

# WINCHESTER SCHOOL DISTRICT

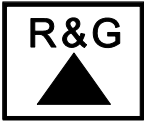
## FINANCIAL REPORT

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

**WINCHESTER SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

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

### **Adverse and Modified Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Winchester 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.

#### *Adverse Opinion on Governmental Activities*

In our opinion, the financial statements referred to above do not present fairly the financial position of the governmental activities of the Winchester School District, as of June 30, 2023, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Unmodified Opinions on Each Major Fund and the Aggregate Remaining Fund Information*

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

### **Basis for Adverse and Unmodified Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Winchester 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 adverse and unmodified audit opinions.

#### *Matter Given Rise to Adverse Opinion on Governmental Activities*

As discussed in Note I.B.3. to the financial statements, management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities as required by GASB Statement No. 75. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities is not reasonably determinable.

### **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 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.

In performing an audit in accordance with generally accepted auditing standards and *Government 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 pension information on pages 26-27 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.

The Winchester School District has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Winchester School District's basic financial statements. The combining nonmajor and individual general fund schedules, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not 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 nonmajor and individual general fund schedules, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024 on our consideration of the School 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 and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

March 1, 2024

*Roberts & Heune, PLLC*

## **BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,414,865
Intergovernmental receivables	1,112,552
Other receivables	58,331
Inventory	6,476
Prepaid items	10,925
Capital assets, not being depreciated:	
Construction in progress	109,505
Capital assets, net of accumulated depreciation:	
Buildings and building improvements	1,492,655
Machinery, equipment and vehicles	872,126
Other improvements	47,505
Total assets	<u>5,124,940</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	<u>1,649,774</u>
<b>LIABILITIES</b>	
Accounts payable	276,663
Intergovernmental payable	83,083
Accrued salaries and benefits	356,423
Accrued interest payable	2,004
Noncurrent obligations:	
Due within one year:	
Bond payable	175,000
Unamortized bond premium	14,059
Compensated absences payable	9,547
Termination benefits payable	9,547
Due in more than one year:	
Compensated absences payable	27,769
Termination benefits payable	11,456
Net pension liability	5,577,901
Total liabilities	<u>6,543,452</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	3,588
Deferred amounts related to pensions	578,158
Total deferred inflows of resources	<u>581,746</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,332,732
Unrestricted	<u>(2,683,216)</u>
Total net position	<u><u>\$ (350,484)</u></u>

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

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 7,554,094	\$ -	\$ 1,209,295	\$ -	\$ (6,344,799)
Support services:					
Student	1,319,450	-	-	-	(1,319,450)
Instructional staff	289,883	-	-	-	(289,883)
General administration	54,091	-	-	-	(54,091)
Executive administration	237,511	-	-	-	(237,511)
School administration	274,002	-	-	-	(274,002)
Business	170,083	-	25,000	-	(145,083)
Operation and maintenance of plant	894,028	-	61,928	82,064	(750,036)
Student transportation	842,330	-	-	-	(842,330)
Central	266,563	-	-	-	(266,563)
Other	43,789	-	-	-	(43,789)
Non-instructional services	328,114	6,646	266,896	-	(54,572)
Facilities acquisition and construction	10,473	-	-	-	(10,473)
Interest on long-term debt	6,266	-	-	-	(6,266)
Total primary government	<u>\$ 12,290,677</u>	<u>\$ 6,646</u>	<u>\$ 1,563,119</u>	<u>\$ 82,064</u>	<u>(10,638,848)</u>

General revenues:	
School district assessment	5,735,472
Grants and contributions not restricted to specific programs	4,915,133
Miscellaneous	80,041
Total general revenues	<u>10,730,646</u>
Change in net position	91,798
Net position, beginning, as restated, see Note III.D.	<u>(442,282)</u>
Net position, ending	<u>\$ (350,484)</u>

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



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

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,373,583	\$ 17,533	\$ 23,749	\$ 1,414,865
Receivables:				
Accounts	57,604	-	727	58,331
Intergovernmental	577,320	492,658	42,574	1,112,552
Interfund receivable	383,271	-	-	383,271
Inventory	-	-	6,476	6,476
Prepaid items	10,925	-	-	10,925
Total assets	<u>\$ 2,402,703</u>	<u>\$ 510,191</u>	<u>\$ 73,526</u>	<u>\$ 2,986,420</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 122,654	\$ 133,014	\$ 20,995	\$ 276,663
Accrued salaries and benefits	356,423	-	-	356,423
Intergovernmental payable	83,083	-	-	83,083
Interfund payable	-	383,271	-	383,271
Total liabilities	<u>562,160</u>	<u>516,285</u>	<u>20,995</u>	<u>1,099,440</u>
Deferred inflows of resources:				
Deferred revenue	<u>-</u>	<u>349,193</u>	<u>3,588</u>	<u>352,781</u>
Fund balances:				
Nonspendable	10,925	-	6,476	17,401
Restricted	-	17,533	-	17,533
Committed	602,320	-	42,467	644,787
Unassigned	1,227,298	(372,820)	-	854,478
Total fund balances	<u>1,840,543</u>	<u>(355,287)</u>	<u>48,943</u>	<u>1,534,199</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,402,703</u>	<u>\$ 510,191</u>	<u>\$ 73,526</u>	<u>\$ 2,986,420</u>

