



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Clover Park School District No. 400

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

Published December 19, 2024

Report No. 1036185



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

December 19, 2024

Board of Directors
Clover Park School District No. 400
Lakewood, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Clover Park School District No. 400'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

Clover Park School District No. 400 **September 1, 2022 through August 31, 2023**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Clover Park School District No. 400 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>
32.009	COVID -19 – Emergency Connectivity Fund Program
84.027	Special Education Cluster (IDEA) - Special Education Grants to States
84.041	Impact Aid
84.173	Special Education Cluster (IDEA) - Special Education Preschool Grants
84.425	COVID -19 – Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$1,524,675.

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.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Clover Park School District No. 400 September 1, 2022 through August 31, 2023

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

Audit Period: September 1, 2021 – August 31, 2022	Report Ref. No.: 1033159	Finding Ref. No.: 2022-001	Assistance Listing Number(s): 32.009
Federal Program Name and Granting Agency: Federal Communications Commission		Pass-Through Agency Name: N/A	
Finding Caption: <p>The District did not have adequate internal controls for ensuring compliance with allowable activities and restricted purpose requirements.</p>			
Background: <p>The fiscal year 2022 audit found that the District did not have effective internal controls to ensure it documented the determination of actual unmet need and only requested reimbursement for equipment provided to eligible students. Specifically, the District did not maintain documentation showing it provided laptops purchased with \$2,605,900 of program funds to students with unmet need. Questioned costs were \$2,605,900.</p>			
Status of Corrective Action: (check one) <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"><input checked="" type="checkbox"/> Fully Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Partially Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Not Corrected</div> <div style="text-align: center;"><input type="checkbox"/> Finding is considered no longer valid</div> </div>			
Corrective Action Taken: <p><i>The District does not concur with the finding or questioned costs. SAO reviewed various types of documentation and chose not to accept any documentation presented by the District to even consider reducing questioned costs. The standard of documentation required by SAO to satisfy “unmet” need in would have been hard to meet even if the District hadn’t been in the midst of a pandemic.</i></p> <p><i>The District has internal controls over asset inventory and provided equipment only to students and staff with unmet needs, and all costs were allowable, reasonable and necessary. The District created a system to track and ensure that ECF funded devices were used by students with documented need. The need was determined via a family survey which included district student identification, along with documented free/reduced lunch status. Pairing the student need data</i></p>			

with ECF funded device tracking showed that ECF funded devices were being used by students with identified need.

We look forward to working with the FCC to resolve this finding and we appreciate the guidance that was provided by the FCC, as noted below.

Guidance from the FCC

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

From the Federal Communications Commission Order FCC-CIRC21-93-043021, question 77: “We think schools are in the best position to determine whether their students and staff have devices and broadband services sufficient to meet their remote learning needs, and we recognize that they are making such decisions in the midst of a pandemic. We, therefore, will not impose any specific metrics or process requirements on those determinations.” And from question 53: “...we are sensitive to the need to provide some flexibility during this uncertain time. If those connected devices were purchased for the purpose of providing students...with devices for off campus use consistent with the rules we adopt today, we will not prohibit such on-campus use.”

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*

Clover Park School District No. 400 September 1, 2022 through August 31, 2023

Board of Directors
Clover Park School District No. 400
Lakewood, 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 Clover Park School District No. 400, 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 December 9, 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

December 9, 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

Clover Park School District No. 400 September 1, 2022 through August 31, 2023

Board of Directors
Clover Park School District No. 400
Lakewood, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Clover Park School District No. 400, 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, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

December 9, 2024

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Clover Park School District No. 400 September 1, 2022 through August 31, 2023

Board of Directors
Clover Park School District No. 400
Lakewood, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Clover Park School District No. 400, 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 Clover Park School District No. 400, 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 Clover Park School District No. 400, 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.

Matter of Emphasis

As discussed in Note 1 to the financial statements, in 2023 the District adopted new accounting guidance for presentation and disclosures of Subscription-Based Information Technology Agreements (SBITA), as required by the School District Accounting Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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:

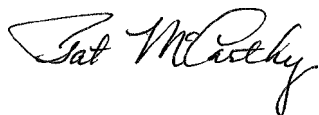
- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 December 9, 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.



Pat McCarthy, State Auditor

Olympia, WA

December 9, 2024

FINANCIAL SECTION

Clover Park School District No. 400 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
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Notes to Financial Statements – 2023

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

Clover Park School District No. 400
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	13,469,404.94	113,697.45	102,203.89	9,988,199.29	1,536.46	0.00	23,675,042.03
Minus Warrants Outstanding	-5,605,165.64	-25,527.14	0.00	-437,551.78	0.00	0.00	-6,068,244.56
Taxes Receivable	11,093,465.52		4,833,367.26	0.00	0.00	0.00	15,926,832.78
Due From Other Funds	15,200.37	0.00	0.00	0.00	0.00	0.00	15,200.37
Due From Other Governmental Units	17,219,718.35	0.00	0.00	0.00	0.00	0.00	17,219,718.35
Accounts Receivable	354,834.60	0.00	0.00	0.00	0.00	0.00	354,834.60
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	166,585.90	0.00		525.00			167,110.90
Prepaid Items	1,233,362.57	11,605.00			0.00	0.00	1,244,967.57
Investments	30,489,407.35	596,635.38	24,942,331.78	54,046,950.06	8,909,573.61	0.00	118,984,898.18
Investments/Cash With Trustee	0.00		0.00	0.00	0.00	0.00	0.00
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	68,436,813.96	696,410.69	29,877,902.93	63,598,122.57	8,911,110.07	0.00	171,520,360.22
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	68,436,813.96	696,410.69	29,877,902.93	63,598,122.57	8,911,110.07	0.00	171,520,360.22
LIABILITIES							
Accounts Payable	6,038,581.53	10,204.21	0.00	790,316.50	0.00	0.00	6,839,102.24
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00

