Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Northeast Washington Educational Service District No. 101

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

Published April 25, 2024

Report No. 1034668

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Office of the Washington State Auditor
Pat McCarthy

April 25, 2024

Board of Directors
Northeast Washington Educational Service District No. 101
Spokane, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Northeast Washington Educational Service District No. 101'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 activities and condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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Northeast Washington Educational Service District No. 101
September 1, 2022 through August 31, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of Northeast Washington Educational Service District No. 101 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 basic financial statements of 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 no deficiencies that we consider to be material weaknesses.

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

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

Identification of Major Federal Programs

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

ALN	Program or Cluster Title
84.010	Title I Grants to Local Educational Agencies
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

None reported.

INDEPENDENT AUDITOR'S REPORT

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

Northeast Washington Educational Service District No. 101
September 1, 2022 through August 31, 2023

Board of Directors
Northeast Washington Educational Service District No. 101
Spokane, 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 each major fund and the aggregate remaining fund information of Northeast Washington Educational Service District No. 101, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 18, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

April 18, 2024

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

Northeast Washington Educational Service District No. 101
September 1, 2022 through August 31, 2023

Board of Directors
Northeast Washington Educational Service District No. 101
Spokane, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Northeast Washington Educational Service District No. 101, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and

- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

April 18, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Northeast Washington Educational Service District No. 101
September 1, 2022 through August 31, 2023

Board of Directors
Northeast Washington Educational Service District No. 101
Spokane, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of Northeast Washington Educational Service District No. 101, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the financial section of our report.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of Northeast Washington Educational Service District No. 101, as of August 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Matters of Emphasis

As discussed in Notes 1 and 14 to the financial statements, in 2023, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing

an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Management has omitted the management's discussion and analysis information that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. 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 supplementary information 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 as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

Pat McCarthy, State Auditor

Olympia, WA

April 18, 2024

FINANCIAL SECTION

Northeast Washington Educational Service District No. 101
September 1, 2022 through August 31, 2023

BASIC FINANCIAL STATEMENTS

REQUIRED SUPPLEMENTARY INFORMATION

SUPPLEMENTARY AND OTHER INFORMATION

EDUCATIONAL SERVICE DISTRICT #101
STATEMENT OF NET POSITION - ALL FUNDS
AS OF AUGUST 31, 2023

	Note	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	TOTAL ALL FUNDS
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	2	$ 586,718	$ 70,711	$ 15,213	$ 672,642
Investments	2	$ 11,673,318	$ 12,306,023	$ 2,894,325	$ 26,873,666
Accounts Receivable		$ 2,680,803	$ 323,273	$ 46,289	$ 3,050,365
Prepaids		$ 86,673			$ 86,673
Restricted Assets		$ 274,885			$ 274,885
TOTAL CURRENT ASSETS		$ 15,302,397	$ 12,700,007	$ 2,955,827	$ 30,958,231
NONCURRENT ASSETS					
Capital Assets	3				
Land		$ 500,000			$ 500,000
Land Improvements		$ 590,902			$ 590,902
Building		$ 6,736,455			$ 6,736,455
Equipment		$ 407,539			$ 407,539
Leased Assets	5, 6	$ 253,803			$ 253,803
Less: Accumulated Depreciation		$ (3,642,092)			$ (3,642,092)
Net Capital Assets		$ 4,846,608	$ -	$ -	$ 4,846,608
Investment in Joint Venture	13	$ 390,893			$ 390,893
Net Pension Asset	7	$ 575,874			$ 575,874
TOTAL NONCURRENT ASSETS		$ 5,813,375	$ -	$ -	$ 5,813,375
TOTAL ASSETS		$ 21,115,771	$ 12,700,007	$ 2,955,827	$ 36,771,605
DEFERRED OUTFLOWS OF RESOURCES					
Deferred OutFlows Related to Pensions		$ 3,093,709			$ 3,093,709
Deferred OutFlows Related to OPEB		$ 1,085,779			$ 1,085,779
TOTAL DEFERRED OUTFLOWS OF RESOURCES		$ 4,179,488	$ -	$ -	$ 4,179,488
LIABILITIES	5				
CURRENT LIABILITIES					
Accounts Payable		$ 912,766	$ 387,534	$ 7,716	$ 1,308,016
Accrued Interest Payable		$ 11,343			$ 11,343
Accrued Salaries		$ 184,460			$ 184,460
Payroll Deductions & Taxes Payable		$ 25,839			$ 25,839
Compensated Absences		$ 282,049			$ 282,049
Total OPEB Liability		$ 233,453			$ 233,453
Bonds Payable		$ 150,000			$ 150,000
Leases Payable		$ 65,006			$ 65,006
Claim Reserves					
IBNR			$ 1,066,768		$ 1,066,768
Open Claims			$ 424,489	$ 48,131	$ 472,620
Unallocated Loss Adjustment Expenses			$ 286,000		$ 286,000
Future L&I Assessments			$ 312,916		$ 312,916
Unearned Revenue		$ 158,013			$ 158,013
Other Liabilities and Credits		$ 13,147			$ 13,147
TOTAL CURRENT LIABILITIES		$ 2,036,075	$ 2,477,707	$ 55,847	$ 4,569,629
NONCURRENT LIABILITIES					
Compensated Absences	1, 12	$ 607,819			$ 607,819
Claim Reserves					
IBNR			$ 1,362,626		$ 1,362,626
Open Claims			$ 673,922	$ 147	$ 674,069
Unallocated Loss Adjustment Expenses				$ 8,000	$ 8,000
Net Pension Liability	7	$ 1,827,334			$ 1,827,334
Total OPEB Liability	8	$ 5,649,251			$ 5,649,251
Bonds Payable	4	$ 660,000			$ 660,000
Net Leases Payable	5, 6	$ 113,948			$ 113,948
TOTAL NONCURRENT LIABILITIES		$ 8,858,352	$ 2,036,548	$ 8,147	$ 10,903,047
TOTAL LIABILITIES		$ 10,894,427	$ 4,514,255	$ 63,994	$ 15,472,676
DEFERRED INFLOWS OF RESOURCES					
Deferred InFlows Related to Pensions		$ 1,414,859			$ 1,414,859
Deferred InFlows Related to OPEB		$ 3,495,910			$ 3,495,910
TOTAL DEFERRED INFLOWS OF RESOURCES		$ 4,910,769	$ -	$ -	$ 4,910,769
NET POSITION	11				
Net Investment in Capital Assets		$ 3,856,411	$ -	$ -	$ 3,856,411
Restricted - Net pension Asset		$ 2,365,416	$ -	$ -	$ 2,365,416
Restricted		$ 2,566,903	$ -	$ -	$ 2,566,903
Unrestricted		$ 701,333	$ 8,185,752	$ 2,891,833	$ 11,778,918
TOTAL NET POSITION		$ 9,490,063	$ 8,185,752	$ 2,891,833	$ 20,567,648

The accompanying notes are an integral part of the financial statements.

EDUCATIONAL SERVICE DISTRICT #101
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2023

	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	TOTAL ALL FUNDS
OPERATING REVENUES				
Local Sources	$ 5,128,210			$ 5,128,210
State Sources	$ 11,241,993			$ 11,241,993
Allotment	$ 1,601,592			$ 1,601,592
Federal Sources	$ 8,301,212			$ 8,301,212
Cooperative Programs	$ 6,495,450			$ 6,495,450
Other Programs	$ 1,332,230			$ 1,332,230
Member Assessments/Contributions		$ 4,440,500	$ 665,283	$ 5,105,783
Supplemental Member Assessments		$ 2,313,063		$ 2,313,063
TOTAL OPERATING REVENUE	$ 34,100,686	$ 6,753,563	$ 665,283	$ 41,519,532
OPERATING EXPENSES				
General Operations and Administration	$ 1,579,109	$ 1,003,360	$ 13,015	$ 2,595,484
Instructional Support Programs	$ 17,783,832			$ 17,783,832
Non Instructional Support Programs	$ 10,665,427			$ 10,665,427
Incurred Loss/Loss Adjustment Expenses				
Paid on Current Losses		$ 2,548,775	$ 169,547	$ 2,718,322
Change in Loss Reserves		$ 152,318	$ 14,046	$ 166,364
Unallocated Loss Adjustment Expenses				
Change in Unallocated Loss Reserves		$ 18,000	$ 3,000	$ 21,000
Excess/Reinsurance Premiums		$ 289,203		$ 289,203
Labor & Industries Assessments		$ 259,424		$ 259,424
Depreciation	$ 272,253			$ 272,253
Other Operating Expenses		$ 2,369,363	$ 44,718	$ 2,414,081
TOTAL OPERATING EXPENSES	$ 30,300,622	$ 6,640,443	$ 244,326	$ 37,185,391
OPERATING INCOME (LOSS)	$ 3,800,064	$ 113,120	$ 420,956	$ 4,334,140
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	$ 232,996	$ 263,665	$ 55,521	$ 552,183
Interest Expense and Related Charges	$ (17,446)			$ (17,446)
Change in Joint Venture	$ 120,660			$ 120,660
TOTAL NONOPERATING REVENUES (EXPENSES)	$ 336,210	$ 263,665	$ 55,521	$ 655,397
INCOME (LOSS) BEFORE OTHER ITEMS	$ 4,136,274	$ 376,785	$ 476,478	$ 4,989,537
INCREASE (DECREASE) IN NET POSITION	$ 4,136,274	$ 376,785	$ 476,478	$ 4,989,537
NET POSITION - BEGINNING BALANCE	$ 5,353,787	$ 7,808,968	$ 2,415,355	$ 15,578,110
NET POSITION - ENDING BALANCE	$ 9,490,061	$ 8,185,753	$ 2,891,833	$ 20,567,647

The accompanying notes are an integral part of the financial statements.

