

WASHINGTON SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

**WASHINGTON SCHOOL DISTRICT
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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Washington School District
Washington, New Hampshire

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington School District, as of June 30, 2023, and the respective changes in financial position thereof, and budgetary comparisons of the General, Grants, and Food Service Funds, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 School 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 opinions.

Responsibilities of Management for the Financial Statements

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

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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

- 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 School 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 School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and OPEB related schedules on pages 3 – 7, and 36 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Washington School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

January 27, 2024

Roberts & Heine, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WASHINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

Presented herewith please find the Management Discussion & Analysis Report for Washington School District (the District) for the fiscal year ending June 30, 2023. The responsibility for accuracy of the data, the completeness and fairness of this documentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material aspects. This report and its content have been designed to fairly present the SAU's financial position, including the results of operations of all the funds of the District. All the disclosures necessary to enable and to assist the reader in acquiring an accurate understanding of the District financial activities have been included.

The District is responsible for establishing accounting and internal control structures designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft, and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The basic financial statements are comprised of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

Government-Wide Financial Statements

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

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

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain the control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. All the funds of the District are included in one category, governmental funds.

**WASHINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, our readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The District maintains six governmental funds. Information is presented separately in the governmental funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which includes the expendable trust funds, the Grants Fund, and the Food Service Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriation budget for its major governmental funds. A budgetary comparison has been provided for the General, Grants, and Food Service Funds to demonstrate compliance with this budget.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the District's own programs.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

Financial Highlights

As of the close of the fiscal year, total assets and deferred outflows of resources were more than total liabilities and deferred inflows of resources by \$1,796,450 (i.e., net position), an increase of \$281,421 from the previous fiscal year.

The General Fund shows an ending fund balance of \$794,870, an increase of \$163,911 from the previous year.

**WASHINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

Government-Wide Financial Analysis

Statement of Net Position for the fiscal years ending June 30, 2023 and 2022:

	<u>Governmental Activities</u>	
	<u>FY 2023</u>	<u>FY 2022</u>
Current and other assets	\$ 818,759	\$ 682,581
Capital assets	<u>1,586,294</u>	<u>1,444,557</u>
Total assets	2,405,053	2,127,138
Deferred outflows of resources	243,544	278,140
Long-term liabilities	773,218	615,182
Other liabilities	<u>2,574</u>	<u>20,228</u>
Total liabilities	775,792	635,410
Deferred inflows of resources	76,355	254,839
Net investment of capital assets	1,587,045	1,444,557
Restricted	9,091	9,804
Unrestricted	<u>200,314</u>	<u>60,668</u>
Total net position	<u>\$ 1,796,450</u>	<u>\$ 1,515,029</u>

Statement of Activities for the fiscal years ending June 30, 2023 and 2022:

	<u>Governmental Activities</u>	
	<u>FY 2023</u>	<u>FY 2022</u>
Revenues:		
Program revenues:		
Charges for services	\$ 61,016	\$ 59,345
Operating grants and contributions	195,825	150,377
General revenues:		
School Districts' assessments	2,368,226	2,774,394
Grants and contributions not restricted to specific programs	567,958	83,232
Miscellaneous revenue	<u>26,287</u>	<u>7,027</u>
Total revenues	3,219,312	3,074,375
Expenses:		
Instruction	2,024,188	2,120,247
Supporting services	116,794	135,653
Instructional staff services	14,585	18,335
General administration	303,589	291,666
Operation and maintenance of plant	253,685	191,468
Pupil transportation	178,445	180,784
Food service	46,605	44,632
Total expenses	2,937,891	2,982,785
Change in net position	281,421	91,590
Net position, beginning	<u>1,515,029</u>	<u>1,423,439</u>
Net position, ending	<u>\$ 1,796,450</u>	<u>\$ 1,515,029</u>

**WASHINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis

Government-Wide

As noted in the above, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, total net position was \$1,796,450, an increase of \$281,421 from the previous year. See page 13 of the Basic Financial Statements for a detailed reconciliation between the government-wide and fund financial statements change in net position.

At year end the District's net investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding was \$1,587,045. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay any outstanding debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. It should be noted that the District does not have any outstanding debt as of the current fiscal year end.

The unrestricted net position balance of \$200,314 represents what is available to meet the government's ongoing obligations to its citizens and creditors.

Governmental Funds

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

As of June 30, 2023, the General Fund reported ending fund balances of \$794,870, an increase of \$163,911 in comparison with the previous year.

Fund Balances for the District may fall into one of the five following classifications – Nonspendable, Restricted, Committed, Assigned and Unassigned.

Please see Note I.C.4 of the Notes to Basic Financial Statements for additional information on components of fund balance.

General Fund Budgetary Highlights

Budgetary information for the major governmental funds (General Fund only, see below) is included in the Required Supplementary Information section following the notes to the financial statements.