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

Clover Park School District No. 400
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	167,351.75						167,351.75
Anticipation Notes Payable	0.00		0.00		0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	2,820,088.89			0.00			2,820,088.89
Due To Other Governmental Units	0.00		0.00	0.00	0.00	0.00	0.00
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	10,500.00	2,515.39	0.00	12,684.98	0.00	0.00	25,700.37
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
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	9,036,522.17	12,719.60	0.00	803,001.48	0.00	0.00	9,852,243.25
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	92,805.87	0.00	0.00	0.00	0.00	0.00	92,805.87
Unavailable Revenue - Taxes Receivable	11,093,465.52		4,833,367.26	0.00	0.00		15,926,832.78
TOTAL DEFERRED INFLOWS OF RESOURCES	11,186,271.39	0.00	4,833,367.26	0.00	0.00	0.00	16,019,638.65
FUND BALANCE:							
Nonspendable Fund Balance	1,399,948.47	11,605.00	0.00	0.00	0.00	0.00	1,411,553.47
Restricted Fund Balance	1,355,218.00	672,086.09	25,044,535.67	0.00	8,911,110.07	0.00	35,982,949.83
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned Fund Balance	4,134,275.41	0.00	0.00	62,795,121.09	0.00	0.00	66,929,396.50

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

Clover Park School District No. 400
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	41,324,578.52	0.00	0.00	0.00	0.00	0.00	41,324,578.52
TOTAL FUND BALANCE	48,214,020.40	683,691.09	25,044,535.67	62,795,121.09	8,911,110.07	0.00	145,648,478.32
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	68,436,813.96	696,410.69	29,877,902.93	63,598,122.57	8,911,110.07	0.00	171,520,360.22

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

Clover Park School District No. 400

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	25,726,037.80	528,822.30	11,293,350.32	3,510,789.75	282,887.54		41,341,887.71
State	171,107,615.58		0.00	0.00	2,343,372.73		173,450,988.31
Federal	52,284,000.13		1,140,124.72	0.00	0.00		53,424,124.85
Other	341,374.33			0.00	0.00	0.00	341,374.33
TOTAL REVENUES	249,459,027.84	528,822.30	12,433,475.04	3,510,789.75	2,626,260.27	0.00	268,558,375.20
EXPENDITURES:							
CURRENT:							
Regular Instruction	109,275,880.13						109,275,880.13
Special Education	37,982,445.86						37,982,445.86
Vocational Education	7,666,900.22						7,666,900.22
Skill Center	0.00						0.00
Compensatory Programs	19,953,708.86						19,953,708.86
Other Instructional Programs	1,970,130.92						1,970,130.92
Federal Stimulus COVID-19	14,457,461.30						14,457,461.30
Community Services	3,046,080.37						3,046,080.37
Support Services	50,507,390.06						50,507,390.06
Student Activities/Other		507,230.38				0.00	507,230.38
CAPITAL OUTLAY:							
Sites				0.00			0.00
Building				5,425,818.01			5,425,818.01
Equipment				0.00			0.00
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment				0.00	0.00		0.00
Sales and Lease				0.00	0.00		0.00
Other	548,415.70						548,415.70
DEBT SERVICE:							
Principal	158,553.21		6,005,000.00	0.00	0.00		6,163,553.21

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

Clover Park School District No. 400

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	25,192.48		4,403,429.26	0.00	0.00		4,428,621.74
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	245,592,159.11	507,230.38	10,408,429.26	5,425,818.01	0.00	0.00	261,933,636.76
REVENUES OVER (UNDER) EXPENDITURES	3,866,868.73	21,591.92	2,025,045.78	-1,915,028.26	2,626,260.27	0.00	6,624,738.44
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		40,632,755.70	0.00	0.00		40,632,755.70
Long-Term Financing	145,700.70			0.00	0.00		145,700.70
Transfers In	0.00		0.00	0.00	0.00		0.00
Transfers Out (GL 536)	0.00		0.00	0.00	0.00	0.00	0.00
Other Financing Uses (GL 535)	0.00		-40,369,433.47	0.00	0.00		-40,369,433.47
Other	75,793.99		0.00	0.00	23,300.00		99,093.99
TOTAL OTHER FINANCING SOURCES (USES)	221,494.69		263,322.23	0.00	23,300.00	0.00	508,116.92
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	4,088,363.42	21,591.92	2,288,368.01	-1,915,028.26	2,649,560.27	0.00	7,132,855.36
BEGINNING TOTAL FUND BALANCE	44,125,656.98	662,099.17	22,756,167.66	64,710,149.35	6,261,549.80	0.00	138,515,622.96
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	48,214,020.40	683,691.09	25,044,535.67	62,795,121.09	8,911,110.07	0.00	145,648,478.32

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

Clover Park School District No. 400
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	50,488.47
Minus Warrants Outstanding	0.00	0.00
Due From Other Governmental Units	0.00	0.00
Accounts Receivable	0.00	10,500.00
Accrued Interest Receivable	0.00	0.00
Investments	0.00	264,142.70
Investments/Cash With Trustee	0.00	7,113,861.38
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	7,438,992.55
LIABILITIES:		
Accounts Payable	0.00	0.00
Due To Other Governmental Units	0.00	0.00
TOTAL LIABILITIES	0.00	0.00
NET POSITION:		
Restricted for:		
Restricted For Intact Trust Principal	0.00	7,332,944.47
Restricted for Individuals, Organizations, and Other Governments - CF	0.00	
Restricted for Individuals, Organizations, and Other Governments - PPT		0.00
Restricted For Other Purposes	0.00	106,048.08
TOTAL NET POSITION	0.00	7,438,992.55

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

Clover Park School District No. 400
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	11,650.00
Employer		0.00
Members		0.00
Other	0.00	0.00
TOTAL CONTRIBUTIONS	0.00	11,650.00
Investment Income:		
Net Appreciation (Depreciation) in Fair Value	0.00	836,227.79
Interest and Dividends	0.00	174,814.13
Less Investment Expenses	0.00	0.00
Net Investment Income	0.00	1,011,041.92
Other Additions:		
Rent or Lease Revenue	0.00	0.00
Total Other Additions	0.00	0.00
TOTAL ADDITIONS	0.00	1,022,691.92
DEDUCTIONS:		
Benefits		0.00
Refund of Contributions	0.00	0.00
Administrative Expenses	0.00	59,555.50
Scholarships	0.00	
Other	0.00	147,996.00
TOTAL DEDUCTIONS	0.00	207,551.50
Net Increase (Decrease)	0.00	815,140.42
Net Position - Beginning Balance	0.00	6,623,852.13
Prior Year(s) Corrections or Restatements	0.00	0.00
NET POSITION--ENDING	0.00	7,438,992.55

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

Clover Park School District
Notes to the Financial Statements
September 1, 2022 Through August 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Fund Accounting

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

Governmental Funds

General Fund

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

Capital Projects Funds

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

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

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.

Fiduciary Funds

Fiduciary funds 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 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, and may be used to benefit individuals, private organizations, or other governments.