EDUCATIONAL SERVICE DISTRICT #101
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2023

	OPERATING	WORKERS COMPENSATION FUND	UNEMPLOYMENT FUND	TOTAL ALL FUNDS
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 11,901,704			$ 11,901,704
Cash Received from State and Federal Sources	$ 20,895,434			$ 20,895,434
Cash Received from Members		$ 6,430,290	$ 664,928	$ 7,095,218
Payments to Suppliers for Goods and Services	$ (8,676,555)	$ (703,378)	$ (9,966)	$ (9,389,899)
Payments to Employees for Services	$ (15,334,434)			$ (15,334,434)
Cash Paid for Benefits/Claims	$ (6,108,617)	$ (2,548,775)	$ (169,547)	$ (8,826,939)
Cash Paid for Reinsurance		$ (289,203)		$ (289,203)
Cash Paid for Labor and Industries Assessments		$ (2,572,487)		$ (2,572,487)
Cash Paid for Other Operating Expense		$ (56,300)	$ (44,718)	$ (101,018)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,677,533	$ 260,147	$ 440,697	$ 3,378,376
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal and Interest Paid on Capital Debt	$ (173,789)			$ (173,789)
Principal and Interest Paid on Lease Financing	$ (50,002)			$ (50,002)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	$ (223,791)	$ -	$ -	$ (223,791)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends Received	$ 232,996	$ 263,665	$ 55,521	$ 552,183
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	$ 232,996	$ 263,665	$ 55,521	$ 552,183
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 2,686,738	$ 523,812	$ 496,218	$ 3,706,768
CASH AND CASH EQUIVALENTS - BEGINNING	$ 9,573,299	$ 11,852,922	$ 2,413,320	$ 23,839,541
PRIOR PERIOD ADJUSTMENT				$ -
CASH AND CASH EQUIVALENTS - ENDING	$ 12,260,036	$ 12,376,734	$ 2,909,538	$ 27,546,308
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING NET INCOME	$ 3,800,064	$ 113,120	$ 420,956	$ 4,334,140
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation Expense	$ 272,253			$ 272,253
Receivables, Net	$ (430,377)	$ (26,775)	$ (2,884)	$ (460,036)
Prepaids	$ 58,029			$ 58,029
Accounts and Other Payables	$ 229,592	$ 3,485	$ 5,578	$ 238,656
Unearned Revenue	$ (169,087)			$ (169,087)
Compensated Absences	$ 117,060			$ 117,060
Pension Expense (Income) from change in Net Pension Liability (Asset)				
Change in Deferred Outflows	$ (429,481)			$ (429,481)
Change in Deferred Inflows	$ (857,225)			$ (857,225)
Change in Net Pension Liability (Asset)	$ (62,569)			$ (62,569)
OPEB Expense from change in Total OPEB Liability				
Change in Deferred Outflows	$ 387,114			$ 387,114
Change in Deferred Inflows	$ 840,993			$ 840,993
Change in Total OPEB Liability	$ (1,078,835)			$ (1,078,835)
Other Changes for Insurance Funds				
Claims Reserve-Current		$ 68,509		$ 68,509
Claims Reserve-Prior Year		$ 66,294	$ (305)	$ 65,989
IBNR-Current		$ (84,831)	$ 14,351	$ (70,480)
IBNR-Prior Year		$ 173,405	$ 3,000	$ 176,405
Future L&I Assessments		$ (71,059)		$ (71,059)
Provision for Unallocated Loss Adjustment		$ 18,000		$ 18,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 2,677,533	$ 260,148	$ 440,697	$ 3,378,377

The accompanying notes are an integral part of the financial statements.

EDUCATIONAL SERVICE DISTRICT #101
STATEMENT OF FIDUCIARY NET POSITION
AUGUST 31, 2023

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	$ 32,081
Investments	$ 88,247
Accounts Receivable	
Assets Used in Operations	
TOTAL ASSETS	$ 120,328
LIABILITIES	
Accounts Payable and Other Liabilities	
Program Refunds Payable to JV Participants	
Due to Local Governments	
TOTAL LIABILITIES	$ -
NET POSITION	
Restricted for:	
Individuals, Organizations, and Other Governments	$ 120,328
TOTAL NET POSITION	$ 120,328

The accompanying notes are an integral part of the financial statements.

EDUCATIONAL SERVICE DISTRICT #101
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED AUGUST 31, 2023

	CUSTODIAL FUNDS
ADDITIONS	
Contributions	
Employer	-
Members	
Total Contributions	-
Investment Earnings	
Interest	3,986
Net Increase (Decrease) in the Fair Value of Investments	
Total Investment Earnings	3,986
Other Additions	
TOTAL ADDITIONS	3,986
DEDUCTIONS	
Distribution to Pool Participants	65,721
Refunds of Contributions	
Administrative Expenses	
Other Payments in Accordance with Trust Agreement	
TOTAL DEDUCTIONS	65,721
Net Increase (Decrease) in Fiduciary Net Position	(61,735)
NET POSITION - BEGINNING	182,063
Prior Period Adjustment	
NET POSITION - ENDING	120,328

The accompanying notes are an integral part of the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Educational Service District No. 101 (the 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 accounting practices of the District are implemented under the oversight authority of Washington Office of Superintendent of Public Instruction (OSPI), as published annually in the *Accounting Manual for Educational Service Districts*. The following summary of the more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

Reporting Entity

The District is one of nine educational service districts organized as political subdivisions of the state of Washington pursuant to Title 28A Revised Code of Washington (RCW) for the purpose of (1) providing cooperative and informational services to local school districts; (2) assisting OSPI and the Washington State Board of Education in the performance of their respective statutory or constitutional duties; and (3) providing services to school districts to assure equal educational opportunities.

The District serves 59 school districts in seven counties. Oversight responsibility for the District's operations is vested with the Board of Directors elected by the school directors of member districts. The management of the District is appointed by and accountable to the Board of Directors. Fiscal responsibility, including budget authority, the power to operate cooperatives, set fees for services, and issue debt consistent with the provisions of state statutes, rests with the Board. For financial reporting purposes, the District’s financial statements include all fund entities that are controlled by the District's Board of Directors and managed by the administrative staff, unless noted hereafter.

The District is a separate legal entity and is fiscally independent from all other units of government. As required by generally accepted accounting principles, management has considered all potential component units in defining the reporting entity. Management has reviewed operations and based on the standards set by Governmental Accounting Standards Board (GASB), there were no component units of the District.

Basis of Accounting and Reporting

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The activities of the District rely significantly on fees and charges for support and are reported as enterprise funds. The District reports the following major enterprise funds:

> The *Operating Fund* is the District's primary fund. It accounts for all financial resources of the District that are not reported in the following funds.
>
> The *Unemployment Insurance Fund* accounts for the collection of premiums from members of the fund and the related payment of associated claims and expenses.
>
> The *Workers' Compensation Insurance Fund* accounts for workers' compensation payroll taxes collected from members, and the payment of associated claims, assessments, and expenses.

Fiduciary Funds

The District reports the following custodial funds, which are used to account for assets held and administered by the District in a fiduciary capacity:

> The *Compensated Absences Pool* custodial type fund accounts for assets held and administered by the District to provide a funding mechanism for members to pay for the cash-out of liabilities for compensated absences when employees of member districts leave service or retire. See Note 12 for more information.

Budget

Educational service districts in the state of Washington are required to adopt a budget for their Operating Fund, using the same basis of accounting as for financial statement presentation. An appropriation is an authorization for the District to incur expenses in the amounts specified in the District's budget for the fiscal year. An annual appropriated budget is adopted for the Operating Fund on the accrual basis of accounting as set forth in RCW 28A.310.330 and WAC 392-125-030, with approval by OSPI.

The approved budget constitutes the legal authority for expenses. Management is authorized to transfer budgeted amounts between departments, within fund object classes and/or within activity codes; expenses may not exceed the total approved expense budget without adopting a revised budget and gaining formal approval from OSPI.

Expense budgets for other enterprise funds are adopted at the fund level and not subject to formal approval processes.

Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

Cash and Cash Equivalents, Deposits and Investments – See Note 2

For the purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) to be cash and cash equivalents. Investments held by the Spokane County Treasurer are considered highly liquid as they are accessible on a daily basis, equivalent to a cash account.

Receivables

Accounts and contracts receivable represent the value of goods and services provided and invoiced to clients as of the fiscal year-end. The amounts represent balances due from clients, generally within thirty days of invoice dates.

All receivables are shown net of an allowance for uncollectible balances. Uncollectible accounts are evaluated for write-off on an annual basis.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets and Depreciation

Capital assets, which include property, facilities, and equipment, are reported in the Operating Fund and capitalized at total acquisition cost, provided such cost exceeds $50,000 and the asset has an expected useful life of more than five years. Property, facilities, and equipment that are purchased using Federal money are subject to records maintenance if the acquisition cost is over $5,000. Donated capital assets are recorded at acquisition value at the date of donation.

Depreciation is recorded on all depreciable capital assets on a straight-line basis over the following estimated useful lives, based on the month placed in service:

Asset	Years
Vehicles	5–10
Equipment	5–20
Buildings and structures	10–40
Land improvements	5–40

Major expenses for capital assets, including major repairs that increase the effectiveness or efficiency of the asset are capitalized. Assets under the capitalization threshold, maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

See Note 3 for further information on capital assets and depreciation.

Intangible Right-to-Use Leased Assets

The District follows generally accepted accounting principles in its treatment of leased assets. Leasing agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. Leasing arrangements that are considered short term under generally accepted accounting principles or do not meet capitalization thresholds are treated as operating expenses in the current year. See Note 5 and 6 for further information on intangible right-to-use leased assets.

Compensated Absences

Employees earn vacation leave at varying rates in accordance with District policy. Accrued but unused vacation leave is payable upon termination or death, limited to 240 hours.

Employees earn sick leave at a rate of up to 12 days per year and may accumulate an unlimited sick leave balance. Under the provisions of RCW 28A.400.210, sick leave accumulated by District employees is paid at death or retirement at the rate of 1 day for each 4 days 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 12 days. For buy-back purposes, employees may accumulate such leave to a maximum of 192 days, including annual accumulation, as of December 31 of each year.

The balance reported in the Statement of Net Position as of August 31, 2023, represents the aggregate amount of vacation and sick leave payable for all eligible employees of the District.

Unearned Revenue
Unearned revenue consists of balances acquired by the District from grant awards in advance of meeting eligibility requirements. Revenue is reported as earned upon meeting eligibility requirements. Eligibility requirements for balances reported as unearned revenue are expected to be satisfied within 12–18 months.

Other Liabilities and Credits
Other liabilities consist of balances from deposits for services performed and not paid at the end of the fiscal year to other governmental units.

Deferred Outflows and Deferred Inflows
Generally accepted accounting principles for pensions (see Note 7) require the District to recognize deferred inflows and outflows on the Statement of Net Position related to the District's proportionate share of the Washington State Department of Retirement System's deferred income or expense items, to be recognized over a number of years, for changes in experience, assumptions, proportion, contributions, and investment earnings. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Generally accepted accounting principles for other post-retirement employee benefits (OPEB) (see Note 8) require the District to recognize deferred inflows and outflows on the Statement of Net Position related to the single-employer plan administered by the Washington State Health Care Authority, to be recognized over several years, for changes in experience, assumptions, and timing of contributions.

Net Position
The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Consistent with generally accepted accounting principles, net position is displayed in the following three categories which focus on the accessibility of the underlying assets: (1) Net Investment in Capital Assets, (2) Restricted Net Position, and (3) Unrestricted Net Position.

Net Investment in Capital Assets
Consists of capital assets, including restricted capital assets, if any, net of accumulated depreciation and outstanding debt attributable to the acquisition, construction, or improvement of capital assets.

Restricted Net Position
Funds subject to externally imposed restrictions which may not be removed without the consent of those imposing the restrictions. Major categories of restricted net position are listed in Note 11.

Unrestricted Net Position
Funds that do not meet the definition of either of the first components above. Management or the Board of the District may designate resources for specific purposes, however, this represents an internal commitment that may be changed or removed and is therefore not considered a restriction under generally accepted accounting principles.

Net Position Classification
It is the District's general practice to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Operating and Nonoperating Revenues and Expenses

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principle ongoing operations, including:

- Revenue from those who purchase, use, or directly benefit from the goods or services of the program;
- Revenue from other governments, entities, and individuals, if such revenue is restricted to a specific program or programs;
- Interest earnings on restricted program funds if required by funding agreement;
- Current year pension expense (see Note 7); and
- Current year OPEB expense (see Note 8).

Under these guidelines, program-specific operating grants and contributions are presented as operating revenue.

Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues and expenses include interest earnings on investments not restricted to program benefit, interest expense on debt, other asset and financing activities including grants used to finance operations and expenses not related to the provision of District services, gain or loss on the sale of assets, and changes from investments in joint ventures.

Pensions
For purposes of measuring the net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of calculating the restricted net position related to the net pension asset, the restricted net position is equal to the net pension asset, minus the deferred inflows, plus the deferred outflows. Only the deferred inflows and deferred outflows for the pension plans that have a net pension asset are included.

Accounting and Reporting Changes
The District implemented GASB Statement No. 96 Subscription Based Information Technology Arrangements for the fiscal year ended August 31, 2023, with no significant impact on financial position or reporting. Further information is in Note 6.

NOTE 2: CASH, CASH EQUIVALENTS, AND INVESTMENTS

All of the District's bank balances are insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the PDPC to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

The office of the Spokane County Treasurer is the ex-officio treasurer for the District. The District is a participant in the Spokane County Investment Pool, an external investment pool managed and operated by the Office of the Spokane County Treasurer under authority of RCW 36.29, which authorizes county treasurers to invest funds of participants. In this capacity, the Spokane County Treasurer receives daily deposits and transacts investments on behalf of the District and invests all temporary cash surpluses. Interest in these investments is prorated to various funds by the Spokane County Treasurer based on segregated balance records.

The Spokane County Investment Pool's investment policy is established in accordance with RCW 36.48.070. The Spokane County Treasurer's investment policy and annual report are available at http://spokanecounty.org.

The Spokane *County* Investment Pool (Pool) is an unrated external investment pool. Investments in the Pool are reported at amortized cost, which approximates fair value. The Pool is invested in manner that meets the maturity, quality, diversification, and liquidity requirements set forth by generally accepted accounting principles for external investment pools that elect to measure, for financial reporting purposes, investments at amortized cost. The Pool does not have any legally binding guarantees of share values.

The Pool does not impose liquidity fees or redemption gates on participant withdrawals. It is the policy of the Pool to permit participants to withdraw their investments on a daily basis; therefore, the District's investment balance in the Pool is equal to fair value. Fair value is measured using quoted prices in active markets for identical assets that the Pool can access at the measurement date (Level 1 Inputs). Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

As of August 31, 2023, the District had cash balances and short-term residual investments of surplus cash as follows:

	Fair Value
Cash on Hand, Bank Deposits	$672,642
Spokane County Investment Pool	
Operating Fund	11,673,318
Workers' Compensation Fund	12,306,023
Unemployment Fund	2,894,325
Total Cash, Cash Equivalents & Short-Term Investments	$27,546,308

The District reports its investment in the Pool at the fair value amount, which is the same as the value of the Pool per share.

As of August 31, 2023, the District had cash balances and short-term residual investments of surplus cash as follows:

	Fair Value
Cash on Hand, Bank Deposits	$32,081
Spokane County Investment Pool	
Custodial Fund	88,247
Total Cash, Cash Equivalents & Short-Term Investments	$120,328

The Spokane Treasurer bears the risk of maturity in the Pool.

Credit Risk

The Spokane County Investment Pool is considered extremely low risk. The Pool's portfolio is made up of high quality, highly liquid securities, and its relatively short average maturity reduces the Pool's price sensitivity to market interest rate fluctuations.

The Pool is not insured or guaranteed by any government; therefore, maintenance of principal is not fully insured. The Spokane County Investment Pool does not have a credit rating.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, the District would not be able to recover the value of the investment or collateral securities. Of the District's total cash and investment position of $27,546,308, $26,873,666 is exposed to custodial credit risk. The District does not have a policy for custodial credit risk.

Concentration of Credit Risk

Credit risk is the risk of loss attributable to the magnitude of an investment in a single issuer. The District does not have a formal policy for concentration of credit risk. The District does not have investments in any one issuer that represents five percent or more of total investments.

Interest Rate Risk

Interest rate risk is the risk the District may face should interest rate variances affect the fair value of investments. The District does not have a formal policy that addresses interest rate risk.

As of August 31, 2023, the Spokane County Investment Pool's average maturity was 1.57 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, 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.

NOTE 3: CAPITAL ASSETS

Capital assets activity for the fiscal year ended August 31, 2023, was as follows:

	Beginning Balance 9/1/22	Additions	Deductions	Ending Balance 8/31/23
Capital assets not depreciated:				
Land	$500,000	$	$	$500,000
Total capital assets not depreciated	500,000			500,000
Depreciable capital assets:				
Buildings	6,736,455			6,736,455
Improvements other than buildings	590,902			590,902
Equipment	407,539			407,539
Lease assets	598,357		(393,899)	204,458
SBITA assets		49,345		49,345
Total depreciable capital assets	8,333,253	49,345	(393,899)	7,988,699
Less accumulated depreciation for:				
Buildings	(2,513,193)	(224,549)		(2,737,742)
Improvements other than buildings	(442,836)	(23,636)		(466,472)
Equipment	(340,202)	(24,069)		(364,271)
Lease assets	(131,338)		59,102	(72,236)
SBITA assets		(1,371)		(1,371)
Total accumulated depreciation and amortization	(3,427,569)	(273,625)	59,102	(3,642,092)

	Beginning Balance 9/1/22	Additions	Deductions	Ending Balance 8/31/23
Total depreciable capital assets, net	4,905,684	(224,280)	(334,797)	4,346,607
Total capital assets, net	$5,405,684	$(224,280)	$(334,797)	$4,846,607

NOTE 4: LONG–TERM LIABILITIES

The District issues limited general obligation bonds and other debt instruments through direct borrowings and placements to finance the Talbott Event Center

Long-term debt from limited general obligation bonds and notes from direct borrowings and placements as of August 31, 2023, is comprised of the following individual issuances:

Issue Name/Purpose	Amount Authorized	Annual Installments	Maturity Range	Interest Rate	Amount Outstanding, August 31, 2023
LTGO Bond	$1,500,000	145,000	10 years	3.35%	$810,000
Total	$1,500,000	145,000			$810,000

Debt service requirements to maturity for privately placed limited obligation bonds, as of August 31, 2023, are as follows:

Years Ending August 31,	Principal	Interest
2024, Current Portion	$150,000	$25,879
2025	155,000	20,854
2026	160,000	15,578
2027	170,000	10,134
2028	175,000	4,335
Total	$810,000	$76,780

Changes in Long-Term Liabilities

During the fiscal year ended August 31, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance 9/1/2022	Additions	Reductions	Ending Balance 8/31/2023	Due Within One Year
LTGO Bond	$955,000		$145,000	$810,000	$150,000
Compensated Absences (Note 1)	772,808	117,060		889,868	282,049
Workers' Comp Claims Reserves – INBR (Note 10)	2,340,820	173,405	84,831	2,429,394	1,066,768
Workers' Comp Claims Reserves – Open Claims (Note 10)	963,608	134,803		1,098,411	424,489
Workers' Comp Claims Reserves – ULAE (Note 10)	268,000	18,000		286,000	286,000
Workers' Comp Claims Reserves – Future L&I Assessments	383,975		71,059	312,916	312,916
Unemployment Claim Reserves – Open Claims	34,232	14,351	305	48,278	48,131
Unemployment Claim Reserves – ULAE	5,000	3,000		8,000	
Leases (Note 5)	474,996		335,842	139,154	40,362
SBITAs (Note 6)		49,345	9,544	39,801	24,644
Net Pension Liability (NPL) (Note 7)	2,318,361		491,027	1,827,334	
Total OPEB Liability (Note 8)	6,961,539		1,078,835	5,882,704	233,453

	Beginning Balance 9/1/2022	Additions	Reductions	Ending Balance 8/31/2023	Due Within One Year
Total Long-Term Liabilities	$15,478,339	$509,964	$2,216,443	$13,771,860	$2,868,812

NOTE 5: LEASES

Lease of Capital Assets (intangible right to use assets by the District)

The District is committed under various leases for facilities for program level staff who work in various communities in and around the Spokane area. There are four leases for office space. There is one equipment lease for the agency-wide postage machine. The United States Post Office does not allow the purchase of these postage machines. The District does not have a capitalization policy for leases.

The underlying leased assets are as follows:

	Beginning Balance 9/1/2022	Additions	Deductions	Ending Balance 8/31/2023
Leased Buildings	$588,264		(393,899)	194,365
Leased Equipment	10,093			10,093
Total leased assets	$598,357		(393,899)	204,458
Accum. Amort. Leased Bldgs.	(128,454)	95,989	(34,003)	(66,468)
Accum. Amort. Leased Equip.	(2,884)		(2,884)	(5,768)
Total Accumulated Amortization	$(131,338)	95,989	(36,887)	(72,236)

As of August 31, 2023, the principal and interest requirements to maturity are as follows:

Year ended August 31, 2023	Principal	Interest	Total
2024	$36,253	$4,109	$40,362
2025	$36,752	$2,875	$39,627
2026	$37,279	$1,648	$38,927

2027	$28,871	$481	$29,352
Total	$139,155	$9,113	$148,268

Changes in lease liabilities are presented in Note 4.

NOTE 6: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)

The District is committed under two SBITA's for the Human Services department. These are for a regional job board and employee onboarding. The District does not have a capitalization policy for SBITA's.

	Beg. Bal.	Increases	Decreases	End. Bal.
Subscription assets		49,345		49,345
Accumulated Amortization			(1,371)	(1,371)
Net subscription asset		49,345	(1,371)	47,974

As of August 31, 2023, the principal and interest requirements to maturity are as follows:

Year ended August 31	Principal	Interest	Total
2024	$16,849	$1,056	$17,905
2025	$17,482	$423	$17,905
2026	$7,452	$27	$7,479
Total	$41,783	$1,506	$43,289

NOTE 7: PENSION PLANS

State Sponsored Pension Plans

General Information

The District is required to provide retirement benefits for substantially all qualifying employees through the Washington State Department of Retirement Systems (DRS), a department within the primary government of the state of Washington. Generally accepted accounting principles require, among other provisions, that the District recognize its proportionate share of the DRS plans' funded status. The District has no independent ability to fund or satisfy pension liabilities outside of Washington State's legislatively adopted contribution rates. Assessments now and in the future are made based on the legislatively mandated rates and are paid by the District on salaries and wages, as earned, in future years.

The following table represents the aggregate pension amounts for all plans of the District for fiscal year 2023:

Aggregate Pension Amounts—All Plans	
Pension Liabilities	$(1,827,334)
Pension Assets	575,874
Deferred outflows of resources	3,093,709
Deferred inflows of resources	(1,414,859)
Pension expense	(315,919)

DRS, a department within the primary government of the state of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS annual comprehensive financial report 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/news/.

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

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this Plan 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is 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 calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service - up to a maximum of 60%. The AFC is the average of the member's two consecutive highest-paid fiscal years.

Members are eligible for retirement at any age after 30 years of service, 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, and an optional cost-of-living adjustment (COLA).

TRS Plan 2/3 provides retirement, disability, and death benefits. TRS Plan 2 members are vested after completing five years of eligible service. TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service are earned after age 44. Retirement benefits for Plan 2 are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of ACF times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. TRS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit 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 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other TRS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

Annuities purchased with plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a COLA of 3% annually.

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contribution upon separation. Members have multiple withdrawal options, including purchase of an annuity.

