started a new Online School for families that were not ready to return to in-person and wanted to continue remote learning.

Since the start of the pandemic, and through the 2020-21 school year, the district spent approximately $11.9 million of one-time expenses related to addressing the needs from the pandemic. The district also received approximately $7.7 million of one-time, state and federal revenues related to the pandemic. As a result, the required use of fund balance to address the needs of the pandemic were approximately $4.2 million through the 2020-21 school year.

District enrollment decreased by about 0.4% from October 2020 to October 2021 and the projected average full time equivalent (FTE) is approximately 200 students above this year's budgeted enrollment.

Returning to in-person instruction for the 2021-22 required additional investments in health and safety, curriculum and equipment, increased educator staffing, supports for the new online school, and supports for student recovery. The district currently estimates additional expenses in 2021-22 to be around $17.1 million with approximately $8.6 million in additional revenue from Federal grants to help with the pandemic. As a result, the required use of fund balance is currently estimated to at $8.5 million for the 2021-22 school year.

Due to the unknown impacts related to COVID, the adopted 2021-22 budget includes $40 million in committed fund balance for economic stabilization. The full extent of the financial impact on the school district, is unknown at this time.

Lake Washington School District
Schedules of Required Supplementary Information

The required supplementary information identified below is presented separately for each plan the school district participates in. The amounts reported in the Schedules of the Districts Proportionate Share of the Net Pension Liability are determined as of the June 30 measurement date of the collective net pension liability.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

PERS 1

Last 10 Fiscal Years*

As of June 30th	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the net pension liability (percentage)	0.333717%	0.292801%	0.372758%	0.317635%	0.357901%	0.390956%	0.398323%
District's proportionate share of the net pension liability (amount)	$17,456,511	$15,724,781	$17,687,644	$14,185,700	$13,762,575	$13,802,860	$4,864,452
District's covered-employee payroll	$37,694,260	$35,333,773	$46,371,620	$42,034,737	$49,819,307	$58,083,384	$60,982,314
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	46.31%	44.50%	38.14%	33.75%	27.62%	23.76%	7.98%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%

SERS 2/3

Last 10 Fiscal Years*

As of June 30th	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the net pension liability (percentage)	2.156443%	1.877438%	2.244654%	1.893267%	2.045037%	2.208082%	2.382546%
District's proportionate share of the net pension liability (amount)	$8,758,413	$12,330,393	$11,076,806	$5,662,041	$4,795,570	$11,746,200	($25,581,324)
District's covered-employee payroll	$37,128,537	$34,875,682	$45,868,804	$41,624,914	$49,508,318	$57,845,947	$60,799,544
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	23.59%	35.36%	24.15%	13.60%	9.69%	20.31%	-42.07%
Plan fiduciary net position as a percentage of the total pension liability	90.92%	86.52%	90.79%	94.77%	96.31%	92.45%	114.15%

TRS 1							
Last 10 Fiscal Years*							
As of June 30th	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the net pension liability (percentage)	2.657424%	2.310233%	2.709794%	2.463093%	2.718438%	2.768718%	2.876233%
District's proportionate share of the net pension liability (amount)	$84,190,967	$78,876,837	$81,924,344	$71,936,904	$67,303,176	$66,692,483	$19,365,620
District's covered-employee payroll	$127,138,238	$117,104,222	$150,055,912	$144,918,444	$182,490,738	$199,992,101	$214,627,110
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	66.22%	67.36%	54.60%	49.64%	36.88%	33.35%	9.02%
Plan fiduciary net position as a percentage of the total pension liability	65.70%	62.07%	65.58%	66.52%	70.37%	70.55%	91.42%

TRS 2/3							
Last 10 Fiscal Years*							
As of June 30th	2015	2016	2017	2018	2019	2020	2021
District's Proportion of the net pension liability (percentage)	2.646598%	2.293214%	2.698990%	2.462132%	2.715775%	2.759083%	2.884514%
District's proportionate share of the net pension liability (amount)	$22,332,050	$31,492,634	$24,910,139	$11,082,403	$16,363,469	$42,378,992	($79,289,710)
District's covered-employee payroll	$123,808,566	$114,847,370	$148,016,879	$143,690,860	$181,294,700	$199,153,137	$214,166,785
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	18.04%	27.42%	16.83%	7.71%	9.03%	21.28%	-37.02%
Plan fiduciary net position as a percentage of the total pension liability	92.48%	88.72%	93.14%	96.88%	96.36%	91.72%	120.29%

The information identified below is the Schedule of Contributions, by Plan. The amounts reported in the Schedules of District Contributions are determined as of the school district's fiscal year ending August 31.

