



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Kent School District No. 415

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

Published May 31, 2024

Report No. 1035028



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

May 31, 2024

Board of Directors
Kent School District No. 415
Kent, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Kent School District No. 415'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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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Kent School District No. 415 September 1, 2022 through August 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Kent School District No. 415 are summarized below in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the District’s financial statements in accordance with its regulatory basis of accounting. Separately, we issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because the financial statements are prepared using a basis of accounting other than GAAP.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the District.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified no deficiencies that we consider to be material weaknesses.

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

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

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
84.010	Title I Grants to Local Educational Agencies
84.027	Special Education Cluster (IDEA) – Special Education Grants to States
84.027	COVID-19 – Special Education Cluster (IDEA) – Special Education Grants to States
84.173	Special Education Cluster (IDEA) – Special Education Preschool Grants
84.365	English Language Acquisition State Grants
84.425	COVID-19 – Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,785,071.

The District did not qualify 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.



Israel Vela, Superintendent
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Kent School District No. 415 September 1, 2022 through August 31, 2023

This schedule presents the status of findings reported in prior audit periods.

Audit Period: 9/1/2021-8/31/2022	Report Ref. No.: 1033575	Finding Ref. No.: 2022-001	Assistance Listing Number(s): 84.425
Federal Program Name and Granting Agency: COVID-19 – Education Stabilization Fund, U.S. Department of Education		Pass-Through Agency Name: Office of Superintendent of Public Instruction (OSPI)	
Finding Caption: The District did not have adequate internal controls for ensuring compliance with requirements for time-and-effort documentation.			
Background: The District did not obtain time-and-effort documentation for 126 employees whose payroll and benefits costs totaling \$2,768,175 were charged to the ESF program. Without adequate time-and-effort documentation, the District cannot demonstrate compliance with the granting agency’s documentation requirements to support costs charged to federal programs. Further, the District cannot assure federal grantors that payroll costs charged to the program were accurate and valid.			
Status of Corrective Action: (check one)			
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid

Corrective Action Taken:

The Grants Administrator, under the supervision of the Director of Budget, performs interim and year-end reviews to identify any instances of positions funded by multiple federal funding sources for the purpose of assessing applicability of multi-cost objective T&E requirements and following through as appropriate. The Grants Administrator, under the supervision of the Director of Budget, and in collaboration with the program administrator, initiates time & effort documentation in every case where there is debatable fact pattern, with the intent of adopting an “abundance of caution” approach to T&E. In instances where T&E requirements are not dispositive from the relevant federal compliance supplements and guidance documents, the Grants Administrator will seek written clarification from OSPI and/or the ESD.

Audit Period: 9/1/2021-8/31/2022	Report Ref. No.: 1033575	Finding Ref. No.: 2022-002	Assistance Listing Number(s): 84.027, 84.173
Federal Program Name and Granting Agency: Special Education Grants to States and COVID-19 – Special Education Preschool Grants, U.S. Department of Education		Pass-Through Agency Name: Office of Superintendent of Public Instruction (OSPI)	
Finding Caption: The District did not have adequate internal controls for ensuring compliance with federal procurement requirements.			
Background: The District had worked previously with the professional service contractor. Staff thought the District did not need to competitively procure the services because the contractor was on the NPA list. However, the contractor was no longer on the NPA list during the audit period, and District staff did not know this before purchasing the services. In addition, staff did not know the District needed to obtain procurement documentation from the awarding agency to verify the process complied with procurement requirements before purchasing the curriculum. Without effective internal controls that ensure it follows procurement and piggybacking procedures, the District cannot demonstrate it complied with applicable federal procurement requirements and received the best price for the curriculum.			
Status of Corrective Action: (check one)			
<input checked="" type="checkbox"/> Fully Corrected	<input type="checkbox"/> Partially Corrected	<input type="checkbox"/> Not Corrected	<input type="checkbox"/> Finding is considered no longer valid

Corrective Action Taken:

The Procurement Manager, under the supervision of the Assistant Director of Business Services, is reviewing each purchasing requisition for the requirement of informal or formal bid documents and/or verifying if the approved purchasing cooperative used aligns with Board policy and procedure and/or the most restrictive procurement process depending on funding source. The District is also working with other district teams on a semi-annual basis to verify that the systems of supports available to students as managed by OSPI under the authorized NPA entities list are still approved entities.

Audit Period: 9/1/2021-8/31/2022	Report Ref. No.: 1033575	Finding Ref. No.: 2022-003	Assistance Listing Number(s): 32.009
Federal Program Name and Granting Agency: COVID-19 – Emergency Connectivity Fund Program, Federal Communications Commission		Pass-Through Agency Name: N/A	
Finding Caption: The District did not have adequate internal controls for ensuring compliance with allowable activities and costs, procurement, and restricted purpose requirements.			
Background: <i>Allowable activities and costs/restricted purpose – unmet need</i> District staff did not know about the requirement to request reimbursement only for actual unmet need and thought the estimate of unmet need provided during the application process was sufficient to comply with this requirement. District staff who were authorized to order eligible equipment and services did not know about the required certifications stating that the District was only seeking reimbursement for eligible equipment and/or services provided to students or employees with unmet need. <i>Procurement</i> Staff did not know they needed to obtain procurement documentation from the awarding agency to verify the process complied with procurement requirements before purchasing. Staff also did not know they needed to retain documentation to support the procurement history of the mobile hotspots purchased from the two contractors. The District cannot demonstrate it complied with the procurement requirements. Additionally, it cannot be sure all interested contractors had the opportunity to bid and that it obtained the lowest price for the tablet purchases and wireless services. <i>Restricted purpose – per-location and per-user limitations</i> The District provided some students and staff more than one device and received reimbursement for them and did not comply with the FCC’s per-location and per-user limitations. Specifically,			

the District did not maintain documentation showing it monitored or had a tracking process in place to ensure it only provided one device per user and location.

Status of Corrective Action: (check one)

- Fully Corrected Partially Corrected Not Corrected Finding is considered no longer valid

Corrective Action Taken:

As of the date of this Report, the district has already made its final claims under the Electronic Connectivity Fund (ECF) Program. Accordingly, the district is awaiting further guidance from the FCC and OSPI to understand what additional steps or corrective actions are necessary by KSD to ensure compliance.

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*

Kent School District No. 415 **September 1, 2022 through August 31, 2023**

Board of Directors
Kent School District No. 415
Kent, 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 Kent School District No. 415, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated May 30, 2024.

We issued an unmodified opinion on the fair presentation of the District's financial statements in accordance with its regulatory basis of accounting. We issued an adverse opinion on the fair presentation with regard to accounting principles generally accepted in the United States of America (GAAP) because, as described in Note 1, the *Accounting Manual for Public School Districts in the State of Washington* does not require the District to prepare the government-wide statements presenting the financial position and changes in financial position of its governmental activities as required by GAAP. The effects on the financial statements of the variances between the basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However,

this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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

Pat McCarthy, State Auditor

Olympia, WA

May 30, 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

Kent School District No. 415 September 1, 2022 through August 31, 2023

Board of Directors
Kent School District No. 415
Kent, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Kent School District No. 415, 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.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

May 30, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Kent School District No. 415 September 1, 2022 through August 31, 2023

Board of Directors
Kent School District No. 415
Kent, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Kent School District No. 415, as of and for the year ended August 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

As described in Note 1 the District has prepared these financial statements to meet the financial reporting requirements of state law and the accounting practices prescribed by the *Accounting Manual for Public School Districts in the State of Washington* (Accounting Manual). Those accounting practices differ from accounting principles generally accepted in the United States of America (GAAP). The differences in these accounting practices are also described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Kent School District No. 415, as of the year ended August 31, 2023, and the regulatory basis of changes in financial position thereof for the year then ended, on the basis of accounting as described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Kent School District No. 415, as of August 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

Matter Giving Rise to Adverse Opinion on U.S. GAAP

Auditing standards issued by the American Institute of Certified Public Accountants (AICPA) require auditors to formally acknowledge when governments do not prepare their financial statements, intended for general use, in accordance with GAAP. As described in Note 1 of the financial statements, the government-wide financial statements are prepared by the District in accordance with state law using accounting practices prescribed by the Accounting Manual, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of state law and the Accounting Manual described in Note 1. This includes determining that the basis of accounting is acceptable for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and

other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Pat McCarthy, State Auditor

Olympia, WA

May 30, 2024

**Kent School District No. 415
September 1, 2022 through August 31, 2023**

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2023
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2023
Statement of Fiduciary Net Position – Fiduciary Funds – 2023
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SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Long-Term Liabilities – 2023
Schedule of Expenditures of Federal Awards – 2023
Notes to the Schedule of Expenditures of Federal Awards – 2023

Kent School District No. 415
Balance Sheet - Governmental Funds

August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	77,755,281.03	2,245,508.33	24,995,548.16	92,250,458.80	2,876,312.84	197,235.99	200,320,345.15
Minus Warrants Outstanding	-6,723,245.77	-13,048.21	0.00	-1,958,993.67	0.00	0.00	-8,695,287.65
Taxes Receivable	36,946,221.75		22,718,003.43	13,059,827.51	0.00		72,724,052.69
Due From Other Funds	311,482.28	148,271.55	0.00	2,455,771.40	0.00	0.00	2,915,525.23
Due From Other Governmental Units Accounts Receivable	5,322,446.65	0.00	362,607.07	859,660.80	0.00	0.00	6,544,714.52
Interfund Loans Receivable	469,210.46	0.00	0.00	0.00	0.00	0.00	469,210.46
Accrued Interest Receivable	0.00			0.00			0.00
Inventory	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Prepaid Items							
Investments	836,700.35	0.00		0.00			836,700.35
Investments/Cash With Trustee	6,624,093.74	5,000.00			0.00	0.00	6,629,093.74
Investments-Deferred Compensation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Self-Insurance Security Deposit	0.00			0.00			0.00
TOTAL ASSETS							
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	121,542,190.49	2,385,731.67	48,076,158.66	106,666,724.84	2,876,312.84	197,235.99	281,744,354.49
TOTAL DEFERRED OUTFLOWS OF RESOURCES							
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES							
LIABILITIES							
Accounts Payable	121,542,190.49	2,385,731.67	48,076,158.66	106,666,724.84	2,876,312.84	197,235.99	281,744,354.49
Contracts Payable Current							
Accrued Interest Payable	7,935,363.08	34,817.51	4,042.24	10,446,241.96	395.01	62.22	18,420,922.02
	242,085.85	0.00		0.00	0.00	0.00	242,085.85
			0.00				0.00