Actual revenues on the budgetary basis were greater than the budgeted amounts by \$28,244. Actual expenditures on the budgetary basis were \$141,841 less than expected. See Exhibit 7 on page 14 for additional budgetary comparison information.

**WASHINGTON SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2023**

Capital Assets

The District considers a capital asset to be an asset whose cost equals or exceeds \$5,000 and has a useful life of greater than two years. Assets are depreciated using the straight-line method over the course of their useful life. The District had \$211,012 in additions in the current year and depreciation expense of \$69,275 resulting in a net increase in capital assets of \$141,737. See Note III.A.2. in the notes to the basic financial statements for additional information on the capital assets activity.

Long-Term Obligations

During fiscal year 2023, the liabilities for other postemployment benefits and pension had a net change in potential future payments of \$153,623 and (\$1,888), respectively. See Note III.B. in the Notes to the Basic Financial Statements for additional information on the District's long-term obligations.

Contacting District's Financial Management

This financial report serves to provide our citizens and creditors with a general overview of the District's finances and to show accountability for the money it receives. If you have questions about this report or additional information, contact SAU #34 Business Office at 78 School Street, Hillsboro, NH 03244.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
WASHINGTON SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 311,460
Intergovernmental receivables	498,880
Inventory	3,377
Prepaid items	5,042
Capital assets, not being depreciated:	
Land	55,425
Capital assets, net of accumulated depreciation:	
Land improvements	143,097
Buildings and building improvements	1,267,053
Furniture and equipment	120,719
Total assets	<u>2,405,053</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	222,220
Deferred amounts related to OPEB	21,324
Total deferred outflows of resources	<u>243,544</u>
LIABILITIES	
Accounts payable	2,574
Noncurrent obligations:	
Due in more than one year:	
Compensated absences payable	6,301
Net pension liability	701,147
Other postemployment benefits liability	65,770
Total liabilities	<u>775,792</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	1,913
Deferred amounts related to pensions	37,929
Deferred amounts related to OPEB	36,513
Total deferred inflows of resources	<u>76,355</u>
NET POSITION	
Net investment in capital assets	1,587,045
Restricted for endowments:	
Nonexpendable	7,305
Expendable	1,786
Unrestricted	200,314
Total net position	<u>\$ 1,796,450</u>

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

EXHIBIT 2
WASHINGTON SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes In
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 2,024,188	\$ 52,421	\$ 89,986	\$ (1,881,781)
Support services:				
Student	116,794	-	-	(116,794)
Instructional staff	14,585	-	-	(14,585)
General administration	7,577	-	-	(7,577)
Executive administration	195,960	-	-	(195,960)
School administration	99,984	-	-	(99,984)
Business	68	-	-	(68)
Operation and maintenance of plant	253,685	-	83,824	(169,861)
Student transportation	178,445	-	-	(178,445)
Non-instructional services	46,605	8,595	22,015	(15,995)
Total primary government	<u>\$ 2,937,891</u>	<u>\$ 61,016</u>	<u>\$ 195,825</u>	<u>(2,681,050)</u>
General revenues:				
School district assessment				2,368,226
Grants and contributions not restricted to specific programs				567,958
Miscellaneous				26,287
Total general revenues				<u>2,962,471</u>
Change in net position				281,421
Net position, beginning				<u>1,515,029</u>
Net position, ending				<u>\$ 1,796,450</u>

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

EXHIBIT 3
WASHINGTON SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General	Grants	Food Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$304,535	\$ -	\$ -	\$ 6,925	\$ 311,460
Intergovernmental receivables	455,838	19,609	14,333	9,100	498,880
Interfund receivable	33,404	-	-	-	33,404
Inventory	-	-	3,377	-	3,377
Prepaid items	3,667	1,375	-	-	5,042
Total assets	<u>\$797,444</u>	<u>\$20,984</u>	<u>\$17,710</u>	<u>\$ 16,025</u>	<u>\$ 852,163</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 2,574	\$ -	\$ -	\$ -	\$ 2,574
Interfund payable	-	19,609	13,795	-	33,404
Total liabilities	<u>2,574</u>	<u>19,609</u>	<u>13,795</u>	<u>-</u>	<u>35,978</u>
Deferred inflows of resources:					
Deferred revenue	-	1,375	538	-	1,913
Fund balances:					
Nonspendable	3,667	-	3,377	7,314	14,358
Restricted	-	-	-	1,786	1,786
Committed	520,838	-	-	6,925	527,763
Assigned	148,945	-	-	-	148,945
Unassigned	121,420	-	-	-	121,420
Total fund balances	<u>794,870</u>	<u>-</u>	<u>3,377</u>	<u>16,025</u>	<u>814,272</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$797,444</u>	<u>\$20,984</u>	<u>\$17,710</u>	<u>\$ 16,025</u>	<u>\$ 852,163</u>