SCHEDULE OF DISTRICT CONTRIBUTIONS							
PERS 1							
Last 10 Fiscal Years*							
As of August 31st	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	$1,533,757	$1,863,411	$2,095,592	$2,345,266	$2,603,126	$2,833,438	$2,967,053
Contributions in relation to the contractually required contributions	$1,533,757	$1,863,411	$2,095,592	$2,345,266	$2,603,126	$2,833,438	$2,967,053
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$34,967,929	$39,054,584	$43,348,477	$46,208,783	$50,423,795	$59,720,797	$61,285,532
Contribution as a percentage of covered-employee payroll	4.39%	4.77%	4.83%	5.08%	5.16%	4.74%	4.84%

SERS 2/3							
Last 10 Fiscal Years*							
As of August 31st	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	$2,096,530	$2,519,129	$2,842,705	$3,713,934	$4,145,406	$4,774,843	$5,016,469
Contributions in relation to the contractually required contributions	$2,096,530	$2,519,129	$2,842,705	$3,713,934	$4,145,406	$4,774,843	$5,016,469
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$34,452,767	$38,558,679	$42,888,172	$45,766,910	$50,137,314	$59,492,296	$61,112,344
Contribution as a percentage of covered-employee payroll	6.09%	6.53%	6.63%	8.11%	8.27%	8.03%	8.21%

TRS 1							
Last 10 Fiscal Years*							
As of August 31st	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	$5,946,700	$7,928,788	$8,859,127	$11,460,836	$13,946,894	$14,539,975	$15,808,309
Contributions in relation to the contractually required contributions	$5,946,700	$7,928,788	$8,859,127	$11,460,836	$13,946,894	$14,539,975	$15,808,309
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$118,511,191	$128,448,411	$140,318,930	$160,114,673	$187,745,729	$202,159,906	$217,663,861
Contribution as a percentage of covered-employee payroll	5.02%	6.17%	6.31%	7.16%	7.43%	7.19%	7.26%

TRS 2/3							
Last 10 Fiscal Years*							
As of August 31st	2015	2016	2017	2018	2019	2020	2021
Contractually required contributions	$7,033,264	$8,341,117	$9,307,146	$12,267,460	$14,606,826	$16,053,448	$17,456,059
Contributions in relation to the contractually required contributions	$7,033,264	$8,341,117	$9,307,146	$12,267,460	$14,606,826	$16,053,448	$17,456,059
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$115,575,417	$126,039,739	$138,532,088	$158,835,845	$186,554,080	$201,402,700	$217,262,515
Contribution as a percentage of covered-employee payroll	6.09%	6.62%	6.72%	7.72%	7.83%	7.97%	8.03%

LAKE WASHINGTON SCHOOL DISTRICT NO. 414
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS FOR THE YEAR ENDED AUGUST 31, 2021

Total OPEB Liability	**2018**	**2019**	**2020**	**2,021**
Service Cost	$7,334,473	$6,232,790	$7,952,152	$11,046,633
Interest on total OPEB liability	3,766,360	4,374,274	5,374,551	5,250,347
Changes in benefit terms				
Effect of economic/demographic gains or (losses)		$5,386,339		($9,005,562)
Effect of assumption changes or inputs	(15,494,785)	(3,838,357)	27,728,423	(7,402,544)
Expected benefit payments	(2,348,794)	(2,656,625)	(2,890,759)	(3,298,830)
Net change in total OPEB liability	(6,742,746)	9,498,421	38,164,367	(3,409,956)
Total OPEB liability, beginning	126,450,013	119,707,267	129,205,688	167,370,055
Total OPEB liability, ending	$119,707,267	$129,205,688	$167,370,055	163,960,099
Covered employee payroll	$194,129,649	$217,811,559	$238,169,523	261,880,703
Total OPEB liability as a percentage of covered payroll	61.66%	59.32%	70.27%	62.61%

The valuation date of the actuarial study was July 1, 2020 and then projected to the measurement date of August 31, 2020. Assets have not been accumulated in a trust to pay related benefits. There are no changes to benefit terms. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

Lake Washington School District No. 414
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	COVID 19 - National School Lunch Program	10.555	17414	26,633	-	26,633	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	17414	222,645	-	222,645	-	3
			Total CFDA 10.555:	**249,278**	**-**	**249,278**	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Summer Food Service Program for Children	10.559	217WAWA3N10	3,164,039	-	3,164,039	-	
			Total Child Nutrition Cluster:	**3,413,317**	**-**	**3,413,317**	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Treasurer)	Schools and Roads - Grants to States	10.665	17414	7,512	-	7,512	-	3
	Total Forest Service Schools and Roads Cluster:			**7,512**	**-**	**7,512**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Title I Grants to Local Educational Agencies	84.010	203574	1,396,402	-	1,396,402	-	2, 4
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Grants to States	84.027	307151	5,187,104	-	5,187,104	-	2

The accompanying notes are an integral part of this schedule.