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

**EXHIBIT 4**  
**WINCHESTER 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)		\$ 1,534,199
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	\$ 8,522,147	
Less accumulated depreciation	<u>(6,000,356)</u>	
		2,521,791
Long-term receivables that are not available to pay current-period expenditures are deferred in the funds.		349,193
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (383,271)	
Payables	<u>383,271</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(2,004)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond payable	\$ 175,000	
Unamortized bond premium	14,059	
Compensated absences payable	37,316	
Termination benefits payable	21,003	
Net pension liability	<u>5,577,901</u>	
		(5,825,279)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 1,649,774	
Deferred inflows of resources related to pensions	<u>(578,158)</u>	
		1,071,616
Net position of governmental activities (Exhibit 1)		<u><u>\$ (350,484)</u></u>

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

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

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 5,735,472	\$ -	\$ -	\$ 5,735,472
Other local	80,038	903	14,163	95,104
State	4,968,644	-	3,035	4,971,679
Federal	-	1,429,966	263,861	1,693,827
Total revenues	<u>10,784,154</u>	<u>1,430,869</u>	<u>281,059</u>	<u>12,496,082</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	7,181,594	468,078	-	7,649,672
Support services:				
Student	952,309	340,028	12,996	1,305,333
Instructional staff	107,879	178,942	-	286,821
General administration	53,414	-	-	53,414
Executive administration	237,511	-	-	237,511
School administration	259,740	12,547	-	272,287
Business	146,573	18,571	-	165,144
Operation and maintenance of plant	672,898	16,989	-	689,887
Student transportation	842,330	-	-	842,330
Central	266,563	-	-	266,563
Other	-	43,789	-	43,789
Non-instructional services	-	-	334,406	334,406
Debt service:				
Principal	175,000	-	-	175,000
Interest	6,500	-	-	6,500
Facilities acquisition and construction	-	41,683	-	41,683
Total expenditures	<u>10,902,311</u>	<u>1,120,627</u>	<u>347,402</u>	<u>12,370,340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,157)</u>	<u>310,242</u>	<u>(66,343)</u>	<u>125,742</u>
Other financing sources (uses):				
Transfers in	220,922	-	24,890	245,812
Transfers out	(24,890)	(220,922)	-	(245,812)
Total other financing sources and uses	<u>196,032</u>	<u>(220,922)</u>	<u>24,890</u>	<u>-</u>
Net change in fund balances	77,875	89,320	(41,453)	125,742
Fund balances, beginning, as restated, see Note III.D.	1,762,668	(444,607)	90,396	1,408,457
Fund balances, ending	<u>\$ 1,840,543</u>	<u>\$ (355,287)</u>	<u>\$ 48,943</u>	<u>\$ 1,534,199</u>

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

**EXHIBIT 6**  
**WINCHESTER 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)		\$ 125,742
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 depreciation expense exceeded capitalized capital outlay in the current period.		
Capitalized capital outlay	\$ 171,915	
Depreciation expense	<u>(250,693)</u>	(78,778)
Payments not due until the subsequent period are recorded as prepaid in the governmental funds.		
Change in prepaid capital outlay		12,325
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in governmental funds.		
Change in deferred grant revenue		(113,607)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (245,812)	
Transfers out	<u>245,812</u>	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Principal repayment of bond	\$ 175,000	
Amortization of bond premium	<u>14,061</u>	189,061
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.		
Decrease in accrued interest expense	\$ 234	
Decrease in compensated absences payable	4,513	
Decrease in termination benefits payable	<u>30,713</u>	35,460
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	\$ 543,542	
Cost of benefits, net of employee contributions	<u>(621,947)</u>	(78,405)
Change in net position of governmental activities (Exhibit 2)		<u>\$ 91,798</u>

