



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Moses Lake School District No. 161

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

Published February 24, 2025

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

February 25, 2025

Board of Directors
Moses Lake School District No. 161
Moses Lake, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Moses Lake School District No. 161's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the District's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Moses Lake School District No. 161 are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

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

Internal Control over Financial Reporting:

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

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

Federal Awards

Internal Control over Major Programs:

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

We issued an unmodified opinion on the District's compliance with requirements applicable to each of its major federal programs, with the exception of the 84.425 – COVID-19 - Education Stabilization Fund on which we issued an adverse opinion on compliance with applicable requirements.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

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

<u>ALN</u>	<u>Program or Cluster Title</u>
32.009	COVID - 19 - Emergency Connectivity Fund Program
84.425	COVID - 19 - Education Stabilization Fund

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The District did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Finding 2023-001.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

2023-001 The District did not have adequate internal controls and did not comply with allowable activities and allowable costs requirements.

Assistance Listing Number and Title:	84.425, COVID-19 Education Stabilization Fund
Federal Agency Name:	U.S. Department of Education
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	Office of Superintendent of Public Instruction
Pass-through Award/Contract Number:	84.425D-120577; 84.425D-140538; 84.425D-141605; 84.425D-144003; 84.425D-144536; 84.425D-145069; 84.425D CEP BK; 84.425R CEP LNCH; 84.425R ESSER BKFST; 84.425U-137272; 84.425U-138288; 84.425U-140032; 84.425U-140661; 84.425U-142142; 84.425U-142513; 84.425U-144909; 84.425W-459563
Known Questioned Cost Amount:	\$6,847,834
Prior Year Audit Finding:	N/A

Background

The objectives of the Education Stabilization Fund (ESF) program are to prevent, prepare for and respond to the COVID-19 pandemic. In fiscal year 2023, the District spent a total of \$9,024,475 of its ESF awards. This included \$3,854,220 in the Elementary and Secondary School Emergency Relief Fund (ESSER II) subprogram (84.425D), \$256,118 in the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS/EANS I) subprogram (84.425R), \$4,912,093 in the American Rescue Plan Elementary and Secondary School Emergency Relief (ARP

ESSER/ESSER III) subprogram (84.425U), and \$2,044 in the American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth (ARP-HCY) subprogram (84.425W).

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Federal regulations also establish principles and standards for determining allowable direct and indirect costs for federal awards. Additionally, federal regulations and the Office of Superintendent of Public Instruction require all costs charged to the program to comply with program requirements and recipients to support this compliance with proper documentation that demonstrates costs are allowable.

Description of Condition

The District did not have adequate internal controls to ensure all expenditures it charged to the program were supported with documentation demonstrating the costs were for allowable activities. Our audit found the District charged \$6,847,834 to the ESF program including amounts originally coded to other local, state and federal programs in its accounting system that it transferred to ESF programs through journal entries, plus related ESF indirect costs. However, these journal entries lacked supporting documentation to identify specific expenditures charged to ESF and the District could not demonstrate that the costs from other programs were allowable and complied with ESF program requirements.

We consider these deficiencies in internal controls to be material weaknesses that led to material noncompliance.

Cause of Condition

The District experienced staff turnover and current staff could not locate support for journal entries that former employees prepared to demonstrate costs transferred and charged to the ESF programs were supported, approved, and for allowable costs.

Effect of Condition and Questioned Costs

We found the District requested and received reimbursement for \$6,045,417 in direct costs and \$802,417 in indirect costs that lacked support to demonstrate costs were allowable. Without support identifying specific expenditures charged to the program, the District cannot demonstrate compliance with program requirements and we cannot confirm that costs were allowable, so we are questioning these costs.

Federal regulations require the State Auditor's Office to report known questioned costs that are more than \$25,000 for each type of compliance requirement. We question costs when we find the District has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

Recommendation

We recommend the District improve its controls to ensure all costs it charges to federal programs are allowable and comply with cost principles. We also recommend the District work with the awarding agency to determine audit resolution.