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

EXHIBIT 4
WASHINGTON SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
June 30, 2023

Total fund balances of governmental funds (Exhibit 3)		\$ 814,272
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$3,159,930	
Less accumulated depreciation	<u>(1,573,636)</u>	
		1,586,294
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (33,404)	
Payables	<u>33,404</u>	
		-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences payable	\$ 6,301	
Net pension liability	701,147	
Other postemployment benefits liability	<u>65,770</u>	
		(773,218)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 222,220	
Deferred outflows of resources related to OPEB	21,324	
Deferred inflows of resources related to pensions	(37,929)	
Deferred inflows of resources related to OPEB	<u>(36,513)</u>	
		169,102
Net position of governmental activities (Exhibit 1)		<u><u>\$1,796,450</u></u>

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

EXHIBIT 5
WASHINGTON SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Grants	Food Service	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$2,368,226	\$ -	\$ -	\$ -	\$ 2,368,226
Other local	60,707	-	8,596	28,725	98,028
State	572,852	-	290	-	573,142
Federal	217	173,811	21,725	-	195,753
Total revenues	<u>3,002,002</u>	<u>173,811</u>	<u>30,611</u>	<u>28,725</u>	<u>3,235,149</u>
EXPENDITURES					
Current:					
Instruction	1,906,723	170,764	-	27,951	2,105,438
Support services:					
Student	116,794	-	-	-	116,794
Instructional staff	14,585	-	-	-	14,585
General administration	7,577	-	-	-	7,577
Executive administration	195,960	-	-	-	195,960
School administration	98,713	-	-	-	98,713
Business	-	-	-	68	68
Operation and maintenance of plant	303,208	-	-	-	303,208
Student transportation	178,445	-	-	-	178,445
Non-instructional services	-	-	46,605	-	46,605
Total expenditures	<u>2,822,005</u>	<u>170,764</u>	<u>46,605</u>	<u>28,019</u>	<u>3,067,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>179,997</u>	<u>3,047</u>	<u>(15,994)</u>	<u>706</u>	<u>167,756</u>
Other financing sources (uses):					
Transfers in	-	-	16,086	-	16,086
Transfers out	(16,086)	-	-	-	(16,086)
Total other financing sources and uses	<u>(16,086)</u>	<u>-</u>	<u>16,086</u>	<u>-</u>	<u>-</u>
Net change in fund balances	163,911	3,047	92	706	167,756
Fund balances, beginning	630,959	(3,047)	3,285	15,319	646,516
Fund balances, ending	<u>\$ 794,870</u>	<u>\$ -</u>	<u>\$ 3,377</u>	<u>\$ 16,025</u>	<u>\$ 814,272</u>

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

EXHIBIT 6
WASHINGTON SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net change in fund balances of total governmental funds (Exhibit 5)		\$ 167,756
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 211,012	
Depreciation expense	<u>(69,275)</u>	
		141,737
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in unavailable tuition revenue		(15,837)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (16,086)	
Transfers out	<u>16,086</u>	
		-
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in compensated absences payable	\$ (6,301)	
Decrease in other postemployment benefits liability	1,888	
Net decrease in OPEB related deferrals	<u>6,180</u>	
		1,767
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
School District pension contributions	\$ 71,460	
Cost of benefits, net of employee contributions	<u>(85,462)</u>	
		(14,002)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ 281,421</u></u>

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

EXHIBIT 7
WASHINGTON SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$2,368,226	\$2,368,226	\$ -
Other local	24,377	52,326	27,949
State	570,774	572,852	2,078
Federal	2,000	217	(1,783)
Total revenues	<u>2,965,377</u>	<u>2,993,621</u>	<u>28,244</u>
EXPENDITURES			
Current:			
Instruction	2,121,918	1,906,723	215,195
Support services:			
Student	146,683	116,794	29,889
Instructional staff	36,547	14,585	21,962
General administration	10,224	7,577	2,647
Executive administration	196,345	195,960	385
School administration	96,739	102,489	(5,750)
Operation and maintenance of plant	143,951	284,877	(140,926)
Student transportation	198,820	178,445	20,375
Total expenditures	<u>2,951,227</u>	<u>2,807,450</u>	<u>143,777</u>
Excess of revenues over expenditures	14,150	186,171	172,021
Other financing uses:			
Transfers out	<u>(79,150)</u>	<u>(81,086)</u>	<u>(1,936)</u>
Net change in fund balance	<u>\$ (65,000)</u>	105,085	<u>\$ 170,085</u>
Increase in nonspendable fund balance		(1,579)	
Unassigned fund balance, beginning		17,914	
Unassigned fund balance, ending		<u>\$ 121,420</u>	

