



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

June 23, 2022

Board of Directors  
Summit Public Schools Washington – Atlas  
Seattle, Washington 98126

**Contracted CPA Firm's Audit Report on Financial Statements and  
Federal Single Audit**

We have reviewed the audit report issued by a certified public accounting (CPA) firm on the financial statements and compliance with federal grant requirements of Summit Public Schools Washington – Atlas for the fiscal year ended August 31, 2021. The Charter Public School contracted with the CPA firm for this audit and requested that we accept it in lieu of performing our own audit.

Based on this review, we have accepted this report in lieu of the audit required by RCW 43.09.260. The Office of the Washington State Auditor did not audit the accompanying financial statements or Atlas compliance with federal grant agreements and, accordingly, we do not express an opinion on those financial statements or on compliance.

This report is being published on the Office of the Washington State Auditor website as a matter of public record.

Sincerely,

A handwritten signature in black ink that reads "Pat McCarthy". The signature is stylized with a large, flowing "P" and "M".

Pat McCarthy, State Auditor  
Olympia, WA

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**SUMMIT PUBLIC SCHOOLS WASHINGTON**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED AUGUST 31, 2021**

**COMPRISED OF:**

**Summit Public Schools Washington  
Summit Public Schools Atlas  
Summit Public Schools Sierra  
Summit Public Schools Olympus**



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**SUMMIT PUBLIC SCHOOLS WASHINGTON  
TABLE OF CONTENTS  
YEAR ENDED AUGUST 31, 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION AND GENERAL FUND BALANCE SHEET</b>	<b>8</b>
<b>STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCE</b>	<b>9</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>10</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE OF THE NET     PENSION LIABILITY</b>	<b>29</b>
<b>SCHEDULE OF SCHOOL CONTRIBUTIONS</b>	<b>30</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>31</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>LIST OF BOARD OF DIRECTORS AND THE ADMINISTRATORS</b>	<b>33</b>
<b>SCHEDULE OF GENERAL FUND BALANCE SHEET BY LOCATION</b>	<b>34</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND     BALANCE – GENERAL FUND BY LOCATION</b>	<b>35</b>
<b>SCHEDULE OF NET POSITION BY LOCATION</b>	<b>36</b>
<b>SCHEDULE OF ACTIVITIES BY LOCATION</b>	<b>37</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE     FINANCIAL ASSISTANCE</b>	<b>38</b>
<b>NOTES TO SUPPLEMENTARY INFORMATION</b>	<b>39</b>
<b>INDEPENDENT AUDITORS' REPORT INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>40</b>
<b>SCHEDULES OF FINDINGS AND QUESTIONED COSTS</b>	<b>42</b>
<b>STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS</b>	<b>43</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Summit Public Schools Washington  
Redwood City, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of Summit Public Schools Washington (the School), as of and for the year ended August 31, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the School, as of August 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

Management has omitted the budgetary comparison information that 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.


### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Summit Public Schools Washington's basic financial statements. The list of board of directors and the administrators, schedule of general fund balance sheet by location, schedule of general fund revenues, expenditures, and changes in fund balance by location, schedule of net position by location, schedule of activities by location, and the schedule of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by requirements of the State of Washington and is also not a required part of the financial statements.

The schedule of general fund balance sheet by location, schedule of general fund revenues, expenditures, and changes in fund balance by location, schedule of net position by location, schedule of activities by location, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 financial statements as a whole. The list of board of directors and the administrators has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2021, on our consideration of the School'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 solely 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 School'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 School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Glendora, California  
December 27, 2021

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2021**

This section of the Summit Public Schools Washington (the School) annual financial report presents our discussion and analysis of the School's financial performance for the fiscal year ended August 31, 2021. Please read it in conjunction with the audited financial statements, which immediately follow this section.

**Financial Highlights**

- As of the close of the current fiscal year, the School's governmental fund reported ending fund balance of \$6,369,722.
- The assets of the School's governmental fund comprise primarily of cash of \$10,086,006, accounts receivable of \$2,480,486 and prepaid expenses of \$1,020,608. The liabilities of the School's governmental fund at the close of the fiscal year are \$7,217,378, which is comprised of accounts payable and unearned revenues.
- The School incurred long-term debt for the Payroll Protection Loan Program. The loan was forgiven in the year ended August 31, 2021.
- The School's governmental fund had revenues of \$15,456,982 and expenditures of \$15,924,139 for the year ended August 31, 2021 for a decrease in fund balance of \$467,157.
- After adjusting for the School's pension assets and liabilities and capital additions, the School's change in net position was an increase of \$2,107,679 for a total net position of \$5,021,017.

**Overview of the Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements are comprised of three components: (1) Statement of Net Position and General Fund Balance Sheet, (2) Statement of Activities and General Fund Revenues, Expenditures, and Changes in Fund Balance and (3) Notes to the Basic Financial Statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and deferred outflows of resources, liabilities and deferred inflows, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2021**

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

**Summit Public Schools Washington  
Net Position**

	Governmental Activities 2021	Governmental Activities 2020
<b>Assets</b>		
Current Assets	\$ 13,587,100	\$ 12,153,240
Noncurrent Assets	3,203,679	625,810
<b>Total Assets</b>	<u>16,790,779</u>	<u>12,779,050</u>
<b>Deferred Outflows of Resources</b>		
Deferred Outflows of Resources - Pensions	835,034	1,241,793
<b>Total Deferred Outflows of Resources</b>	<u>835,034</u>	<u>1,241,793</u>
<b>Liabilities</b>		
Current Liabilities	7,217,378	5,316,361
Noncurrent Liabilities	1,885,679	5,633,807
<b>Total Liabilities</b>	<u>9,103,057</u>	<u>10,950,168</u>
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources - Pensions	3,501,739	157,337
<b>Total Deferred Inflows of Resources</b>	<u>3,501,739</u>	<u>157,337</u>
<b>Net Position</b>		
Net Investment in Capital Assets	659,577	625,810
Unrestricted	4,361,440	2,287,528
<b>Total Net Position</b>	<u>\$ 5,021,017</u>	<u>\$ 2,913,338</u>

The current assets balance is primarily cash and accounts receivable at August 31, 2021 that were due from the State of Washington.