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 90 days after year-end. Categorical program claims and interdistrict 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 and is recorded as a deferred inflow of resources.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for unmatured principal and interest on long-term debt which are recorded when due. Purchases of capital assets are expensed during the year of acquisition. For federal grants, the recognition of expenditures is dependent on the obligation date. (Obligation means a purchase order has been issued, contracts have been awarded, or goods and/or services have been received.)

Budgets

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

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

The government's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

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

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

The government's fund balance classifications policies and procedures.

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

Nonspendable Fund Balance. The amounts reported as Nonspendable are resources of the District that are not in spendable format. They are either non-liquid resources such as inventory or prepaid items, or the resources are legally or contractually required to be maintained intact.

Restricted Fund Balance. Amounts that are reported as Restricted are those resources of the District that have had a legal restriction placed on their use either from statute, WAC, or other legal requirements that are beyond the control of the board of directors. Restricted fund balance includes anticipated recovery of revenues that have been received but are restricted as to their usage.

Committed Fund Balance. Amounts that are reported as Committed are those resources of the District that have had a limitation placed upon their usage by formal action of the District's board of directors. Commitments are made either through a formal adopted board resolution or are related to a school board policy. Commitments may only be changed when the resources are used for the intended purpose or the limitation is removed by a subsequent formal action of the board of directors.

Assigned Fund Balance. In the General Fund, amounts that are reported as Assigned are those resources that the District has set aside for specific purposes. These accounts reflect tentative management plans for future financial resource use such as the replacement of equipment or the assignment of resources for contingencies. Assignments reduce the amount reported as Unassigned Fund Balance, but may not reduce that balance below zero.

In other governmental funds, Assigned fund balance represents a positive ending spendable fund balance once all restrictions and commitments are considered. These resources are only available for expenditure in that fund and may not be used in any other fund without formal action by the District's board of directors and as allowed by statute.

The Superintendent or designees is/are the only person (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.

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.

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

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of leases and SBITAs is \$35,000. Arrangements that are considered short term or do not meet capitalization thresholds are treated as revenues and expenditures in the current year.

Inventory

Inventories recorded as assets for the district consist of food and fuel. This includes the market value of food commodities received from the federal government. Expenditures for food and fuel are recorded when consumed rather than when purchased. All other supplies are accounted for as expenditures when purchased. Inventories are valued at cost. Fuel is tracked using a perpetual inventory system, using the first-in, first-out (FIFO) method. A periodic method is applied to food inventories, and FIFO is approximated by using last purchase price to value the periodic inventory count.

Accounting and Reporting Changes

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 GASB Statement No. 96.

The District implemented the changes to the School District Accounting Manual with no significant impact on financial reporting.

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 30.04.300 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 Pierce County Treasurer is the *ex officio* treasurer for the District and holds all accounts of the District. The District directs the County Treasurer to invest those financial resources of the District that the District has determined are not needed to meet the current financial obligations of the District.

The district's deposits and certificates of deposit are 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).

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	(District's) own investments	Investments held by (district) as an agent for other organizations	Fiduciary Fund investments managed by trustee	Total
State Treasurer's Investment Pool	118,984,898	264,143		119,249,041
Other:			11,534,679	11,534,679
Total	118,984,898	264,143	11,534,679	130,783,720

The District is a participant in the Local Government Investment Pool (LGIP). The LGIP was authorized by Chapter 294, Laws of 1986, and is managed and operated by the Washington State Treasurer. The State Finance Committee is the administrator of the statute that created the LGIP and adopts rules. The State Treasurer is responsible for establishing the investment policy for the LGIP and reviews the policy annually; proposed changes are reviewed by the LGIP Advisory Committee.

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

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

The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from the Office of the State Treasurer, PO Box 40200, Olympia, Washington 98504-0200, online at <http://www.tre.wa.gov>.

Investments held with the LGIP are reported at fair value as of August 31, 2023. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. This hierarchy has three levels:

Level 1 – Pricing inputs are observable inputs such as quoted prices, available in active markets, for identical assets or liabilities on the date of measurement.

Level 2 – Pricing inputs are either directly or indirectly observable inputs available in active markets as of the measurement date.

Level 3 – Pricing inputs are unobservable inputs used in cases where financial instruments are considered illiquid, with no significant market activity and little or no pricing information on the date of measurement.

The district's investments held with the Pierce County Treasurer are Level 1.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt instruments will adversely affect the fair value of an investment. The district manages its exposure to declines in fair value or interest rate risk by limiting the type of investments it makes from its general operating capital.

The district has no formal policy regarding investment-related risk. However, most of the district's available operating funds were invested at year-end by the Pierce County Treasurer with the State of Washington Treasurer's Local Government Investment Pool (LGIP). The State of Washington LGIP mitigates interest rate risk by managing the portfolio in a manner consistent with the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940, i.e., money market funds. Much of the Rule 2a-7 investment guidelines are directed towards limiting interest rate risk, in order to maintain a stable net asset value. For example, the LGIP's policy places a 90-day maximum on the weighted average maturity. Further, the maximum maturity of any security will not exceed 397 days, except for securities utilized in repurchase agreements and U.S. Agency floating or variable rate notes may have a maximum maturity of 762 days, provided that they have reset dates within one year and which on any reset date can reasonably be expected to have a fair value that approximates its amortized cost.

The private-purpose trust fund includes assets of the Dimmer Scholarship Trust, which are held primarily in stocks of private corporations. Interest rate risk and other risks associated with such investments are diffused by disbursing the assets among many different corporations in the portfolio.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State law limits investments that can be held by government agencies. State law is designed to minimize the risk to a municipal corporation. The investments authorized under state law, with the exception of private purpose trust funds, are limited to:

- Savings or time accounts in qualified public depositories
- Certificates, notes, or bonds of the U.S.

- Other obligations of the U.S. or its agencies, or any corporation owned by the U.S. government
- Bankers' acceptances purchased on the secondary market
- Federal home loan bank notes and bonds
- Federal land bank bonds and federal national mortgage association notes, debentures, and guaranteed certificates of participation
- Obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as
- Bonds of the state or any local government in the state that have one of the three highest credit ratings of a nationally recognized rating agency
- General obligation bonds of another state, or local government in another state, that has one of the three highest credit ratings of a nationally recognized rating agency
- Any registered warrants of any government located in the same county as the government making the investment
- Any investment authorized by law for the treasurer of the state of Washington or any local government in the state, other than metropolitan municipal corporations

The county treasurer is the ex-officio treasurer for the district. In this capacity, the county treasurer receives deposits and transacts investments on the district's behalf. Most of the district's operating funds are invested by the Pierce County Treasurer in the Local Government Investment Pool (LGIP) managed by the State of Washington Treasurer. The policy of the LGIP is to invest funds according to the types of instruments allowable by law as noted above. In addition, the LGIP investment policy indicates that banker's acceptances and commercial paper must be rated with the highest short-term credit rating of any two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. The LGIP, as a whole, is not rated with any external organization that we are aware of.