PERS Plan Information

PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-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 2% of the member's Average Final Compensation (AFC) times the member's years of service. 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.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status before age 65 may also receive actuarially reduced benefits. Other benefits include an optional Cost-of-Living Adjustment (COLA).

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 Chapters 41.34 and 41.35 RCW. SERS members include classified employees of school districts and educational service districts. SERS is a cost-sharing, multiple-employer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component.

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 a single plan for accounting purposes. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

SERS provides retirement, disability, and death benefits. SERS Plan 2 members are vested after completing five years of eligible service. SERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service or after five years of service if 12 months of that service was earned after age 44. Retirement benefits are calculated as 2% of the member's Average Final Compensation (AFC) times the member's years of service. Defined benefits for Plan 3 are calculated using 1% times the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 highest-paid consecutive service months.

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 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other SERS Plan 2/3 benefits include a Cost-of-Living-Adjustment (COLA) based on the Consumer Price Index, capped at 3%.

SERS 3 defined contributions benefits are totally dependent on employee contributions and the investment earnings on those contributions. Annuities purchased with plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a 3% annually.

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 state statue in accordance with Chapters 41.40 and 41.45 RCW for PERS, Chapters 41.35 and 41.45 RCW for SERS, and Chapters 41.32 and 41.45 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% 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, 2022. PERS contribution rates changed on July 1, 2023. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 are listed below:

	From this date	Through this date	Member rate	Employer rate	
PERS 1	9/1/2022	6/30/2023	6.00%	10.39%	
PERS 1	7/1/2023	8/31/2023	6.00%	9.39%	
SERS 2	9/1/2022	8/31/2023	7.76%	11.79%	
SERS 3	9/1/2022	8/31/2023	*	11.79%	**
TRS 1	9/1/2022	8/31/2023	6.00%	14.69%	
TRS 2	9/1/2022	8/31/2023	8.05%	14.69%	
TRS 3	9/1/2022	8/31/2023	*	14.69%	**
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 District's actual contributions to the plans for the year ended August 31, 2023, were as follows:

August 31, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	462,587	934,982	118,346	149,281

District's Proportionate Share of the Net Pension Asset (NPA) and Net Pension Liability (NPL)

As of June 30, 2023, the District reported $575,874 for its proportionate shares of the individual plans' collective net pension assets and $1,827,334 for its proportionate shares of the individual plans' collective net pension liability. The employer's proportionate share of these collective net pension amounts is based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2023, the District's proportionate share of each plan's net pension (asset) liability is reported below:

June 30, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Proportionate Share of (NPA)/NPL	1,549,622	(548,780)	277,712	(27,094)

Changes to the District's proportionate shares of the collective net pension liability are displayed in the Schedule of Changes in Long Term Liabilities, Note 4.

As of June 30, 2023, the District's proportionate share of the collective net pension (asset) liability and the change in the allocation percentage from the prior year is reported below:

Change in Proportionate Shares Allocation Percentages	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of (NPA)/NPL	.0678850%	.03833760%	.0219270%	.0220610%
Prior year proportionate share of (NPA)/NPL	.0669780%	.03565100%	.0238430%	.0236650%
Net difference percentage	.0009070%	.026866%	(.0019190)%	(.0016040)%

Actuarial Assumptions

The total pension (assets) liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2022, with the results rolled forward to June 30, 2023, 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, 2022, valuation was based on the results of the *2013–2018 Demographic Experience Study Report and the 2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2023 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, 2023, 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 was 2.20% and represents WSIB's recent long-term estimate of broad economic inflation consistent with their 2021 CMAs.

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.

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

The table below presents the district's proportionate share of the net pension (asset) or liability calculated using the discount rate of 7.00%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is 1 percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate. Amounts are calculated using the district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

Sensitivity of (NPA)/NPL to Changes in the Discount Rate			
	1% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
PERS 1 (NPA)/NPL	$3,189,149,000	$2,282,732,000	$1,491,643,000
Allocation Percentage	0.067885%	0.067885%	0.067885%
Proportionate Share of Collective (NPA)/NPL	$2,164,939	$1,549,622	$1,012,595
SERS 2/3 (NPA)/NPL	$1,168,408,000	($143,144,000)	($1,224,160,000)
Allocation Percentage	0.383376%	0.383376%	0.383376%
Proportionate Share of Collective (NPA)/NPL	$4,479,395	$(548,780)	$(4,693,135)
TRS 1 (NPA)/NPL	$1,927,853,000	$1,266,517,000	$688,424,000
Allocation Percentage	0.021927%	0.021927%	0.021927%
Proportionate Share of Collective (NPA)/NPL	$422,724	$277,712	$150,952
TRS 2/3 (NPA)/NPL	3,965,509,000	(122,815,000)	(3,446,561,000)
Allocation Percentage	0.022061%	0.022061%	0.022061%
Proportionate Share of Collective (NPA)/NPL	$874,839	$(27,094)	$(760,353)

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. As of August 31, 2023, 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		$(174,804)
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	$81,255	
TOTAL	$81,255	$(174,804)
SERS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$1,369,417	
Net difference between projected and actual earnings on pension plan investments		$(856,986)
Changes in assumptions or other inputs	$933,279	$(32,055)
Changes in proportionate shares	$23,654	$(126,903)
Contributions subsequent to the measurement date	$163,776	
TOTAL	$2,490,126	$(1,015,944)
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		$(40,203)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions		
Changes in assumptions or other inputs		
Changes in proportionate shares		
Contributions subsequent to the measurement date	$23,060	
TOTAL	$23,060	$(40,203)
TRS 2/3	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$235,941	$(3,817)
Net difference between projected and actual earnings on pension plan investments		$(129,955)
Changes in assumptions or other inputs	$215,239	$(21,332)
Changes in proportionate shares	$19,352	$(28,803)
Contributions subsequent to the measurement date	$28,736	
TOTAL	$499,268	$(183,907)
COMBINED TOTAL	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$1,605,358	$(3,817)
Net difference between projected and actual earnings on pension plan investments		$(1,201,948)
Changes in assumptions or other inputs	$1,148,518	$(53,387)
Changes in proportionate shares	$43,006	$(155,706)
Contributions subsequent to the measurement date	$296,827	
TOTAL	$3,093,709	$(1,414,858)

$296,827 was 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 (asset) or liability for the year ending August 31, 2024.

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 ending August 31,	PERS 1	SERS 2/3	TRS 1	TRS 2/3
2024	(118,929)	(17,787)	(28,095)	(33,623)
2025	(149,568)	(186,439)	(35,517)	(53,940)
2026	92,221	955,669	22,699	129,501
2027	1,472	381,403	710	55,048
2028		163,588		54,897
Thereafter		13,972		134,742

Pension Expense

For the year ended August 31, 2023, the District recognized a total pension expense as follows:

Pension Expense	
PERS 1	$480
SERS 2/3	350,666
TRS 1	(100,328)
TRS 2/3	65,100
Total Pension Expense	$315,918

Schedules of Required Supplementary Information

Required supplementary information is presented in the required supplementary schedules for each plan the District participates in.

NOTE 8: POST EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS

Access to Other Post Employment Medical Benefits through the Washington State Health Care Authority (HCA)

Washington State, through the HCA, administers a defined benefit other post-employment (OPEB) plan. The Public Employees' Benefits Board (PEBB) created under 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. Eligible retirees and spouses are entitled to subsidies associated with post-employment medical benefits provided through PEBB.

The relationship between the PEBB OPEB plan and its 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 in which the plan terms are understood by the employers and plan members. This understanding is based on communications between the HCA, employers and plan members, and the historical pattern of practice with regard to sharing of benefit costs.

Participation in the plan is administered by HCA as a single-employer defined benefit OPEB plan. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

Aggregate Summary of OPEB Amounts	
OPEB liabilities	$5,882,704
Deferred outflows of resources	1,085,779
Deferred inflows of resources	(3,495,910)
OPEB expense	384,887

Valuation Date, Measurement Date and Reporting Date

The “valuation date” is July 1, 2022. This is the date as of which the census data is gathered and the actuarial valuation is performed. The “measurement date” is August 31, 2023. This is the date as of which the Total OPEB Liability is determined. Generally accepted accounting principles for OPEB allows a lag of up to one year between the measurement date and the reporting date. No adjustment is required between the measurement date and the reporting date. The “reporting date” is the District’s fiscal year end of August 31, 2023.

<u>General Description</u>

Employers participating in the PEBB OPEB plan include Washington State general government agencies, higher education institutions, K-12 school and educational service districts and political subdivisions. Additionally, PEBB’s OPEB plan is available to retirees of K-12 school districts and educational service districts who do not participate in PEBB for insurance for their active employees. RCW 41.05.085 provides that contribution requirements of participating employers and of plan members are established by, and may be amended by, the HCA Board of Directors. Participating employers and active plan members are required to contribute the established benefit rates. All K-12 school districts and educational service districts contribute the same rate, which is set annually, as an amount per pro-rated full-time equivalent (FTE) under RCW 28A.400.410. Employers do not have the ability to contribute additionally to funding against future liabilities or impact funding progress on the actuarially determined liability of the HCA’s PEBB OPEB plan.

The PEBB OPEB plan provides healthcare insurance benefits (medical and dental) for retirees and their dependents. Retired members may only elect dental coverage if they have elected medical coverage. The PEBB OPEB plan offers eighteen (18) medical plans and three (3) dental plans. All current and future retirees who elect medical and dental coverage are assumed to elect carriers based on the weighted average of selection of carriers by current PEBB retirees. When a retiree or covered dependent becomes eligible for Medicare, the retiree or covered dependent must enroll in Medicare Parts A and B in order to maintain eligibility for retiree coverage.

Employees Covered by Benefit Terms

District employees are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under Plan 2 or 3 of TRS or SERS (see Note 7):

- Age 65 with 5 years of service for Plan 2
- Age 55 with 20 years of service for Plan 2
- Age 55 with 10 years of service for Plan 3

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. At June 30, 2022, the following employees were covered by benefit terms:

Retirees and dependents currently receiving benefit payments	104
Active employees who may qualify for benefits upon retirement	191

It is not possible to determine the number of inactive employees entitled to, but not yet receiving benefit payments. Retiring employees apply for benefits at their discretion, may be otherwise working and not eligible for benefits or be deceased. This data is not monitored by the District, HCA or the state of Washington.

Election Assumptions

60% of employees are assumed to elect medical and dental benefits upon retirement. 45% of employees are assumed to enroll eligible dependents as of the retirement date. 100% of employees are assumed to enroll in Medicare, once eligible, after initial participation.

Total OPEB Liability

The District’s Total OPEB Liability of $5,882,704 was measured for the year ended August 31, 2023, and was determined by an actuarial valuation as of the valuation date of July 1, 2022, calculated based on the discount rates discussed below, projected to the measurement date. There have been no significant changes between the valuation date and the fiscal year end. If there were significant changes, an additional analysis or valuation might be required.