The total noncurrent assets are comprised of capital assets that were purchased with an original cost of \$5,000 or more. The current liabilities balance is a combination of accounts payable that were due but not paid at August 31 and long-term liabilities is comprised of deferred rent and the net pension liability. The pension liability has increased due to more contributions from increasing staff levels.



**SUMMIT PUBLIC SCHOOLS WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2021**

**Summit Public Schools Washington  
Changes in Net Position**

	Governmental Activities 2021	Governmental Activities 2020
<b>Revenues</b>		
State Aid	\$ 9,745,522	\$ 8,824,538
Other State Revenue	2,553,483	2,415,531
Grants and Contributions	3,080,762	6,239,122
All Other Revenue	1,607,354	115,783
<b>Total Revenues</b>	<u>16,987,121</u>	<u>17,594,974</u>
<b>Expenses</b>		
Governmental Activities - Education Programs	12,630,059	12,465,705
Supporting Services	2,249,383	2,507,068
<b>Total Expenses</b>	<u>14,879,442</u>	<u>14,972,773</u>
<b>Change in Net Position</b>	<u>2,107,679</u>	<u>2,622,201</u>
<b>Net Position, Beginning of Year</b>	<u>2,913,338</u>	<u>291,137</u>
<b>Net Position, End of Year</b>	<u><u>\$ 5,021,017</u></u>	<u><u>\$ 2,913,338</u></u>

**Revenues**

During this year of the School's operations, the primary source of revenue was \$12,229,005 from the State of Washington, \$1,181,557 in federal funding, \$1,899,205 in private grants, and contributions. These revenues continue to grow as more schools are opening and adding grade levels. They also had forgiveness of the Payroll Protection Loan of \$1,530,140.

**Expenses**

Total expenses consist of salary and benefit costs, facilities and maintenance costs, general supplies, food services, purchased services and other expenditures needed to operate the School. These expenditures continue to grow as more schools are opening and adding grade levels.

**Fund Financial Analysis**

As noted earlier, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The School's governmental fund is discussed below.

**Governmental Fund**

The focus of the School's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of the end of the current fiscal year, the School's general fund reported an ending fund balance of \$6,369,722.

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED AUGUST 31, 2021**

**Revenue by Source  
General Fund**

	2021	2020
<b>Revenues by Source</b>		
General Revenues	\$ 9,745,522	\$ 8,824,538
Program Revenues	5,711,460	8,770,436
<b>Total Revenues</b>	<u>\$ 15,456,982</u>	<u>\$ 17,594,974</u>

**Expenditures by Function  
General Fund**

	2021	2020
<b>Expenditures by Function</b>		
Educational Programs	\$ 12,558,828	\$ 12,462,364
Supporting Services	2,249,383	2,507,068
Capital Outlay	71,231	3,341
<b>Total Expenditures</b>	<u>\$ 14,879,442</u>	<u>\$ 14,972,773</u>

**Capital Assets**

The School had capital assets net of depreciation of \$659,577 as of August 31, 2021.

**Economic Factors and Next Year's Budget**

The following factors were considered in preparing the School's budget for fiscal year 2021/22.

As with many other schools across the country, total enrollment for fiscal year 2021/22 at Summit Public Schools Washington is projected to decrease due to the impacts of COVID. This decrease in students has required us to adjust our expenditures as we navigate the return to in-person instruction to provide the necessary supports for learning acceleration.

Other operational costs will also be increased due to the added supports necessary and compliance with social distancing requirements. While the prior year costs were analyzed and used in forecasting 2021/22 costs, this budget process was unique due to the operation of virtual school for the majority of 2021/22. For 2021/22, there will be one-time expenditure needs and costs related to best supporting our students.

Revenues are determined by utilizing revenue estimation tools developed by the State Department of Education.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens, taxpayers, parents, investors, and creditors with general overview of the School's finances. If you have questions regarding this report or need additional financial information, contact the School's Director of Finance at [mochoa@summitps.org](mailto:mochoa@summitps.org).

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**STATEMENT OF NET POSITION AND GENERAL FUND BALANCE SHEET**  
**AUGUST 31, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 10,086,006	\$ -	\$ 10,086,006
Accounts Receivable	2,480,486	-	2,480,486
Prepaid Expenses	1,020,608	-	1,020,608
Total Current Assets	<u>13,587,100</u>	<u>-</u>	<u>13,587,100</u>
<b>NONCURRENT ASSETS</b>			
Net Pension Asset	-	2,544,102	2,544,102
Capital Assets, Net of Accumulated Depreciation	-	659,577	659,577
Total Assets	<u>\$ 13,587,100</u>	<u>3,203,679</u>	<u>16,790,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Pensions	<u>-</u>	<u>835,034</u>	<u>835,034</u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 5,016,407	\$ -	\$ 5,016,407
Unearned Revenues	2,200,971	-	2,200,971
Total Current Liabilities	<u>7,217,378</u>	<u>-</u>	<u>7,217,378</u>
<b>NONCURRENT LIABILITIES</b>			
Deferred Rent Liability	-	1,300,694	1,300,694
Net Pension Liability	-	584,985	584,985
Total Liabilities	<u>7,217,378</u>	<u>1,885,679</u>	<u>9,103,057</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Pensions	<u>-</u>	<u>3,501,739</u>	<u>3,501,739</u>
<b>FUND BALANCE</b>			
Nonspendable	1,020,608	(1,020,608)	-
Unassigned	5,349,114	(5,349,114)	-
Total Fund Balance	<u>6,369,722</u>	<u>(6,369,722)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 13,587,100</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		659,577	659,577
Unrestricted		4,361,440	4,361,440
Total Net Position		<u>\$ 5,021,017</u>	<u>\$ 5,021,017</u>

See accompanying Notes to Financial Statements.