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

EXHIBIT 8
WASHINGTON SCHOOL DISTRICT
Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal	\$ 90,000	\$173,811	\$ 83,811
EXPENDITURES			
Current:			
Instruction	90,000	170,764	(80,764)
Net change in fund balance	<u>\$ -</u>	3,047	<u>\$ 3,047</u>
Fund balance, beginning		(3,047)	
Fund balance, ending		<u>\$ -</u>	

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

EXHIBIT 9
WASHINGTON SCHOOL DISTRICT
Food Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local:			
Sales	\$ -	\$ 8,596	\$ 8,596
State:			
Lunch reimbursement	-	290	290
Federal:			
Lunch reimbursement	30,000	15,940	(14,060)
Breakfast reimbursement	-	3,685	3,685
USDA commodities	-	2,100	2,100
Total revenues	<u>30,000</u>	<u>30,611</u>	<u>611</u>
EXPENDITURES			
Current:			
Non-instructional services	<u>30,000</u>	<u>46,605</u>	<u>(16,605)</u>
Deficiency of revenues under expenditures	-	(15,994)	(15,994)
Other financing sources:			
Transfers in	<u>-</u>	<u>16,086</u>	<u>16,086</u>
Net change in fund balance	<u>\$ -</u>	<u>92</u>	<u>\$ 92</u>
Fund balance, beginning		<u>3,285</u>	
Fund balance, ending		<u><u>\$ 3,377</u></u>	

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

EXHIBIT 10
WASHINGTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2023

	Private Purpose Trust
ASSETS	
Investments	\$ 29,903
LIABILITIES	-
NET POSITION	
Held in trust for specific purposes	\$ 29,903

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

EXHIBIT 11
WASHINGTON SCHOOL DISTRICT
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust
Additions:	
Interest	\$ 560
Change in fair value of investments	389
Total additions	949
Deductions:	
Scholarships	500
Change in net position	449
Net position, beginning	29,454
Net position, ending	\$ 29,903

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

NOTES TO THE FINANCIAL STATEMENTS

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Washington School District (the School District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2023.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Washington School District is a municipal corporation governed by a school board consisting of five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School District's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the School District as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report tuition, fees, and other charges for the School District's services; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. The school district assessment from the town, unrestricted state aid, and revenue from other sources not properly included with program revenues are reported as general revenues.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in separate columns with composite columns for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Major revenues susceptible to accrual are the school district assessment from the town, tuition, investment income and federal and state grants. In general, other revenues are recognized when cash is received.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as needed.

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The School District reports the following major governmental funds:

General Fund – Reports as the primary fund of the School District. This fund is used to account for all financial resources not reported in other funds.

Grants Fund – Reports as a special revenue fund and accounts for federal grant programs.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Food Service Fund – Reports as a special revenue fund and accounts for child nutrition programs.

The School District also reports three nonmajor funds: donations, student activities and the permanent funds.

Fiduciary Fund

The School District reports the following fiduciary fund:

Private Purpose Trust Fund – Accounts for financial resources of the School District used only for the benefit of other entities or individuals, which are not available to support the School District or its programs.

I.C. Assets, Liabilities, and Net Position or Fund Equity

I.C.1. Cash and Investments

The School 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.

The laws of the State of New Hampshire require that the School District's treasurer have custody of all monies belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or deliver to a third party custodial bank or the Federal Reserve Bank, collateral security for such deposits, United States government or government agency obligations, or obligations of the State of New Hampshire in value at least equal to the amount of the deposit in each case.

New Hampshire law authorizes the School District to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

I.C.2. Capital Assets and Depreciation

The School District's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition value on the date donated. The School District capitalizes assets with cost of \$10,000 or more and an estimated useful life of one year or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	20
Buildings and building improvements	3-50
Furniture and equipment	3-20

I.C.3. Deferred Outflows/Inflows of Resources

Although certain revenues and expenses or expenditures are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of equity that applies to a future period and so will not be recognized as an outflow or inflow of resources until then.

Deferred inflows of resources in the governmental fund financial statements represent tuition revenue that has not been received and is therefore unavailable. In the governmental activities, deferred outflows and inflows of resources consist of resources related to pensions and other postemployment benefits that will be recognized in subsequent periods.

I.C.4. Equity

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of any outstanding debt used to acquire those assets.
- Restricted for endowments, which consists of the expendable and nonexpendable portions of endowments held by the Town of Washington Trustees of Trust Funds for School District purposes.
- Unrestricted, which consists of the remaining balance of net position.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid amounts in the general fund and the inventory in the Food Service Fund, which are not in a spendable form, and the principal amount of endowment held by the Town of Washington Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment for school purposes.
- Committed, which represents the balance of the Expendable Trust Funds established by School District Meeting to be used for building maintenance and special education; amounts voted by the 2023 School District Meeting to be transferred to the Expendable Trust Fund; and the balances of Special Revenue Funds.
- Assigned, which represents encumbrances for maintenance and operation of plant assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents the remaining General Fund balance not reported as nonspendable, restricted, committed or assigned.