District's Response

The district concurs with the conditions that it had a lack of internal controls in relation to journal entry supporting documentation and a lack of review of journal entries. While some journal entries were reviewed by others, there was a lack of evidence that all, or even most, of the entries were reviewed by another person. For the audit time period, journal entries were posted by two separate individuals. Evidence for journal entries such as monthly treasurer statement entries and apportionment entries can be easily found if not attached to the journal entries. The entries for the movement of expenditures into the ESF program often only had a print out of summary expenditures out of the district's accounting system. These entries show the account codes the money was moved out of and what corresponding account code they were moved into. When looking at these summary account codes and comparing them to the ESF account codes, it allows for analysis of whether the expenditures would fall under allowable expenditures under the grants. This analysis does show that the expenditures, for instance teaching salaries, originally coded as program 01 (Basic Ed) actually do fit the allowable cost under the various ESSER grants. It is understandable that since often only a portion of the original summary amount was moved into the ESF program, the particular person or persons the original code was used for could not be pinpointed. That coupled with the issue that the accounting staff changed over and the person doing the journal entries was not available to ask for their methodology,

the district can see the auditor's decision to write this finding. The district, however, believes that with the broad scope of the ESF program and the broad variety of allowable costs, the expenditures that were claimed under the grant fit the allowable costs and should not have been considered questionable costs. With advice that the districts received on the first ESSER I grants the state gave out, they were told to do journal entries to move the money into the ESSER account codes. It is the district's belief that our former staff simply continued on with this practice through the remaining ESF program grants.

Auditor's Remarks

We appreciate the District's cooperation and assistance during the audit and acknowledge its commitment to improving this condition. We will review the corrective action taken during our next audit

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 403, Factors affecting allowability of costs, describes the cost principles for how direct and indirect costs should be charged to federal programs.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

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

Audit Period: September 1, 2021 through August 31, 2022	Report Ref. No.: 1033231	Finding Ref. No.: 2022-001	Assistance Listing Number(s): 32.009
Federal Program Name and Granting Agency: COVID-19 –Emergency Connectivity Fund Program – Federal Communications Commission		Pass-Through Agency Name: N/A	
Finding Caption: The District did not have adequate internal controls for ensuring compliance with allowable activities and costs, procurement, and restricted purpose requirements			
Background: The District purchased \$277,190 in Wi-Fi hotspots for 89 buses based on its estimate of unmet need. However, the District only had 80 buses in its inventory at the time of reimbursement for the hotspots, and the program specifically prohibited warehousing devices for future use. In addition, the District could not demonstrate it followed state law and its own policy when procuring equipment and services that were charged to the ECF program. As a result, the District was unable to demonstrate compliance with program requirements.			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			
Corrective Action Taken: <i>During the audit, the district had filed an appeal on this finding. The appeal was denied. The district, working through its vendor, paid the money back to the Universal Service Administrative Company (USAC) that we received for the non-allowed devices.</i>			

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

Board of Directors
Moses Lake School District No. 161
Moses Lake, Washington

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Moses Lake School District No. 161, as of and for the year ended August 31, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 14, 2025.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

We noted certain other matters that we will report to the management of the District in a separate letter dated February 20, 2025.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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

PURPOSE OF THIS REPORT

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

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

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

Pat McCarthy, State Auditor

Olympia, WA

February 14, 2025

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

Board of Directors
Moses Lake School District No. 161
Moses Lake, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Adverse and Unmodified Opinions

We have audited the compliance of Moses Lake School District No. 161, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2023. The District's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Adverse Opinion on 84.425 – COVID-19 - Education Stabilization Fund

In our opinion, because of the significance of the matter described below, the District did not comply, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 84.425 – COVID-19 - Education Stabilization Fund for the year ended August 31, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the accompanying Schedule of Findings and Questioned Costs for the year ended August 31, 2023.