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

**EXHIBIT 7**  
**WINCHESTER 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)
<b>REVENUES</b>			
School district assessment	\$ 5,735,472	\$ 5,735,472	\$ -
Other local	50,300	87,653	37,353
State	4,920,338	4,968,644	48,306
Federal	30,000	-	(30,000)
Total revenues	<u>10,736,110</u>	<u>10,791,769</u>	<u>55,659</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	8,344,533	7,181,594	1,162,939
Support services:			
Student	703,420	952,309	(248,889)
Instructional staff	128,803	107,879	20,924
General administration	67,344	53,414	13,930
Executive administration	286,199	237,511	48,688
School administration	334,153	259,740	74,413
Business	179,816	146,573	33,243
Operation and maintenance of plant	727,792	672,898	54,894
Student transportation	860,609	842,330	18,279
Central	299,527	266,563	32,964
Debt service:			
Principal	175,000	175,000	-
Interest	10,500	6,500	4,000
Total expenditures	<u>12,117,696</u>	<u>10,902,311</u>	<u>1,215,385</u>
Deficiency of revenues under expenditures	<u>(1,381,586)</u>	<u>(110,542)</u>	<u>1,271,044</u>
Other financing uses:			
Transfers in	200,000	220,922	20,922
Transfers out	(150,000)	(174,890)	(24,890)
Total other financing sources and uses	<u>50,000</u>	<u>46,032</u>	<u>(3,968)</u>
Net change in fund balance	<u>\$ (1,331,586)</u>	(64,510)	<u>\$ 1,267,076</u>
Increase in nonspendable fund balance		(1,615)	
Increase in committed fund balance		(25,000)	
Unassigned fund balance, beginning		1,318,423	
Unassigned fund balance, ending		<u>\$ 1,227,298</u>	

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

**EXHIBIT 8**  
**WINCHESTER 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)
<b>REVENUES</b>			
Local	\$ -	\$ 903	\$ 903
Federal	500,000	1,429,966	929,966
Total revenues	<u>500,000</u>	<u>1,430,869</u>	<u>930,869</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	300,000	468,078	(168,078)
Support services:			
Student	150,000	340,028	(190,028)
Instructional staff	50,000	178,942	(128,942)
School administration	-	12,547	(12,547)
Business	-	18,571	(18,571)
Operation and maintenance of plant	-	16,989	(16,989)
Other	-	43,789	(43,789)
Facilities acquisition and construction	-	41,683	(41,683)
Total expenditures	<u>500,000</u>	<u>1,120,627</u>	<u>(620,627)</u>
Excess of revenues over expenditures	-	310,242	310,242
Other financing uses:			
Transfers out	-	(220,922)	220,922
Net change in fund balance	<u>\$ -</u>	89,320	<u>\$ 531,164</u>
Fund balance, beginning, as restated, see Note III.D.		(444,607)	
Fund balance, ending		<u>\$ (355,287)</u>	

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

**NOTES TO THE FINANCIAL STATEMENTS**

**WINCHESTER 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 Winchester 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 Winchester 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. 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; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. 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.



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*Fund Financial Statements*

Fund financial statements are provided for governmental 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, except that the School District has not reported its annual cost for postemployment benefits other than pensions (OPEB) or its net OPEB obligation liability, if any, as required by GAAP.

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, except for general obligation bond principal and interest which are reported as expenditures in the year due.

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.

**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 the revenues and expenditures of the School District's federal grant programs.

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The School District also reports two nonmajor funds, the Food Service and Student Activities Funds.

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

**I.C.1. *Cash and Equivalents***

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.

**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 the 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.

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The School District’s policy is that 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
Buildings and building improvements	20-40
Machinery, equipment and vehicles	6-25
Other improvements	5-20

**I.C.3. *Deferred Outflows/Inflows***

Although certain revenues and expenditures/expenses are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of fund balance or net position 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 revenue not received in time to be recognized in the current period. Deferred outflows and inflows of resources in the governmental activities consist of resources related to pensions and unearned revenue that will be recognized in a subsequent period.

**I.C.4. *Long-Term Debt***

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

**I.C.5. *Compensated Absences and Termination Benefits***

School District teachers may accumulate sick leave days at a rate of one per month, cumulative over a period of fifteen years to a maximum of 150 days. Upon retirement, school teachers may be eligible to receive \$50 per day for each unused sick day to a maximum of 150 days, providing certain conditions are met. Upon retirement under the New Hampshire Retirement System, School District teachers with more than twenty years of employment are entitled to \$300 for each year of service.

Compensated absences and termination benefits are reported as accrued in the government-wide financial statements. Governmental funds report only matured amounts payable to currently terminated employees which are included in wages and benefits expenditures.