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

Kent School District No. 415

Balance Sheet - Governmental Funds

August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	1,617,042.53	0.00	0.00	0.00	0.00	0.00	1,617,042.53
Anticipation Notes Payable	0.00		0.00	0.00	0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	5,313,056.39	0.00	0.00	0.00	0.00	0.00	5,313,056.39
Due To Other Governmental Units	193,621.08	0.00	0.00	0.00	0.00	0.00	193,621.08
Deferred Compensation Payable	0.00						0.00
Estimated Employee Benefits Payable	3,307,057.53						3,307,057.53
Due To Other Funds	2,604,057.95	20,142.01	0.00	291,325.27	0.00	0.00	2,915,525.23
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	1,200.00	0.00					1,200.00
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
TOTAL LIABILITIES	21,213,484.41	54,959.52	4,042.24	10,737,567.23	395.01	62.22	32,010,510.63
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	288,603.85	0.00	0.00	0.00	0.00	0.00	288,603.85
Unavailable Revenue - Taxes Receivable	36,946,221.75		22,718,003.43	13,059,827.51	0.00		72,724,052.69
TOTAL DEFERRED INFLOWS OF RESOURCES	37,234,825.60	0.00	22,718,003.43	13,059,827.51	0.00	0.00	73,012,656.54
FUND BALANCE: Nonspendable							
Fund Balance	7,378,682.01	5,000.00	0.00	0.00	0.00	165,000.00	7,548,682.01
Restricted Fund Balance	5,227,324.07	2,325,772.15	25,354,112.99	43,695,074.88	2,875,917.83	0.00	79,478,201.92
Committed Fund Balance	0.00	0.00	0.00	38,389,961.80	0.00	0.00	38,389,961.80
Assigned Fund Balance	12,566,363.28	0.00	0.00	784,293.42	0.00	32,173.77	13,382,830.47

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

Kent School District No. 415

Balance Sheet - Governmental Funds

August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	37,921,511.12	0.00	0.00	0.00	0.00	0.00	37,921,511.12
TOTAL FUND BALANCE	63,093,880.48	2,330,772.15	25,354,112.99	82,869,330.10	2,875,917.83	197,173.77	176,721,187.32
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	121,542,190.49	2,385,731.67	48,076,158.66	106,666,724.84	2,876,312.84	197,235.99	281,744,354.49

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

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

For the Year Ended August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	79,258,726.61	1,538,088.69	41,920,483.45	29,637,688.60	31,669.67		152,386,657.02
State	352,159,483.50		0.00	35,355.94	1,377,586.26		353,572,425.70
Federal	59,430,821.72		725,214.14	9,216,824.20	0.00		69,372,860.06
Other	992,708.67			34,200.00	0.00	4,345.84	1,031,254.51
TOTAL REVENUES	491,841,740.50	1,538,088.69	42,645,697.59	38,924,068.74	1,409,255.93	4,345.84	576,363,197.29
EXPENDITURES:							
CURRENT:							
Regular Instruction	258,584,265.07						258,584,265.07
Special Education	74,198,084.70						74,198,084.70
Vocational Education	17,140,019.14						17,140,019.14
Skill Center	0.00						0.00
Compensatory Programs	36,966,421.47						36,966,421.47
Other Instructional Programs	2,249,403.82						2,249,403.82
Federal Stimulus COVID-19	10,832,723.20						10,832,723.20
Community Services	638,863.67						638,863.67
Support Services	90,522,251.70						90,522,251.70
Student Activities/Other		1,436,038.50				65.31	1,436,103.81
CAPITAL OUTLAY:							
Sites				6,723,140.01			6,723,140.01
Building				17,843,519.23			17,843,519.23
Equipment				1,122,605.99			1,122,605.99
Instructional Technology				4,680,566.21			4,680,566.21
Energy				5,271,233.84	0.00		5,271,233.84
Transportation Equipment					477.06		477.06
Sales and Lease						1,621.83	1,621.83
Other	3,316,202.11						3,316,202.11
DEBT SERVICE:							
Principal	726,534.82		31,470,000.00	0.00	0.00		32,196,534.82

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

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

For the Year Ended August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	65,523.41		9,567,495.43	0.00	0.00		9,633,018.84
Bond/Levy Issuance				450.00	0.00		450.00
TOTAL EXPENDITURES	495,240,293.11	1,436,038.50	41,037,495.43	35,643,137.11	477.06	65.31	573,357,506.52
REVENUES OVER (UNDER) EXPENDITURES	-3,398,552.61	102,050.19	1,608,202.16	3,280,931.63	1,408,778.87	4,280.53	3,005,690.77
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	0.00			0.00	0.00		0.00
Transfers In	685,643.00		0.00	0.00	0.00		685,643.00
Transfers Out (GL 536)	0.00		0.00	-685,643.00	0.00	0.00	-685,643.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	13,069.19		0.00	404,989.49	0.00		418,058.68
TOTAL OTHER FINANCING SOURCES (USES)	698,712.19		0.00	-280,653.51	0.00	0.00	418,058.68
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-2,699,840.42	102,050.19	1,608,202.16	3,000,278.12	1,408,778.87	4,280.53	3,423,749.45
BEGINNING TOTAL FUND BALANCE	65,793,720.90	2,228,721.96	23,745,910.83	79,869,051.98	1,467,138.96	192,893.24	173,297,437.87
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	63,093,880.48	2,330,772.15	25,354,112.99	82,869,330.10	2,875,917.83	197,173.77	176,721,187.32

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

Kent School District No. 415
Statement of Fiduciary Net Position
August 31, 2023

	Custodial Funds	Private Purpose Trust
ASSETS:		
Imprest Cash	0.00	0.00
Cash On Hand	0.00	0.00
Cash On Deposit with Cty Treas	0.00	134,127.58
Minus Warrants Outstanding	0.00	-2,500.00
Due From Other Governmental Units	0.00	1,520.30
Accounts Receivable	0.00	0.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	0.00
Investments/Cash With Trustee	0.00	0.00
Other Assets	0.00	0.00
Capital Assets, Land	0.00	0.00
Capital Assets, Buildings	0.00	0.00
Capital Assets, Equipment	0.00	0.00
Accum Depreciation, Buildings	0.00	0.00
Accum Depreciation, Equipment	0.00	0.00
TOTAL ASSETS	0.00	133,147.88
LIABILITIES:		
Accounts Payable	0.00	3,536.00
Due To Other Governmental Units	0.00	42.41
TOTAL LIABILITIES	0.00	3,578.41
NET POSITION:		
Restricted for:		
Restricted For Intact Trust Principal	0.00	0.00
Restricted for Individuals, Organizations, and Other Governments - CF	0.00	129,569.47
Restricted for Individuals, Organizations, and Other Governments - PPT	0.00	0.00
Restricted For Other Purposes	0.00	0.00
TOTAL NET POSITION	0.00	129,569.47

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

Kent School District No. 415
Statement of Changes in Fiduciary Net Position
For the Year Ended August 31, 2023

	Custodial Funds	Private Purpose Trust
ADDITIONS:		
Contributions:		
Private Donations	0.00	850.00
Employer Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	0.00	850.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	0.00
Interest and Dividends	0.00	3,175.19
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	3,175.19
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	0.00	4,025.19
DEDUCTIONS:		
Benefits		25,027.34
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	297.74
Scholarships	0.00	
Other	0.00	0.00
TOTAL DEDUCTIONS	0.00	25,325.08
Net Increase (Decrease)	0.00	-21,299.89
Net Position - Beginning Balance	0.00	150,869.36
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	0.00	129,569.47

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

Kent School District No. 415
Notes to the Financial Statements
September 1, 2022 through August 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Kent School District is a municipal corporation organized pursuant to Title 28A of the Revised Code of Washington (RCW) for the purposes of providing public school services to students in grades K-12. Oversight responsibility for the District's operations is vested with the independently elected board of directors. Management of the District is appointed by and is accountable to the board of directors. Fiscal responsibility, including budget authority and the power to set fees, levy property taxes, and issue debt consistent with provisions of state statutes, also rests with the board of directors.

The District presents governmental fund financial statements and related notes on the modified accrual basis of accounting in accordance with the *Accounting Manual for Public School Districts in the State of Washington*, issued jointly by the State Auditor's Office and the Superintendent of Public Instruction by the authority of RCW 43.09.200, RCW 28A.505.140, RCW 28A.505.010(1) and RCW 28A.505.020. This manual prescribes a financial reporting framework that differs from generally accepted accounting principles (GAAP) in the following manner:

- (1) Districtwide statements, as defined in GAAP, are not presented.
- (2) A Schedule of Long-Term Liabilities is presented as supplementary information.
- (3) Supplementary information required by GAAP is not presented.
- (4) Property Taxes collected after the end of the fiscal period are not considered available for revenue accrual as described below.

Fund Accounting

Financial transactions of the District are reported in individual funds. Each fund uses a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (or expenses) as appropriate. All funds are considered major funds. The various funds in the report are grouped into governmental (and fiduciary) funds as follows:

Governmental Funds

General Fund

This fund is used to account for all expendable financial resources, except for those that are required to be accounted for in another fund. In keeping with the principle of having as few funds as are necessary, activities such as food services, maintenance, data processing, printing, and student transportation are included in the General Fund.

Capital Projects Funds

These funds account for financial resources that are to be used for the construction or acquisition of major capital assets. There are two funds that are considered to be of the capital projects fund type: the Capital Projects Fund and the Transportation Vehicle Fund.

Capital Projects Fund. This fund is used to account for resources accumulated for the acquisition and construction of major capital assets such as land and buildings.

Transportation Vehicle Fund. This fund is used to account for the purchase, major repair, rebuilding, and debt service expenditures that relate to pupil transportation equipment.

Debt Service Fund

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

Special Revenue Fund

In Washington State, the only allowable special revenue fund for school districts is the Associated Student Body (ASB) Fund. This fund is accounted for in the District's financial statements as the financial resources legally belong to the District. As a special revenue fund, amounts within the ASB Fund may only be used for those purposes that relate to the operation of the Associated Student Body of the District.

Permanent Funds

These funds are used to report resources that are legally restricted such that only earnings, and not principal, may be expended. Amounts in the Permanent Fund may only be spent in support of the District's programs and may not be used to the benefit of any individual. The district has one Permanent Fund (Reeploeg Permanent Fund), with a principal amount of \$165,000. Investment earnings may be used for the purposes that support the district's performing arts programs. The district accumulates interest income and can make a distribution every 7 years. The last distribution was made in 2010. This fund was donated by the Reeploeg family.

Fiduciary Funds

Fiduciary funds can include pension and other employee benefit trust funds, private-purpose trust funds, and custodial funds, and are used to account for assets that are held in trust by the District in a fiduciary capacity.

Private-Purpose Trust Fund

This fund is used to account for resources that are legally held in trust by the District. The trust agreement details whether principal and interest may both be spent, or whether only interest may be spent. Money from a Private-Purpose Trust Fund may not be used to support the District's programs, but may be used to benefit individuals, private organizations, or other governments.

The district has a number of scholarships for post-secondary education, as well as several sources of funding to benefit individuals, which are held in a private-purpose trust fund,

Custodial Funds

These funds are used to account for assets that the District holds on behalf of others in a purely custodial capacity.

Measurement Focus, Basis of Accounting, and Fund Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are measurable and available. Revenues are considered "measurable" if the amount of the transaction can be readily determined. Revenues are considered "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after year-end. Categorical program claims and inter-district billings are measurable and available and are accrued. Property taxes not collected by the fiscal year end are measurable and recorded as a receivable, however the receivable is not considered available revenue. For this reason, property taxes to be received in the future are recorded as a deferred inflow of resources.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of

expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

Chapter 28A.505 RCW and Chapter 392-123 of the Washington Administrative Code (WAC) mandate school district budget policies and procedures. The board adopts annual appropriated budgets for all governmental funds. These budgets are appropriated at the fund level. The budget constitutes the legal authority for expenditures at that level. Appropriations lapse at the end of the fiscal period.

Budgets are adopted on the same modified accrual basis as used for financial reporting. Fund balance is budgeted as available resources and, under statute, may not be negative, unless the District enters into binding conditions with state oversight pursuant to RCW 28A.505.110.