Changes in Actuarial Methods and Assumptions

The actuarial methods and assumptions used in the valuation as of July 1, 2022 are the same as those used in the prior valuation except as follows:

- Effective July 1, 2022 the FASB 715 discount rate was changed from 3.81% to 2.35%. The discount rate was changed to reflect interest rates currently available on high-quality fixed income investments.
- The medical trend was updated to reflect the H.R. 1865 Further Consolidation Appropriations Act 2020, which became law on December 20, 2019. This law repealed the excise tax for high cost or "Cadillac" health plans completely.
- Effective July 1, 2020, the mortality assumption, service retirement rates, termination rates, and salary merit scales were changed. The actuarial valuation used assumptions from the most recent experience study for Washington State PERS, SERS, and TRS pension plans (see Note 6).
- Effective July 1, 2020, the expected claims and contributions were updated to better reflect expectations of future claims and contributions experience.
- Effective July 1, 2020, the election assumption was changed from 50% to 65% to match the most recent actuarial valuation for Washington State PERS, SERS, and TRS (see Note 7).

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement dates, unless otherwise specified.

<u>Inflation</u>

The inflation rate of 2.35% was developed by the Office of the State Actuary for PEBB[1] and was applied to the measurement date ending August 31, 2023.

<u>Salary Increases</u>

Salary assumptions are necessary for the actuarial cost method of OPEB. Salary assumptions reflect the assumptions used in the actuarial valuations for Washington State School Employees' Retirement System (SERS) and Teacher Retirement System (TRS) [2]. Projected payroll increases have been assumed to be 3.25% which equals 0.50% real wage growth above inflation. Projected annual merit and longevity increases for SERS range from 8% for 0 years of service to 0.10% for 20 years of service. Projected annual merit and longevity increases for TRS range from 5.50% for 0 years of service to 0.10% for 25 years of service.

Discount Rate

The discount rate used to measure the Total OPEB Liability, as required by generally accepted accounting principles for the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method, was based on the yield or index rate for 20-year Tax-Exempt General Obligation Municipal bonds with an average rating of AA/Aa or higher (*Bond Buyer General* Obligation 20-bond municipal index for bonds that mature in 20 years). Discount rate assumptions were 3.81% for the measurement date of August 31, 2023.

Demographic Assumptions

Demographic assumptions regarding retirement, mortality, turnover, and marriage are based on assumptions used in the Office of the State Actuary's actuarial valuation for Washington State SERS and TRS [2], modified for the District.

- Service retirement assumptions for plans 2 and 3 were used, which vary based on hire date and years of service.
- The assumed rates of disability under SERS and TRS plans 2 and 3 are less than 0.2% for ages 49 and below and continue to be low after that; demographic assumptions assume a 0% disability rate for all ages.
- Mortality assumptions for SERS were used (Scale MP-2017 Long-Term Rates) on a generational basis, with gender-distinct employee rates before commencement and retiree and contingent survivor rates (as appropriate) after benefit commencement. For SERS, generational tables were used; for TRS teachers' tables were used.

Healthcare Cost Trends

Healthcare cost trends used in the actuarial valuation were developed for use in the July 1, 2022, OPEB valuation for the PEBB[1] program, performed by the Office of the State Actuary. These assumptions are summarized below and refer to the amount by which medical costs are anticipated to exceed costs for the years ending June 30:

Year Ending June 30,	Pre-65 Retiree Premiums & Claims	Post-65 Retiree Claims	Post-65 Retiree Premiums
2023	5.3%	7.7%	11.4%
2024-2077+	3.8% to 5.7%	3.8% to 6.9%	3.8% to 9.4%

Dental costs trends are assumed to increase 1.1% to 4.0% for the year 2023-2074 and beyond.

Premium Levels

Assumed annual medical retiree contributions as of July 1, 2022, used in the actuarial valuation are displayed below. These represent a weighted average of July 1, 2022, to June 30, 2023, PEBB retiree contributions by medical plan, based on overall PEBB current retiree medical plan election as of the July 1, 2022 valuation date. Contribution assumptions exclude fees charged as a direct pass-through to participating retirees.

	Employee or Spouse	
	Non-Medicare	Medicare
Weighted average based on current PEBB retirees	$9,037.50	$3,800.69

The July 1, 2022 assumed annual dental retiree contribution for employee or spouse is $578.19, representing a weighted average of 2023 PEBB retiree contributions by dental plan, based on overall PEBB current retiree dental plan elections.

Actuarial Cost Method

The actuarial cost method used for determining the benefit obligations is the Entry Age Actuarial Cost Method whereby the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of expected salary for each year of employment between entry age (defined as age at hire) and assumed exit (until maximum retirement age).

[1] The actuarial valuation for the Washington State OPEB plan offered through PEBB under administration of HCA can be found at http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx

[2] The actuarial valuation for the Washington State School Employees' Retirement System (SERS) and Teacher Retirement System (TRS) can be found in the Annual Comprehensive Financial Report (ACFR) for the Department of Retirement Systems at Publications - Department of Retirement Systems (wa.gov)

Claims Cost Assumptions

Subsidies provided by PEBB and valued in the actuarial valuation include the following:

- Explicit medical subsidy for post-65 retirees and spouses
- Implicit medical and dental subsidy

The explicit subsidies are monthly amounts paid per post-65 retirees and spouses. As of the valuation date, the explicit subsidy for post-65 retirees and spouses is the lessor of $183 or 50% of the monthly premiums. In 2023, the rate remains at $183, which was last increased in 2020. Retirees and spouses currently pay the premium minus $183 when the premium is over $366 per month and pay half the premium when the premium is lower than $366.

The implicit medical subsidy is the difference between the total cost of medical benefits and premiums. For pre-65 retirees and spouses, the retiree pays the full premium amount, based on a pool that includes active employees. Active employees will tend to be younger and healthier than retirees on average and therefore can be expected to have lower average health costs. (For post-65 retirees and spouses, the retiree does not pay the full premium due to the explicit subsidy discussed above.) Under generally accepted accounting principles, the total cost of benefit payments is to be based on claims costs or age-adjusted premiums approximating claims costs. The projection of retiree premiums is based on current amounts for the retirees' share of the premium, projected with the medical trend assumption, varied by age and sex. Implicit subsidies for dental coverage are also reflected in the actuarial valuation.

Changes in the Total OPEB Liability

The increase (decrease) in the Total OPEB Liability is detailed in the table below:

For the fiscal year ended	August 31, 2023
Total OPEB Liability, beginning balance	$6,961,539
Changes for the year:	
Service cost	350,616
Interest on Total OPEB Liability	258,314
Effect of plan changes	0
Effect of economic/demographic gains or losses	0
Effect of assumptions changes or inputs	(1,452,150)
Expected benefit payments	(235,615)
Total OPEB Liability, ending balance	$5,882,704

Service cost represents the portion of the actuarial present value of expected benefit payments that is attributed to the valuation year.

Changes in assumptions or inputs represents the change in the portion of changes in the Total OPEB Liability that is not immediately recognized in OPEB expense and includes differences between expected and actual experience, changes in assumptions, and differences between expected and actual earnings on plan investments.

Expected benefit payments represent all benefits estimated to be payable through the PEBB OPEB plan to current active and inactive employees as a result of their past service and expected future service. This is the subsidy difference between the total cost of benefits and the portion of the benefits paid by the retirees. Per employee health costs vary depending on age, number of dependents and expected morbidity.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the District's Total OPEB Liability, calculated using the discount rate of 3.81%, as well as what the District's Total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.81%) or one percentage point higher (4.81%) than the current rate:

As of August 31, 2023	1% Decrease 2.81%	Discount Rate 3.81%	1% Increase 4.81%
Total OPEB Liability	$6,788,893	$5,882,704	$5,147,269

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
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 one percentage point lower or one percentage point higher than the current trend rates.

As of August 31, 2023	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	$5,016,484	$5,882,704	$6,988,616

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

The District recognized OPEB expense as follows:

For the year ended	August 31, 2023
Service cost	$350,616
Interest on Total OPEB Liability	258,314
Effect of plan changes	0
Recognition of Deferred Inflows/Outflows of Resources:	
Recognition of economic/demographic gains/losses	(1,443)

Recognition of assumption changes or inputs	(222,600)
OPEB Expense	$384,887

The District's deferred outflows and inflows of resources related to OPEB as of the August 31, 2023. Measurement Date are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$307,945	$(676,715)
Changes of assumptions or inputs	777,834	(2,819,195)
Contributions made subsequent to the Measurement Date	NA	NA
Total	$1,085,779	$(3,495,910)

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB that will be recognized in OPEB expense are detailed in the table below. Additional future deferred outflows and inflows of resources may impact these numbers.

Measurement period ended August 31,	
2024	$(224,043)
2025	(180,392)
2026	(333,435)
2027	(475,956)
2028	(548,828)
Thereafter	$(647,477)

NOTE 9: RISK MANAGEMENT

Worker's Compensation

The District is a member of the Workers' Compensation Pool, as authorized by RCW 51.14. The District joined the Workers' Compensation Pool effective July 1, 1983. Information regarding the operation of the Workers' Compensation Pool is found in Note 10.

The Workers' Compensation Pool provides industrial injury accident insurance coverage for its membership, including excess insurance coverage and provides related services such as administrative services, safety programs and claims administration. All coverage is on an occurrence basis. The Workers' Compensation Pool is fully funded by its member participants.

Members make an annual contribution to fund the Workers' Compensation Pool. Member contributions are calculated based on the members' hours worked. The Workers' Compensation Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by its excess insurance contracts. The Workers' Compensation Pool per-occurrence retention limit is $450,000 and the annual aggregate retention is $2,000,000. Since the Workers' Compensation Pool is a cooperative program, there is a joint liability among participating members.

Workers' Compensation Pool members contract to automatically renew from year to year unless the member gives written notice of its election to terminate its participation in the agreement at least 180 days prior to August 31 of any year. Requested termination occurs on August 31 of any fiscal year. Even after termination, a member is still responsible for contributions to the Workers' Compensation Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Workers' Compensation Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. A seven-member executive committee is responsible for conducting the business affairs of the Workers' Compensation Pool. Financial statements and disclosures for the Workers' Compensation Pool can be obtained from the following address: https:\\www.esd101.net\fiscal\business office.

Unemployment

The District is a member of the Unemployment Compensation Pool, as authorized by RCW 50.44. The District joined the Unemployment Compensation Pool effective September 1, 2015. Information regarding the operation of the Unemployment Compensation Pool is found in Note 10.

The Unemployment Compensation Pool provides unemployment compensation coverage for Unemployment Compensation Pool members arising from previous employees, employer representation (as needed) and claims administration services.

Members make an annual contribution to fund the Unemployment Compensation Pool, which is fully funded by its member participants. Member districts pay a contribution calculated as a percentage of their employee's wages. These contributions plus investment earnings pay for unemployment claims and for the administration of the Unemployment Compensation Pool. There is a provision that members can be additionally assessed if the Unemployment Compensation Pool needs additional funding.

Claimants submit claims to the State of Washington Employment Security Department who determines eligibility. The Unemployment Compensation Pool reimburses the Department for the unemployment claims paid against the member's account. Since the Unemployment Compensation Pool is a cooperative program, there is a joint liability among participating members.

Unemployment Compensation Pool members contract to automatically renew from year to year unless the member gives written notice of its election to terminate its participation in the agreement at least 180 days prior to August 31 of any year. Termination occurs on August 31. Even after termination, a member is still responsible for contributions to the Unemployment Compensation Pool for any unresolved, unreported, and in-process claims for the period they were a signatory to the interlocal governmental agreement.