Lake Washington School District No. 414
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	366541	92,115	-	92,115	-	2
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSPI)	Special Education Preschool Grants	84.173	385466	1,336,801	-	1,336,801	-	2
			Total CFDA 84.173:	**1,428,916**	**-**	**1,428,916**	-	
			Total Special Education Cluster (IDEA):	**6,616,020**	**-**	**6,616,020**	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	174680	119,306	-	119,306	-	2
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	174961	27,683	-	27,683	-	2
			Total CFDA 84.048:	**146,989**	**-**	**146,989**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	S060A201113	-	71,829	71,829	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	402935	416,447	-	416,447	-	2

The accompanying notes are an integral part of this schedule.

Lake Washington School District No. 414
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	525034	228,731	-	228,731	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	Student Support and Academic Enrichment Program	84.424	430890	154,589	-	154,589	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 120160	749,836	-	749,836	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 130219	42,939	-	42,939	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI via City of Kirkland)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 32000391	42,857	-	42,857	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 120326	3,406,306	-	3,406,306	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 138140	55,205	-	55,205	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 437161	706,273	-	706,273	-	
			Total CFDA 84.425:	**5,003,416**	**-**	**5,003,416**	-	

Head Start Cluster

The accompanying notes are an integral part of this schedule.

Lake Washington School District No. 414
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via PSESD)	Head Start	93.600	1108611534	573,084	-	573,084	-	
			Total Head Start Cluster:	**573,084**	**-**	**573,084**	**-**	
			Total Federal Awards Expended:	**17,956,507**	**71,829**	**18,028,336**	**-**	

The accompanying notes are an integral part of this schedule.

Lake Washington School District #414
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2021

NOTE 1 – BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. Lake Washington School District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 – FEDERAL INDIRECT RATE

a) The Lake Washington School District claimed indirect costs under this grant using its federal restricted rate of 2.58%.
b) The Lake Washington School District claimed indirect costs under this grant using its federal restricted rate of 9.26%.

The Lake Washington School District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – NONCASH AWARDS – FOOD COMMODITIES

The amount of food commodities reported on the schedule is the market value of commodities received by the Lake Washington School District during the current year. The value is determined by the USDA.

NOTE 4 – SCHOOL WIDE PROGRAMS

The Lake Washington School District operates a “schoolwide program” in two elementary 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 were expensed by the Lake Washington School District in its schoolwide program: Title I (84.010) $421,761.57.

L.E. Scarr Resource Center
16250 N.E. 74th Street
Redmond WA. 98073
Office: (425) 936-1200
Fax: (425) 936-1213

CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Lake Washington School District No. 414
September 1, 2020 through August 31, 2021

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).

Finding ref number: 2021-001	**Finding caption:** The District's internal controls were inadequate for ensuring compliance with federal requirements for time-and-effort documentation.
Name, address, and telephone of District contact person: Margo Allen, Accounting Manager P.O. Box 97039 Redmond, WA 98052 (425) 936-1478	
Corrective action the auditee plans to take in response to the finding: *We thank the auditors for their review of the District compliance with federal time and effort requirements. Beginning in May 2022, semi-annual certifications will be sent to and signed by the supervisor/administrator. On a monthly basis, each department staff assigned to collect the time and effort documents will report completion of the task to their Department Director and the District Business office.*	
Anticipated date to complete the corrective action: 05/2022	

ABOUT THE STATE AUDITOR'S OFFICE

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

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

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

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

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

The results of our work are available to everyone through the more than 2,000 reports we publish each year on our website, www.sao.wa.gov. Additionally, we share regular news and other information via an email subscription service and social media channels.

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

Stay connected at sao.wa.gov

- Find your audit team
- Request public records
- Search BARS manuals (GAAP and cash), and find reporting templates
- Learn about our training workshops and on-demand videos
- Discover which governments serve you — enter an address on our map
- Explore public financial data with the Financial Intelligence Tool

Other ways to stay in touch

- Main telephone: (564) 999-0950
- Toll-free Citizen Hotline: (866) 902-3900
- Email: webmaster@sao.wa.gov