District Policy regarding the application of restricted or unrestricted resources

The District receives state funding for specific categorical education-related programs. Amounts that are received for these programs that are not used in the current fiscal year may be carried forward into the subsequent fiscal year, where they may be used only for the same purpose as they were originally received. When the District has such carryover, those funds are expended before any amounts received in the current year are expended.

Additionally, the District has other restrictions placed on its financial resources. When expenditures are recorded for purposes for which a restriction or commitment of fund balance is available, those funds that are restricted or committed to that purpose are considered first before any unrestricted or assigned amounts are expended.

Fund balance classifications policies and procedures.

The District classifies ending fund balance for its governmental funds into five categories.

- *Nonspendable Fund Balance* – The amounts reported as nonspendable are resources of the District that are not in a spendable form. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.
- *Restricted Fund Balance* – Amounts that are reported as restricted are those resources of the District that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.
- *Committed Fund Balance* – Amounts that are reported as committed are those resources of the District that have had a limitation placed upon their usage by formal action of the District's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. A commitment may only be changed only when the limitation regarding the intended purpose is removed by a subsequent formal action of the board of directors.
- *Assigned Fund Balance* – In the General Fund, amounts that are reported as assigned are those resources that the District has set aside for specific purposes. These accounts reflect tentative management plans for future use. Examples might include, the replacement of equipment or the assignment of resources for contingencies. Assignments reduce the amount reported as unassigned fund balance, but may not reduce the balance below zero.

In other governmental funds, assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only

available for expenditure in that fund and may not be used in any other fund without formal action by the District's board of directors and as allowed by statute.

The Superintendent or the Associate Superintendent of Finance are the only persons who have the authority to create Assignments of fund balance.

- *Unassigned Fund Balance* – In the General Fund, amounts that are reported as unassigned are those net spendable resources of the District that are not otherwise restricted, committed, or assigned, and may be used for any purpose within the General Fund.

In other governmental funds, unassigned fund balance represents a deficit ending spendable fund balance once all restrictions and commitments are considered.

A negative unassigned fund balance means that the legal restrictions and formal commitments of the District exceed its currently available resources.

Currently, the district's board of directors has directed management, in its policy #6022, that the district shall have a goal of maintaining a minimum fund balance in its general fund at least equal to 5% of the previous year's general fund operating expenditures. This is intended to recognize the importance of maintaining a prudent fund balance in the general fund to ensure operational cash flow needs are met, to set aside resources for known obligations, and to help protect against unforeseen circumstances. Funds under this board policy are considered unassigned, but attributable to a minimum fund balance policy.

Cash and Cash Equivalents

All of the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables and Payables

The District's receivables and payables reflect current financial resources or obligations that are expected to be collected or paid within one year. The district currently has no receivables or payables which are not expected to be collected or paid within one year.

Capitalization Threshold for Leases and Subscription-Based Information Technology Arrangements (SBITA)

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated with respect to the lease terms, payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of leases was \$5000 and for SBITAs was \$250,000. Arrangements that are considered short term or do not meet capitalization criteria are treated as revenues and expenditures in the current year.

Inventory

Inventories recorded as assets for the district consist of food, fuel, and transportation parts. Inventory is valued at cost using the first-in, first-out (FIFO) method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered nonspendable. Inventory for fuel is approximated by using the last purchase price to value the periodic inventory count. USDA commodity inventory consists of food donated by the United State Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

Deferred Outflows and Inflows of Resources

Certain items related to the consumption or the acquisition of assets that are applicable to a future period are reported as deferred outflows of resources and deferred inflows of resources.

Deferred Outflows and Inflows of Resources are reported as separate sections in the district's balance sheet.

A *deferred outflow of resources* is considered to be a consumption of assets by the government that is applicable to a future reporting period. The district did not have any items that qualified for reporting in the category of a deferred outflow of resources.

A *deferred inflow of resources* is considered to be an acquisition of assets by the government that is applicable to a future reporting period. The district has two items, which arises under a modified accrual basis of accounting that qualifies for reporting in the category of a deferred inflow of resources under the governmental funds financial statements:

- Funds received by the district, but for which future services have not yet been provided under contractual or legal requirements.
- Property taxes earned, but not yet available to meet the needs of current liabilities.

Under the modified-accrual method of accounting used in the governmental fund financial statements, these items are not reported as revenue until they are also available or can be used in accordance with contracts or legal requirements. Accordingly, these items are reported as deferred in the governmental funds balance sheet.

Accounting, Policy, and Reporting Changes for 2022-23

Subscription-Based Information Technology Arrangements (SBITA)

For the year ended August 31, 2023, the district implemented guidance for the presentation and disclosures of Subscription-Based Information Technology Arrangements (SBITA), as required by the School District Accounting Manual. These changes were in response to the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 96.

NOTE 2: DEPOSITS 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 30A.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

The King County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District has directed the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District. These investments are held within the King County Investment Pool.

The district's deposits and certificates of deposit are mostly covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

The district's participation in the King County Investment Pool is voluntary and the pool does not have a credit rating. 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. The fair value of the district's investment in the pool is measured using a net asset value (NAV) as determined by the pool. The pool maintains an average pool effective duration of 0.64 years.

All of the District's investments during the year and at year-end were insured or registered and held by the District or its agent in the District's name.

Washington State statutes authorize the district to invest in the following types of securities:

- Certificates, notes, or bonds of the United States, its agencies, or any corporation wholly owned by the government of the United States,
- Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System,
- Bankers' acceptances purchased on the secondary market,
- Repurchase agreements for securities listed in the three items above, provided that the transaction is structured so that the public treasurer obtains control over the underlying securities,
- Investment deposits with qualified public depositories,
- Washington State Local Government Investment Pool, and
- County Treasurer Investment Pools.

The District's investments as of August 31, 2023, are as follows:

Type of Investment	Fund	Carrying Amount	Fair Value
King Co. Investment Pool	General	\$ 76,708,172	\$ 75,542,208
	Capital Projects	92,203,711	90,802,215
	Debt Service	24,991,506	24,611,635
	Associated Student Body	2,239,717	2,205,673
	Transportation Vehicle	2,875,918	2,832,204
	Trust and Permanent Fund	331,301	326,266
Total		\$ 199,350,326	\$ 196,320,201

More information on the King County investment pool, and various reports of the pool's performance can be obtained from King County Treasury Operations 201 South Jackson Street #710, Seattle, WA 98104 or on the following website: <https://kingcounty.gov/depts/finance-business-operations/treasury/investment-pool.aspx>

Impaired Investment Pool

The district has investments with the King County investment pool that are impaired. These investments have been in this condition since September 1, 2008. The Impaired Pool currently holds one commercial paper asset (Victoria), in which the County accepted an exchange offer in 2009 and is receiving the cash flows from the investment's underlying securities.

The total fair value of the impaired investment pool with King County at August 31, 2023, was \$1.14 million and the total book value with King County was \$2.28 million. The district's recorded share of impaired investments in this pool is \$44,712.

NOTE 3: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

COVID-19 Pandemic

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus (COVID-19). In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting gathering sizes, and requiring people to stay home unless they were leaving for an essential function. On April 6, 2020, the Governor closed all public and private K–12 school buildings throughout the remainder of the 2019-20 school year and continuing through the 2020-21 school year. The school district, however, continues to operate, educating students using continuous learning models. Many of the precautionary measures put in place during the 2019-20 school year remain in effect; and are affecting the district for the 2023-2024 school year in new ways.

The direct and indirect impacts of operations of the district are summarized below:

The district has experienced decreasing enrollment beginning in the 2021-22 school year. Prior to the pandemic, district enrollment as of October was 25,326.10 (K-12, FTE). Reported enrollment over the past five fiscal years are shown in the table below, reflecting declining or “non-recovering” levels:

Actual Enrollment Reported for the Month of October:

	Headcount	FTE	FTE % change
2023-24	24,447	23,982.38	-0.60%
2022-23	24,480	24,127.83	1.26%
2021-22	24,151	23,827.53	-1.57%
2020-21	24,543	24,208.11	-5.03%
2019-20	25,912	25,489.31	0.32%
2018-19	25,833	25,408.35	

Since 2020-21, the district has been able to maintain pre-pandemic staffing levels using Elementary and Secondary School Emergency Relief (ESSER) funds. For example, in this current fiscal year ending 08/31/2023, the district received \$31,656,756 in ESSER relief funding. However, with this federal assistance ending with the closing of the 2023-24 fiscal year, the district may need to recalibrate staffing levels to align with reduced enrollment.

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

NOTE 4: 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 annual comprehensive 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.

The school district is reporting the net pension liability in the notes and on the Schedule of Long-Term Liabilities calculated as the district’s proportionate allocation percentage multiplied by the total plan collective net pension

liability. The DRS total collective net pension liabilities for the pension plans school districts participate in are shown here.

The Collective Net Pension Liability (Asset)

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

Collective Net Pension Liability or (Asset) as of June 30, 2023 -- All Participants in State:				
Dollars in Thousands	PERS1	SERS2/3	TRS1	TRS2/3
Total Pension Liability (TPL)	\$ 11,508,253	\$ 9,283,864	\$ 8,491,576	\$ 24,937,867
Plan Fiduciary Net Position	\$ 9,225,521	\$ 9,427,008	\$ 7,225,059	\$ 25,060,682
Participating Employers' Net Pension Liability or (Asset)	\$ 2,282,732	\$ (143,144)	\$ 1,266,517	\$ (122,815)
Plan Fiduciary net position as a percentage of the Total Pension Liability (TPL)	80.16%	101.54%	85.09%	100.49%

Detailed information about the pension plans' fiduciary net position is available in the separately issued DRS Annual Comprehensive Financial Report (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: <https://www.drs.wa.gov/administrations/annual-report>

Membership Participation

Substantially all school district full-time and qualifying part-time employees participate in one of the following three contributory, multi-employer, cost-sharing statewide retirement systems managed by DRS: Teachers' Retirement System (TRS), Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS).

Membership participation by retirement plan as of June 30, 2023, was as follows:

Plan	Active Members	Inactive Vested Members	Retirees & Beneficiaries Receiving Benefits
PERS1	509	147	39,461
SERS2	36,946	7,467	14,574
SERS3	30,532	10,099	15,131
TRS1	81	49	28,636
TRS2	29,068	3,853	7,396
TRS3	52,794	8,967	20,870

Source: Washington State Department of Retirement Systems (ACFR)

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

The Teachers' Retirement System (TRS) was established in 1938, and its retirement provisions are contained in RCW Chapters 41.34 and 41.32. TRS is a cost-sharing multi-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for

membership requires service as a certificated, public-school employee working in an instructional, administrative or supervisory capacity.

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

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

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

The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 members who have 30 or more years of service credit, were hired prior to May 1, 2013, and are at least 55 years old, can retire under one of two provisions: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. TRS Plan 2/3 members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. TRS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

PERS Plan Information

The Public Employees' Retirement System (PERS) was established in 1947, and its retirement benefit provisions are contained in RCW Chapters 41.34 and 41.40. PERS is a cost-sharing, multi-employer retirement system. PERS Plan 1 provides retirement, disability and death benefits. PERS 1 members were vested after the completion of five years of eligible service. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

Members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. PERS Plan 1 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other

benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

SERS Plan Information

The School Employees' Retirement System (SERS) was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing, multiemployer retirement system comprised of two separate plans for membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

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

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

The benefit is reduced by a factor that varies according to age, for each year before age 65. SERS members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions, if hired prior to May 2, 2013: With a benefit that is reduced by three percent for each year before age 65; or with a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules. SERS members hired on or after May 1, 2013, have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service. SERS retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the Consumer Price Index), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries.