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**I.C.6. 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 outstanding debt used to acquire those assets.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of insurance expenditures paid in advance reported in the General Fund and the inventory balance in the Food Service Fund.
- Restricted, which represents the balances of grants to be used for specific purposes.
- Committed, which represents the expendable trust fund balance reported in the General Fund, and the remaining balance of the Food Service and Student Activities Funds.
- Unassigned, which represents the remaining balance of the General Fund, and the deficit balance in the Grants Fund.

**I.C.7. 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 the General and Grants Funds, as well as the nonmajor Food Service Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2023, \$1,306,586 of the fund balance from the fiscal year 2022 was so used, and \$25,000 was appropriated from fund balance.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instruction, student support, instructional staff, general administration, executive administration, school

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administration, operation and maintenance of plant, student transportation, central, debt service, and facilities acquisition and construction. 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 General Fund Budgetary Basis to GAAP**

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 11,012,691
Adjustment:	
Perspective difference:	
Expendable trust fund revenue	(7,615)
Per Exhibit 5 (GAAP basis)	<u>\$ 11,005,076</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 11,077,201
Adjustments:	
Perspective difference:	
Transfer to expendable trust fund	(150,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 10,927,201</u>

**II.C. Deficit Fund Balance**

The Grants Fund reports an unassigned deficit fund balance of \$372,820 as a result of revenues being deferred for receivable balances not collected within sixty days of the fiscal year-end. The Grants Fund deficit will be eliminated when receivables are collected.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Receivables**

Significant receivables consist of reimbursements 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.

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**III.A.2. Capital Assets**

The following table provides a detail of capital assets:

	Balance, beginning	Additions	Deductions	Balance, ending
At cost:				
Not being depreciated:				
Construction in progress	\$ 12,325	\$ 109,505	\$ (12,325)	\$ 109,505
Being depreciated:				
Buildings and building improvements	7,216,288	43,535	-	7,259,823
Machinery, equipment and vehicles	1,096,569	-	-	1,096,569
Other improvements	25,050	31,200	-	56,250
Total capital assets being depreciated	<u>8,337,907</u>	<u>74,735</u>	<u>-</u>	<u>8,412,642</u>
Total all capital assets	<u>8,350,232</u>	<u>184,240</u>	<u>(12,325)</u>	<u>8,522,147</u>
Less accumulated depreciation:				
Buildings and building improvements	(5,582,997)	(184,171)	-	(5,767,168)
Machinery, equipment and vehicles	(165,413)	(59,030)	-	(224,443)
Other improvements	(1,253)	(7,492)	-	(8,745)
Total accumulated depreciation	<u>(5,749,663)</u>	<u>(250,693)</u>	<u>-</u>	<u>(6,000,356)</u>
Net book value, capital assets being depreciated	<u>2,588,244</u>	<u>(175,958)</u>	<u>-</u>	<u>2,412,286</u>
Net book value	<u>\$ 2,600,569</u>	<u>\$ (66,453)</u>	<u>\$ (12,325)</u>	<u>\$ 2,521,791</u>

*Depreciation Expense*

Depreciation expense was charged to functions of the School District as follows:

Support services:	
Operation and maintenance of plant	\$ 244,660
Non-instructional services	<u>6,033</u>
Total depreciation expense	<u>\$ 250,693</u>

*The notes continue on the following page.*

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**III.B. Long-Term Liabilities**

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the School District. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2023	Current Portion
General obligation bond payable:						
Building renovations	\$ 3,504,725	2003	2024	3.5378	\$ 175,000	\$ 175,000
Unamortized bond premium					14,059	14,059
Compensated absences payable:						
Sick leave benefit					37,316	9,547
Termination benefits payable					21,003	9,547
Net pension liability					5,577,901	-
					<u>\$ 5,825,279</u>	<u>\$ 208,153</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:

	General Obligation Bond Payable	Unamortized Bond Premium	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Total
Balance, beginning	\$ 350,000	\$ 28,120	\$ 41,829	\$ 51,716	\$ 3,837,770	\$ 4,309,435
Additions	-	-	-	-	1,740,131	1,740,131
Reductions	(175,000)	(14,061)	(4,513)	(30,713)	-	(224,287)
Balance, ending	<u>\$ 175,000</u>	<u>\$ 14,059</u>	<u>\$ 37,316</u>	<u>\$ 21,003</u>	<u>\$ 5,577,901</u>	<u>\$ 5,825,279</u>

*Debt Service Requirements to Maturity*

The final debt service payment on the bond of \$175,000 principal and \$2,687 interest is due in the fiscal year ending June 30, 2024.

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**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.”

There is \$383,271 due to the General Fund from the Grants Fund representing an overdraft of pooled cash.