I.C.5. *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

II. Stewardship, Compliance and Accountability

II.A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Permanent Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget, except as allowed by law to be retained. In the fiscal year 2023, none of the unassigned fund balance was so used, but \$65,000 was appropriated from fund balance.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instruction, student support, instructional staff, general administration, executive administration, school administration, operation and maintenance of plant, student transportation, other support services, and non-instructional services. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Education.

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues:	
Per Exhibit 7 (budgetary basis)	\$ 2,993,621
Adjustment:	
Perspective difference:	
Expendable trust fund income	8,381
Per Exhibit 5 (GAAP basis)	<u>\$ 3,002,002</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 2,888,536
Adjustments:	
Basis difference:	
Encumbrances, beginning	163,500
Encumbrances, ending	(148,945)
Perspective difference:	
Transfer to expendable trust fund	(65,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 2,838,091</u>

For the Grants and Food Service Funds, there is no difference between the budgetary basis and GAAP.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables

Significant receivables consist of reimbursements for lease proceeds and insurance, and intergovernmental amounts arising from medicaid, grants, refunds, and reimbursements from other school districts for shared services.

Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

III.A.2. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 55,425	\$ -	\$ 55,425
Being depreciated:			
Land improvements	26,400	146,858	173,258
Buildings and building improvements	2,743,632	-	2,743,632
Furniture and equipment	123,461	64,154	187,615
Total capital assets being depreciated	2,893,493	211,012	3,104,505
Total all capital assets	2,893,493	211,012	3,159,930
Less accumulated depreciation:			
Land improvements	(25,170)	(4,991)	(30,161)
Buildings and building improvements	(1,419,609)	(56,970)	(1,476,579)
Furniture and equipment	(59,582)	(7,314)	(66,896)
Total accumulated depreciation	(1,504,361)	(69,275)	(1,573,636)
Net book value, capital assets being depreciated	1,389,132	141,737	1,530,869
Net book value, all capital assets	\$ 1,389,132	\$ 141,737	\$ 1,586,294

Depreciation Expense

Depreciation expense of \$69,275 was charged to the operation and maintenance of plant function.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

III.B. Long-Term Liabilities

Long-term liabilities currently outstanding of which no portion is current, are as follow:

Compensated absences payable:	
Vested sick leave	\$ 6,301
Net pension liability	701,147
Other postemployment benefits liability	65,770
	<u>\$ 773,218</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2023:

	Compensated Absences Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ -	\$547,524	\$ 67,658	\$615,182
Additions	6,301	153,623	-	159,924
Reductions	-	-	(1,888)	(1,888)
Balance, ending	<u>\$ 6,301</u>	<u>\$701,147</u>	<u>\$ 65,770</u>	<u>\$773,218</u>

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. Receivables and Payables

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The following schedule reports interfund receivables and payables within the reporting entity at year-end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Grants	\$ 19,609
General	Food service	13,795
		<u>\$ 33,404</u>

The interfund amounts due to the General Fund represent an overdraft of pooled cash.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2023**

III.C.2. Transfers

Transfers within the reporting entity were \$16,086 to the Food Service fund for an operating subsidy from the General Fund and \$65,000 to the Expendable Trust Fund from the General Fund as appropriated. The latter transfer is not reported in the basic financial statements because the Expendable Trust Fund is reported within the General Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities column.

III.D. Components of Fund Equity

The components of fund balance, as described in Note I.C.4., are classified for the following purposes:

	General Fund	Food Service Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Endowments	\$ -	\$ -	\$ 7,314	\$ 7,314
Inventory	-	3,377	-	3,377
Prepaid items	3,667	-	-	3,667
Total nonspendable	<u>3,667</u>	<u>3,377</u>	<u>7,314</u>	<u>14,358</u>
Restricted for instruction	<u>-</u>	<u>-</u>	<u>1,786</u>	<u>1,786</u>
Committed for:				
Instruction	383,002	-	6,925	389,927
Maintenance	137,836	-	-	137,836
Total committed	<u>520,838</u>	<u>-</u>	<u>6,925</u>	<u>527,763</u>
Assigned to support services	<u>148,945</u>	<u>-</u>	<u>-</u>	<u>148,945</u>
Unassigned	<u>121,420</u>	<u>-</u>	<u>-</u>	<u>121,420</u>
Total fund balances	<u><u>\$ 794,870</u></u>	<u><u>\$ 3,377</u></u>	<u><u>\$ 16,025</u></u>	<u><u>\$ 814,272</u></u>

IV. Other Information

IV.A. Risk Management

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the N.H. Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