Plan Contributions

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

The employer and employee contribution rates for all plans were effective as of September 1, 2022. PERS contribution rates changed on July 1, 2022. Contribution rates for TRS and SERS plans changed on September 1, 2022. 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	7/1/2022	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: Employer rates include .0018 administrative fee

* TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.

** TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.

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

At June 30, 2023, the school district reported a total liability of \$40,706,431 for its proportionate shares of the individual plans' collective net pension liability and \$6,285,188 for its proportionate shares of net pension assets. Proportions of net pension amounts are based on annual contributions for each of the employers participating in the DRS administered plans. As of June 30, 2023, the district's proportionate share of each plan's net pension liability is reported below:

as of June 30, 2023:	PERS1	SERS2/3	TRS1	TRS2/3
District's Annual Contributions	\$ 2,694,097	\$ 5,451,267	\$ 13,500,955	\$ 17,000,634
Proportionate Share of the Net Pension Liability	\$ 9,024,956	\$ -	\$ 31,681,475	\$ -
Proportionate Share of the Net Pension Assets	\$ -	\$ (3,199,574)	\$ -	\$ (3,085,613)

As of June 30, 2023, the school district's percentage of the proportionate share of the collective net pension amount was as follows and the change in the allocation percentage from the prior period is illustrated below.

Change in Proportionate Shares	PERS1	SERS2/3	TRS1	TRS2/3
Current Year Proportionate Share	0.395358%	2.235214%	2.501465%	2.512408%
Prior Year Proportionate Share	0.420276%	2.257534%	2.501604%	2.481825%
Net Difference Percentage	-0.024918%	-0.022321%	-0.000139%	0.030582%

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 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, 3.25% salary inflation
Salary Increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment Rate of Return	7.0%

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. The Office of the State Actuary (OSA) applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the 2013–2018

Demographic Experience Study Report and the *2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

Long-term Expected Rate of Return

OSA selected a 7.00% long-term expected rate of return on pension plan investments using a building-block method. In selecting the assumptions, OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMAs) and simulated expected investment returns the Washington State Investment Board (WSIB) provided.

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

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
Total	100.00%	

Source: Wa State Investment Board (WSIB)

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 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on the assumptions described in the DRS Certification Letter, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return, a 7.00% on pension plan investments was applied to determine the total pension liability.

Sensitivity of the Net Pension Liability (Asset)

The following table presents the Kent School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.0%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage-point higher (8.0%) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability or asset.

Sensitivity of the Net Pension Liability or Asset to Changes in the Discount Rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
PERS 1	\$ 3,189,149,000	\$ 2,282,732,000	\$ 1,491,643,000
Allocation Percentage	0.395358%	0.395358%	0.395358%
Proportionate Share	\$ 12,608,545	\$ 9,024,956	\$ 5,897,325
SERS 2/3	\$ 1,168,408,000	\$ (143,144,000)	\$ (1,224,160,000)
Allocation Percentage	2.235214%	2.235214%	2.235214%
Proportionate Share	\$ 26,116,415	\$ (3,199,574)	\$ (27,362,591)
TRS 1	\$ 1,927,853,000	\$ 1,266,517,000	\$ 688,424,000
Allocation Percentage	2.501465%	2.501465%	2.501465%
Proportionate Share	\$ 48,224,561	\$ 31,681,475	\$ 17,220,683
TRS 2/3	\$ 3,965,509,000	\$ (122,815,000)	\$ (3,446,561,000)
Allocation Percentage	2.512408%	2.512408%	2.512408%
Proportionate Share	\$ 99,629,750	\$ (3,085,613)	\$ (86,591,661)

Western Conference of Teamsters (WCT) Pension Plan

Starting in January 2015, and continuing through to the present, employees of the district who are part of the International Brotherhood of Teamsters have participated in the Western Conference of Teamsters (WCT) Pension Plan. This retirement plan is a multiemployer pension plan, established in 1955 through collective bargaining between labor and management. Across the nation, the plan covers 229,500 active participants through pension agreements negotiated by local unions with nearly 1,350 employers nationwide.

Kent School District has 121 participants in the plan. Employees contribute to the plan through payroll deductions made by the district. The district does not contribute to the plan as a benefit. The district contributes, on behalf of the employees, to a state retirement plan (SERS or PERS) as a benefit for these employees. Employee contributions, made through district payroll deductions totaled \$321,637 during the fiscal year ending August 31, 2023.

The following information represents a synopsis of the WCT pension plan:

- Legal Name of the Plan..... Western Conference of Teamsters Pension Plan
- Three-Digit Plan Number..... 001
- Plan's E.I.N..... 91-6145047
- Certified Zone Status..... Green Zone – As of 1/1/2023
- Funded Status..... 99.2% as of 1/1/2023
- Funding Improvement Plan..... Not Applicable
- Surcharge..... Not Applicable
- Your Percentage of the Plan's
Total Contributions..... Less Than 5%

For more information on this plan, please see the following website:

<https://wctpension.org/>

NOTE 5: ANNUAL OTHER POST-EMPLOYMENT BENEFIT COST AND NET OPEB OBLIGATIONS

The district does not offer post-employment benefits to its retired employees. The state, through the Health Care Authority (HCA), administers a defined benefit other post-employment benefit (OPEB) plan that is not administered through a qualifying trust. The Public Employees Benefits Board (PEBB), created within the HCA, is authorized to design benefits, and determine the terms and conditions of employee and retired employee participation and coverage, including establishment of eligibility criteria for both active and retired employees. Benefits purchased by PEBB include medical, dental, life insurance and long-term disability insurance.

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

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the K-12 school districts and ESD's. The District's retirees (currently, approximately 1,274) are eligible to participate in the PEBB plan under this arrangement.

Eligibility

District members are eligible for retiree medical benefits after becoming eligible for service retirement pension benefits (either reduced or full pension benefits) under PERS 1, 2, or 3; TRS 1, 2, or 3; or SERS 2 and 3 plans.

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

Medical Benefits

Upon retirement, members are permitted to receive medical benefits. Retirees pay the following monthly rates for pre-65 medical coverage for 2023:

**Members not eligible for Medicare
(or enrolled in Part A only)**

Descriptions	Type of Coverage - Effective January 1, 2023		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$841.77	\$1,678.60	\$2,306.22
Kaiser Permanente NW CDHP	\$700.40	\$1,394.80	\$1,870.59
Kaiser Permanente WA Classic	\$836.57	\$1,668.20	\$2,291.92
Kaiser Permanente WA CDHP	\$699.88	\$1,393.04	\$1,869.16
Kaiser Permanente WA Sound Choice	\$715.63	\$1,426.32	\$1,959.34
Kaiser Permanente WA Value	\$764.09	\$1,532.24	\$2,092.60
UMP Classic	\$805.36	\$1,605.78	\$2,206.10
UMP Select	\$729.13	\$1,453.32	\$1,996.46
UMP CDHP	\$704.42	\$1,402.12	\$1,881.65
UMP Plus - Puget Sound High Value Network	\$766.95	\$1,528.96	\$2,100.47
UMP Plus - UW Med Accountable Care Network	\$766.95	\$1,528.96	\$2,100.47

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

Members enrolled in Part A and B of Medicare**Type of Coverage - Effective January 1, 2023**

Descriptions	Employee		
	Employee	& Spouse ¹	Full Family ¹
Kaiser Permanente NW Senior Advantage	\$176.13	\$347.32	\$974.74
Kaiser Permanente WA Medicare Plan	\$174.59	\$344.24	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$967.96
Kaiser Permanente WA Sound Choice	N/A	N/A	\$877.26
Kaiser Permanente WA Value	N/A	N/A	\$913.60
UMP Classic	\$438.34	\$871.74	\$1,472.06

Note 1 – Employee, Spouse and Full Family with two Medicare eligible subscribers.

Funding Policy

Kent school district pays a fee to the State of Washington School Employees Benefits Board (SEBB), as part of its monthly payments for health care offered to current school district employees, that is, statutorily, intended to help subsidize the cost of health care insurance to retired school district employees. SEBB is separate and independent from the Public Employees Benefits Board (PEBB).

The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected is set forth in the state’s operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

For the fiscal year 2022-23, the Kent School District was paying \$80.04 per current employee to SEBB for this purpose.

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

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state’s PEBB plan, refer to the Office of the State Actuary:

<https://leg.wa.gov/osa/Pages/default.aspx>

The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on this site:

<https://ofm.wa.gov/accounting/financial-audit-reports/annual-comprehensive-financial-report>

NOTE 6: LEASES and SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Leases – The district is committed under various leases for certain equipment necessary for the effective operations of the district. Leasing arrangements have been made for certain copiers used in the print shop and for dispensing natural gas to run student transportation buses. Leasing arrangements require a monthly payment, with an implicitly calculated principal and interest.

Subscription Based Information Technology Arrangements – A SBITA is a contract that conveys control of the right to use another party’s information technology (IT) software for a period of time in exchange for certain periodic contractual payments. The district is committed under various subscription based information technology arrangements (SBITA) for the use of certain educational and administrative

technologies that provide for an effective operating environment. Such arrangements require an annual payment.

In summary, the district has the following commitments at fiscal year ending 08/31/2023:

General Lease or SBITA Information			Requirements to Maturity		
Lessee	Description	Current Monthly Pmt	Principal	Interest	Total
KHP Limited Partnership	iGrad lease; Bldg at 25668 - 25672 I04th Ave SE Kent	\$6,982.25	\$152,867.36	\$3,674.70	\$156,542.06
KHP Limited Partnership	iGrad; Bldg at 25664 I04th Avenue SE Kent	\$8,203.14	\$179,597.14	\$4,317.25	\$183,914.39
Pitney Bowes	Print Shop: Relay 7000 System Mail Machine & Envelope Stuffer	\$2,016.38	\$31,762.52	\$499.51	\$32,262.03
Xerox	Print Shop: QBSI-Xerox (Xerox D135CP) Lease; Agreement #010-0020069-005	\$665.42	\$9,835.76	\$145.54	\$9,981.30
Xerox	Print Shop: QBSI-Xerox (Xerox D125) Lease; Agreement #0020069-004	\$2,519.78	\$37,245.60	\$551.10	\$37,796.70
Xerox	Print Shop: Xerox Primlink B9125 - Contract #010-0020069-006	\$787.03	\$36,124.01	\$1,653.43	\$37,777.44
Puget Sound Energy Inc	Transportation: Natural gas compression services, including equipment needed to provide the service	\$25,765.71	\$890,843.50	\$36,722.07	\$927,565.57
Imagine Learning	Digital libraries for grades 6-12, CTE, and summer courses	\$133,980.00	\$256,552.55	\$11,407.45	\$267,960.00
Ednetics	Phone system and data core upgrades	\$198,754.16	\$380,585.79	\$16,922.52	\$397,508.31
		TOTALS	\$1,975,414.23	\$75,893.57	\$2,051,307.80

SBITA liabilities are included in the lease liability of the district and changes in these the lease and SBITA liabilities for the year are presented in the accompanying Schedule of Long-Term Liabilities.