Basis for Adverse and Unmodified Opinions

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 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 adverse and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on 84.425 – COVID-19 - Education Stabilization Fund

As described in the accompanying Schedule of Findings and Questioned Costs and in Finding 2023-001, the District did not comply with the requirements regarding 84.425 – COVID-19 – Education Stabilization Fund for allowable activities and allowable costs requirements. Compliance with such requirements is necessary, in our opinion for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other 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 in internal control over compliance* is a deficiency, or a

combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

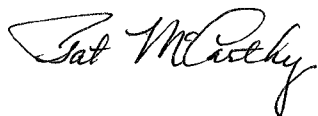
However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2023-001, that we consider to be a material weakness.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

February 14, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

Board of Directors
Moses Lake School District No. 161
Moses Lake, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Unmodified and Adverse Opinions

We have audited the financial statements of Moses Lake School District No. 161, as of and for the year ended August 31, 2023, and the related notes to the financial statements, as listed in the financial section of our report.

Unmodified Opinion on Regulatory Basis of Accounting (Accounting Manual)

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the regulatory basis financial position of Moses Lake School District No. 161, as of the year ended August 31, 2023, and the regulatory basis of changes in financial position thereof for the year then ended, on the basis of accounting as described in Note 1.

Adverse Opinion on U.S. GAAP

The financial statements referred to above were not intended to, and in our opinion they do not, present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Moses Lake School District No. 161, as of August 31, 2023, or the changes in financial position or cash flows thereof for the year then ended, because of the significance of the matter discussed below.

Basis for Unmodified and Adverse Opinions

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

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

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

Matter of Emphasis

As discussed in Note 1 to the financial statements, in 2023, the District adopted new accounting guidance for financial reporting for Subscription Based IT Arrangements (SBITAs) as required by the Accounting Manual. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal*

Awards (Uniform Guidance). The Schedule of Long-Term Liabilities is also presented for purposes of additional analysis, as required by the prescribed Accounting Manual. These schedules are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Pat McCarthy". The signature is fluid and cursive, with the first name "Pat" and last name "McCarthy" clearly distinguishable.

Pat McCarthy, State Auditor

Olympia, WA

February 14, 2025

FINANCIAL SECTION

Moses Lake School District No. 161 September 1, 2022 through August 31, 2023

FINANCIAL STATEMENTS

Balance Sheet – Governmental Funds – 2023

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2023

Notes to Financial Statements – 2023

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Long-Term Liabilities – 2023

Schedule of Expenditures of Federal Awards – 2023

Notes to the Schedule of Expenditures of Federal Awards – 2023

Moses Lake School District No. 161
Balance Sheet - Governmental Funds
August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Assets							
Cash and Cash Equivalents	12,520,067.22	987,314.37	721,449.06	58,110.90	0.00	0.00	14,286,941.55
Minus Warrants Outstanding	-10,793,903.66	-42,676.86	0.00	-176,029.52	0.00	0.00	-11,012,610.04
Taxes Receivable	4,850,109.74		3,754,326.51	0.00	0.00		8,604,436.25
Due From Other Funds	67,581.04	0.00	0.00	371,219.11	0.00	0.00	438,800.15
Due From Other Governmental Units	9,249,868.79	0.00	0.00	0.00	0.00	0.00	9,249,868.79
Accounts Receivable	12,500.00	0.00	0.00	0.00	0.00	0.00	12,500.00
Interfund Loans Receivable	0.00			0.00			0.00
Accrued Interest Receivable	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	111,495.29	0.00		0.00			111,495.29
Prepaid Items	0.00	0.00			0.00	0.00	0.00
Investments	4,881,332.73	72,139.32	4,048,471.42	11,093,758.44	782,701.58	0.00	20,878,403.49
Investments/Cash With Trustee	575,726.88		0.00	0.00	0.00	0.00	575,726.88
Investments-Deferred Compensation	0.00			0.00			0.00
Self-Insurance Security Deposit	0.00						0.00
TOTAL ASSETS	21,474,778.03	1,016,776.83	8,524,246.99	11,347,058.93	782,701.58	0.00	43,145,562.36
DEFERRED OUTFLOWS OF RESOURCES:							
Deferred Outflows of Resources - Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL DEFERRED OUTFLOWS OF RESOURCES	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	21,474,778.03	1,016,776.83	8,524,246.99	11,347,058.93	782,701.58	0.00	43,145,562.36
LIABILITIES							
Accounts Payable	1,435,089.48	5,264.41	0.00	1,021,871.45	0.00	0.00	2,462,225.34
Contracts Payable Current	0.00	0.00		0.00	0.00	0.00	0.00
Accrued Interest Payable			0.00				0.00