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
STATEMENT OF ACTIVITIES AND GENERAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED AUGUST 31, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Activities</u>
<b>REVENUES</b>			
General Revenues:			
State Aid	\$ 9,745,522	\$ -	\$ 9,745,522
Program Revenues:			
Federal Revenue	1,181,557	-	1,181,557
Other State	2,553,483	-	2,553,483
Private Grants and Contributions	1,899,205	-	1,899,205
All Other Local Revenues	77,215	1,530,139	1,607,354
Total Revenues	<u>15,456,982</u>	<u>1,530,139</u>	<u>16,987,121</u>
 <b>EXPENSES/EXPENDITURES</b>			
Educational Programs	13,603,525	(973,466)	12,630,059
Supporting Services	2,249,383	-	2,249,383
Capital Outlay	71,231	(71,231)	-
Total Expenses/Expenditures	<u>15,924,139</u>	<u>(1,044,697)</u>	<u>14,879,442</u>
 <b>CHANGE IN FUND BALANCE/NET POSITION</b>	(467,157)	2,574,836	2,107,679
 Fund Balance/Net Position, Beginning of Year	<u>6,836,879</u>	<u>(3,923,541)</u>	<u>2,913,338</u>
 <b>FUND BALANCE/NET POSITION, END OF YEAR</b>	<u><u>\$ 6,369,722</u></u>	<u><u>\$ (1,348,705)</u></u>	<u><u>\$ 5,021,017</u></u>

See accompanying Notes to Financial Statements.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Summit Public Schools Washington (SPS WA and the School) was formed to operate charter schools as provided in the Washington State Charter Schools Act. SPS WA's mission is to provide educational, technical, and supporting services to the various schools in the State. The School's support is derived primarily from State of Washington public education monies, foundation contributions, and various government agency grants.

**Accounting Policies**

As required by the State of Washington, the School accounts for its financial transactions in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**Use of Estimates**

The preparation of financial statements in conformity and in accordance with the generally accepted financial principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual amounts could differ from those estimates.

**Measurement Focus and Financial Statement Presentation**

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School as a whole. All of the School's activities as a charter school are considered governmental in nature per the State of Washington; therefore, the School does not report any business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the cash flows occur. Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds (see Notes 2 and 3).

**Governmental Fund Financial Statements**

The School's general fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable. Revenues are considered to be available if they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of revenues related to private grants, which are included in revenue if received within six months after year-end. Expenditures generally are recorded when a liability is incurred under accrual accounting. The School accounts for all of its operating activities in its general fund.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Financial Statement Presentation (Continued)**

**Governmental Fund Financial Statements (Continued)**

When both restricted and unrestricted resources are available for use, it is the School's policy to first apply the expenditure toward restricted fund balance and then to other, less restrictive classifications – committed, assigned, and then unassigned fund balances.

**Prepaid Expense**

Payments made for services that will benefit periods beyond August 31, 2021, are recorded as prepaid expense. In the governmental fund balance sheet these amounts are recorded as nonspendable as these amounts are not available for expenditure.

**Capital Assets**

Capital assets are those purchased or acquired with an original cost of \$5,000 or more and are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all capital assets is provided on a straight-line basis over the estimated useful lives of the capital assets.

**Deferred Outflows / Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial section, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**Deferred Outflows – Pension**

The deferred outflow of resources related to pensions resulted from School contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans. The deferred outflow – pension contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**Deferred Inflows – Pension**

The deferred inflows of resources represent an acquisition of net position by the School that is applicable to a future reporting period. The deferred inflows of resources related to pensions and are amortized to pension expense.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenues**

Revenue resulting from exchange transactions in which each party gives and receives essentially equal value is recorded under the accrual basis when the exchange takes place.

Nonexchange transactions are those in which the School receives value without directly giving equal value in return and includes private grants and contributions and state revenue. Under the accrual basis, this revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted, matching requirements under which the School must provide local resources to be used for a specific purpose and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

**Unearned Revenue**

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are recorded as unearned revenue.

**Fund Balances**

Fund balance presented in the governmental fund financial statements represent the difference between assets and liabilities. Accounting standards require that the fund balance be classified into the following categories based upon the type of restrictions imposed on the use of funds:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the entity's highest level of decision-making authority.
- Assigned – This classification includes amounts intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This classification is the residual amount for the School's general fund and includes all spendable amounts not contained in the other classifications.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position**

The net position is the residual of assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The School maintains the following classifications of net position:

- Net Investment in Capital Assets – Capital assets, net of accumulated depreciation.
- Restricted – Net position that is subject to restriction imposed by creditors, grantors, or laws or regulation of other governments.
- Unrestricted – All other categories of net position

**NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN THE BALANCE SHEET AND THE STATEMENT OF NET POSITION**

Total fund balance of the School's general fund differs from net position of governmental activities primarily because of the long-term economic resources measurement focus of the statement of net position versus the current financial resources measurement focus of the general fund balance sheet.