The following table provides a summary of the district's known expected outflows for the next five years:

Summary Amortization - All Leases & SBITAs				
Period Ending	Beginning Balance	Issues/Increases	Redemptions/ Reductions	Amount of Long-Term Debt
9/1/2022				\$ 1,901,946.87
8/31/2023	\$ 1,901,946.87	\$ 800,002.18	\$ 726,534.82	\$ 1,975,414.23
8/31/2024	\$ 1,975,414.23	\$ -	\$ 850,180.34	\$ 1,125,233.89
8/31/2025	\$ 1,125,233.89	\$ -	\$ 801,961.00	\$ 323,272.89
8/31/2026	\$ 323,272.89	\$ -	\$ 313,940.62	\$ 9,332.27
8/31/2027	\$ 9,332.27	\$ -	\$ 9,332.27	\$ 0.00
8/31/2028	\$ -	\$ -	\$ -	\$ -

More specifically, the following tables provide annual requirements for each lease or SBITA noted above, with calculated principal and interest.

Summary Amortization Schedule for KHP Lease iGrad 25668 (Address)				
Period Ending	Lease Payments	Interest Expenditures @ 2.47 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 352,829.46
8/31/2022	\$ 106,346.85	\$ 7,616.54	\$ 98,730.31	\$ 254,099.15
8/31/2023	\$ 106,323.55	\$ 5,091.75	\$ 101,231.80	\$ 152,867.35
8/31/2024	\$ 84,275.76	\$ 2,863.28	\$ 81,412.48	\$ 71,454.87
8/31/2025	\$ 72,266.30	\$ 811.43	\$ 71,454.87	\$ -
	\$ 369,212.46	\$ 16,383.00	\$ 352,829.46	\$ -

Summary Amortization Schedule for KHP Lease iGrad 25664 (Address)				
Period Ending	Lease Payments	Interest Expenditures @ 2.47 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 398,969.29
8/31/2022	\$ 115,739.81	\$ 8,680.38	\$ 107,059.43	\$ 291,909.86
8/31/2023	\$ 118,218.98	\$ 5,906.26	\$ 112,312.72	\$ 179,597.14
8/31/2024	\$ 99,011.90	\$ 3,363.95	\$ 95,647.95	\$ 83,949.19
8/31/2025	\$ 84,902.50	\$ 953.31	\$ 83,949.19	\$ -
	\$ 417,873.19	\$ 18,903.90	\$ 398,969.29	\$ -

Summary Amortization Schedule for Pitney Bowes Lease 411-7				
Period Ending	Lease Payments	Interest Expenditures @ 2.21 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 77,686.97
8/31/2022	\$ 24,196.52	\$ 1,487.78	\$ 22,708.74	\$ 54,978.23
8/31/2023	\$ 24,196.52	\$ 980.80	\$ 23,215.71	\$ 31,762.52
8/31/2024	\$ 24,196.51	\$ 462.51	\$ 23,734.01	\$ 8,028.51
8/31/2025	\$ 8,065.51	\$ 37.00	\$ 8,028.51	\$ -
	\$ 80,655.06	\$ 2,968.09	\$ 77,686.97	

Summary Amortization Schedule for Xerox D135CP Lease				
Period Ending	Lease Payments	Interest Expenditures @ 2.21 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 25,019.10
8/31/2022	\$ 7,985.04	\$ 477.18	\$ 7,507.86	\$ 17,511.24
8/31/2023	\$ 7,985.04	\$ 309.56	\$ 7,675.48	\$ 9,835.76
8/31/2024	\$ 7,985.04	\$ 138.21	\$ 7,846.83	\$ 1,988.93
8/31/2025	\$ 1,996.26	\$ 7.33	\$ 1,988.93	\$ -
	\$ 25,951.38	\$ 932.28	\$ 25,019.10	\$ -

Summary Amortization Schedule for Xerox D125 Lease				
Period Ending	Lease Payments	Interest Expenditures @ 2.21 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 94,741.13
8/31/2022	\$ 30,237.36	\$ 1,806.95	\$ 28,430.41	\$ 66,310.72
8/31/2023	\$ 30,237.36	\$ 1,172.24	\$ 29,065.12	\$ 37,245.60
8/31/2024	\$ 30,237.36	\$ 523.35	\$ 29,714.01	\$ 7,531.59
8/31/2025	\$ 7,559.34	\$ 27.75	\$ 7,531.59	\$ -
	\$ 98,271.42	\$ 3,530.29	\$ 94,741.13	\$ -

Summary Amortization Schedule for Xerox Primlink B9125 Lease				
Period Ending	Lease Payments	Interest Expenditures @ 2.21 Percent	Principal Expenditure	Amount of Long-Term Debt
9/1/2022				\$ 44,667.41
8/31/2023	\$ 9,444.36	\$ 900.96	\$ 8,543.40	\$ 36,124.01
8/31/2024	\$ 9,444.36	\$ 710.22	\$ 8,734.14	\$ 27,389.87
8/31/2025	\$ 9,444.36	\$ 515.23	\$ 8,929.13	\$ 18,460.74
8/31/2026	\$ 9,444.36	\$ 315.89	\$ 9,128.47	\$ 9,332.27
8/31/2027	\$ 9,444.36	\$ 112.09	\$ 9,332.27	\$ -
	\$ 47,221.80	\$ 2,554.39	\$ 44,667.41	\$ -

Summary Amortization Schedule for Imagine Learning SBITA agreement				
Date	Lease Payments	Interest Expenditures @ 2.95 Percent	Principal Expenditure	Amount of Long-Term Debt
9/1/2022				\$ 379,341.96
8/31/2023	\$ 133,980.00	\$ 11,190.59	\$ 122,789.41	\$ 256,552.55
8/31/2024	\$ 133,980.00	\$ 7,568.30	\$ 126,411.70	\$ 130,140.85
8/31/2025	\$ 133,980.00	\$ 3,839.15	\$ 130,140.85	\$ -
	\$ 401,940.00	\$ 22,598.04	\$ 379,341.96	\$ -

Summary Amortization Schedule for Ednetics SBITA agreement				
Period Ending	Lease Payments	Interest Expenditures @ 2.95 Percent	Principal Expenditure	Amount of Long-Term Debt
9/1/2022				\$ 420,660.22
8/31/2023	\$ 52,483.90	\$ 12,409.48	\$ 40,074.42	\$ 380,585.80
8/31/2024	\$ 198,754.16	\$ 11,227.28	\$ 187,526.88	\$ 193,058.92
8/31/2025	\$ 198,754.16	\$ 5,695.24	\$ 193,058.92	\$ (0.00)
	\$ 449,992.22	\$ 29,332.00	\$ 420,660.22	\$ -

On September 1, 2016, the district entered into an operating lease arrangement with Puget Sound Energy for the provision of natural gas compression services (“Compressed Natural Gas Service” or “CNG Service”), provided to a fueling station for district buses that operate on natural gas. The lease term remains in effect during the period ending on the 10th anniversary of the CNG Service Commencement Date (the “Initial Term”), unless terminated earlier in accordance with the terms of the Agreement. At the end of the Initial Term, the Agreement shall automatically renew for successive 60-month terms, unless notice of termination is provided 24 months in advance. The district does not own equipment pertaining to this service arrangement. Equipment remains the property of Puget Sound Energy. Maintenance of the equipment is the responsibility of Puget Sound Energy. The most current information regarding the district’s obligation in this lease is as follows:

Summary Amortization Schedule for Puget Sound Energy Lease				
Period Ending	Lease Payments	Interest Expenditures @ 2.64 Percent	Principal Expenditure	Amount of Long-Term Debt
8/31/2021				\$ 1,446,767.31
8/31/2022	\$ 309,188.52	\$ 34,891.47	\$ 274,297.05	\$ 1,172,470.26
8/31/2023	\$ 309,188.52	\$ 27,561.76	\$ 281,626.76	\$ 890,843.50
8/31/2024	\$ 309,188.52	\$ 20,036.18	\$ 289,152.34	\$ 601,691.16
8/31/2025	\$ 309,188.52	\$ 12,309.51	\$ 296,879.01	\$ 304,812.15
8/31/2026	\$ 309,188.52	\$ 4,376.37	\$ 304,812.15	\$ (0.00)
	\$ 1,545,942.60	\$ 99,175.29	\$ 1,446,767.31	\$ -

NOTE 7: CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District had the following active construction projects as of September 22, 2023:

2016 Bond Projects				
as of September 22, 2023	Project	Overall Project	9/22/2023 Costs to	9/22/2023
	Identification	Approved Budget	Date w/encumbrances	Project Balance Left
FP Administration	0000 and 2033	\$ 7,571,256.26	\$ 5,285,672.28	\$ 2,285,583.98
Various school hardware replacements	2044	\$ 1,313,178.00	\$ 697,853.47	\$ 615,324.53
Kent Meridian Window Replacements	4000-2045	\$ 4,000,000.00	\$ 3,669,531.80	\$ 330,468.20
Various Fire Alarm Replacement Projects	2075	\$ 1,853,404.00	\$ 2,097,806.93	\$ (244,402.93)
Horizon Backnet Upgrade	1300-2077	\$ 643,084.00	\$ 555,093.80	\$ 87,990.20
Soos Creek DDC Controls	1780-2077	\$ 614,985.00	\$ 488,964.01	\$ 126,020.99
Meeker Middle DDC Controls	3100-2077	\$ 1,390,156.00	\$ -	\$ 1,390,156.00
Kentridge DDC Controls	4150-2077	\$ 669,808.00	\$ -	\$ 669,808.00
Cedar Heights Field	3000-2092	\$ 2,757,294.00	\$ 2,407,845.69	\$ 349,448.31
Mattson Field	3050-2092	\$ 2,379,420.00	\$ 2,367,022.08	\$ 12,397.92
Mill Creek Field	3200-2092	\$ 1,542,363.00	\$ 117,383.82	\$ 1,424,979.18
Cedar Valley Revisions to Parking Lot	1030-0000-2504	\$ 452,708.00	\$ -	\$ 452,708.00
Kentridge Synthetic Field	4150-2095	\$ 1,344,789.00	\$ 263,134.66	\$ 1,081,654.34
East Hill Kindergarten Classroom Dividers	1120-2159	\$ 144,866.00	\$ 25,986.89	\$ 118,879.11
Fairwood Classroom Walls	1180-0000-2159	\$ 144,866.00	\$ -	\$ 144,866.00
Presentation Systems (4 yrs)	9990-2226	\$ 9,000,000.00	\$ 9,397,703.58	\$ (397,703.58)
Academy Facility (incl. Impact Fees)	5070-2304	\$ 38,042,500.00	\$ 37,673,436.93	\$ 369,063.07
Meadow Ridge Carpet & Flooring	1480-0000-2380	\$ 850,000.00	\$ -	\$ 850,000.00
Pine Tree Boiler Replacement	1660-2381	\$ 448,003.00	\$ 404,322.72	\$ 43,680.28
Northwood Boiler Replacement	3250-2381	\$ 452,708.00	\$ 433,590.88	\$ 19,117.12
Covington Replacement	2501 & 2962	\$ 38,027,470.00	\$ 36,223,191.79	\$ 1,804,278.21
New Valley School (inc. State Match/Impact fees)	1870-2501	\$ 57,675,670.00	\$ 56,726,720.45	\$ 948,949.55
Cedar Valley Revisions to Parking Lot	1030-0000-2504	\$ 452,708.00	\$ -	\$ 452,708.00
Horizon Driveway Improvements (incl. 2006 Bond)	1300-2504	\$ 626,766.00	\$ 588,504.10	\$ 38,261.90
Pine Tree Parking Lot	1660-0000-2504	\$ 362,166.00	\$ -	\$ 362,166.00
Property Purchases Kent Kangley	9025-2599	\$ 5,601,763.00	\$ 1,507,250.54	\$ 4,094,512.46
Various re-roof projects	2610	\$ 12,610,713.00	\$ 12,940,110.68	\$ (329,397.68)
Daniel Heating (ESSR funds use)	1210-2633	\$ 3,595,961.00	\$ 3,511,298.78	\$ 84,662.22
Neely-O'Brien Heating	1570-2633	\$ 3,777,565.00	\$ 2,861,835.96	\$ 915,729.04
Carriage Crest Add Storage in Bay/MPR	1000-2634	\$ 244,462.00	\$ -	\$ 244,462.00
Springbrook Additional Storage Space	1810-2634	\$ 135,812.00	\$ -	\$ 135,812.00
Lake Youngs Expansion of Health Room	1420-0000-2636	\$ 228,234.00	\$ 198,433.45	\$ 29,800.55
Pine Tree Entry & Office Remodel	1660-2636	\$ 226,354.00	\$ 1,220.00	\$ 225,134.00
Soos Creek Makers Space	1780-2636	\$ 916,570.00	\$ 85,489.76	\$ 831,080.24
Kentridge D-Wing Art Rooms Remodel	4150-2636	\$ 1,947,005.00	\$ -	\$ 1,947,005.00
Scenic Hill Multi-Media	1750-0000-2638	\$ 4,000,377.00	\$ -	\$ 4,000,377.00
Cedar Heights Classroom Conversion	3000-2638	\$ 1,072,012.00	\$ 315,091.59	\$ 756,920.41
Kentridge PAC & Gym Foyer Remodel	4150-2638	\$ 3,209,340.00	\$ 2,722,586.37	\$ 486,753.63
Kentwood PAC Remodel	4200-2638	\$ 2,872,882.00	\$ 1,942,538.14	\$ 930,343.86
Various Multi-Purpose Room Projects	2639	\$ 27,340,902.00	\$ 27,235,564.61	\$ 105,337.39
Kentwood Add Emerg. Lighting	4200-0000-2715	\$ 72,433.00	\$ -	\$ 72,433.00
Admin. Egress Exit Lighting to generator	9330-2715	\$ 153,685.00	\$ -	\$ 153,685.00
		\$ 240,766,238.26	\$ 212,745,185.76	\$ 28,021,052.50