The Unemployment Compensation Pool is governed by a board of directors, which is comprised of one designated representative from each participating member. A seven-member executive committee is responsible for conducting the business affairs of the Unemployment Compensation Pool. Financial statements and disclosures for the Unemployment Compensation Pool can be obtained from the following address: https://www.esd101.net/fiscal/business_office.

NOTE 10: RISK POOL DISCLOSURES

Workers' Compensation Insurance Pool

The District operates a self-funding, claims control and risk management fund for worker's compensation liabilities of member school districts and educational service districts. The Workers' Compensation Pool, registered in Washington and doing business as Workers' Compensation Insurance Trust, is organized pursuant to RCW 51.14 for the purpose of managing workers' compensation payroll taxes, employee claims, and safety programs. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW 39.34, the Interlocal Cooperation Act. The Workers' Compensation Pool was formed on July 1, 1983, to pool self-insured losses and jointly purchase insurance and administrative services. Fifty-nine districts have joined the Workers' Compensation Pool. The District is also a member of the Workers' Compensation Pool (see Note 9).

Member Assessments, Unearned Member Assessments and Credits
Member assessments are collected in advance and recognized as revenue in the period for which insurance protection is provided.
Workers' Compensation self-insurers in Washington are charged quarterly by L&I based on the amount of self-insured loss payments made during the quarter. The Workers' Compensation Pool estimated outstanding self-insurer assessments as of August 31, 2023, are approximately $313,000. This represents future administrative, and second injury assessments related to the Workers' Compensation Pool August 31, 2023, unpaid claim estimate. The estimate made in the prior actuarial study was $384,000. The estimated Workers' Compensation Pool future second injury fund assessment rate is based on a three-year average of the prior rates charged by L&I.

The interlocal governmental agreement provides for assessments to members based on actual claim experience. The agreement further provides that assessments are made in the aggregate and may be held to credit against future assessments, rather than refunded on an actual claims experience basis for a fiscal year. During fiscal year 2023, the Workers' Compensation Pool did not make a supplemental assessment for claims experience.

Unpaid Claims
Claim reserves represent the accumulation of estimates for reported, unpaid claims, and a provision for claims incurred, but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

Reserve for Unallocated Loss Adjustment Expenses
The reserve for unallocated loss adjustment expenses represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon cost estimates provided by an actuarial firm. The change in the liability each year is reflected in current earnings.

Unpaid Claim Liabilities
The Workers' Compensation Pool establishes claims liabilities based on actuarially derived estimates of the ultimate cost of claims, including future claim adjustment expenses, which have been reported but not settled, and claims that have been incurred but not reported. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Workers' Compensation Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. At August 31, 2023, the amount of liabilities totaled $4,126,721. This liability is the District's best estimate based on available information.

The following represents changes in those liabilities for the Workers' Compensation Pool during the past two years:

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Unpaid claims and claim adjustment expenses at beginning of year	$3,956,403	$3,437,777
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	$2,771,460	$2,694,491
Increases (decreases) in provision for insured events of prior years	190,350	47,800
Total incurred claims and claim adjustment expenses	2,961,810	2,742,291
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	1,108,743	892,421
Claims and claim adjustment expenses attributable to insured events of prior years	1,682,749	1,331,225
Total Payments	2,791,492	2,223,646

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Total unpaid claims and claim adjustment expenses at end of year	$4,126,721	$3,956,403

Risk Financing Limits
The Workers' Compensation Pool retains responsibility for the payment of claims within specified self-insured retention limits prior to the application of coverage provided by excess insurance contracts.

Reinsurance
The Workers' Compensation Pool maintains an excess insurance contract with an insurance carrier to provide coverage over the Workers' Compensation Pool self-insured retention limits. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Workers' Compensation Pool as direct insurer of the risks reinsured. The Workers' Compensation Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers.

For the fiscal year ended August 31, 2023, Arch Insurance Group provided an excess insurance policy with a self-insured retention of $450,000 and an aggregated stop loss of $2,000,000.

The District records liabilities net of reinsurance premiums based on operating practice with the reinsurer who pays all reinsurance claims directly. The District’s reinsurance premiums paid during the year were $134,063. Reinsurance paid $17,414 in claims during the year.

Exemption from Federal and State Taxes
Pursuant to revenue ruling number 90-74, income of municipal risk pools is excluded from gross income under IRC Section 115(1). RCW 51.14 exempts the Workers' Compensation Pool from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

Unemployment Compensation Risk Pool
The District operates a self-funding, claims control and risk management fund for unemployment claim liabilities of member school districts and educational service districts. The Unemployment Compensation Pool is organized pursuant to RCW 50.44

for the purpose of managing unemployment compensation payroll taxes and employee claims and providing employer representation, as needed. An agreement to form a pooling arrangement was made pursuant to the provisions of RCW 39.34, the Interlocal Cooperation Act. The Unemployment Compensation Pool was formed on September 1, 2015, to pool self-insured losses and jointly purchase administrative services. Forty-eight districts have joined the Unemployment Compensation Pool. The District is also a member of the Unemployment Compensation Pool. See Note 9.

Member Assessments, Unearned Member Assessments and Credits
Member assessments are collected in advance and recognized as revenue in the period for which pooled risk protection is provided. The assessment is calculated based on actual claim experience.

The interlocal governmental agreement provides for assessments to members based on actual claim experience. The agreement further provides that assessments are made in the aggregate and may be held to credit against future assessments in circumstances of a surplus fund balance. During fiscal year 2023, the Unemployment Compensation Pool did not make a supplemental assessment for claims experience.

Unpaid Claims
Claim reserves represent the accumulation of estimates for reported, unpaid claims, and a provision for claims incurred, but not reported. These estimates are continually reviewed and updated, and any resulting adjustments are reflected in current earnings.

Reserve for Unallocated Loss Adjustment Expenses
The reserve for unallocated loss adjustment expenses represents the estimated cost to be incurred with respect to the settlement of claims in process and claims incurred but not reported. Management estimates this liability at the end of each year based upon claims reports received from the Washington State Employment Security Department. The change in the liability each year is reflected in current earnings.

Unpaid Claim Liabilities

The Unemployment Compensation Pool establishes claims liabilities based on actuarially derived estimates of the ultimate cost of claims, including future claim adjustment expenses, which have been reported but not settled, and claims that have been incurred but not reported. The process used in computing claims liabilities does not necessarily result in an exact amount as it is based on assumption factors. Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Unemployment Compensation Pool establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses, both allocated and unallocated. As of August 31, 2023, the amount of liabilities totaled $63,994. This liability is the District's best estimate based on available information.

The following represents changes in those liabilities for the Unemployment Compensation Pool during the past two years:

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Unpaid claims and claim adjustment expenses at beginning of year	$39,231	$179,076
Incurred claims and claim adjustment expenses:		
Provision for insured events of current year	$149,774	$93,828
Changes in provision for ULAE	3,000	(17,000)
Total incurred claims and claim adjustment expenses	199,411	(112,715)
Payments:		
Claims and claim adjustment expenses attributable to insured events of current year	99,879	60,007
Claims and claim adjustment expenses attributable to insured events of prior years	82,487	(32,877)

	For the Year Ended August 31, 2023	For the Year Ended August 31, 2022
Total Payments	182,366	27,130
Total unpaid claims and claim adjustment expenses at end of year	$56,276	$39,231

Risk Financing Limits
The Unemployment Compensation Pool is self-insured for all claims and does not purchase excess insurance.

Exemption from Federal and State Taxes
Pursuant to revenue ruling number 90-74, income of municipal risk pools is excluded from gross income under IRC Section 115(1). RCW 50.44 exempts the Unemployment Compensation Pool from insurance premium taxes, and business and occupation taxes imposed pursuant to RCW 82.04.

NOTE 11: NET POSITION

Restricted Net Position
The District's Statement of Net Position reports $4,931,999 of restricted net position as of August 31, 2023:

Program Description	Restricted By	Amount
ECEAP Program	Grantor	$2,162,307
Joint Venture	Cooperative Agreement	390,893
Net Pension Asset	Legislation	2,365,417
Unearned Revenue	Grantor	13,703
Total Restricted Net Position		$4,931,999

Joint Venture
The District is a member of a joint venture for the provision of information processing services. The District's interest in the joint venture of $390,893 is reported as a restricted position on the Statement of Net Position. See Note 13 for further disclosure regarding the joint venture.

Unrestricted Net Position

The District's Statement of Net Position reports $701,331 of unrestricted net position as of August 31, 2023:

Unrestricted Net Position	Amount
OPEB Liability	$(8,292,835)
Net Pension Liability	(2,792,806)
Instructional Support	3,832,210
Non-Instructional Support	1,351,561
Unreserved Fund Balance	6,603,202
Total Unrestricted Net Position	$701,331

NOTE 12: CUSTODIAL FUNDS

Compensated Absences

The Compensated Absences Custodial Fund is organized under provisions of Chapter 39.34 Interlocal Cooperation Act for the purpose of managing leave payouts. Membership is established by execution of an agreement between the District and each local school district.

For the fiscal year ended August 31, 2023, there is one member in the Compensated Absences Fund including one participating school district. The Compensated Absences Fund allows members to accumulate dedicated funds for payment of leave related to sick leave and vacation leave buy out at retirement and certain other instances. Payroll contributions are made to the Compensated Absences Fund at the time leave is earned to reserve assets for expenses. Coverage is on an "occurrence" basis. Leave taken by current employees is recorded as an expense when paid.

NOTE 13: INVESTMENT IN JOINT VENTURE

Washington School Information Processing Cooperative (WSIPC)

The District is a member of WSIPC. The WSIPC Board of Directors consists of a member from each of the nine educational service districts (ESDs) in the state, sharing equally in the joint venture. Educational Service District No. 123 is the fiscal agent of the joint venture and answers directly to the WSIPC Board of Directors in financial matters.

The District's share of the total investment in the joint venture is $390,893 and is reported on the Statement of Net Position as a noncurrent asset. Under the terms of the "*Amended and Restated Interlocal Cooperative Agreement for the Washington School*

Information Processing Cooperative", dated January 18, 2012, contributions made by any of the participating ESDs to WSIPC remain in WSIPC, should an ESD terminate its membership. Terminating members remain fully liable for all obligations incurred, known and unknown, as of the effective date of termination, in the event WSIPC is not able to fully pay or satisfy the obligation. In the event the joint venture is dissolved, all assets shall be liquidated to pay any remaining liabilities. In the event assets or funds remain after payment of all liabilities and current expenses, remaining assets or funds shall be proportionately divided between currently participating ESDs at the time of the dissolution, based upon the percentage of total local user and related fees generated by each during the one-year period prior to the dissolution. In the event assets or funds are not sufficient to pay all liabilities and current expenses, the remaining liabilities shall be divided equally between currently participating ESDs at the time of the dissolution.

There were no contributions to or distributions from the joint venture in fiscal year 2023. During fiscal year ending August 31, 2023, the District paid $23,294 to WSIPC in fees for cooperative services rendered.