The private-purpose trust fund includes assets of the Dimmer Scholarship Trust, which are not subject to the same restrictions as the general district government. These assets are managed by Key Bank Trust and Investment Management services of Key Bank National Association as agent for the district. Key Bank follows certain procedures which are designed to minimize the credit risk associated with these types of investments:

- No individual holding can be more than 5% of the total of all stock holdings.
- Industry sector weightings cannot be less than 50% of the weights of the Standard and Poors 500, nor can they be more than double the weights of the Standard and Poors 500.
- The stocks purchased must be included on an approved company list that is analyzed and reviewed by various parties within Key Bank.
- Management of the trust is within the scope of the Uniform Prudent Investor Act, which provides for certain standards that must be followed with respect to investing and risk management.

Custodial Credit Risk – Deposits

For deposits, this is the risk that in the event of a bank failure, the government's deposits might not be returned. The district does not have a deposit policy which addresses this concern. Up to \$250,000 of the funds deposited in commercial institutions were insured by the Federal Deposit Insurance Commission (FDIC) for each bank used by the district. The remaining funds would not be insured by the FDIC. As of August 31, 2023, district deposits in commercial institutions of \$0 were uninsured by the FDIC.

The district also minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the deposit of funds to financial institutions that are physically located in Washington unless otherwise expressly permitted and authorized by the Washington Public Deposit Protection Commission (PDPC). The PDPC, established under chapter 39.58 of the Revised Code of Washington (RCW), makes and enforces regulations and administers a collateral pool program to ensure public funds are protected if a financial institution becomes insolvent. Securities pledged are held by a trustee agent for the benefit of the collateral pool.

Custodial Credit Risk -- Investments

For investments, this is the risk that in the event of a failure of the counterparty, the district would not be able to recover the value of its investments that are in the possession of the outside party.

The district's available operating funds were primarily invested at year-end with the State of Washington Local Government Investment Pool (LGIP) that is managed by the Office of the State Treasurer (OST). It is the policy of the LGIP to mitigate custodial credit risk with a policy of requiring that securities purchased by the office are to be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities utilized in repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and insure the safety of the investment. All securities utilized in repurchase agreements were rated AAA by Moody's and AA+ by Standard & Poor's. The fair value of securities utilized in repurchase agreements must be at least 102% of the value of the repurchase agreement.

Types of instruments in the investments for the LGIP primarily include United States treasury securities, other federal agency securities, and repurchase agreements.

It is noted that any interest bearing bank deposits, negotiable order of withdrawal accounts, or certificate of deposits purchased by the LGIP would be insured by federal depository insurance (FDIC or FSLIC) or by collateral held in a multiple financial institution collateral pool administered by the state Public Deposit Protection Commission. The Public Deposit Commission Act (RCW 39.58) protects government depositors by requiring all banks who accept deposits from governmental agencies in the state of Washington to collectively assure that no loss of funds will be suffered by any public treasurer or custodian of public funds due to a bank failure or other similar event. The act also protects interest accrued on Certificates of Deposits.

The district does not have a policy in place with respect to custodial credit risk.

The private-purpose trust fund includes assets of the Dimmer Scholarship Trust, which are managed by the trust services of Key Bank National Association as agent for the district.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The district did not have investments with a single issuer. The district's available operating funds were invested at year-end with the State of Washington Treasurer's Local Government Investment Pool (LGIP), which is not considered a single issuer, or with certificate of deposits.

Investments in the Dimmer Scholarship Trust are uninsured and unregistered investments with securities held by the counterparty or its trust department or agent, but not in the district's name. These assets are primarily invested in the stock of private corporations. The value of investments managed by trustee is expressed at their current fair value as stated on the August 31, 2024² trustee's report.

The value of private-purpose trust fund assets managed by Trustee at August 31, 2023, is:

	Book Value	Fair Value
Dimmer Trust cash equivalents (money market)	\$ 869,874	\$ 869,874
Dimmer Trust investments in common stocks	6,243,988	10,664,805
Total Cash/Investments managed by Trustee	\$7,113,861	\$11,534,679

Since the assets of the Dimmer Scholarship Trust are held in trust, the assets are not commingled with the business assets of Key Bank National Association, and for this reason, are not subject to a business failure of the Key Bank National Association.

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. 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 returned to in-person learning for all students in the 2021–22 school year, with a virtual option also offered to families. The district will continue to monitor health guidelines and proceed accordingly. The total fiscal year ending August 31, 2023 annual average full time equivalent enrollment is 11,535 students.

For fiscal year 2024, the district continues to monitor expenditures for potential savings. The district is prepared to address any necessary reductions through the budget process utilizing budget standards and priorities in alignment with the district strategic plan and goals. Beyond enrollment impacts, the district cannot predict what future impacts federal, state, or local actions in response to the COVID-19 pandemic will have on the financial condition or operations of the district.

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

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 that includes financial statements and required supplementary information for each pension plan. The pension plan's basic financial statement is accounted for using the accrual basis of accounting. The measurement date of the pension plans is June 30. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The school district is reporting the net pension liability in the notes and on the Schedule of Long-term Liabilities calculated as the district's proportionate allocation percentage multiplied by the total plan collective net pension liability. The DRS total collective net pension liabilities for the pension plans school districts participate in are shown here.

The Collective Net Pension Liability (Asset)

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

The Collective Net Pension Liability or (Asset) as of June 30, 2023				
	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability or (Asset)	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	11,508,253	9,225,521	2,282,732	80.16 %
SERS 2/3	9,283,864	9,427,008	(143,144)	101.54 %
TRS 1	8,491,576	7,225,059	1,266,517	85.09 %
TRS 2/3	24,937,867	25,060,682	(122,815)	100.49 %

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

Membership Participation

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

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

Plan	Retirees and Beneficiaries Receiving Benefits	Inactive Plan Members Entitled to but not yet Receiving Benefits	Active Plan Members
PERS 1	39,461	147	509
SERS 2	14,574	7,467	36,946
SERS 3	15,131	10,099	30,532
TRS 1	28,636	49	81
TRS 2	7,396	3,853	29,068
TRS 3	20,870	8,967	52,794

Membership & Plan Benefits

Certificated employees are members of TRS. Classified employees are members of PERS (if Plan 1) or SERS. Plan 1 under the TRS and PERS programs are defined benefit pension plans whose members joined the system on or before September 30, 1977. TRS 1 and PERS 1 are closed to new entrants.