Construction Levy				
As of September 22, 2023	Project	Overall Project	9/22/2023 Costs to	9/22/2023
	Identification	Approved Budget	Date w/encumbrances	Project Balance Left
Administration	7050-4030-2033	\$ 600,000.00	\$ 800,111.59	\$ (200,111.59)
Mattson Hardware Faculty Ext. Door/Jamb	3050-0000-2044	\$ 6,438.00	\$ 12,237.59	\$ (5,799.59)
Kentridge Hdware Wrestling Rm/Main Gym	4150-0000-2044	\$ 45,066.00	\$ 69,305.02	\$ (24,239.02)
Kentwood Hardware Ext Door Shop	4200-0000-2044	\$ 6,438.00	\$ 9,746.54	\$ (3,308.54)
Kent Phoenix Hardware NW Ext Gym	5030-0000-2044	\$ 6,438.00	\$ 8,706.32	\$ (2,268.32)
Various window and blind replacements	2045	\$ 6,675,784.53	\$ 4,980,837.39	\$ 1,694,947.14
Park Orchard Domestic Waterline	1630-0000-2046	\$ 888,800.00	\$ -	\$ 888,800.00
Domestic Water Pipes 19 Schools	9990-9999-2046	\$ 3,302,929.00	\$ -	\$ 3,302,929.00
Kentlake Fire Alarm Replacement	4100-0000-2075	\$ 790,000.00	\$ 612,118.38	\$ 177,881.62
East Hill EMS to Compass	1120-0000-2077	\$ 634,483.00	\$ -	\$ 634,483.00
Scenic Hill EMS to Compass	1750-0000-2077	\$ 626,685.00	\$ 494,958.95	\$ 131,726.05
Various asphalt and sidewalk replacement	2094	\$ 3,433,584.00	\$ 1,134,742.52	\$ 2,298,841.48
French Field Turf Replacement	9000-0000-2095	\$ 594,170.96	\$ 470,621.27	\$ 123,549.69
Central Kitchen Exhaust Fan	7080-0000-2175	\$ 41,891.00	\$ 33,877.77	\$ 8,013.23
Crestwood Bathroom Partitions	1090-0000-2159	\$ 130,651.00	\$ 86,851.30	\$ 43,799.70
Mattson Gym Curtains	3050-3050-2159	\$ 47,200.00	\$ 39,210.03	\$ 7,989.97
Kentwood Bathroom Partitions	4200-0000-2159	\$ 180,902.00	\$ 50,545.50	\$ 130,356.50
Various external & internal painting projects	2182	\$ 3,009,028.00	\$ 1,096,040.82	\$ 1,912,987.18
Kentwood PAC House Lighting	4200-0000-2377	\$ 136,903.00	\$ 136,903.00	\$ -
Various flooring projects	2380	\$ 7,823,600.00	\$ 3,645,019.29	\$ 4,178,580.71
Meeker Boiler Replacement	3100-0000-2381	\$ 1,866,497.00	\$ 1,591,659.56	\$ 274,837.44
Kentridge Boiler Replacement	4150-0000-2381	\$ 2,971,896.00	\$ 2,557,699.77	\$ 414,196.23
Kentwood Annex Boiler Etc	4200-0000-2381	\$ 110,551.00	\$ 56,977.89	\$ 53,573.11
Kent Phoenix Academy Replace 2 Boilers	5030-0000-2381	\$ 655,764.00	\$ 636,878.71	\$ 18,885.29
Meridian Middle Bleacher Repl.	3150-0000-2399	\$ 147,630.00	\$ 178,279.32	\$ (30,649.32)
French Field Stadium Seating	9000-0000-2399	\$ 338,523.00	\$ 307,193.31	\$ 31,329.69
Sunrise Reroofing	1840-0000-2610	\$ 1,254,300.00	\$ 533,638.86	\$ 720,661.14
Meeker HVAC Upgrades w/ Controls	3100-0000-2633	\$ 4,050,193.00	\$ 521,334.00	\$ 3,528,859.00
Kentridge HVAC	4150-0000-2633	\$ 2,066,893.00	\$ 244,608.00	\$ 1,822,285.00
Kentwood HVAC Equipment	4200-0000-2633	\$ 2,381,140.00	\$ 1,843,701.98	\$ 537,438.02
Admin Upgrade/Replace HP & Controls	9330-0000-2633	\$ 1,848,064.00	\$ -	\$ 1,848,064.00
Kent Meridian Partitions & Counters	4000-4000-2636	\$ 279,272.00	\$ 171,414.69	\$ 107,857.31
Meeker Science Room Renovation	3100-0000-2638	\$ 1,608,017.00	\$ 474,325.05	\$ 1,133,691.95
New Middle (Canyon Ridge)	3400-0000-2638	\$ 10,500,000.00	\$ 8,958,508.52	\$ 1,541,491.48
French Field Restroom Renovation	9000-0000-2638	\$ 274,484.00	\$ 222,470.21	\$ 52,013.79
Various interior painting projects	2705	\$ 1,561,863.00	\$ 523,373.65	\$ 1,038,489.35
CO2 Sensor by Maintenance	xxxx-xxxx-2720	\$ 79,414.00	\$ -	\$ 79,414.00
Various underdrainage for fields	2740	\$ 790,582.00	\$ -	\$ 790,582.00
		\$ 61,766,074.49	\$ 32,503,896.80	\$ 29,262,177.69

Encumbrances

Encumbrance accounting is employed in governmental funds. Purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve a portion of the applicable appropriation. Encumbrances lapse at the end of the fiscal year and may be re-encumbered the following year. The following encumbrance amounts were re-encumbered by fund on September 1, 2023:

<u>Fund</u>	<u>Amount</u>
-------------	---------------

General Fund	\$ 1,075,123
ASB Fund	\$ - 0 -
Capital Projects Fund	\$ 9,701,772
Transportation Vehicle Fund	\$ - 0 -

NOTE 8: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$150,000,000 per occurrence for fiscal year 2022-23. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of District property assets.

NOTE 9: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

The following information represents the district's long-term liabilities, other than compensated absences, leases, and net pension liabilities.

<u>Changes in Long Term Liabilities</u>					
Governmental Activities	Balance at September 1, 2022	Increases	Decreases	Balance at August 31, 2023	Due within One Year
General Obligation Bonds - Voted	\$ 234,626,000	\$ -	\$ 31,470,000	\$ 203,156,000	\$ 37,015,000
General Obligation Bonds - Non Voted	-	-	-	-	-
Notes from Direct Borrowing and Direct Placement	-	-	-	-	-
Total	<u>\$ 234,626,000</u>	<u>\$ -</u>	<u>\$ 31,470,000</u>	<u>\$ 203,156,000</u>	<u>\$ 37,015,000</u>

Bonds payable at August 31, 2023, are comprised of the following individual issues:

<u>OUTSTANDING GENERAL OBLIGATION BONDS</u>					
	Amount Authorized and Issued	Issue Dates	Maturity Dates	Interest Rates	Amount Outstanding
Governmental Activities:					
2010 Refunding	12,995,000	11/4/10	12/1/22	2.00%-3.00%	-
2010 QSCB	15,000,000	11/4/10	12/1/26	5.127%	15,000,000
2012 Refunding	14,600,000	3/28/12	12/1/22	4.00-4.625%	-
2012A Refunding	19,370,000	10/25/12	12/1/24	2.00-4.00%	3,870,000
2013 Building Fund	14,620,000	5/1/13	12/1/32	2.00-5.00%	10,725,000
2015 Refunding	37,995,000	11/19/15	12/1/27	3-5%	12,075,000
2017 Building Fund	74,906,000	2/7/17	12/1/36	3-5%	53,751,000
2018 UGO Bonds	72,200,000	10/30/18	12/1/29	3-5%	46,155,000
2019 UGO Bonds	44,720,000	12/10/19	12/1/38	3-5%	34,850,000
2021 UGO Bonds	39,730,000	12/7/21	12/1/24	4.00%	26,730,000
	<u>\$ 346,136,000</u>				<u>\$ 203,156,000</u>

Annual installment requirements vary from issue-to-issue. The following is a schedule of annual requirements to amortize debt as of August 31, 2023:

Year Ending August 31,	Debt Service Requirement to Maturity		
	General Obligation Bonds		
	Principal	Interest	Total
2024	\$ 37,015,000	\$ 8,082,925	\$ 45,097,925
2025	15,535,000	6,922,175	22,457,175
2026	13,051,000	6,228,675	19,279,675
2027	15,280,000	5,524,775	20,804,775
2028	16,095,000	4,768,025	20,863,025
2029-2033	54,295,000	14,339,850	68,634,850
2034-2038	42,855,000	6,226,813	49,081,813
2039-2043	9,030,000	180,600	9,210,600
	<u>\$ 203,156,000</u>	<u>\$ 52,273,838</u>	<u>\$ 255,429,838</u>

Per 39.36.020 Revised Code of Washington, subparagraphs (3) and (4), additional debt beyond three-eighths of one percent of the value of the taxable property can only be incurred by an authorized 3/5 of the vote and the total limit of indebtedness may only be up to 5% of assessed valuation for additional voter approved bonds for capital outlays. The district's 2023 remaining debt capacity has been calculated at \$1,950,369,390.