The differences are described below:

Fund Balance - August 31, 2021	\$ 6,369,722
Capital assets in governmental activities are not financial resources and, therefore, are not reported as assets in the general fund.	659,577
Pension contributions made during the fiscal year are removed from fund expenses and are recorded as a deferred outflow and inflows of resources. This amount will be recognized as a reduction/addition of the net pension liability/asset in the subsequent year.	(122,603)
Long-term deferred rent is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	(1,300,694)
Long-term net pension is not due and payable in the current period and, therefore, are not reported as liabilities in the general fund.	(584,985)
Net Position - August 31, 2021	<u><u>\$ 5,021,017</u></u>



**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 3 EXPLANATION OF DIFFERENCES BETWEEN STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND THE STATEMENT OF ACTIVITIES**

The net change in fund balance for the general fund differs from the change in net position for governmental activities primarily because of the long-term economic resources measurement focus of the statement of activities versus the current financial resources measurement focus of the general fund statement of revenues, expenditures, and changes in fund balance.

The differences are described below:

Net Change in Fund Balance - for the Year Ended August 31, 2021	\$ (467,157)
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the statement of activities reports only a portion of the outlay as expense (depreciation).	33,767
In governmental funds, deferred rent expense is recognized in the statement of activities.	1,292,660
In governmental funds, pension costs are recognized when the employer contribution is made, but in the statement of activities, pension costs are recognized on the accrual basis.	<u>1,248,409</u>
Change in Net Position - for the Year Ended August 31, 2021	<u><u>\$ 2,107,679</u></u>

**NOTE 4 DEPOSITS**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The School has a cash management policy that covers custodial risk and requires excess funds to be deposited in insurance backed accounts. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. As of August 31, 2021, none of the School's bank balance of \$10,101,736 was exposed to credit risk due to deposit insurance programs.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 5 ACCOUNTS RECEIVABLE**

Accounts receivable primarily consist of funds due from various governmental units. Management believes all of these amounts are collectible; therefore no provisions for uncollectible accounts were recorded. As of August 31, 2021, all amounts are considered collectible within one year.

**NOTE 6 CAPITAL ASSETS AND DEPRECIATION**

Capital assets and depreciation consisted of the following:

	Balance September 1, 2020	Additions	Deductions	Balance August 31, 2021
Capital Assets, being Depreciated:				
Buildings	\$ 714,171	\$ 71,231	\$ -	\$ 785,402
Total Capital Assets, being Depreciated	714,171	71,231	-	785,402
Less: Accumulated Depreciation for:				
Buildings	(88,361)	(37,464)	-	(125,825)
Total Accumulated Depreciation	(88,361)	(37,464)	-	(125,825)
Total Capital Assets, being Depreciated, Net	625,810	33,767	-	659,577
Governmental Activities Capital Assets, Net	\$ 625,810	\$ 33,767	\$ -	\$ 659,577

Depreciation expense was \$37,464 for the year ended August 31, 2021.

**NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN**

The School obtained a loan in the amount of \$1,530,140 through the Paycheck Protection Program administrated by the U.S. Small Business Administration which is part of the Coronavirus Aid Relief and Economic Security Act. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in 2022.

In 2021, the principal amount of \$1,530,140, along with accrued interest, was forgiven by the financial institution. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 8 RISK MANAGEMENT**

The School is exposed to various risks of loss related to theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, students, and visitors and natural disasters. The School's policy is to minimize these risks through the purchase of commercial insurance. Settled claims have not exceeded the commercial insurance coverage since the School's inception.

**NOTE 9 PENSION PLANS**

**General Information**

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

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of pension plans administered by DRS and additions to/deductions from the plans' net position have been determined on the same basis as they are reported by the plans.

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

**Membership and 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 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.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Membership and Plan Benefits (Continued)**

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

TRS Plan 1 provides retirement, disability and death benefits. TRS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as 2% of the average final compensation (AFC), for each year of service credit, up to a maximum of 60%, divided by 12. The AFC is the total earnable compensation for the two consecutive highest-paid fiscal years, divided by two. Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the average final compensation (AFC) per year of service for Plan 2 members and 1% of AFC for Plan 3 members. The AFC is the monthly average of the 60 consecutive highest-paid service credit months. There is no cap on years of service credit. Members are eligible for normal retirement at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by 3% for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

TRS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit.

Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at 3% annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Membership and Plan Benefits (Continued)**

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. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

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

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

SERS is reported as two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members.

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

SERS provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the member's average final compensation (AFC) times the member's years of service for Plan 2 and 1% of AFC for Plan 3. The AFC is the monthly average of the member's 60 highest-paid consecutive service months before retirement, termination or death. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit.

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: with a benefit that is reduced by 3% for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Membership and Plan Benefits (Continued)**

SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of 5% for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at 3% annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

**Plan Contributions**

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under chapters 41.34 and 41.40 RCW for PERS, 41.34 and 41.35 RCW for SERS, and 41.32 and 41.34 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100% of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at 6% and does not vary from year to year.

The employer and employee contribution rates for the various plans are effective as of the dates shown in the table. The pension plan contribution rates (expressed as a percentage of covered payroll) for 2021 and 2020 are listed below:

Pension Rates			
	2021 Rate	2020 Rate	
<b>PERS 1</b>			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	12.87%	12.86%	
<b>TRS 1</b>			
Member Contribution Rate	6.00%	6.00%	
Employer Contribution Rate	15.74%	15.51%	
<b>TRS 2</b>			
Member Contribution Rate	7.77%	7.06%	
Employer Contribution Rate	15.74%	15.51%	
<b>TRS 3</b>			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	15.74%	15.51%	**
<b>SERS 2</b>			
Member Contribution Rate	8.25%	8.25%	
Employer Contribution Rate	13.30%	13.19%	
<b>SERS 3</b>			
Member Contribution Rate	varies*	varies*	
Employer Contribution Rate	13.30%	13.19%	**
<i>Note: The DRS administrative rate of .0018 is included in the employer rate.</i>			
* = Variable from 5% to 15% based on rate selected by the member.			
** = Defined benefit portion only.			