TRS Plan Information

TRS was established in 1938, and its retirement provisions are contained in RCW Chapters 41.34 and 41.32. TRS is a cost-sharing multi-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component. TRS eligibility for membership requires service as a certificated, public school employee working in an instructional, administrative or supervisory capacity.

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

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

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

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

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

PERS Plan Information

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

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

SERS Plan Information

SERS was established by the legislature in 1998, and the plan became effective in 2000. SERS retirement benefit provisions are established in RCW Chapters 41.34 and 41.35. SERS is a cost-sharing, multiemployer retirement system comprised of two separate plans for

membership purposes. SERS Plan 2 is a defined benefit plan and SERS Plan 3 is a defined benefit plan with a defined contribution component. SERS members include classified employees of school districts and educational service districts.

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

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

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

Plan Contributions

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

The employer and employee contribution rates for all plans were effective as of September 1, 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%	**
<i>Note: The Employer rates include .0018 DRS administrative expense.</i>					
* – TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.					
** – TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.					

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

At June 30, 2023, the school district reported a total liability of \$19,923,749 for its proportionate shares of the individual plans' collective net pension liability and \$(3,277,224) 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. At June 30, 2023 the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	1,570,966	3,159,532	6,247,809	7,838,927
Proportionate Share of the Net Pension Liability (Asset)	5,262,579	(1,854,460)	14,661,170	(1,422,764)

At 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	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share	0.230539 %	01.295521 %	1.157598 %	1.158461 %
Prior year proportionate share	0.252944 %	1.362351 %	1.230588 %	1.230812 %
Net difference percentage	-0.022405 %	-0.066830 %	-0.072990 %	-0.072350 %

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	7.00%

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2021, valuation were based on the results of the *2013–2018 Demographic Experience Study Report and the 2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 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, 2023, are summarized in the following table:

TRS 1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	% Long-term Expected Real Rate of Return
Fixed Income	20.00 %	1.50 %
Tangible Assets	7.00 %	4.70 %
Real Estate	18.00 %	5.40 %
Global Equity	32.00 %	5.90 %
Private Equity	23.00 %	8.90 %

The inflation component used to create the above table is 2.20% 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 Clover Park School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.00%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability 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	0.230539 %	0.230539 %	0.230539 %
Proportionate Share	7,352,221	5,262,579	3,438,813
SERS 2/3	1,168,408,000	(143,144,000)	(1,224,160,000)
Allocation Percentage	1.295521 %	1.295521 %	1.295521 %
Proportionate Share	15,136,965	(1,854,460)	(15,859,244)
TRS 1	1,927,853,000	1,266,517,000	688,424,000
Allocation Percentage	1.157598 %	1.157598 %	1.157598 %
Proportionate Share	22,316,779	14,661,170	7,969,179
TRS 2/3	3,965,509,000	(122,815,000)	(3,446,561,000)
Allocation Percentage	1.158461 %	1.158461 %	1.158461 %
Proportionate Share	45,938,894	(1,422,764)	(39,927,082)

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

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

The relationship between the PEBB OPEB plan and its member employers and their employees and retirees is not formalized in a contract or plan document. Rather, the benefits are provided in accordance with a substantive plan. A substantive plan is one, which the employers and plan members understand the plan terms. This understanding is based on communications between the HCA, employers and plan members, and historical pattern of practice with regards to sharing of 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 ESDs. The District's retirees (approximately 564) 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, 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		
	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	\$1,523.24	\$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 Medicine 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		
Descriptions	<u>Employee</u>	<u>Employee & Spouse¹</u>	<u>Full Family¹</u>
Kaiser Permanente NW Senior Advantage	\$176.13	\$347.32	\$974.94
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

The School Employees Benefits Board (SEBB) Program administers health insurance and other benefits to all employees in school districts and charter schools, and union-represented employees of educational service districts in Washington. The SEBB studies, designs, and approves comprehensive and cost-effective insurance benefit plans for school employees and establishes eligibility criteria for participation in these plans. The SEB Board is separate and independent from the Public Employees Benefits Board (PEBB).

The funding policy is based upon pay-as-you go financing.

The SEBB collects benefit premiums from all school district entities for covered employees. The premium includes a fee, established in state law. The purpose of this fee is to cover the impact of the subsidized rate of health care benefits for school retirees who elect to purchase their health care benefits through the state Health Care Authority PEBB plan. The amount collected is set forth in the state's operating budget and is subject to change on an annual basis. This amount is not actuarially determined and is not placed in a trust to pay the obligations for post-employment health care benefits.

For the fiscal year 2022-23, the Clover Park School District paid \$23,289,474 in total to HCA-SEBB.

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

For further information on the results of the actuarial valuation of the employer provided subsidies associated with the state's PEBB plan, refer to the [Office of the State Actuary](#). The plan does not issue a separate report; however, additional information is included in the State of Washington Annual Comprehensive Financial Report, which is available on the [OFM](#) website

NOTE 6: LEASES

The district is committed under various leases for property, copy machines, and other equipment. The property lease will mature in 2024 and the copy machines and other equipment will mature in 2026.

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

Year ended August 31	Principal	Interest	Total
2024	\$165,476	\$39,241	\$204,717
2025	\$110,673	\$27,025	\$137,698
2026	\$95,904	\$16,850	\$112,754
2027	\$92,776	\$7,900	\$100,676
2028	\$32,187	\$777	\$32,964
2029-2033	\$	\$	\$
2034-2038	\$	\$	\$
Total	\$497,016	\$91,793	\$588,809

Changes in lease liabilities are presented in the accompanying Schedule of Long-Term Liabilities.

NOTE 7: SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Clover Park School District has three contracts in place for the right to use other parties' subscription-based information technology (SBITA) as specified in the contract for a period of time in an exchange or exchange-like transaction. Contracts entered after GASB Statement 97 implementation, September 1, 2022, are recognized as an Expenditure and an Other Financing Source in the district's fund financial statements based on present value for the entire term of the contract. The district recognized contracts with total payments over the contract term of \$35,000 or greater.