NOTE 10: INTERFUND BALANCES AND TRANSFERS

The following table depicts significant interfund transfer activity:

Transferred From (Fund) 535 or 536	Transferred To (Fund) 965 9900 or 9901	Amount	Description
Capital Projects Fund	General Fund	\$685,643	Salaries and consultants paid from the General Fund that relate to major technology and energy initiatives
	TOTALS	\$685,643	

In addition, interfund activities often consist of reimbursements to various funds for temporary payments budgeted and properly chargeable to other funds and operating transfers. For example, there may be salary obligations paid from the general fund that are the result of capital projects or associated student body (ASB) activities. These transactions are often posted directly to expenditures within the appropriate fund, and then, as a credit to the general fund. Funding for the expenditure is transferred through the district “due from other funds” and “due to other funds” accounts. Balances at the end of the year that reflect these types of interfund activities, as well as, operating transfers that have not yet been funded is as follows:

Fund	Due From Other Funds	Due To Other Funds
General	\$ 311,482	\$ 2,604,058
Capital Projects	2,455,771	291,325
Debt Service	-	-
Special Revenue (ASB)	148,272	20,142
Transportation	-	-
Private Purpose Trust	-	-
TOTAL	\$ 2,915,525	\$ 2,915,525

NOTE 11: ENTITY RISK MANAGEMENT ACTIVITIES

General Insurance Information

Kent School District is a member of Schools Insurance Association of Washington (SIAW). Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a program or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of chapter 39.34 RCW, the Interlocal Cooperation Act. The program was formed on September 1, 1995, when seven mid-sized school districts in the State of Washington joined together by signing an Interlocal Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Membership as of August 31, 2023, includes 37 school districts.

The program allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Wrongful Acts Liability, Miscellaneous Professional Liability, and Employee Benefit Liability is on a claims-made basis. All other coverages are on an occurrence basis. The program provides the following forms of group purchased insurance coverage for its members: Property, Earthquake, General Liability, Auto Liability, Equipment Breakdown, Crime, Wrongful Acts Liability, and Cyber Liability.

The program acquires Liability insurance through their administrator, Clear Risk Solutions, which is subject to a per-occurrence self-insured retention (SIR) of \$500,000. Members are responsible for a standard deductible of \$5,000 for each claim (some member deductibles vary), while the program is responsible for the \$500,000 SIR. Insurance carriers cover insured losses over \$505,000 to the limits of each policy. Since the program is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$500,000 SIR. The program also purchases a Stop Loss Policy with an attachment point of \$9,695,600, which is fully funded in its annual budget.

Property insurance is subject to a per-occurrence self-insured retention (SIR) of \$500,000. Members are responsible for a \$10,000 deductible for each claim (some members deductibles vary), while the program is responsible for the remaining \$500,000 SIR. Insurance carriers cover insured losses over \$510,000 to the limits of each policy. Equipment Breakdown insurance is subject to a per-occurrence deductible of \$10,000. Members are responsible for the deductible amount of each claim.

Privacy, Security, and Technology (Cyber) insurance is subject to a per-occurrence self-insured retention (SIR) of \$250,000. Members are responsible for a \$25,000 deductible for each claim, while the program is responsible for the remaining \$225,000 SIR.

Members contract to remain in the program for one year and must give notice before December 31 to terminate participation the following September 1. Renewal of the Interlocal Agreement occurs automatically each year. Even after termination, a member is still responsible for contributions to the program for any unresolved, unreported, and in-process claims for the period they were a signatory to the Interlocal Agreement.

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims adjustment and administration, and loss prevention for the program. Fees paid to the third-party administrator under this arrangement for the year ending August 31, 2023, were \$3,297,083.

A board of directors, consisting of eight members, is selected by the membership from the east and west side of the state and is responsible for conducting the business affairs of the program. The Board of Directors has contracted with Clear Risk Solutions to perform day-to-day administration of the pool. The program has no employees.

The district paid \$2,969,900 in premiums and claims to the Schools Insurance Association of Washington for insurance coverage from September 1, 2022, through August 31, 2023.

Unemployment Compensation

The district self-insures for unemployment compensation. Actual employee claims are paid by the State of Washington Department of Employment Security, and then, reimbursed by the district to the state. Funds are set aside as a potential liability in the general fund for payment of claims from the state due to lost work, layoffs, or similar claims.

As of August 31, 2023, the funds set aside by the district for payment of future unemployment loss claims was \$460,226. This balance is the district's best estimate, based on available information of what could be expected in the near future.

Workers' Compensation

The district self-insures claims from injuries incurred on the job. The district contracts with a third party to administer the claims. Funds are set aside as a potential liability in the general fund for payment of claims due to work-related injuries.

At August 31, 2023, the amount the district has set aside for workers' compensation claims is \$2,846,831. The district feels this is more than adequate funding to meet surety requirements and any claims that could be expected in the near future.

The district, also, carries insurance to cover excess workers' compensation claims. The following table is a summary of the insurance policies in effect during the fiscal year:

Insurer	Period of Coverage	Insured's Retention Requirement	Maximum Limit of Occurrence/Indemnity	Premium Paid
Star Insurance Co.	09/01/2022 – 08/31/2023	\$500,000	\$1,000,000	\$118,782
Star Insurance Co.	09/01/2023 – 08/31/2024	\$500,000	\$1,000,000	\$118,954

The district pays various required workers' compensation assessments directly to the State of Washington Department of Labor and Industries:

- The district pays a 2nd injury assessment, based on claims paid. The district paid \$29,149 for this assessment from the state for calendar quarters ending September 2022 through June 2023. The Second-Injury Fund Assessment provides for relief of claims that have been granted second-injury relief. In order to qualify for Second-Injury Fund relief, a worker's disability must be partially attributed to a prior injury, or pre-existing condition. Relief is provided for any claim that is granted a total permanent disability award (pension). The fund also provides for job modifications. The rate is determined on a fiscal-year basis.
- The district pays a supplemental pension and asbestos assessment, in accordance with RCW 51.12.102. The district paid \$825,841 for this assessment from the state for calendar quarters ending September 2022 through June 2023. The Supplemental Pension Fund Assessments cover increases in claims costs due to cost-of living increases adjustments (COLAs), covers claims costs for asbestos-related diseases, and pays for benefits until the liable self-insured employer(s) is identified. The assessment for each of these funds is combined into one rate, and is based on reported worker hours. This rate is determined on a calendar year basis.

The district's self-insurance activities are briefly summarized in the chart below:

Kent School District FY 2023	<i>Unemployment Compensation</i>	<i>Workers Compensation</i>	<i>Liability Insurance</i>
District Program Manager	<i>Matthew Tardif</i>	<i>Matthew Tardif</i>	<i>Matthew Tardif</i>
Partner/Provider	Washington State Department of Employment Security (ESD) determines eligibility & processes claims; the district reimburses expenses.	N/A	Schools Insurance of Washington (SIAW) includes 40 WA school districts, and is governed by an 8 member Board.
Self Insurance Program Type	Reimbursable (individual)	Individual self-insurance	Risk Pool in School District Cooperative
Does the local government allow another separate legal entity into its self-insurance program? (yes or no)	No	No	Yes (district cooperative)
How are claims administered? (ex: Contracted Third Party Administrator (TPA), Internal Staff, etc.?)	Kent School District Staff	TPA: Eberle Vivian	TPA: Clear Risk Solutions
Employee salary deduction?	No	Yes	No (Not a benefit to employees)
Total amount of premiums and claims paid during the period	\$87,182	\$2,318,059	\$2,969,900

NOTE 12: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The October 31st collection is not available in time to cover liabilities for the prior fiscal period ended August 31st. The remaining property taxes receivable are measurable as of August 31st, but are not considered available

to pay the liabilities current as of August 31st. For that reason, property taxes levied as of January 1st of the current fiscal year, but paid after August 31st, are recorded as a deferred inflow of resources.

In November 2023, voters approved the renewal of a General Fund Educational Programs and Operations Excess Levy effective for calendar years 2025 through 2027, which provided taxing authority in the amount of \$247.6 million over the three years.

At this time, voters did not extend the capital improvement/technology levy that was expiring in 2024.

Tax Abatements and Exemptions

King County provides tax abatement through three programs, that would affect the District, as well - the Current Use Program, the Historic Preservation Program, and the Single-family Dwelling Improvement Program. These programs are property tax abatements:

- The Current Use Programs provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland via four programs on their property pursuant to RCW 84.33.130 and RCW 84.34.010.
- The Historic Preservation Program provides property tax abatement through the legislature's encouragement to maintain, improve and preserve privately owned historic landmarks pursuant to Chapter 84.26 RCW.
- The Single-family Dwelling Improvement Program provides property tax abatement to encourage home improvements to single-family dwellings under RCW 84.36.400.

The district's fiscal year for tax abatements bridges two of King County's fiscal years. King County reports the following property tax abatements that pertain to the district. A proportion of each of these total abatements would have been a factor in the total property taxes shown collected by the district in the current fiscal year being reported by the district ending August 31, 2021:

- \$159,500 for the County's fiscal year ending December 31, 2021.
- \$154,157 for the County's fiscal year ending December 31, 2022.

In accordance with RCW 84.36 and WAC 458-16A, King County offers a property tax exemption to senior citizens as of December 31st of the filing year, and disabled persons that meet certain thresholds. You must be the owner and occupant of a single-family dwelling, mobile home, or one unit in multiple-unit housing, and have a combined disposable income meeting certain thresholds (including income of spouse and co-tenant). Your household income determines the amount of the exemption from regular property taxes or excess levies.

The district participates in the following King County programs that provide tax exemptions for senior citizens:

- *Senior Citizens/Disabled Exemption* – Senior citizens meeting certain other criteria may be exempted from the district's property taxes, if their median household income is \$58,423 or lower.
- *Senior Citizens/Disabled Deferral* -- Senior citizens meeting certain other criteria or retired because of a physical disability and have annual household disposable income of \$67,411 or less for the previous year, may qualify for deferral of property taxes. Any unpaid past year taxes can also be deferred, providing you owned the property during those years. Deferred taxes plus accumulated interest become a lien on your property until the total amount is repaid.

The district estimates that \$1,497,549 of property taxes was exempted for senior citizens in tax year 2022 and \$1,678,227 in tax year 2023. Taxes are collected on a calendar year. Consequently, the district's fiscal year would have been partially affected by both years.