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

Moses Lake School District No. 161
Balance Sheet - Governmental Funds
August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Accrued Salaries	27,740.25						27,740.25
Anticipation Notes Payable	0.00		0.00		0.00		0.00
LIABILITIES:							
Payroll Deductions and Taxes Payable	193.45			0.00			193.45
Due To Other Governmental Units	8,357.04	262.38		102.48	0.00	0.00	8,721.90
Deferred Compensation Payable	0.00			0.00			0.00
Estimated Employee Benefits Payable	0.00						0.00
Due To Other Funds	355,646.29	65,572.82	0.00	17,581.04	0.00	0.00	438,800.15
Interfund Loans Payable	0.00		0.00	0.00	0.00		0.00
Deposits	0.00	0.00		0.00			0.00
Unearned Revenue	0.00	0.00	0.00	0.00	0.00		0.00
Matured Bonds Payable			0.00				0.00
Matured Bond Interest Payable			0.00				0.00
Arbitrage Rebate Payable	0.00		0.00	0.00	0.00		0.00
TOTAL LIABILITIES	1,827,026.51	71,099.61	0.00	1,039,554.97	0.00	0.00	2,937,681.09
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue	61,244.50	95,891.50	0.00	0.00	0.00	0.00	157,136.00
Unavailable Revenue - Taxes Receivable	4,850,109.74		3,754,326.51	0.00	0.00		8,604,436.25
TOTAL DEFERRED INFLOWS OF RESOURCES	4,911,354.24	95,891.50	3,754,326.51	0.00	0.00	0.00	8,761,572.25
FUND BALANCE:							
Nonspendable Fund Balance	111,495.29		0.00	0.00	0.00	0.00	111,495.29
Restricted Fund Balance	873,138.36	849,785.72	4,769,920.48	10,307,503.96	782,701.58	0.00	17,583,050.10
Committed Fund Balance	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assigned Fund Balance	575,726.88	0.00	0.00	0.00	0.00	0.00	575,726.88

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

Moses Lake School District No. 161
Balance Sheet - Governmental Funds
August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Unassigned Fund Balance	13,176,036.75	0.00	0.00	0.00	0.00	0.00	13,176,036.75
TOTAL FUND BALANCE	14,736,397.28	849,785.72	4,769,920.48	10,307,503.96	782,701.58	0.00	31,446,309.02
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCE	21,474,778.03	1,016,776.83	8,524,246.99	11,347,058.93	782,701.58	0.00	43,145,562.36

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

Moses Lake School District No. 161

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

For the Year Ended August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
REVENUES:							
Local	8,054,619.54	568,565.67	7,876,307.79	235,230.15	8,516.74		16,743,239.89
State	116,394,025.12		0.00	16,385,113.23	726,345.63		133,505,483.98
Federal	22,414,499.92		57.90	0.00	0.00		22,414,557.82
Other	539,573.59			0.00	0.00	0.00	539,573.59
TOTAL REVENUES	147,402,718.17	568,565.67	7,876,365.69	16,620,343.38	734,862.37	0.00	173,202,855.28
EXPENDITURES:							
CURRENT:							
Regular Instruction	73,478,552.98						73,478,552.98
Special Education	18,537,098.74						18,537,098.74
Vocational Education	4,339,071.15						4,339,071.15
Skill Center	2,597,727.70						2,597,727.70
Compensatory Programs	13,555,134.27						13,555,134.27
Other Instructional Programs	313,323.83						313,323.83
Federal Stimulus COVID-19	8,747,250.39						8,747,250.39
Community Services	347,507.14						347,507.14
Support Services	30,418,835.68						30,418,835.68
Student Activities/Other		548,502.46				0.00	548,502.46
CAPITAL OUTLAY:							
Sites				6,642.26			6,642.26
Building				9,432,197.42			9,432,197.42
Equipment				0.00			0.00
Instructional Technology				0.00			0.00
Energy				0.00			0.00
Transportation Equipment					598,522.60		598,522.60
Sales and Lease				0.00			0.00
Other	777,013.10						777,013.10
DEBT SERVICE:							
Principal	235,591.74		3,300,000.00	0.00	0.00		3,535,591.74