Ednetics – Cisco Umbrella Renewal is a cloud-delivered enterprise network security which provides users with a first line of defense against cybersecurity threats. This contract was initiated in June 2023 for a three-year term with an annual payment of \$69,764.

Ednetics – Cisco Flex Renewal is a single subscription that combines on-premises or cloud-based collaboration services into a single license. This contract was initiated in May 2021 for a three-year term with an annual payment of \$81,515.

Tyler Technologies – Munis is our financial software system. This contract was initiated in May 2023 for a three-year term with an annual payment of \$281,590.

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

Year ended August 31	Principal	Interest	Total
2024	\$410,686	\$22,183	\$432,869
2025	\$341,286	\$10,068	\$351,354
2026	\$	\$	\$
2027	\$	\$	\$
2028	\$	\$	\$
2029-2033	\$	\$	\$
2034-2038	\$	\$	\$
Total	\$751,972	\$32,251	\$784,223

Changes in SBITA liabilities are presented in the accompanying Schedule of Long-Term Liabilities.

NOTE 8: OTHER SIGNIFICANT COMMITMENTS

The District has active construction projects as of August 31, 2023:

Project	Project Authorization Amount	Expended as of 8/31/23	Additional Local Funds Committed	Additional State Funds Committed
Safety and Security	\$ 2,300,000	\$ 1,688,156	\$ 611,844	
SSC Bathroom and Safety	939,531	918,479	21,052	
District Camera Project	1,500,000		1,500,000	
Bleachers	575,000		575,000	
DW Portable Moves	1,123,890	1,097,458	26,432	
DW Roof Replace/Repair	7,039,094	6,809,576	229,518	
Tillicum Improvements	5,761,310	5,596,403	164,907	
Lochburn Enhancements	2,809,610	2,396,276	413,334	
DW WAP System Upgrade	1,461,383	1,459,932	1,451	
CPHS Upgrades	859,609	800,563	59,046	
DW Small HVAC Projects	150,325	141,063	9,262	
DW Small Demos	72,639	72,010	629	
Playground Equipment Replacements	609,468	475,857	133,611	
DW Interior Improvements	613,175	569,735	43,440	
Oakbrook Waterline	190,568	185,429	5,139	
Total	26,005,602	22,210,937	3,794,665	

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:

Fund	Amount
General	\$1,805,695
ASB Fund	\$ 0
Capital Projects Fund	\$1,630,760
Transportation Vehicle Fund	\$ 0

NOTE 9: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The District's capital assets are insured in the amount of \$430,837,116 for fiscal year 2023. In the opinion of the District's insurance consultant, the amount is sufficient to adequately fund replacement of the District's assets.

NOTE 10: LONG-TERM DEBT

Long-Term Debt

The accompanying Schedule of Long-Term Liabilities provides more details of the outstanding debt and liabilities of the district and summarizes the district's debt transactions for year ended August 31, 2023.

The following is a summary of changes in long-term debt of the District for the fiscal year ended August 31, 2023:

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

Issue Name	Amount Authorized	Annual Installments*	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds					
Voted Debt – issued 01/23/13	\$52,155,000	5,930,575	6/1/26	2 – 5%	23,855,000
Voted Debt – issued 09/07/22	\$35,645,000	1,457,020	12/1/32	4 – 5%	35,300,000
Voted QSCB issued 08/24/10	\$17,500,000	913,000	6/1/27	5.21-5.22%	17,500,000
Voted Debt – issued 10/27/21	\$14,955,000	729,500	12/1/31	4%-5%	14,590,000
Voted QSCB issued 07/29/11	\$6,000,000	296,040	12/1/26	4.934%	6,000,000
Total General Obligation Bonds					\$97,245,000

*Principal and interest payments both included in installment amount.

The following is a summary of general obligation long-term debt transactions of the District for the fiscal year(s) ended August 31, 2023:

Long-Term Debt Payable at 9/1/2022	\$107,405,000
New Issues	35,645,000
Debt Retired	45,805,000
Long-Term Debt Payable at 8/31/2023	\$97,245,000

The following is a schedule of annual requirements to amortize debt at August 31, 2023:

Years Ending August 31	Principal	Interest	Total
2024	6,545,000	4,273,840	10,818,840
2025	7,705,000	3,979,500	11,684,500
2026	15,255,000	3,636,120	18,891,120
2027	19,500,000	3,007,590	22,507,590

2028	0	2,175,500	2,175,500
2029-2033	48,240,000	5,660,550	53,900,550
Total	97,245,000	22,733,100	119,978,100

At August 31, 2023, the District had \$25,044,536 available in the Debt Service Fund to service the general obligation bonds.

Refunded Debt

On September 7, 2022, the District issued \$35.645 million in general obligation bonds with an average interest rate of 2.34 percent to currently refund \$39.8 million of outstanding 2012 bonds with an average interest rate of 4.0 percent. The net proceeds of \$40,369,433 after payment of \$263,322 in underwriting fees, other issuance costs, and contingency were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012 bonds. As a result, the 2012 bonds are considered defeased.

The District refunded the 2012 bonds to reduce its total debt service payments over the next 10 years by \$5,026,380 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$4,223,471.

Cash Flows Difference	
Old Debt Service Cash Flows	\$52,526,800
New Debt Service Cash Flows	\$47,500,420
Total	\$5,026,380
Economic Gain	
Present Value of Old Debt Service	\$44,851,766
Present Value of New Debt Service	\$40,628,925
Total	\$4,223,471

NOTE 11: ENTITY RISK MANAGEMENT ACTIVITIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The district is one of over 89 school districts, educational service districts, and inter-local cooperative members of the Washington Schools Risk Management Pool (WSRMP), which was formed on August 30, 1986 pursuant to Chapter 48.62 of the Revised Code of Washington. The purpose of WSRMP is to provide for the joint purchase of liability insurance and establish resources and maintain a plan for self-insurance coverage. The district pays an annual premium to the pool for its general insurance coverage. The agreement for formation of the Washington Schools Risk Management Pool provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event up to \$30 million. The WSRMP Executive Board sets rates annually, after consultation with an independent actuarial firm, based on actual loss experience. An independent actuarial firm also performs an annual solvency report. Should the assets of the pool be exhausted, members would be responsible for the pool's liabilities, based on an allocation in proportion to each member's contribution.