The Primex programs are pooled risk management programs under N.H. RSA 5-B and RSA 281-A. The plan year runs from July 1 through June 30. Primex maintains statutory amounts for workers' compensation and unemployment compensation coverage, and property and liability coverages in

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2023**

various amounts. Workers' compensation contributions paid in fiscal year 2023 totaled \$1,964, property/liability contributions totaled \$3,054 and unemployment compensation contributions totaled \$500. These amounts are all recorded as an insurance expenditure/expense. There were no unpaid contributions for the year. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 21.02% for teachers and 14.06% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2021, 2022, and 2023 were \$56,758, \$70,442, and \$71,460, respectively. The amounts were paid on a monthly basis as due.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2023, the School District reported a liability of \$701,147 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2022, the School District's proportion was 0.0122%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2021.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

For the year ended June 30, 2023, the School District recognized pension expense of \$85,462. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 73,733	\$ 35,237
Net differences between projected and actual earnings on pension plan investments	26,573	-
Changes in assumptions	37,295	-
Differences between expected and actual experience	13,159	2,692
School District contributions subsequent to the measurement date	71,460	-
	<u>\$222,220</u>	<u>\$ 37,929</u>

The School District reported \$71,460 as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

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

Year Ended June 30,	
2024	\$ 35,544
2025	33,565
2026	8,302
2027	35,420
	<u>\$112,831</u>

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2023**

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Multiple periods of 18-20 years
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Municipal Bond Rate	3.69% per year
Salary Increases	5.4% average, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2022 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 to June 30, 2019.

Mortality rates were based on the Pub-2010 Retiree Mortality Tables with credibility adjustments for each member classification (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School District's proportionate share of net pension liability	\$ 940,762	\$ 701,147	\$ 501,929

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2023**

IV.C. Contingent Liabilities

The School District has received federal and state grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agencies. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The School District feels that the chance of disallowance is unlikely, and if it should occur, that the amount would not be material.

IV.D. Other Postemployment Benefits

Plan Description

The School District is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at www.nhrs.org.

Benefits provided to retirees follow New Hampshire Revised Statutes Annotated 100-A:50 (Medical Insurance Coverage). This statute states that the School District “shall permit its employees upon retirement to continue to participate in the same medical insurance or health care group or plan as its active employees. Retired employees shall be deemed to be part of the same group as active employees of the same employer for purposes of determining medical insurance premiums. Coverage for spouses, other family members and beneficiaries of retirees shall also be permitted to the extent that coverage is provided for the spouses, family members and beneficiaries of active employees . . .” In addition, the statute states “Each political subdivision, as employer, may elect to pay the full cost of group medical insurance or health care coverage for its retirees, or may require each retiree to pay any part or all of the cost of the retiree’s participation.”

The Washington School District offers postemployment medical benefits to District retirees and their covered dependents. The District offers coverage as follows:

- Employees hired before July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service
- Employees hired on or after July 1, 2011: retire after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service

**WASHINGTON SCHOOL DISTRICT
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Medical coverage continues to the spouse after the death of the retiree, provided the spouse makes the required contributions. Dental and life insurance benefits are not offered to retirees. The current medical premium rates are as follow:

<u>Non-Medicare Plan</u>	<u>Individual</u>	<u>2-Person</u>	<u>Family</u>
AB 20	\$10,466.52	\$20,929.44	\$28,259.64

Currently, there are 5 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2023, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants.

Total OPEB Liability

The School District's total OPEB liability of \$65,770 consists of \$18,360 for the implicit rate subsidy, determined by an actuarial valuation as of July 1, 2022, and \$47,410 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date using actuarial assumptions as noted below, applied to all periods included in the measurement.

This note continues on the following page.

**WASHINGTON SCHOOL DISTRICT
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Actuarial Assumptions

The OPEB liability for the implicit rate subsidy was determined using the following actuarial assumptions and inputs:

Discount Rate:	3.54%, net of investment expenses, including inflation
Actuarial Cost Method:	Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding.
Healthcare Cost Trend Rates:	
Year 1	10.90%
Year 2	7.00%
Year 3	6.50%
Year 4	6.00%
Ultimate	4.24%
Mortality Rates:	Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teacher Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021
Inflation:	2.50%

The assumptions used for the medical insurance subsidy were the same as those used to calculate the pension liability, as previously noted, in Note IV.B.

Discount Rate

The discount rate was based on the *Bond Buyer 20-Bond General Obligation Index* based on a tax-exempt, high quality municipal bond rate.