**III.C.2. *Transfers***

The General Fund reports a transfer of \$24,890 to the nonmajor Food Service Fund, representing a subsidy to cover any potential operating deficit. There was a transfer of \$220,922 from the Grants Fund to the General Fund representing reimbursement of prior year costs. The General Fund also transferred \$150,000 to the Expendable Trust Fund, which was eliminated when the Expendable Trust Fund was combined with the General Fund for reporting purposes.

**III.D. Restatement of Beginning Equity**

Equity at July 1, 2022 was restated to reflect the following adjustments:

	Governmental Activities	General Fund	Grants Fund	Nonmajor Funds
To correct interfund balance	\$ 1,233	\$ (8,232)	\$ 1,233	\$ 8,232
To correct accounts receivable	47,768	47,768	-	-
To correct intergovernmental payable	6,748	-	6,748	-
Net position/fund balance, as previously reported	(498,031)	1,723,132	(452,588)	82,164
Net position/fund balance, as restated	<u>\$ (442,282)</u>	<u>\$ 1,762,668</u>	<u>\$ (444,607)</u>	<u>\$ 90,396</u>



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**III.E. Components of Fund Equity**

The components of fund balance, as described in Note I.C.6., are classified for the following purposes:

	General Fund	Grants Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ -	\$ -	\$ 6,476	\$ 6,476
Prepaid items	10,925	-	-	10,925
Total nonspendable	<u>10,925</u>	<u>-</u>	<u>6,476</u>	<u>17,401</u>
Restricted for support services	<u>-</u>	<u>17,533</u>	<u>-</u>	<u>17,533</u>
Committed for:				
Instruction	25,000	-	16,356	41,356
Non-instructional services	-	-	26,111	26,111
Capital outlay	577,320	-	-	577,320
Total committed	<u>602,320</u>	<u>-</u>	<u>42,467</u>	<u>644,787</u>
Unassigned	<u>1,227,298</u>	<u>(372,820)</u>	<u>-</u>	<u>854,478</u>
Total fund balances	<u><u>\$ 1,840,543</u></u>	<u><u>\$ (355,287)</u></u>	<u><u>\$ 48,943</u></u>	<u><u>\$ 1,534,199</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.

Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Coverage is provided for the fiscal year. Primex provided statutory workers' compensation coverage, and various amounts of coverage for property and liability losses.

Contributions billed and paid for fiscal year 2023 to be recorded as an insurance expenditure/expense totaled \$24,193 for property/liability and \$30,188 for workers' compensation. The School District also paid \$3,826 for unemployment compensation for the fiscal year. The member 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.

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**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](http://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 was 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 \$443,020, \$564,033, and \$543,542, 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 \$5,577,901 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2021 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2022. The roll-forward of the total pension liability from June 30, 2021 to June 30, 2022 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year. 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, 2023, the School District's reported proportion was 0.0972%, which is an increase of 0.0106% from its proportion reported as of June 30, 2022.

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For the year ended June 30, 2023, the School District recognized pension expense of \$621,947. 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	\$ 493,450	\$ 556,745
Net differences between projected and actual earnings on pension plan investments	211,395	-
Changes of assumptions	296,700	-
Differences between expected and actual experience	104,687	21,413
School District contributions subsequent to the measurement date	543,542	-
	\$ 1,649,774	\$ 578,158

The School District reported \$543,542 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	\$ 167,756
2025	128,563
2026	(154,880)
2027	386,635
	\$ 528,074

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*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 (2.25% for Teachers) in the 2019 valuation
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, 2021 valuation 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 Healthy Retiree Mortality Tables for males and females with credibility adjustments, for projected generational mortality improvements using Scale MP-2019, based on the last experience study.

*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	\$ 7,484,137	\$ 5,577,901	\$ 3,993,042

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

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**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 9**  
**WINCHESTER 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	0.0972%	\$ 5,577,901	\$ 2,997,240	186.10%	65.12%
2022	0.0866%	\$ 3,837,770	\$ 3,056,267	125.57%	72.22%
2021	0.1046%	\$ 6,687,665	\$ 2,615,332	255.71%	58.72%
2020	0.1021%	\$ 4,913,701	\$ 2,900,257	169.42%	65.59%
2019	0.1021%	\$ 4,826,769	\$ 2,951,256	163.55%	64.73%
2018	0.0918%	\$ 4,513,063	\$ 2,823,530	159.84%	62.66%
2017	0.0922%	\$ 4,903,106	\$ 2,715,668	180.55%	58.30%
2016	0.0965%	\$ 3,821,220	\$ 2,681,295	142.51%	65.47%
2015	0.1026%	\$ 3,851,664	\$ 2,800,403	137.54%	66.32%
2014	0.0955%	\$ 4,110,415	\$ 2,867,674	143.34%	59.81%