More information on the King County senior citizen exemption and deferral programs can be found at the following website:

<https://www.kingcounty.gov/depts/assessor/TaxRelief.aspx>

NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The district is a member of the King County Director's Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by signing Articles of Agreement dated May 29, 1974, and has remained in the joint venture ever since. The district's current equity of \$423,536.37 is the accumulation of the annual assignment of KCDA's operating surplus based upon the percentage derived from KCDA's total sales to the District compared to all other districts applied against paid administrative fees. The district may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

Purchases for the calendar year 2022 totaled \$2,275,901 and purchases for calendar year 2023 totaled \$4,859,176. Financial reports of the purchasing cooperative may be obtained from the King County Director's Association, 18639 80th Avenue S., Kent, WA 98064

NOTE 14: FUND BALANCE CLASSIFICATION DETAILS

The District's financial statements include the following fund balance amounts presented in the aggregate:

Fund Balance Classification Detail	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund	Permanent Fund
Nonspendable Fund Balance:						
Inventory and Prepaid Items	\$ 7,378,682	\$ 5,000	\$ -	\$ -	\$ -	\$ -
Trust Principal	-	-	-	-	-	165,000
Restricted Fund Balance:						
For Other Items	135,169	-	-	-	-	-
For Fund Purpose	-	2,325,772	-	-	2,875,918	-
For Carryover and Restricted Revenues	2,588,071	-	-	-	-	-
For Carryover of Food Service Revenue	2,504,084	-	-	-	-	-
For Debt Service	-	-	-	25,354,113	-	-
Restricted from Bond Proceeds	-	-	36,894,481	-	-	-
Restricted from State Proceeds	-	-	268	-	-	-
Restricted from Federal Proceeds	-	-	(189,220)	-	-	-
Restricted from Other Proceeds	-	-	-	-	-	-
Restricted from Impact Fees	-	-	6,989,545	-	-	-
Committed Fund Balance:						
Committed from Levy Proceeds	-	-	38,389,962	-	-	-
Assigned Fund Balance:						
Other Purposes	12,566,363	-	-	-	-	-
Fund Purposes	-	-	784,294	-	-	32,174
Unassigned						
Unassigned for Minimum Fund Balance Policy	13,159,496	-	-	-	-	-
Unassigned Remaining Fund Balance	24,762,015	-	-	-	-	-
Total Fund Balance	\$63,093,880	\$ 2,330,772	\$82,869,330	\$25,354,113	\$ 2,875,918	\$ 197,174

Assignments for other purposes in the general fund are:

• School budgets – Purchase order carry-over and miscellaneous expenses	\$350,000
• Contractual leave cash outs already earned by employees that could be claimed	\$1,816,629
• Strategic Plan implementation	\$1,000,000
• Enrollment Stabilization Funds, spent by August 31, 2024	<u>\$9,399,734</u>
	TOTAL <u>\$12,566,363</u>

The School Board and district administration are committed to maintaining an unassigned general operating fund balance sufficient to provide stability of programs and to maintain sound financial practices. On June 1, 2009, the School Board adopted Policy No. 6002 – Minimum Fund Balance, which provides a target of minimum fund balance equal to 5% of the previous year general fund expenditures. The 2023-2024 budget was adopted with a budgeted total ending fund balance of \$50,671,874 or 10.2% of previous year General Fund expenditures.

NOTE 15: POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSION PLANS—BOTH IN SEPARATELY ISSUED PLAN FINANCIAL STATEMENTS AND EMPLOYER STATEMENTS

457 Plan – Deferred Compensation Plan

District employees have the option of participating in a deferred compensation plan as defined in §457 of the Internal Revenue Code that is administered by the state deferred compensation plan.

403(b) Plan – Tax Sheltered Annuity (TSA)

The District offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary until future years under two types of deferrals: elective deferrals (employee contribution) and non-elective contribution (employer matching).

The District complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers, and various requirements. The plan is administered by TSA Consulting. The plan assets are assets of the District employees, not the school district, and are therefore not reflected on these financial statements. For the year ended August 31, 2023, the District made \$146,010 in employer matching contributions to the plan.

Flexible Spending Plan

Under Section 125 of the Internal Revenue Service Code, the district implemented an employee benefit plan on January 1, 1990. This plan includes provisions for sheltering from withholding taxes unreimbursed medical expenses, dependent care expenses, and other qualified benefits such as health insurance premiums. The district is the administrator of the plan and has contracted with a service company in order to carry out the program requirements in an efficient and effective manner.

NOTE 16: TERMINATION BENEFITS

Compensated Absences

Sick Leave

Employees earn sick leave at a rate of 12 days per year. Under the provisions of RCW 28A.400.210, sick leave accumulated by district employees can be reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This statute also provides for an annual buy out of an amount up to the maximum annual accumulation of 12 days. For buy-out purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

A long-term liability is recorded for vested employees that the district considers may, over time, cash out sick leave due to termination. This potential termination liability for sick leave is recorded as a long-term debt liability on the Schedule of Long-Term Liabilities for the general fund. Expenditures for potential termination liability due to sick leave are recorded when accrued. Due to considerations of prior employment credits in the state's retirement system, the district is unable to determine which employees are actually eligible for retirement at the end of a given fiscal year. The district assumes that all employees over the age of 55 are vested and will become eligible for retirement, and so calculates an estimated vested sick-leave liability of one hour for each four hours of accrued sick-leave for all current employees over the age of 55 as of the end of the fiscal year. The amount of accrued sick leave reflected as a long-term liability as of August 31, 2023 is \$7,031,238. Of this current amount, \$2,531,246 is estimated will be used or cashed out within the next year.

Vacation Leave

An employee can be compensated for earned vacation leave up to 320 to 400 hours at any time upon termination, depending on the bargaining group. For this reason, all accrued vacation leave for employees is recorded as a long-term debt liability on the Schedule of Long-Term Liabilities for the general fund, up to the 320 to 400 hours maximum. Expenditures for vacation leave is recorded when earned. The amount reflected as a long-term liability for accrued vacation leave as of August 31, 2023 is \$4,660,425. Of this current amount, \$3,635,132 is estimated may be used or cashed out in one year.

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2023

Description	Beginning Outstanding Debt September 1, 2022	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2023	Amount Due Within One Year
Voted Debt					
Voted Bonds	234,626,000.00	0.00	31,470,000.00	203,156,000.00	37,015,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Leases	1,901,946.87	800,002.18	726,534.82	1,975,414.23	850,180.34
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	9,975,497.00	6,061,099.00	4,344,933.00	11,691,663.00	6,166,377.48
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	47,576,247.00	0.00	15,894,772.00	31,681,475.00	
Net Pension Liabilities TRS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities SERS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities PERS 1	11,702,015.00	0.00	2,677,059.00	9,024,956.00	
Total Long-Term Liabilities	305,781,705.87	6,861,101.18	55,113,298.82	257,529,508.23	44,031,557.82

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

Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	School Breakfast Program	10.553	N/A	1,463,430	-	1,463,430	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	7,316,846	-	7,316,846	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	National School Lunch Program	10.555	N/A	1,127,245	-	1,127,245	-	4
				Total ALN 10.555:	-	8,444,091	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Summer Food Service Program for Children	10.559	N/A	116,040	-	116,040	-	3
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Fresh Fruit and Vegetable Program	10.582	N/A	288,116	-	288,116	-	3
				Total Child Nutrition Cluster:	-	10,311,677	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA OSPI)	Child and Adult Care Food Program	10.558	N/A	15,046	-	15,046	-	3
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via Office of State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	7,327	-	7,327	-	

The accompanying notes are an integral part of this schedule.

Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
	Total Forest Service Schools and Roads Cluster:			7,327	-	7,327	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	GT-00080	7,340,111	-	7,340,111	-	2, 5
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	270370	74,354	-	74,354	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	271105	44,526	-	44,526	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	271106	29,995	-	29,995	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	271107	29,987	-	29,987	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	271108	28,008	-	28,008	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSP)	Title I Grants to Local Educational Agencies	84.010	271116	21,837	-	21,837	-	2
				Total ALN 84.010:	-	7,568,818	-	7,568,818

Special Education Cluster (IDEA)

The accompanying notes are an integral part of this schedule.

Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSP)	COVID 19 - Special Education Grants to States	84.027	312279	1,214,616	-	1,214,616	-	2
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSP)	Special Education Grants to States	84.027	307666	5,135,754	-	5,135,754	-	2
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSP)	Special Education Grants to States	84.027	GT-00734	589,344	-	589,344	-	2
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA OSP)	Special Education Preschool Grants	84.173	367062	11,966	-	11,966	-	2
			Total ALN 84.027:	6,939,714	-	6,939,714	-	
			Total Special Education Cluster (IDEA):	6,951,680	-	6,951,680	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA OSPI)	Career and Technical Education -- Basic Grants to States	84.048	176175	243,841	-	243,841	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060	-	-	81,836	81,836	-	2

The accompanying notes are an integral part of this schedule.

Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF POSTSECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via University of Washington)	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	84.334A; UWSC11167	473,930	-	473,930	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	English Language Acquisition State Grants	84.365	GT-00080	514,751	-	514,751	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	GT-00080	1,245,293	-	1,245,293	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	Student Support and Academic Enrichment Program	84.424	GT-00080	661,712	-	661,712	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D; 120550	3,918,454	-	3,918,454	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D; 144525	34,569	-	34,569	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U; 138100	24,804,430	-	24,804,430	-	2

**Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U; 137131	1,246,438	-	1,246,438	-	2
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U; 140022	21,875	-	21,875	-	2, 3
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U; 140658	24,246	-	24,246	-	2, 3
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W; 459549	102,728	-	102,728	-	2
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA Principals Foundation)	COVID 19 - Education Stabilization Fund	84.425	84.425U	290,060	-	290,060	-	
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D; S425D210015	132,583	-	132,583	-	
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D;S425D 210015	486,396	-	486,396	-	
EDUCATION, DEPARTMENT OF EDUCATION, DEPARTMENT OF (via WA OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D; S425D210015	11,024	-	11,024	-	
			Total ALN 84.425:	31,072,803	-	31,072,803	-	

The accompanying notes are an integral part of this schedule.

Kent School District No. 415
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			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via WA DSHS Schools Out Washington)	Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	N/A	353,654	-	353,654	-	
Total Federal Awards Expended:				59,420,532	81,836	59,502,368	-	

The accompanying notes are an integral part of this schedule.

Kent School District #415
Notes to the Schedule of Expenditures of Federal Awards
Year Ending August 31, 2023

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is prepared on the same basis of accounting as the Kent School District's financial statements. The Kent School District uses the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine amounts expended or matched from non-federal sources.

NOTE 2 - FEDERAL INDIRECT RATE

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

The Kent School District used their 22-23 federal restricted indirect rate of 4.29% with the following exceptions:

- CFDA 84.425D The Coronavirus Aid, Relief, and Economic Security (CARES) Act used 10.55% - ESSER II
- CFDA 84.425U The Coronavirus Aid, Relief, and Economic Security (CARES) Act used 10.46% - ESSER III
- CFDA 93.566 Refugee and Entrace Assistance - Discretionary Grants used 15% Approved Per SOWA

NOTE 3 - PROGRAM COSTS AND MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the Kent School District's local matching share, may be more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 - NON-CASH AWARDS

The amount of food commodities reported on the schedule is the market value of commodities distributed by the Kent School District during the current year. The value is determined by the U.S. Department of Agriculture.

NOTE 5 - SCHOOLWIDE PROGRAMS

Kent School District operates a "schoolwide program" in twenty elementary buildings and one middle school. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students rather than limit services to certain targeted students. The following federal program amount was expended by the Kent School District in its schoolwide program: Title I-A (84.010) \$7,340,111

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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