Healthcare Cost Trend Rates

Healthcare cost trend rate assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after Year 5 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2098. The principal components of healthcare cost trends are medical inflation, deductible

**WASHINGTON SCHOOL DISTRICT
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erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

Sensitivity of Total OPEB Liability to Rate Changes

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or higher:

Implicit Rate Subsidy:			
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School District's total OPEB liability	<u>\$ 18,883</u>	<u>\$ 18,360</u>	<u>\$ 17,875</u>
Medical Insurance Subsidy:			
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School District's total OPEB liability	<u>\$ 51,471</u>	<u>\$ 47,410</u>	<u>\$ 43,872</u>

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 10.90%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower (9.90%) or 1-percentage point higher (11.90%):

		Current Healthcare Cost Trend Rate (10.90%)	
	1% Decrease (9.90%)		1% Increase (11.90%)
School District's total OPEB liability	<u>\$ 16,715</u>	<u>\$ 18,360</u>	<u>\$ 20,389</u>

**WASHINGTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School District recognized a credit to OPEB expense of \$(1,375). At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on OPEB plan investments	\$ 130	\$ -
Changes in assumptions	5,363	14,074
Differences between expected and actual experience	10,500	22,439
School District contributions subsequent to the measurement date	5,331	-
	<u>\$ 21,324</u>	<u>\$ 36,513</u>

The School District reported \$5,331 as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in fiscal year 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ending June 30,	
2024	\$ (3,457)
2025	(3,474)
2026	(11,462)
2027	(2,127)
	<u>\$ (20,520)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 12
WASHINGTON SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the Year Ended June 30,	School District's Proportion of Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered- Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.0122%	\$ 701,147	\$ 378,897	185.05%	65.12%
2022	0.0123%	\$ 547,524	\$ 368,014	148.78%	72.22%
2021	0.0100%	\$ 638,187	\$ 291,012	219.30%	58.72%
2020	0.0116%	\$ 557,311	\$ 333,045	167.34%	65.59%
2019	0.0116%	\$ 557,205	\$ 322,352	172.86%	64.77%
2018	0.0107%	\$ 526,054	\$ 313,312	167.90%	62.66%
2017	0.0107%	\$ 569,867	\$ 306,811	185.74%	58.30%
2016	0.0093%	\$ 368,065	\$ 265,054	138.86%	65.47%
2015	0.0092%	\$ 346,969	\$ 255,081	136.02%	66.32%
2014	0.0118%	\$ 508,428	\$ 328,676	154.69%	59.82%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 13
WASHINGTON SCHOOL DISTRICT
Schedule of the School District's Pension Contributions
New Hampshire Retirement System

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2023	\$ 71,460	\$ (71,460)	\$ -	\$ 378,897	18.86%
2022	\$ 70,442	\$ (70,442)	\$ -	\$ 373,434	18.86%
2021	\$ 56,758	\$ (56,758)	\$ -	\$ 368,014	15.42%
2020	\$ 44,325	\$ (44,325)	\$ -	\$ 293,012	15.13%
2019	\$ 50,388	\$ (50,388)	\$ -	\$ 333,045	15.13%
2018	\$ 48,909	\$ (48,909)	\$ -	\$ 322,352	15.17%
2017	\$ 39,186	\$ (39,186)	\$ -	\$ 313,312	12.51%
2016	\$ 38,374	\$ (38,374)	\$ -	\$ 306,811	12.51%
2015	\$ 31,170	\$ (31,170)	\$ -	\$ 265,054	11.76%
2014	\$ 29,989	\$ (29,989)	\$ -	\$ 255,081	11.76%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 14
WASHINGTON SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB liability:						
Service cost	\$ 1,853	\$ 1,810	\$ 4,225	\$ 4,154	\$ 1,075	\$ 1,054
Interest	4,220	4,391	4,811	5,176	644	651
Plan net investment income	(354)	1,345	39	206	-	-
Administrative expense	(6)	(21)	(17)	(17)	-	-
Changes of assumptions and differences between expected and actual experience	(1,642)	(9,576)	2,252	46,807	(902)	(1,346)
Benefit payments	(6,830)	(5,719)	(5,461)	(6,000)	(648)	(488)
Change in proportion of medical subsidy	871	(43,718)	(5,257)	49,755	-	-
Net change in total OPEB liability	(1,888)	(51,488)	592	100,081	169	(129)
Total OPEB liability, beginning	67,658	119,146	118,554	18,473	18,304	18,433
Total OPEB liability, ending	<u>\$ 65,770</u>	<u>\$ 67,658</u>	<u>\$ 119,146</u>	<u>\$ 118,554</u>	<u>\$ 18,473</u>	<u>\$ 18,304</u>
Covered payroll	\$ 378,897	\$ 373,434	\$ 368,014	\$ 293,012	\$ 333,045	\$ 322,352
Total OPEB liability as a percentage of covered payroll	17.36%	18.12%	32.38%	40.46%	5.55%	5.68%
School District's proportion of OPEB liability for the medical subsidy	0.0126%	0.0126%	0.0100%	0.0109%	0.0109%	0.0019%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 15
WASHINGTON SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Actuarially determined contribution	\$ 8,057	\$ 7,867	\$ 6,040	\$ 4,610	\$ 4,967	\$ 4,851
Contributions in relation to the actuarially determined contribution	(6,665)	(6,544)	(6,040)	(4,610)	(4,967)	(4,851)
Contribution deficiency	<u>\$ 1,392</u>	<u>\$ 1,323</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$378,897	\$373,434	\$368,014	\$291,012	\$333,045	\$322,352
Contributions as a percentage of covered-employee payroll	2.13%	2.11%	1.64%	1.58%	1.49%	1.50%

The note to the required supplementary information is an integral part of this schedule.