**EXHIBIT 10**  
**WINCHESTER 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	\$ 543,542	\$ (543,542)	\$ -	\$ 2,997,240	18.13%
2022	\$ 564,033	\$ (564,033)	\$ -	\$ 3,056,267	18.45%
2021	\$ 443,020	\$ (443,020)	\$ -	\$ 2,615,332	16.94%
2020	\$ 498,845	\$ (498,845)	\$ -	\$ 2,900,257	17.20%
2019	\$ 483,563	\$ (483,563)	\$ -	\$ 2,951,256	16.38%
2018	\$ 469,951	\$ (469,951)	\$ -	\$ 2,823,530	16.64%
2017	\$ 404,843	\$ (404,843)	\$ -	\$ 2,715,668	14.91%
2016	\$ 398,692	\$ (398,692)	\$ -	\$ 2,681,295	14.87%
2015	\$ 373,967	\$ (373,967)	\$ -	\$ 2,800,403	13.35%
2014	\$ 386,451	\$ (386,451)	\$ -	\$ 2,867,674	13.48%



**COMBINING NONMAJOR AND INDIVIDUAL GENERAL FUND SCHEDULES**

**EXHIBIT 11**  
**WINCHESTER SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Special Revenue Funds		
	Food Service	Student Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,393	\$ 16,356	\$ 23,749
Receivables:			
Accounts	727	-	727
Intergovernmental	42,574	-	42,574
Inventory	6,476	-	6,476
Total assets	<u>\$ 57,170</u>	<u>\$ 16,356</u>	<u>\$ 73,526</u>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	<u>\$ 20,995</u>	<u>\$ -</u>	<u>\$ 20,995</u>
Deferred inflows of resources:			
Deferred revenue	<u>3,588</u>	<u>-</u>	<u>3,588</u>
Fund balances:			
Nonspendable	6,476	-	6,476
Committed	<u>26,111</u>	<u>16,356</u>	<u>42,467</u>
Total fund balances	<u>32,587</u>	<u>16,356</u>	<u>48,943</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,170</u>	<u>\$ 16,356</u>	<u>\$ 73,526</u>

**EXHIBIT 12**  
**WINCHESTER SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2023**

	Special Revenue Funds		
	Food Service	Student Activities	Total
<b>REVENUES</b>			
Local	\$ 6,646	\$ 7,517	\$ 14,163
State	3,035	-	3,035
Federal	263,861	-	263,861
Total revenues	<u>273,542</u>	<u>7,517</u>	<u>281,059</u>
<b>EXPENDITURES</b>			
Current:			
Support services:			
Student	-	12,996	12,996
Non-instructional services	334,406	-	334,406
Total expenditures	<u>334,406</u>	<u>12,996</u>	<u>347,402</u>
Deficiency of revenues under expenditures	(60,864)	(5,479)	(66,343)
Other financing sources:			
Transfers in	<u>24,890</u>	-	<u>24,890</u>
Net change in fund balances	(35,974)	(5,479)	(41,453)
Fund balances, beginning, as restated, see Note III.D.	68,561	21,835	90,396
Fund balances, ending	<u>\$ 32,587</u>	<u>\$ 16,356</u>	<u>\$ 48,943</u>

**EXHIBIT 13**  
**WINCHESTER 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	\$ 5,735,472	\$ 5,735,472	\$ -
Other local sources:			
Transportation	1,500	-	(1,500)
Rent of property	13,800	16,300	2,500
Contributions and donations	-	27	27
Refund of prior year expenditures	-	59,228	59,228
Other	35,000	12,098	(22,902)
Total from other local sources	<u>50,300</u>	<u>87,653</u>	<u>37,353</u>
State sources:			
Adequacy aid (grant)	4,326,068	4,326,249	181
Adequacy aid (tax)	375,661	375,661	-
School building aid	61,928	61,928	-
Catastrophic aid	120,000	168,125	48,125
Other	36,681	36,681	-
Total from state sources	<u>4,920,338</u>	<u>4,968,644</u>	<u>48,306</u>
Federal sources	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Other financing sources:			
Transfers in	<u>200,000</u>	<u>220,922</u>	<u>20,922</u>
Total revenues and other financing sources	10,936,110	<u>\$ 11,012,691</u>	<u>\$ 76,581</u>
Fund balance appropriated	25,000		
Use of fund balance to reduce school district assessment	<u>1,306,586</u>		
Total revenues, other financing sources, and use of fund balance	<u>\$ 12,267,696</u>		

**EXHIBIT 14**  
**WINCHESTER SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations and Expenditures (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2023**