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Actuarial Assumptions**

Capital Market Assumptions (CMAs) and expected rates of return by asset class are provided by the Washington State Investment Board. The Office of the State Actuary relied on the CMAs in the selection of the long-term expected rate of return for reporting purposes.

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

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

**Mortality Rates**

Mortality rates used in the plans were based on the Pub-H-2010 mortality rates. The Office of the State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100% Scale BB. Mortality rates are applied on a generational basis, meaning members are assumed to receive additional mortality improvements in each future year, throughout their lifetime. The actuarial assumptions used in the June 30, 2017, valuation were based on the results of the *2007–2012 Experience Study Report and the 2017 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report.

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which a best-estimate of expected future rates of return (expected returns, net of pension plan investment expense, but including inflation) are developed for each major asset class by the Washington State Investment Board (WSIB). Those expected returns make up one component of WSIB's CMAs. 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 long-term expected rate of return of 7.40% approximately equals the median of the simulated investment returns over a 50-year time horizon, increased slightly to remove WSIB's implicit and small short-term downward adjustment due to assumed mean reversion. WSIB's implicit short-term adjustment, while small and appropriate over a 10- to 15-year period, becomes amplified over a 50-year measurement period.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Long-Term Expected Rate of Return (Continued)**

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

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.40%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Consistent with current law, the completed asset sufficiency test included an assumed 7.50% long-term discount rate to determine funding liabilities for calculating future contributions rate requirements. Consistent with the long-term expected rate of return, a 7.40% future investment rate of return on invested assets was assumed for the test. Contributions from plan members and employers are assumed to continue to be made at contractually required rates. Based on those assumptions, 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 of 7.40% on pension plan investments was applied to determine the total pension liability.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for PERS Plan 1**

At August 31, 2021, the School reported a liability of 118,766 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School's proportion of the net pension liability was based on the School's contributions to the plan relative to the total contributions of participating employers to the pension plan. The School's proportion was .009725% as of June 30, 2021. The School's proportion was .009333% as of June 30, 2020.



**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for PERS Plan 1 (Continued)**

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

	PERS 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	126,480
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	-	-
Contribution Subsequent to the Measurement Date	-	-
Total	<u>\$ -</u>	<u>\$ 126,480</u>

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ (33,505)
2023	(30,702)
2024	(29,030)
2025	(33,243)
2026	-
Thereafter	-

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

The following table presents the net pension liability of the employers calculated using the discount rate of 7.40% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Proportionate Share of the Net Pension Liability	\$ 202,323	\$ 118,766	\$ 45,894

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for SERS Plan 2/3**

At August 31, 2021, the School reported an asset of \$629,283 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School's proportion of the net pension liability was based on the School's contributions to the plan relative to the total contributions of participating employers to the pension plan. The School's proportion was .069660% as of June 30, 2021. The School's proportion was .053430% as of June 30, 2020.

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

	SERS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 12,596	\$ -
Changes of Assumptions	2,360	18,933
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	650,694
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	-	-
Contribution Subsequent to the Measurement Date	33,086	-
Total	<u>\$ 48,042</u>	<u>\$ 669,627</u>

\$33,086 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 2021.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ (136,008)
2023	(129,296)
2024	(120,283)
2025	(145,612)
2026	12,816
Thereafter	351

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for SERS Plan 2/3 (Continued)**

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

The following table presents the net pension liability of the employers calculated using the discount rate of 7.40% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Proportionate Share of the Net Pension Liability	\$ (6,912)	\$ (629,283)	\$ (1,144,107)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for TRS Plan 1**

At August 31, 2021, the School reported a liability of \$466,218 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School's proportion of the net pension liability was based on the School's contributions to the plan relative to the total contributions of participating employers to the pension plan. The School's proportion was .069244% as of June 30, 2021. The School's proportion was .061268% as of June 30, 2020.

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

	TRS 1	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual		
Earning on Pension Plan Investments	-	618,446
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate		
Share of Contributions	-	-
Contribution Subsequent to the Measurement Date	-	-
Total	<u>\$ -</u>	<u>\$ 618,446</u>

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for TRS Plan 1 (Continued)**

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ (163,887)
2023	(149,965)
2024	(141,926)
2025	(162,668)
2026	-
Thereafter	-

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

The following table presents the net pension liability of the employers calculated using the discount rate of 7.40% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Proportionate Share of the Net Pension Liability	\$ 893,623	\$ 466,218	\$ 93,235

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for TRS Plan 2/3**

At August 31, 2021, the School reported an asset of \$1,914,819 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. The School's proportion of the net pension liability was based on the School's contributions to the plan relative to the total contributions of participating employers to the pension plan. The School's proportion was .69660% as of June 30, 2021. The School's proportion was .061907% as of June 30, 2020.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 9 PENSION PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions for TRS Plan 2/3 (Continued)**

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

	TRS 2/3	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 528,673	\$ 13,773
Changes of Assumptions	105,851	89,426
Net Difference Between Projected and Actual Earning on Pension Plan Investments	-	1,983,987
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	-	-
Contribution Subsequent to the Measurement Date	152,468	-
Total	<u>\$ 786,992</u>	<u>\$ 2,087,186</u>

\$152,468 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended August 2021.

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

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ (504,318)
2023	(466,996)
2024	(436,442)
2025	(500,594)
2026	78,552
Thereafter	195,219

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

The following table presents the net pension liability of the employers calculated using the discount rate of 7.40% as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.40%) or 1 percentage point higher (8.40%) than the current rate.