The total investment in the joint venture includes WSIPC's share of the net pension asset for participation in Washington's Department of Retirement System pension plans. The District's share of net investment in the joint venture is impacted by the components of the pension asset by $222,685. WSIPC employees participate in the Washington State retirement system; WSIPC is required to recognize their proportionate share of the individual plans' net pension asset and related component measures under generally accepted accounting principles. WSIPC's financial statements include the proportionate share of the net pension asset associated with Public Employees' Retirement System (PERS) plans. General disclosures regarding the Washington State retirement system and pension accounting may be found in the DRS annual comprehensive financial report (obtained at: Washington State Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380; or online at https://www.drs.wa.gov. Specific disclosures for the PERS plan may be found in the notes to WISPC's financial statements.

The total investment in the joint venture includes WSIPC's share of the Total OPEB (other post-employment benefits) liability for post-retirement benefits provided through the Washington State Health Care Authority. The District's share of net investment in the joint venture is impacted by the components of the Total OPEB Liability by $556,534. WSIPC has implemented generally accepted accounting principles for OPEB. WSIPC's Total OPEB Liability and the related component measures were determined through an actuarial valuation consistent with the actuarial valuation method used by the nine member ESDs. General disclosures regarding the OPEB plan administered by the

Washington State Health Care Authority for employer participants may be found at http://leg.wa.gov/osa/additionalservices/Pages/OPEB.aspx. Specific disclosures for WSIPC's plan participation may be found in the notes to WSIPC's financial statements.

The change in net position for the District's share in the joint venture from fiscal year 2022 to 2023 is $120,660 and has been reported on the Statement of Revenues, Expenses and Changes in Fund Net Position as nonoperating revenue or expense. The Net Investment in Joint Venture balance in the Statement of Net Position is a restricted net position (see Note 11).

Financial statements for the joint venture may be obtained by contacting WSIPC at 2121 West Casino Road, Everett WA 98204-1472.

NOTE 14: OTHER DISCLOSURES

Accounting and Reporting Changes

Implementation of New Accounting Pronouncements and Standards
During the fiscal year ended August 31, 2023, the District implemented the following pronouncements:

Statement No. 96 of the Governmental Accounting Standards Board. This Statement addresses recognition of all the District's Subscription-Based Information Technology Arrangements that exceed 12 months in length. These assets and liabilities must now be recorded as liabilities and right-of-use assets on financial statements.

REQUIRED SUPPLEMENTAL INFORMATION (RSI)

RSI for Property–Casualty Cooperatives–Pools and Workers Compensation Pools:

Part 1 – Ten-Year Claims Development Information

The table below illustrates how the pool's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the pool as of the end of each of the last ten years. The rows of the table are defined as follows:

1. This line shows the total of each fiscal year gross earned contribution revenue, investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the pool including overhead and claims expense not allocable to individual claims.
3. This line shows the pool's gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and allocated adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of ten rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest re-estimated number of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of ten rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest re-estimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years. The columns of the table show data for successive policy years.

WORKERS’ COMPENSATION POOL

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
(1) Required Contribution & Investment Revenue:										
Earned	3,253,778	3,575,470	3,563,579	3,732,868	4,085,360	4,146,099	4,154,793	4,198,301	4,386,719	7,017,228
Ceded	122,626	130,443	132,358	139,672	130,228	134,418	144,616	152,280	155,278	289,203
Net Earned	3,131,152	3,445,027	3,431,221	3,593,196	3,955,132	4,011,681	4,010,177	4,046,021	4,231,441	6,728,025
(2) Unallocated Expenses (ESD Admin)	739,616	730,354	580,386	884,442	909,147	1,003,606	1,023,828	1,087,579	1,146,944	1,003,360
(3) Estimated Claims & Expenses End of Policy Year:										
Incurred	1,697,949	1,887,523	2,182,445	2,287,708	3,297,045	2,327,086	1,739,429	2,297,182	2,445,621	2,684,694
Ceded *	47,949	37,523	92,445	112,708	697,045	42,086	39,429	47,182	45,621	84,694
Net Incurred	1,650,000	1,850,000	2,090,000	2,175,000	2,600,000	2,285,000	1,700,000	2,250,000	2,400,000	2,600,000
(4) Net Paid (Cumulative) as of:										
End of policy year	703,904	742,608	838,926	853,947	1,197,475	829,529	548,497	1,030,640	892,421	1,108,743
One year later	1,284,233	1,245,046	1,604,176	1,768,132	1,983,708	1,436,990	759,449	1,584,650	1,656,931	
Two years later	1,526,818	1,464,339	1,816,405	2,145,880	2,170,247	1,604,190	847,463	1,764,365		
Three years later	1,585,239	1,604,275	1,956,526	2,231,397	2,346,585	1,708,913	956,639			
Four years later	1,605,375	1,654,147	1,990,826	2,271,944	2,483,905	1,724,527				
Five years later	1,626,070	1,678,309	1,996,665	2,287,910	2,532,743					
Six years later	1,630,072	1,784,412	1,998,102	2,518,116						
Seven years later	1,666,382	1,829,057	2,035,910							
Eight years later	1,673,155	1,829,147								
Nine years later	1,683,886									
(5) Reestimated Net Ceded Claims and Expenses *	17,082	15,630	16,532	18,351	1,915,156	24,326	26,328	33,286	49,933	84,694
(6) Reestimated Net Incurred Claims and Expenses:										
End of policy year	1,650,000	1,850,000	2,090,000	2,175,000	2,600,000	2,285,000	1,700,000	2,250,000	2,400,000	2,600,000
One year later	1,905,000	1,800,000	2,325,000	2,550,000	2,650,000	2,050,000	1,200,000	2,135,000	2,425,000	
Two years later	1,915,000	1,830,000	2,215,000	2,450,000	2,550,000	1,910,000	1,180,000	2,050,000		
Three years later	1,790,000	1,875,000	2,140,000	2,450,000	2,620,000	1,915,000	1,100,000			
Four years later	1,755,000	1,860,000	2,125,000	2,395,000	2,670,000	1,880,000				
Five years later	1,710,000	1,875,000	2,080,000	2,375,000	2,810,000					
Six years later	1,685,000	1,875,000	2,120,000	2,580,000						
Seven years later	1,721,000	1,870,000	2,105,000							
Eight years later	1,700,000	1,860,000								
Nine years later	1,700,000									
(7) Increase (Decrease) in Estimated Net Incurred Claims & Expenses from End of Policy Year	50,000	10,000	15,000	405,000	210,000	(405,000)	(600,000)	(200,000)	25,000	

Part 2 – Schedule of the District's Proportionate Share of the Net Pension Liability

The required supplementary information identified below is presented separately for each plan the ESD 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 (ASSET) AS OF JUNE 30

PERS 1									
Last 10 Fiscal Years*									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the net pension liability (percentage)	0.052415%	0.057427%	0.061396%	0.059697%	0.059342%	0.058253%	0.058080%	0.066978%	0.067885%
District's proportionate share of the net pension liability (amount)	$ 2,741,808	$ 3,084,112	$ 2,913,302	$ 2,666,108	$ 2,281,929	$ 2,056,631	$ 709,291	$ 1,864,908	$ 1,549,622
District's covered payroll	$ 5,909,426	$ 6,973,733	$ 7,654,278	$ 7,947,300	$ 8,242,844	$ 8,594,887	$ 8,825,975	$ 10,199,474	$ 12,074,821
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	46.40%	44.22%	38.06%	33.55%	27.68%	23.93%	8.04%	18.28%	12.83%
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%	76.56%	80.16%
SERS 2/3									
Last 10 Fiscal Years*									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the net pension liability (percentage)	0.337542%	0.368120%	0.371366%	0.354325%	0.337964%	0.325639%	0.343238%	0.356510%	0.383376%
District's proportionate share of the net pension liability (amount)	$ 1,370,931	$ 2,417,693	$ 1,832,596	$ 1,059,652	$ 792,519	$ 1,732,283	$ (3,685,341)	$ (957,763)	$ (548,780)
District's covered payroll	$ 5,810,288	$ 6,883,859	$ 7,586,782	$ 7,887,333	$ 8,180,042	$ 8,530,231	$ 8,759,890	$ 10,132,088	$ 12,048,727
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	23.59%	35.12%	24.16%	13.43%	9.69%	20.31%	-42.07%	-9.45%	-4.55%
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%	103.17%	101.54%
TRS 1									
Last 10 Fiscal Years*									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the net pension liability (percentage)	0.030458%	0.030587%	0.031079%	0.030070%	0.027625%	0.025198%	0.024542%	0.023843%	0.021927%
District's proportionate share of the net pension liability (amount)	$ 964,945	$ 1,044,313	$ 939,590	$ 878,220	$ 683,951	$ 606,956	$ 165,238	$ 453,453	$ 277,712
District's covered payroll	$ 1,504,278	$ 1,618,336	$ 1,745,671	$ 1,804,872	$ 1,869,248	$ 1,826,747	$ 1,836,206	$ 1,873,825	$ 1,854,421
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	64.15%	64.53%	53.82%	48.66%	36.59%	33.23%	9.00%	24.20%	14.98%
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%	78.24%	85.09%
TRS 2/3									
Last 10 Fiscal Years*									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
District's Proportion of the net pension liability (percentage)	0.032147%	0.031956%	0.031838%	0.030562%	0.028002%	0.025297%	0.024729%	0.023665%	0.022061%
District's proportionate share of the net pension liability (amount)	$ 271,255	$ 438,845	$ 293,851	$ 137,566	$ 168,721	$ 388,549	$ (679,752)	$ (46,569)	$ (27,094)
District's covered payroll	$ 1,504,278	$ 1,618,336	$ 1,745,671	$ 1,804,872	$ 1,869,248	$ 1,826,747	$ 1,836,206	$ 1,873,825	$ 1,854,421
District's proportionate share of the net pension liability (amount) as a percentage of its covered payroll	18.03%	27.12%	16.83%	7.62%	9.03%	21.27%	-37.02%	-2.49%	-1.46%
Plan fiduciary net position as a percentage of the total pension liability	92.48%	88.72%	93.14%	96.88%	96.36%	91.72%	113.72%	100.86%	100.49%