**WASHINGTON SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE FISCAL YEAR ENDED
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The OPEB schedules are meant to present information for ten years. Because this is the sixth year for the OPEB information under the current measurement standard, only six years are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 16
WASHINGTON SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Fund		
	Student Activities	Permanent Fund	Total
ASSETS			
Cash and cash equivalents	\$ 6,925	\$ -	\$ 6,925
Intergovernmental receivables	-	9,100	9,100
Total assets	<u>\$ 6,925</u>	<u>\$ 9,100</u>	<u>\$16,025</u>
FUND BALANCES			
Nonspendable	\$ -	\$ 7,314	\$ 7,314
Restricted	-	1,786	1,786
Committed	6,925	-	6,925
Total fund balances	<u>\$ 6,925</u>	<u>\$ 9,100</u>	<u>\$16,025</u>

EXHIBIT 17
WASHINGTON SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	<u>Special Revenue Funds</u>			
	<u>Donations</u>	<u>Student Activities</u>	<u>Permanent Fund</u>	<u>Total</u>
REVENUES				
Local	<u>\$ -</u>	<u>\$28,373</u>	<u>\$ 352</u>	<u>\$28,725</u>
EXPENDITURES				
Current:				
Instruction	988	26,963	-	27,951
Business	-	-	68	68
Total expenditures	<u>988</u>	<u>26,963</u>	<u>68</u>	<u>28,019</u>
Net change in fund balances	(988)	1,410	284	706
Fund balances, beginning	988	5,515	8,816	15,319
Fund balances, ending	<u>\$ -</u>	<u>\$ 6,925</u>	<u>\$ 9,100</u>	<u>\$16,025</u>

EXHIBIT 18
WASHINGTON SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 2,368,226	\$ 2,368,226	\$ -
Other local sources:			
Tuition	24,377	40,050	15,673
Investment earnings	-	8,758	8,758
Miscellaneous	-	3,518	3,518
Total from other local sources	24,377	52,326	27,949
State sources:			
Adequacy aid (grant)	221,162	221,186	24
Adequacy aid (tax)	346,772	346,772	-
Reimbursement of NHRS contributions	2,840	4,894	2,054
Total from state sources	570,774	572,852	2,078
Federal sources:			
Medicaid	2,000	217	(1,783)
Total revenues	2,965,377	\$ 2,993,621	\$ 28,244
Use of fund balance	65,000		
Total revenues and use of fund balance	\$ 3,030,377		

EXHIBIT 19
WASHINGTON SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 1,958,970	\$ 1,783,423	\$ -	\$ 175,547
Special programs	-	162,948	123,300	-	39,648
Total instruction	-	2,121,918	1,906,723	-	215,195
Support services:					
Student	-	146,683	116,794	-	29,889
Instructional staff	-	36,547	14,585	-	21,962
General administration	-	10,224	7,577	-	2,647
Executive administration	-	196,345	195,960	-	385
School administration	-	96,739	98,713	3,776	(5,750)
Operation and maintenance of plant	163,500	143,951	303,208	145,169	(140,926)
Student transportation	-	198,820	178,445	-	20,375
Total support services	163,500	829,309	915,282	148,945	(71,418)
Other financing uses:					
Transfers out	-	79,150	81,086	-	(1,936)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 163,500	\$ 3,030,377	\$ 2,903,091	\$ 148,945	\$ 141,841

EXHIBIT 20
WASHINGTON SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

Unassigned fund balance, beginning		\$ 17,914
Changes:		
Fund balance appropriated		(65,000)
Budget summary:		
Revenue surplus (Exhibit 18)	\$ 28,244	
Unexpended balance of appropriations (Exhibit 19)	<u>141,841</u>	
Budget surplus		170,085
Increase in nonspendable fund balance		<u>(1,579)</u>
Unassigned fund balance, ending		<u><u>\$121,420</u></u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the School Board
Washington School District
Washington, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington School District as of and for the fiscal year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all instances in internal control over financial reporting that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended for the information of the School Board, management, and others within the Washington School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

January 27, 2024

Roberts & Greene, PLLC