	<u>Appropriations</u>	<u>Expenditures</u>	Variance Positive (Negative)
Current:			
Instruction:			
Regular programs	\$ 4,235,774	\$ 3,782,976	\$ 452,798
Special programs	4,079,177	3,366,370	712,807
Other	29,582	32,248	(2,666)
Total instruction	<u>8,344,533</u>	<u>7,181,594</u>	<u>1,162,939</u>
Support services:			
Student	703,420	952,309	(248,889)
Instructional staff	128,803	107,879	20,924
General administration	67,344	53,414	13,930
Executive administration	286,199	237,511	48,688
School administration	334,153	259,740	74,413
Business	179,816	146,573	33,243
Operation and maintenance of plant	727,792	672,898	54,894
Student transportation	860,609	842,330	18,279
Central	299,527	266,563	32,964
Total support services	<u>3,587,663</u>	<u>3,539,217</u>	<u>48,446</u>
Debt service:			
Principal	175,000	175,000	-
Interest	10,500	6,500	4,000
Total debt service	<u>185,500</u>	<u>181,500</u>	<u>4,000</u>
Other financing uses:			
Transfers out	<u>150,000</u>	<u>174,890</u>	<u>(24,890)</u>
Total appropriations, expenditures and other financing uses	<u>\$ 12,267,696</u>	<u>\$ 11,077,201</u>	<u>\$ 1,190,495</u>

**EXHIBIT 15**  
**WINCHESTER 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, as restated		\$ 1,318,423
Changes:		
Fund balance used to reduce school district assessment		(1,306,586)
Fund balance appropriated		(25,000)
Budget summary:		
Revenue surplus (Exhibit 13)	\$ 76,581	
Unexpended balance of appropriations (Exhibit 14)	<u>1,190,495</u>	
Budget surplus		1,267,076
Increase in nonspendable fund balance		(1,615)
Increase in committed fund balance		<u>(25,000)</u>
Unassigned fund balance, ending		<u><u>\$ 1,227,298</u></u>

**SINGLE AUDIT RELATED INFORMATION**

**EXHIBIT 16**  
**WINCHESTER SCHOOL DISTRICT**  
*Schedule of Expenditures of Federal Awards*  
**For the Fiscal Year Ended June 30, 2023**

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Assistance Listing Number	Pass Through Grantor's Number	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through the State of New Hampshire			
Department of Education			
<b>CHILD NUTRITION CLUSTER</b>			
School Breakfast Program	10.553	N/A	\$ 56,499
National School Lunch Program	10.555	N/A	181,150
Fresh Fruit and Vegetable Program	10.582	N/A	26,212
CLUSTER TOTAL			<u>263,861</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the State of New Hampshire			
Department of Education			
Title I Grants to Local Educational Agencies:			
Title I	84.010	220106	10,284
Title I	84.010	230155	419,131
PROGRAM TOTAL			<u>429,415</u>
<b>SPECIAL EDUCATION CLUSTER</b>			
Special Education - Grants to States:			
IDEA-B	84.027	220255	66,359
IDEA-B	84.027	221317	19,320
IDEA-B	84.027	230301	95,644
CLUSTER TOTAL			<u>181,323</u>
Twenty-First Century Community Learning Centers:			
Title IV	84.287	200503	402
Title IV	84.287	211821	18,531
Title IV	84.287	221217	6,736
Title IV	84.287	231102	4,449
PROGRAM TOTAL			<u>30,118</u>
Rural Education:			
Title V RLIS	84.358	211583	1,091
Title V RLIS	84.358	221049	5,307
PROGRAM TOTAL			<u>6,398</u>
Supporting Effective Instruction State Grants:			
Title IIA	84.367	200592	1,800
Title IIA	84.367	220799	31,124
Title IIA	84.367	230414	199
PROGRAM TOTAL			<u>33,123</u>
Education Stabilization Fund (COVID-19):			
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	211750	126,203
American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER III)	84.425U	221168	534,969
PROGRAM TOTAL			<u>661,172</u>
<b>GRAND TOTAL</b>			<u><u>\$ 1,605,410</u></u>

The notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.



**WINCHESTER SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Winchester School District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to, and does not, present the financial position or changes in financial position of the Winchester School District.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. Commodities**

Included in the expenditures reported under the National School Lunch Program is the value of food commodities used that were received from the Department of Agriculture Surplus Distribution Program. The District recognized expenditures of noncash awards of \$19,633 for such commodities in the year ended June 30, 2023.

**4. De Minimis Cost Rate**

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



# Roberts & Greene, PLLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Winchester 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, and have issued our report thereon dated March 1, 2024. Our opinion on the governmental activities was adverse due to the School District not reporting its OPEB liability and related information, and our opinions on each major fund and the aggregate remaining fund information were unmodified.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Winchester School 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Winchester School 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*.