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Proportionate Share of the Net Pension Liability	\$ 333,902	\$ (1,914,819)	\$ (3,749,206)

For the year ended August 31, 2021, the School recognized pension expense of \$(197,583) from all pension plans.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2021**

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**Claims and Judgments**

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, The School may be required to reimburse the grantor government. As of August 31, 2021, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

**COVID-19**

The extent of the impact of COVID-19 on the operational and financial performance of the School will depend on certain developments, including the duration and spread of the outbreak, impact on state and federal funding, donors, employees and vendors; all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations of the School is uncertain.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF THE SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**Public Employees' Retirement System (PERS) Plan 1**

Year End June 30,	2016	2017	2018	2019	2020	2021
School's Proportion of the Net Pension Liability (Asset)	0.002118%	0.003579%	0.006835%	0.008074%	0.009333%	0.009725%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 114,218	\$ 169,826	\$ 305,254	\$ 310,463	\$ 329,514	\$ 118,766
School's Covered Payroll	\$ 300,334	\$ 456,771	\$ 918,938	\$ 1,132,917	\$ 1,399,810	\$ 1,495,788
School's Proportionate Share of the Net Pension Liability (Asset)						
as a Percentage of its Covered Payroll	38.0%	37.2%	33.2%	27.4%	23.5%	7.9%
Plan fiduciary net position as a percentage of the total pension liability	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%

**School Employees' Retirement System (SERS) Plan 2/3**

Year End June 30,	2016	2017	2018	2019	2020	2021
School's Proportion of the Net Pension Liability (Asset)	0.017789%	0.022551%	0.041503%	0.046807%	0.053430%	0.058609%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 116,382	\$ 111,284	\$ 124,120	\$ 109,762	\$ 284,229	\$ (629,283)
School's Covered Payroll	\$ 300,334	\$ 456,771	\$ 918,938	\$ 1,132,917	\$ 1,399,810	\$ 1,495,788
School's Proportionate Share of the Net Pension Liability (Asset)						
as a Percentage of its Covered Payroll	38.8%	24.4%	13.5%	9.7%	20.3%	-42.1%
Plan fiduciary net position as a percentage of the total pension liability	86.52%	90.79%	94.77%	96.31%	92.45%	114.15%

**Teachers' Retirement System (TRS) Plan 1**

Year End June 30,	2016	2017	2018	2019	2020	2021
School's Proportion of the Net Pension Liability (Asset)	0.009956%	0.026309%	0.043620%	0.062251%	0.061268%	0.069244%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 339,921	\$ 795,392	\$ 1,273,948	\$ 1,541,215	\$ 1,475,824	\$ 466,218
School's Covered Payroll	\$ 721,695	\$ 1,587,195	\$ 2,575,997	\$ 4,198,839	\$ 4,454,237	\$ 5,172,496
School's Proportionate Share of the Net Pension Liability (Asset)						
as a Percentage of its Covered Payroll	47.1%	50.1%	49.5%	36.7%	33.1%	9.0%
Plan fiduciary net position as a percentage of the total pension liability	62.07%	65.58%	66.52%	70.37%	70.55%	91.42%

**School Employees' Retirement System (TRS) Plan 2/3**

Year End June 30,	2016	2017	2018	2019	2020	2021
School's Proportion of the Net Pension Liability (Asset)	0.018492%	0.030798%	0.044380%	0.062900%	0.061907%	0.069660%
School's Proportionate Share of the Net Pension Liability (Asset)	\$ 253,946	\$ 284,248	\$ 199,761	\$ 378,995	\$ 950,885	\$ (1,914,819)
School's Covered Payroll	\$ 721,695	\$ 1,587,195	\$ 2,575,997	\$ 4,198,839	\$ 4,454,237	\$ 5,172,496
School's Proportionate Share of the Net Pension Liability (Asset)						
as a Percentage of its Covered Payroll	35.2%	17.9%	7.8%	9.0%	21.3%	-37.0%
Plan fiduciary net position as a percentage of the total pension liability	88.72%	65.58%	96.88%	96.36%	91.72%	113.72%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.



**SUMMIT PUBLIC SCHOOLS WASHINGTON  
SCHEDULE OF SCHOOL CONTRIBUTIONS  
YEAR ENDED AUGUST 31, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

**Public Employees' Retirement System (PERS) Plan 1**

Year End June 30,

Contractually Required Contributions  
Contributions in Relation to the Contractually Required Contribution  
Contribution Deficiency (Excess)

2016	2017	2018	2019	2020	2021
\$ 12,013	\$ 21,526	\$ 45,685	\$ 57,892	\$ 67,642	\$ 72,438
12,013	21,526	45,685	57,892	67,642	72,438
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

School's Covered Payroll  
Contributions as a Percentage of Covered Payroll

\$ 300,334	\$ 456,771	\$ 918,938	\$ 1,132,917	\$ 1,399,810	\$ 1,495,788
4.00%	4.71%	4.97%	5.11%	4.83%	4.84%

**School Employees' Retirement System (SERS) Plan 2/3**

Year End June 30,

Contractually Required Contributions  
Contributions in Relation to the Contractually Required Contribution  
Contribution Deficiency (Excess)

2016	2017	2018	2019	2020	2021
\$ 21,282	\$ 30,545	\$ 72,606	\$ 93,692	\$ 115,539	\$ 123,403
21,282	30,545	72,606	93,692	115,539	123,403
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

School's Covered Payroll  
Contributions as a Percentage of Covered Payroll

\$ 300,334	\$ 456,771	\$ 918,938	\$ 1,132,917	\$ 1,399,810	\$ 1,495,788
7.09%	6.69%	7.90%	8.27%	8.25%	8.25%

**Teachers' Retirement System (TRS) Plan 1**

Year End June 30,

Contractually Required Contributions  
Contributions in Relation to the Contractually Required Contribution  
Contribution Deficiency (Excess)