Part 3 – Schedule of District Contributions

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

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR FISCAL YEAR END AUGUST 31

PERS 1

Last 10 Fiscal Years**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 240,900	$ 325,668	$ 369,314	$ 399,032	$ 425,510	$ 422,183	$ 432,629	$ 410,482	$ 462,587
Contributions in relation to the contractually required contributions	$ 240,900	$ 325,668	$ 369,314	$ 399,032	$ 425,510	$ 422,183	$ 432,629	$ 410,482	$ 462,587
Contribution deficiency (excess)	0	0	0	0	0				
District's covered payroll	$ 6,137,196	$ 7,238,619	$ 7,744,107	$ 8,021,932	$ 9,689,330	$ 8,954,700	$ 9,005,141	$ 10,589,124	$ 12,462,297
Contribution as a percentage of covered payroll	3.93%	4.50%	4.77%	4.97%	4.39%	4.71%	4.80%	3.88%	3.71%
SERS 2/3									
Last 10 Fiscal Years**									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 328,164	$ 440,398	$ 503,004	$ 619,858	$ 676,489	$ 704,175	$ 722,691	$ 797,930	$ 934,982
Contributions in relation to the contractually required contributions	$ 328,164	$ 440,398	$ 503,004	$ 619,858	$ 676,489	$ 704,175	$ 722,691	$ 797,930	$ 934,982
Contribution deficiency (excess)	0	0	0	0	0	0			
District's covered payroll	$ 6,047,285	$ 7,146,640	$ 7,685,722	$ 7,960,490	$ 9,615,835	$ 8,889,577	$ 8,938,736	$ 10,521,411	$ 12,453,131
Contribution as a percentage of covered payroll	5.43%	6.16%	6.54%	7.79%	7.04%	7.92%	8.08%	7.58%	7.51%
TRS 1									
Last 10 Fiscal Years**									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 68,157	$ 92,959	$ 108,755	$ 125,059	$ 137,195	$ 132,326	$ 134,885	$ 122,350	$ 118,346
Contributions in relation to the contractually required contributions	$ 68,157	$ 92,959	$ 108,755	$ 125,059	$ 137,195	$ 132,326	$ 134,885	$ 122,350	$ 118,346
Contribution deficiency (excess)	0	0	0	0	0	0			
District's covered payroll	$ 1,527,140	$ 1,632,324	$ 1,772,782	$ 1,841,378	$ 2,204,249	$ 1,817,834	$ 1,845,882	$ 1,883,501	$ 1,890,038
Contribution as a percentage of covered payroll	4.46%	5.69%	6.13%	6.79%	6.22%	7.28%	7.31%	6.50%	6.26%
TRS 2/3									
Last 10 Fiscal Years**									
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	$ 85,429	$ 104,304	$ 117,309	$ 135,875	$ 146,362	$ 147,185	$ 149,651	$ 151,364	$ 149,281
Contributions in relation to the contractually required contributions	$ 85,429	$ 104,304	$ 117,309	$ 135,875	$ 146,362	$ 147,185	$ 149,651	$ 151,364	$ 149,281
Contribution deficiency (excess)	0	0	0	0	0	0			
District's covered payroll	$ 1,527,140	$ 1,632,324	$ 1,772,782	$ 184,378	$ 2,204,249	$ 1,817,834	$ 1,845,882	$ 1,883,501	$ 1,890,038
Contribution as a percentage of covered payroll	5.59%	6.39%	6.62%	73.69%	6.64%	8.10%	8.11%	8.04%	7.90%

Part 4 – Schedule of Changes in Total OPEB Liability and Related Ratios

The information identified below is the Schedule of Changes in Total OPEB Liability and Related Ratios. The amounts reported in the Schedule of Changes in Total OPEB Liability and Related Ratios are determined as of the district's fiscal year ending August 31.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Last 10 Fiscal Years **

TOTAL OPEB LIABILTY	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**
Service cost	$ 350,616	$ 526,427	$ 500,100	$ 345,052	$234,108	$256,597
Interest on total OPEB liability	$ 258,314	$ 209,173	$ 201,750	$ 220,054	$220,530	$200,776
Changes in benefit terms		$ -				
Effect of economic/demographic gains or (losses)	$ -	$ (910,065)	$ -	$ 335,667	$ 503,078	
Effect of assumption changes or inputs	$ (1,452,150)	$ (1,997,576)	$ 98,314	$ 916,669	$ 972,515	$ (392,885)
Expected benefit payments	$ (235,615)	$ (227,589)	$ (217,492)	$ (204,767)	$ (196,561)	$ (190,031)
Net change in total OPEB liability	$ (1,078,835)	$ (2,399,630)	$ 582,672	$ 1,612,675	$ 1,733,670	$ (125,543)
Total OPEB liability, beginning balance	$ 6,961,539	$ 9,361,170	$ 8,778,498	$ 7,165,823	$ 5,432,153	$ 5,557,696
Total OPEB liability, ending balance	$ 5,882,704	$ 6,961,539	$ 9,361,170	$ 8,778,498	$ 7,165,823	$ 5,432,153
Covered employee payroll	$14,352,335	$12,472,626	$ 10,851,024	$ 10,475,642	$10,209,449	$ 9,863,310
Total OPEB liability as a % of covered payroll	40.99%	55.81%	86.27%	83.80%	70.19%	55.07%

Notes to Schedules:

** Schedules will be built prospectively until 10 years of data has been compiled.

Note 8 to the financial statements includes information regarding factors that may affect trends in the amounts reported in these schedules.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Child and Adult Care Food Program	10.558	3408-60-062/063	19,761	-	19,761	-	
SNAP Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via SPOKANE WORKFORCE DEV)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	5970	6,606	-	6,606	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via Spokane Regional Health Dist)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	8907-0920	34,267	-	34,267	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via DSHS)	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	8907-092.2 ACT 063	131,569	-	131,569	-	
			Total SNAP Cluster:	**172,442**	**-**	**172,442**	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Team Nutrition Grants	10.574	8908-0630/0640	402,468	-	402,468	16,006	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Community-Based Violence Prevention Program	16.123		-	9,753	9,753	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Community-Based Violence Prevention Program	16.123		-	234,200	234,200	-	
			Total ALN 16.123:	**-**	**243,953**	**243,953**	-	
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	Girls in the Juvenile Justice System	16.830		-	94,504	94,504	-	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures From Pass-Through Awards	Expenditures From Direct Awards	Expenditures Total	Passed through to Subrecipients	Note
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF	STOP School Violence	16.839		-	291,560	291,560	-	
WIOA Cluster								
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via SPOKANE WORKFORCE DEV)	WIOA Youth Activities	17.259	7602-063	192,805	-	192,805	-	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF (via SPOKANE WORKFORCE DEV)	WIOA Youth Activities	17.259	7602-064	36,499	-	36,499	-	
			Total WIOA Cluster:	**229,304**	**-**	**229,304**	-	
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF	YouthBuild	17.274		-	66,022	66,022	-	4
EMPLOYMENT AND TRAINING ADMINISTRATION, LABOR, DEPARTMENT OF	YouthBuild	17.274		-	425,391	425,391	-	4
			Total ALN 17.274:	**-**	**491,413**	**491,413**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	1650-0830	536,015	-	536,015	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	5906-0830	176,563	-	176,563	-	

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Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 OSPI)	Title I Grants to Local Educational Agencies	84.010	5908-0830	104,446	-	104,446	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	5921-0830	90,777	-	90,777	-	
			Total ALN 84.010:	**907,801**	**-**	**907,801**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	5907-0830	131,382	-	131,382	-	
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	1205-0830	315,024	-	315,024	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	1208-0830	89,604	-	89,604	-	
			Total Special Education Cluster (IDEA):	**404,628**	**-**	**404,628**	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via DCYF)	Special Education-Grants for Infants and Families	84.181	1203-0630	6,573	-	6,573	-	1,2

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN 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 DCYF)	Special Education-Grants for Infants and Families	84.181	1203-0640	912	-	912	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via DCYF)	Special Education-Grants for Infants and Families	84.181	3454-0000	3,919	-	3,919	-	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via DCYF)	Special Education-Grants for Infants and Families	84.181	3454-0640	343	-	343	-	
			Total ALN 84.181:	**11,747**	**-**	**11,747**	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	School Safely National Activities	84.184	8909-0920	1,260	-	1,260	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID_19 84.425U_1649-0830	27,756	-	27,756	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425U_2019	1,043,432	-	1,043,432	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D-5802/5803	66,939	-	66,939	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5903-0630	106,829	-	106,829	-	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures From Pass-Through Awards	Expenditures From Direct Awards	Expenditures Total	Passed through to Subrecipients	Note
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5938-0830	261,973	-	261,973	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5947-0830	8,447	-	8,447	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5948-0630	9,981	-	9,981	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5980-0830	191,175	-	191,175	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	COVID-19 84.425D 5981-0630	2,889	-	2,889	-	
			Total ALN 84.425:	**1,719,421**	**-**	**1,719,421**	**-**	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WSU)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2002-0920	3,211	-	3,211	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WSU)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2002-0930	5,222	-	5,222	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2017-0630	243,836	-	243,836	55,303	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2017-0930/0640	639	-	639	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	61,957	61,957	33,781	4
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		-	41,347	41,347	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2069-0920	10,354	-	10,354	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	2069-0930	87,189	-	87,189	-	
			Total ALN 93.243:	**350,451**	**103,304**	**453,755**	89,084	
CDC NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Drug-Free Communities Support Program Grants	93.276		-	14,690	14,690	-	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
CDC NATIONAL CENTER FOR CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF	Drug-Free Communities Support Program Grants	93.276		-	146,990	146,990	-	
			Total ALN 93.276:	**-**	**161,680**	**161,680**	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via dept of health)	National and State Tobacco Control Program	93.387	2033-0430	25,143	-	25,143	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via dept of health)	National and State Tobacco Control Program	93.387	2033-0440	6,479	-	6,479	-	
			Total ALN 93.387:	**31,622**	**-**	**31,622**	-	
CCDF Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DCYF)	Child Care and Development Block Grant	93.575	3437-0630	328,174	-	328,174	-	
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DCYF)	Child Care and Development Block Grant	93.575	3437-0640	47,228	-	47,228	-	
			Total CCDF Cluster:	**375,402**	**-**	**375,402**	-	
Medicaid Cluster								

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA HCA)	Medical Assistance Program	93.778	5942	6,959	-	6,959	-	
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA HCA)	Medical Assistance Program	93.778	7820	7,336	-	7,336	-	
			Total Medicaid Cluster:	**14,295**	**-**	**14,295**	**-**	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	2018-062/092	6,857	-	6,857	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	2018-0640	527	-	527	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	2018-0630	51,031	-	51,031	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	2070-0920	35,684	-	35,684	-	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Opioid STR	93.788	2070-0630-2050/2051	169,022	-	169,022	-	
			Total ALN 93.788:	**263,121**	**-**	**263,121**	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2008-0630	144,080	-	144,080	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2014-0630	391,095	-	391,095	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2014-0640	279	-	279	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2045-0630--2049	222,417	-	222,417	-	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2045-0630-2052	433,425	-	433,425	16,500	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2046-0930	141,629	-	141,629	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2047-0640	10,045	-	10,045	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2068-0630	184,846	-	184,846	-	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Health Care Authority)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	2068-0640	1,919	-	1,919	-	
			Total ALN 93.959:	**1,529,735**	**-**	**1,529,735**	16,500	

The accompanying notes are an integral part of this schedule.

Northeast Washington Educational Service District No. 101
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures: From Pass-Through Awards	Expenditures: From Direct Awards	Expenditures: Total	Passed through to Subrecipients	Note
Corporation for National and Community Service, CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (via SERVE WASHINGTON)	AmeriCorps State and National 94.006	94.006	7611-0830	438,754	-	438,754	-	4
			Total Federal Awards Expended:	**7,003,594**	**1,386,414**	**8,390,008**	**121,590**	

The accompanying notes are an integral part of this schedule.

NorthEast Washington Educational Service District 101

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Note 1 – Basis of Accounting

This Schedule is prepared on the same basis of accounting as the NorthEast Educational Service District 101's (the District) financial statements. The District uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

Note 2 – Federal De Minimis Indirect Cost Rate

The District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The district used the federal restricted rate of 7.16% for the programs unless otherwise specified by a particular program.

Note 3 - Noncash Awards

The amount of donated PPE that is not reported on the schedule that was distributed by the District during the current year and priced as prescribed by OSPI. The value of these supplies is $3,500.00.

Note 4 – Program Costs/Matching Contributions

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

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.

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