In September 1991, the district joined together with other school districts in the state to form Puget Sound Workers' Compensation Trust (PSWCT), a public entity risk pool currently operating as a common risk management and insurance program for worker's compensation benefits. Employees of the district claim compensation for injuries sustained while at work from PSWCT. The district makes monthly payments to PSWCT that are based on rates established from a combination of claims experience and equal assessments passed on from the State of Washington Department of Labor and Industries for self-insured agencies. The state Department of Labor and Industries regulates worker's compensation. The agreement for formation of the Puget Sound Workers' Compensation Trust provides that the pool will be self-sustaining through member premiums.

The district self-insures unemployment compensation for all of its employees. Actual employee claims are paid by the Washington State Department of Employment Security and then the district reimburses the state through the district's general fund. This self-insurance program costs the district less than full participation in the state unemployment compensation program. The district has not recorded a liability for unemployment claims but has elected to pay claims as they come due or are presented by the Washington State Department of Employment Security.

In addition, as shown in the fund statements, the district has \$41,327,881 of general fund unassigned fund balance for debt and fiscal management. Part of the intent of these funds, per board policy, is to mitigate uninsured risks.

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 tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as a deferred inflow of resources.

Tax Abatements

The City of Lakewood independently has entered into agreements that affect the levy rate assessed by the District:

Tax Abatement Program	Total Amount of Taxes Abated
Multi-Family Housing	\$ 162,937

Tax Incentive for Multi-Family Housing: This incentive is an eight or 12-year program that provides tax relief for new construction or rehabilitation of multifamily housing located within designated areas of the cities, with a population of 5,000 or more. Tax relief applies only to the value of the residential housing units. The land and non-residential improvements continue to be taxed at the regular rate.

NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by passing Resolution #77-106 dated January 10, 1977, and has remained in the joint venture ever since. The District's current equity of \$119,345 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 10 annual allocations of merchandise or 15 annual payments.

NOTE 14: FUND BALANCE CLASSIFICATION DETAILS

The District's financial statements include the following amounts presented in the aggregate.

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transportation Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$1,399,948				
Restricted Fund Balance					
For Fund Purpose		\$683,691			\$8,911,110
For Carryover of Restricted Revenues	\$1,351,916				
For Debt Service				\$25,044,536	
Assigned Fund Balance					
Other Purposes	\$4,134,275				
Fund Purposes			\$62,795,121		
Unassigned Fund Balance	\$41,327,881				

The board of directors has established a minimum fund balance policy for the general fund to provide for financial stability and contingencies within the District. The policy is that the District shall maintain at least five percent of the current year's general fund revenues towards minimum fund balance. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of Unassigned fund balance.

NOTE 15: DEFINED CONTRIBUTION PENSION AND OPEB PLANS

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, or the District. The District does not make employer contributions to the 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) 12% of salary. The employer contribution rate is set by the board of directors.

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 a third party administrator. Plan assets are assets of the District employees, not the school district, and are therefore not reflected on the financial statements. For the year ended August 31, 2023, the District made \$38,750 in employer contributions to the plan and had a \$106,369 liability for contributions at year end.

Voluntary Employees' Benefits Association (VEBA)

VEBA Trust is a non-profit, multiple employee voluntary employees' beneficiary association authorized under Internal Revenue Code 501(c)(g). The Trust is managed by a board of trustees appointed by the Association of Washington School Principals, Washington Association of School Administrators, and Washington Association of School Business Officials. The Trust provides health reimbursement plan for employees and eligible dependents. The plan can be used to reimburse employees for qualified health expenses during employment and after retirement. Plan assets are assets of the District employees, not the school district, and are therefore not reflected on the financial statements. The District does not make employer contributions to the plan.

NOTE 16: TERMINATION BENEFITS

Compensated Absences

Employees earn sick leave at a rate of 12 days per year up to a maximum of one contract year.

Under the provisions of RCW 28A.400.210, sick leave accumulated by District employees is reimbursed at death or retirement at the rate of one day for each four days of accrued leave, limited to 180 accrued days. This chapter also provides for an annual buyout of an amount up to the maximum annual accumulation of 12 days. For buyout purposes, employees may accumulate such leave to a maximum of 192 days, including the annual accumulation, as of December 31 of each year.

These expenditures are recorded when paid, except termination sick leave that is accrued upon death, retirement, or upon termination provided the employee is at least 55 years of age and has sufficient years of service. Vested sick leave was computed using the vesting method.

Vacation pay, including benefits, that is expected to be liquidated with expendable available financial resources is reported as expenditures and a fund liability of the governmental fund that will pay it.

No unrecorded liability exists for other employee benefits.

NOTE 17: OTHER DISCLOSURES

Dimmer Scholarship Trust

On September 25, 1980, the Clover Park School District board of directors approved Board Resolution #81-21, providing for the acceptance and establishment of the John C. and Marilyn J. Dimmer Scholarship Trust. According to the terms of the charitable gift, 28170 shares of common stock in Western Plastics, Inc., were assigned and transferred, to be held or disposed of, and the proceeds invested and reinvested in common stocks as the board of directors of Clover Park School District deemed appropriate. The stipulation allowing investment in common stock creates an exception to the restrictions imposed by Washington State statute on investments by a school district. The donors recommended that the Trust Department of Puget Sound National Bank (now Key-Bank National Association) be the custodial agent and investment advisor for said gift.

The Dimmer Scholarship Trust is entirely managed and administered by the Key-Bank National Association Trust Services, Daryl Hembry, account administrator. The gift must be separately accounted for and administered as follows, according to the original stipulations of the donors:

- Scholarships are to be provided for scholastically talented undergraduate students who have graduated or will be graduating from the Clover Park School District, and who are attending or will be attending a college or university in the United States.
- The recipient must be a citizen of the United States; no discrimination as to race, religion, national origin, or economic circumstances shall be shown.
- The student may be awarded the scholarship by application or qualification. Qualifications shall be based only on scholastic ability, talent, and scholastic potential. Preference shall be given to those students choosing to pursue studies in the fields of economics, business, mathematics, physics, or natural sciences.
- Scholarships shall be for one year, but the same student may be a recipient for up to four consecutive years, provided the student, who is a recipient of such a scholarship after the first year, earns from his or her own employment, a sum equal to 25% of the scholarship award to be applied toward his or her educational expenses, and the student continues to maintain achievement consistent with the qualifications for the award.
- Only new income is to be used for scholarships. The principal is to be preserved for creation of income to provide future scholarships. No less than 50% of the income is to be used each year for scholarships.

Noting that the original donation was made by means of common stock in a corporation, and license was provided to the district to sell the stock and purchase other stock as deemed appropriate, the district considers the current book value of any stock plus any cash investments that currently is a part of the investment portfolio for the Dimmer Scholarship Trust to be the principal to be preserved for purposes of this trust donation.