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

Moses Lake School District No. 161

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

For the Year Ended August 31, 2023

	General Fund	ASB Fund	Debt Service Fund	Capital Projects Fund	Transportation Vehicle Fund	Permanent Fund	Total
Interest and Other Charges	13,556.71		3,328,928.34	0.00	0.00		3,342,485.05
Bond/Levy Issuance				0.00	0.00		0.00
TOTAL EXPENDITURES	153,360,663.43	548,502.46	6,628,928.34	9,438,839.68	598,522.60	0.00	170,575,456.51
REVENUES OVER (UNDER) EXPENDITURES	-5,957,945.26	20,063.21	1,247,437.35	7,181,503.70	136,339.77	0.00	2,627,398.77
OTHER FINANCING SOURCES (USES) :							
Bond Sales & Refunding Bond Sales	0.00		0.00	0.00	0.00		0.00
Long-Term Financing	52,200.00			0.00	0.00		52,200.00
Transfers In	0.00		0.00	0.00	0.00		0.00
Transfers Out (GL 536)	0.00		0.00	0.00	0.00	0.00	0.00
Other Financing Uses (GL 535)	0.00		0.00	0.00	0.00		0.00
Other	159.92		0.00	0.00	0.00		159.92
TOTAL OTHER FINANCING SOURCES (USES)	52,359.92		0.00	0.00	0.00	0.00	52,359.92
EXCESS OF REVENUES/OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-5,905,585.34	20,063.21	1,247,437.35	7,181,503.70	136,339.77	0.00	2,679,758.69
BEGINNING TOTAL FUND BALANCE	20,641,982.62	829,722.51	3,522,483.13	3,126,000.26	646,361.81	0.00	28,766,550.33
Prior Year(s) Corrections or Restatements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ENDING TOTAL FUND BALANCE	14,736,397.28	849,785.72	4,769,920.48	10,307,503.96	782,701.58	0.00	31,446,309.02

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

MOSES LAKE SCHOOL DISTRICT #161
Notes to Financial Statements
September 1, 2022 through August 31, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Fund Accounting

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

Governmental Funds

General Fund

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

Capital Projects Funds

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

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

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

Debt Service Fund

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

Special Revenue Fund

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

Measurement focus, basis of accounting, and fund financial statement presentation

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

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

Budgets

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

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

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

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

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

The government's fund balance classifications policies and procedures.

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

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

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

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

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

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

The Superintendent and/or Chief Operating Officer are the only persons who have the authority to create Assignments of fund balance.

Unassigned Fund Balance. In the General Fund, amounts that are reported as Unassigned are those net spendable resources of the District that are not otherwise Restricted, Committed, or Assigned, and may be used for any purpose within the General Fund.

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

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

Cash and Cash Equivalents

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

Receivables and Payables

All receivables are expected to be collected within one year or less.

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

The District follows the modified accrual basis of accounting in its treatment of leases and SBITAs. Agreements are evaluated regarding the lease term, payments, and discount rates as well as materiality to the District's financial position. The District's capitalization threshold for recognition of lease and SBITAs is \$5,000. Arrangements that are considered short term or do not meet capitalization thresholds are treated as revenues and expenditures in the current year.

Inventory

Inventory is valued at cost using the weighted average method. The consumption method of inventory is used, which charges inventory as an expenditure when it is consumed. A portion of fund balance, representing inventory, is considered Nonspendable. Such reserves for inventory indicate that a portion of net current assets is set aside to replace or increase the inventory. USDA commodity inventory consists of food donated by the United States Department of Agriculture. It is valued at the prices paid by the USDA for the commodities.