2016	2017	2018	2019	2020	2021
\$ 30,257	\$ 92,066	\$ 181,411	\$ 309,155	\$ 321,752	\$ 380,578
30,257	92,066	181,411	309,155	321,752	380,578
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

School's Covered Payroll  
Contributions as a Percentage of Covered Payroll

\$ 721,695	\$ 1,587,195	\$ 2,575,997	\$ 4,198,839	\$ 4,454,237	\$ 5,172,496
4.19%	5.80%	7.04%	7.36%	7.22%	7.36%

**School Employees' Retirement System (TRS) Plan 2/3**

Year End June 30,

Contractually Required Contributions  
Contributions in Relation to the Contractually Required Contribution  
Contribution Deficiency (Excess)

2016	2017	2018	2019	2020	2021
\$ 60,358	\$ 113,476	\$ 197,303	\$ 328,770	\$ 360,202	\$ 421,559
60,358	113,476	197,303	328,770	360,202	421,559
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

School's Covered Payroll  
Contributions as a Percentage of Covered Payroll

\$ 721,695	\$ 1,587,195	\$ 2,575,997	\$ 4,198,839	\$ 4,454,237	\$ 5,172,496
8.36%	7.15%	7.66%	7.83%	8.09%	8.15%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See accompanying Notes to Required Supplementary Information.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**NOTE 1    SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

The schedule presents information on the School's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the School as of June 30, 2021 measurement date. Accounting standards require calculation of the proportionate share of the pension liability based on the plan information for the previous year. In the future, as data becomes available, 10 years of information will be presented.

**NOTE 2    SCHEDULE OF SCHOOL CONTRIBUTIONS**

The schedule presents information on the School's required contribution and the amounts actually contributed and any excess or deficiency related to the required contribution as of the measurement date of June 30, 2021. In the future, as data becomes available, 10 years of information will be presented.

## **SUPPLEMENTARY INFORMATION**

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
LIST OF BOARD OF DIRECTORS AND THE ADMINISTRATORS  
AUGUST 31, 2021**

The board of directors and the administrators as of the year ended August 31, 2021 were as follows:

**BOARD OF DIRECTORS**

<u>Member</u>	<u>Office</u>
Shirline Wilson	Board Chairperson
Stefan Weitz	Member
Evan Smith	Member
Mafara Hobson	Member

**ADMINISTRATORS**

Joyce Montgomery <sup>1</sup>	Chief Financial Officer
Edward Lee <sup>2</sup>	Chief Financial Officer

<sup>1</sup>Through June 2021

<sup>2</sup>Starting July 2021

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF GENERAL FUND BALANCE SHEET BY LOCATION**  
**AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**ASSETS**

**CURRENT ASSETS**

	WA SPS	WA Atlas	WA Sierra	WA Olympus	Total
Cash	\$ 4,655,589	\$ 1,837,127	\$ 1,847,038	\$ 1,746,252	\$ 10,086,006
Accounts Receivable	2,202,312	108,810	98,840	70,524	2,480,486
Prepaid Expenses	361,156	315,349	206,123	137,980	1,020,608
Total Current Assets	<u>7,219,057</u>	<u>2,261,286</u>	<u>2,152,001</u>	<u>1,954,756</u>	<u>13,587,100</u>
Total Assets	<u>\$ 7,219,057</u>	<u>\$ 2,261,286</u>	<u>\$ 2,152,001</u>	<u>\$ 1,954,756</u>	<u>\$ 13,587,100</u>

**LIABILITIES AND FUND BALANCE**

**CURRENT LIABILITIES**

Accounts Payable	\$ 2,176,057	\$ 1,168,898	\$ 1,077,371	\$ 594,081	\$ 5,016,407
Intercompany Payable	-	-	-	-	-
Unearned Revenues	2,200,000	971	-	-	2,200,971
Total Current Liabilities	<u>4,376,057</u>	<u>1,169,869</u>	<u>1,077,371</u>	<u>594,081</u>	<u>7,217,378</u>
Total Liabilities	4,376,057	1,169,869	1,077,371	594,081	7,217,378

**FUND BALANCE**

Nonspendable	361,156	315,349	206,123	137,980	1,020,608
Unassigned	2,481,844	776,068	868,507	1,222,695	5,349,114
Total Fund Balance	<u>2,843,000</u>	<u>1,091,417</u>	<u>1,074,630</u>	<u>1,360,675</u>	<u>6,369,722</u>
Total Liabilities and Fund Balance	<u>\$ 7,219,057</u>	<u>\$ 2,261,286</u>	<u>\$ 2,152,001</u>	<u>\$ 1,954,756</u>	<u>\$ 13,587,100</u>

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – GENERAL FUND BY LOCATION**  
**YEAR ENDED AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	WA SPS	WA Atlas	WA Sierra	WA Olympus	Total
<b>REVENUES</b>					
General Revenues:					
State Aid	\$ -	\$ 4,325,017	\$ 3,391,137	\$ 2,029,368	\$ 9,745,522
Program Revenues:					
Federal Revenue	-	511,399	326,918	343,240	1,181,557
Other State	-	1,284,761	804,237	464,485	2,553,483
Private Grants and Contributions (Net)	(1,153,975)	1,413,388	977,358	662,434	1,899,205
All Other Local Revenues	20,249	18,884	19,240	18,842	77,215
Total Revenues	(1,133,726)	7,553,449	5,518,890	3,518,369	15,456,982
<b>EXPENDITURES</b>					
Educational Programs	350	6,144,572	4,523,493	2,935,110	13,603,525
Supporting Services	-	1,000,794	772,580	476,009	2,249,383
Capital Outlay	-	-	54,827	16,404	71,231
Total Expenditures	350	7,145,366	5,350,900	3,427,523	15,924,139
<b>CHANGE IN FUND BALANCE</b>	(1,134,076)	408,083	167,990	90,846	(467,157)
Fund Balance, Beginning of Year	3,977,076	683,334	906,640	1,269,829	6,836,879
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,843,000</u>	<u>\$ 1,091,417</u>	<u>\$ 1,074,630</u>	<u>\$ 1,360,675</u>	<u>\$ 6,369,722</u>