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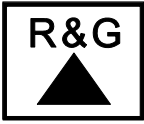
WINCHESTER SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Purpose of this Report**

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

March 1, 2024

*Roberts & Greene, PLLC*



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

### **Report on Compliance for each Major Federal Program**

#### ***Opinion on each Major Federal Program***

We have audited the Winchester School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Winchester School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 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; 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). Our responsibilities under those standards and the 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 School District and to meet our other ethical responsibilities, in accordance with 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 the major federal programs. Our audit does not provide a legal determination of the School 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 School 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 School 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 generally accepted standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of detecting material noncompliance resulting from fraud is higher than

**WINCHESTER SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- 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 School 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 School 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 School District's internal control over compliance. Accordingly, no such opinion is expressed.

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.

***Other Matters***

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the summary of prior audit findings as item 2022-002. Our opinion on compliance for the major programs is not modified with respect to this matter.

The Winchester School District's response to the noncompliance finding in our audit is described in the summary schedule of prior audit findings. The School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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* 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 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

**WINCHESTER SCHOOL DISTRICT  
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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.

March 1, 2024

*Roberts & Heine, PLLC*

**EXHIBIT 17**  
**WINCHESTER SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

***U.S. Department of Education Passed through the New Hampshire Department of Education:  
CFDA 84.425D Elementary and Secondary School Emergency Relief Fund (ESSER)***

**2022-001 Documentation of Employee Time and Effort**

**Criteria:** Per federal regulation 2 CFR section 200.430(i)(1)(vii), the School District must maintain time and effort records for employees who work, all or in part, under federal grants.

**Condition:** The semi-annual certification provided by an employee was not complete and was signed prior to the end of the period worked, as listed on the document.

**Cause:** The School District was unaware of the required detail.

**Effect:** The School District was not in compliance with all of the components of the requirements.

**Recommendation:** We recommend that the School District ensure that all required timesheets include the related employee data and clearly identify the time segregated between federal and non-federal funding. Certification statements should be properly signed and dated and accurately reflect the time period worked.

**Management's Response:** Management agrees with this finding.

**Status:** Corrective action has been taken.

**2022-002 Equipment Management**

**Criteria:** Per federal regulation 2 CFR section 200.516(b)(1), the School District is required to develop and maintain procedures regarding equipment acquired with federal funds.

**Condition:** The School District has not adopted written procedures regarding the inventory and safeguarding of equipment purchased with federal funds.

**Cause:** The School District was unaware of the detailed procedures required with respect to the accountability of federally funded equipment.

**Effect:** The School District is not in compliance with the equipment requirements.

**Recommendation:** We recommend that the School District adopt procedures to maintain property records on federally acquired equipment consistent with the required components identified in 2 CFR section 200.516; the safeguarding of such equipment; and perform an inventory of such equipment no less than once every two years.

**EXHIBIT 17 (continued)**  
**WINCHESTER SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Management's Response:** Management agrees with this finding.

**Status:** The School District has implemented policies and procedures regarding equipment acquired with federal funds, but has not prepared an existing inventory of equipment acquired with federal funds from past years. There were no purchases that would be applicable that were made during the fiscal year ended June 30, 2023.



**EXHIBIT 18**  
**WINCHESTER SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The auditor’s report issued contained an adverse opinion on the financial statements of the governmental activities as described therein, and unmodified opinions on the financial statements of each major fund and the aggregate remaining fund information.
2. There were no material weaknesses identified in the internal control over financial reporting.
3. There were no significant deficiencies identified in the internal control over financial reporting that were not considered to be material weaknesses.
4. There were no findings of noncompliance material to the financial statements noted.

*Federal Awards*

1. There were no material weaknesses identified in the internal control over the major programs.
2. There were no significant deficiencies identified in the internal controls over the major programs that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for the major programs contained an unmodified opinion.
4. The audit finding required to be reported in accordance with the Uniform Guidance is described in Section III of this schedule.
5. The programs tested as major programs were: Assistance Listing No. 84.010: Title I Grants to Local Education Agencies; and Assistance Listing No. 84.425 Education Stabilization Fund (COVID-19).
6. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. The Winchester School District did not qualify as a low-risk auditee.

**Section II – Financial Statement Findings**

**NONE**

*EXHIBIT 18 (continued)*  
*WINCHESTER SCHOOL DISTRICT*  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2023*

**Section III – Federal Award Findings and Questioned Costs**

***U.S. Department of Education Passed through the New Hampshire Department of Education:  
CFDA 84.425D Elementary and Secondary School Emergency Relief Fund (ESSER)***

**2022-002** See accompanying Summary Schedule of Prior Audit Findings for detail of this finding.