Clover Park School District No. 400

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	107,405,000.00	35,645,000.00	45,805,000.00	97,245,000.00	6,545,000.00
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	184,161.70	145,700.70	158,553.21	171,309.19	123,585.12
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	9,900,434.05	4,396,079.31	3,729,930.78	10,566,582.58	884,657.87
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	23,403,686.00	0.00	8,742,516.00	14,661,170.00	
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	7,042,890.00	0.00	1,780,311.00	5,262,579.00	
Total Long-Term Liabilities	147,936,171.75	40,186,780.01	60,216,310.99	127,906,640.77	7,553,242.99

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

Refer to the notes to the financial statements for more information.

Clover Park School District No. 400
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards		
Child Nutrition Cluster							
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	School Breakfast Program	10.553	237WAWA3N11 99	1,763,881	-	1,763,881	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	National School Lunch Program	10.555	237WAWA3N11 99	4,564,276	-	4,564,276	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	National School Lunch Program	10.555	237WAWA3N89 03	390,097	-	390,097	-
			Total ALN 10.555:	4,954,373	-	4,954,373	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Summer Food Service Program for Children	10.559	237WAWA3N11 99	83,749	-	83,749	-
			Total Child Nutrition Cluster:	6,802,003	-	6,802,003	-
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Child and Adult Care Food Program	10.558	237WAWA3N11 99	87,245	-	87,245	-

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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		
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Child and Adult Care Food Program	10.558	237WAWA3N20 20	583,058	-	583,058	-	
		10.558	N/A	32,955	-	32,955	-	
Total ALN 10.558:				703,258	-	703,258	-	
Forest Service Schools and Roads Cluster								
FOREST SERVICE, AGRICULTURE, DEPARTMENT OF (via WA State Treasurer)	Schools and Roads - Grants to States	10.665	N/A	30,300	-	30,300	-	
		Total Forest Service Schools and Roads Cluster:				30,300	-	-
DEPT OF DEFENSE, DEPT OF DEFENSE	Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools	12.556		-	1,076,837	1,076,837	-	
DEPT OF DEFENSE EDUCATION ACTIVITY (DODEA), DEPT OF DEFENSE	Department of Defense Impact Aid (Supplement, CWSD, BRAC)	12.558		-	4,517,970	4,517,970	-	
US Department of Defense	AFJROTC	12.U01		-	124,127	124,127	-	
US Department of Defense	AYPYN NAFBA1-18- COO34	12.U02		-	102,453	102,453	-	

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via City of Lakewood)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	2022-053	39,600	-	39,600	-	
FEDERAL COMMUNICATIONS COMMISSION, FEDERAL COMMUNICATIONS COMMISSION	COVID 19 - Emergency Connectivity Fund Program	32.009	-	-	440,000	440,000	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Title I Grants to Local Educational Agencies	84.010	AD--176, 0270401, 0270399, 0270422	4,227,307	-	4,227,307	-	3
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	AD--176	89,740	-	89,740	-	
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Special Education Grants to States	84.027	84.027A, 0307650, AD-- 1384	2,930,804	-	2,930,804	-	

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Expenditures					Passed through to Subrecipients	Note
	Federal Program	ALN Number	Other Award Number	From Pass- Through Awards	From Direct Awards	Total	
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Special Education Preschool Grants	84.173	84.173A, 0367046, 0389026	118,016	-	118,016	-
Total Special Education Cluster (IDEA):				3,048,820	-	3,048,820	-
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Impact Aid	84.041		-	12,771,144	12,771,144	-
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Career and Technical Education -- Basic Grants to States	84.048	0176107, 0178256	126,979	-	126,979	-
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF	Indian Education Grants to Local Educational Agencies	84.060		-	15,001	15,001	-
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Education for Homeless Children and Youth	84.196	84.196A, 0457571	45,375	-	45,375	-

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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 ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	English Language Acquisition State Grants	84.365	AD--176	306,902	-	306,902	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	AD--176, 0540205	580,851	-	580,851	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	Student Support and Academic Enrichment Program	84.424	AD--176	305,328	-	305,328	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, 0120569	7,220,483	-	7,220,483	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, 0144511	3,000	-	3,000	-	

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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 State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, 0140565	6,137	-	6,137	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 0138115	5,309,502	-	5,309,502	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 0144901	22,398	-	22,398	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 0137165	1,830,560	-	1,830,560	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425W, 0459004	1,419	-	1,419	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425W, 0459523	94,717	-	94,717	-	

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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 State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, S425D210015	14,859	-	14,859	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, S425D210015	43,386	-	43,386	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425D, S425D210015	843	-	843	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via WA State Office of Superintendent of Public Instruction)	COVID 19 - Education Stabilization Fund	84.425	84.425U, 0712304	10,060	-	10,060	-	
Total ALN 84.425:				14,557,364	-	14,557,364	-	
Head Start Cluster								
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Puget Sound ESD)	Head Start	93.600	11623, 00082	870,103	-	870,103	-	

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
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 Puget Sound ESD)	COVID 19 - Head Start	93.600	010220015	41,028	-	41,028	-		
Total Head Start Cluster:				911,131	-	911,131	-		
Total Federal Awards Expended:				31,774,958	19,047,532	50,822,490	-		

The accompanying notes are an integral part of this schedule.

Clover Park School District No. 400
Pierce County
Schedule of Expenditures of Federal Awards
For the Year Ending August 31, 2023

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 - BASIS OF ACCOUNTING - The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting. Expenditures represent only the federally funded portions of the program. District records should be consulted to determine the amounts expected or matched from non-federal sources.

NOTE 2 - FEDERAL INDIRECT RATE - Clover Park School District used the federal restricted rate of 5.40%. The district has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform guidance.

NOTE 3 - SCHOOLWIDE PROGRAMS - The district operated a "schoolwide program" in eleven (11) buildings. Schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than target services to certain selected students. A portion of the federal program expenditures shown were expended by the district in its schoolwide programs. Program 52 is not considered by the district to be part of school wide, so the totals are not included. These expenditures are as follows:

Title I	\$ 3,177,052
Title II - V	-
TOTAL	\$ 3,177,052

NOTE 4 - NON-CASH AWARDS: The amount of Emergency Connectivity Support reported on the schedule is the value of emergency connectivity support distributed by the district during the current year and priced as prescribed by the FCC Federal Communications Commission Emergency Connectivity Fund. ALN: 32.009

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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