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF NET POSITION BY LOCATION**  
**AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	WA SPS	WA Atlas	WA Sierra	WA Olympus	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	\$ 4,655,589	\$ 1,837,127	\$ 1,847,038	\$ 1,746,252	\$ 10,086,006
Accounts Receivable	2,202,312	108,810	98,840	70,524	2,480,486
Interfund Receivable	-	-	-	-	-
Prepaid Expenses	361,156	315,349	206,123	137,980	1,020,608
Total Current Assets	7,219,057	2,261,286	2,152,001	1,954,756	13,587,100
<b>NONCURRENT ASSETS</b>					
Net Pension Asset	-	1,121,969	887,846	534,287	2,544,102
Capital Assets, Net of Accumulated Depreciation	-	113,708	323,510	222,359	659,577
Total Assets	7,219,057	3,496,963	3,363,357	2,711,402	16,790,779
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources - Pensions	-	368,257	291,412	175,365	835,034
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	2,176,057	1,168,898	1,077,371	594,081	5,016,407
Unearned Revenues	2,200,000	971	-	-	2,200,971
Total Current Liabilities	4,376,057	1,169,869	1,077,371	594,081	7,217,378
<b>NONCURRENT LIABILITIES</b>					
Deferred Rent Liability	-	474,132	470,663	355,899	1,300,694
Net Pension Liability	-	257,983	204,149	122,853	584,985
Total Noncurrent Liabilities	-	732,115	674,812	478,752	1,885,679
Total Liabilities	4,376,057	1,901,984	1,752,183	1,072,833	9,103,057
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources - Pensions	-	1,544,296	1,222,043	735,400	3,501,739
<b>NET POSITION</b>					
Net Investment in Capital Assets	-	113,708	323,510	222,359	659,577
Unrestricted	2,843,000	305,232	357,033	856,175	4,361,440
Total Net Position	\$ 2,843,000	\$ 418,940	\$ 680,543	\$ 1,078,534	\$ 5,021,017

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF ACTIVITIES BY LOCATION**  
**YEAR ENDED AUGUST 31, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

**REVENUES**

General Revenues:

State Aid

Program Revenues:

Federal Revenue

Other State

Private Grants and Contributions (Net)

All Other Local Revenues

Total Revenues

	WA SPS	WA Atlas	WA Sierra	WA Olympus	Total
\$	-	\$ 4,325,017	\$ 3,391,137	\$ 2,029,368	\$ 9,745,522
	-	511,399	326,918	343,240	1,181,557
	-	1,284,761	804,237	464,485	2,553,483
	(1,153,975)	1,413,388	977,358	662,434	1,899,205
	1,550,389	18,884	19,239	18,842	1,607,354
	396,414	7,553,449	5,518,889	3,518,369	16,987,121

**EXPENSES**

Educational Programs

Supporting Services

Total Expenses

350	5,772,977	4,142,185	2,714,547	12,630,059
-	1,000,794	772,580	476,009	2,249,383
350	6,773,771	4,914,765	3,190,556	14,879,442

**CHANGE IN NET POSITION**

Net Position, Beginning of Year

396,064	779,678	604,124	327,813	2,107,679
2,446,936	(360,738)	76,419	750,721	2,913,338

**NET POSITION, END OF YEAR**

\$ 2,843,000	\$ 418,940	\$ 680,543	\$ 1,078,534	\$ 5,021,017
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**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND**  
**STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

Program Name	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total
<b>FEDERAL AWARDS</b>			
U.S. Department of Education			
Pass-Through Program From Washington State Department of Education:			
No Child Left Behind:			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	N/A	\$ 311,902
Title II, Part A, Teacher Quality	84.367	N/A	36,584
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	N/A	30,281
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	461,973
Special Education Cluster	84.027	N/A	242,374
Total: U.S. Department of Education			<u>1,083,114</u>
U.S. Department of Agriculture			
Pass-Through Program From Washington State Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	67,842
Especially Needy Breakfast Program	10.553	N/A	30,601
Total: U.S. Department of Agriculture			<u>98,443</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 1,181,557</u></u>
<b>STATE FINANCIAL ASSISTANCE</b>			
Washington State Department of Education:			
Passed through Sponsor			<u>\$ 9,745,522</u>
<b>Total State Financial Assistance</b>			<u><u>\$ 9,745,522</u></u>

N/A - Not available.

**SUMMIT PUBLIC SCHOOLS WASHINGTON**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**YEAR ENDED AUGUST 31, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**NOTE 1    SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal award activity of the School under programs of the federal governmental and the state assistance for the year ended August 31, 2021. Because the schedule presents only a selected portion of operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Federal awards reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Summit Public Schools Washington  
Redwood City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Summit Public Schools Washington (the School), as of and for the year ended as of August 31, 2021, and the related notes to the financial statements, which collectively comprise the School's financial statements, and have issued our report thereon dated December 27, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

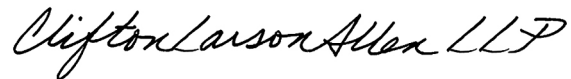
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of the School's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Glendora, California  
December 27, 2021

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
SCHEDULES OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2021**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SUMMIT PUBLIC SCHOOLS WASHINGTON  
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED AUGUST 31, 2021**

There were no financial statement findings in the prior year.