Accounting and Reporting Changes

Subscription-Based Information Technology Arrangements (SBITA)

For the year ended August 31, 2023, the District implemented guidance for the presentation and disclosures of Subscription-Based Information Technology Arrangements (SBITA), as required by the School District Accounting Manual. These changes were in response to the provisions of GASB Statement No. 96. As a result, the impact to the District of the adoption of the new SBITA requirements include:

- Beginning balances for SBITAs presented on the Schedule of Long-Term Liabilities have been restated to reflect implementation of these requirements.

Information regarding the District's SBITAs are presented in the SBITAs note, as applicable.

NOTE 2: DEPOSITS AND INVESTMENTS

All of the District's bank balances are insured by the Federal Depository Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

Statutes authorize the District to invest in (1) securities, certificates, notes, bonds, short-term securities, or other obligations of the United States, and (2) deposits in any state bank or trust company, national banking association, stock savings bank, mutual savings bank, savings and loan association, and any branch bank engaged in banking in the state in accordance with RCW 30.04.300 if the institution has been approved by the Public Deposit Protection Commission to hold public deposits and has segregated eligible collateral having a value of not less than its maximum liability.

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

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

The district's participation in the Grant County Investment Pool is voluntary and the pool does not have a credit rating. The district reports its investment in the pool at the fair value amount, which is the same as the value of the pool per share. The fair value of the district's investment in the pool is measured using a net asset value (NAV) as determined by the pool. The pool maintains a weighted average maturity of 950 days.

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

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

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

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

	District's own investments	Investments held by District as an agent for other organizations	Total
State Treasurer's Investment Pool	-	-	-
County Treasurer's Investment Pool	\$20,878,403.49	-	\$20,878,403.49
Total	\$20,878,403.49	-	\$20,878,403.49

NOTE 3: SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

In February 2020, Governor Inslee declared a state of emergency in response to the spread of a deadly new virus. In the weeks following the declaration, precautionary measures to slow the spread of the virus were ordered. These measures included closing schools, canceling public events, limiting gathering size, and requiring people to stay home unless they were leaving for an essential function. On April 6, 2020, the Governor closed all public and private K-12 school buildings throughout the remainder of the 2019-20 school year. The school district, however, continued to operate, educating students using continuous learning models.

Many of the precautionary measures put in place during the 2019-20 and 2020-21 school year have been lifted. However, the District's enrollment continues to be approximately 1.0 - 1.5% less in the 2023-24 school year as compared to pre-pandemic numbers. The district has used federal relief funds to offset decreases in funding and provide increased support to its students. These funds are expected to be available through September 2024.

The district also experienced an unanticipated increase in unemployment compensation costs due to rate increases from the Employment Security Department. The district belongs to an unemployment pool offered through ESD 171 and was able to offset some of the rate increase through a rate reduction in the worker's compensation pool.

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

In February and April of 2024, the District had subsequent levy failures. In May of 2024, the District discovered that it had failed to reverse out revenue accruals that were done in the prior year-end process. This caused the district to place a spending freeze through the remainder of the 2023-24 school year. In preparing for the 2024-25 school year, the district implemented a Reduction-In-Force (RIF) that reduced certificated staff by 113 FTE and classified staff by 100 FTE. The district also made major reductions to the materials, supplies, purchased services and operating costs which allowed for a balanced 2024-25 school year budget.

NOTE 4: ANNUAL PENSION COST AND NET PENSION OBLIGATIONS

General Information

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

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

The Collective Net Pension Liability (Asset)

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

The Collective Net Pension Liability as of June 30, 2023				
	Total Pension Liability	Plan fiduciary net position	Participating employers' net pension liability	Plan fiduciary net position as a percentage of the total pension liability
PERS 1	\$11,508,253,000	\$9,225,521,000	\$2,282,732,000	80.16%
SERS 2/3	\$9,283,864,000	\$9,427,008,000	(\$143,144,000)	101.54%
TRS 1	\$8,491,576,000	\$7,225,059,000	\$1,266,517,000	85.09%
TRS 2/3	\$24,937,867,000	\$25,060,682,000	(\$122,815,000)	100.49%

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

Membership Participation

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

Membership & Plan Benefits

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

TRS Plan Information

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

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

TRS Plan 1 provides retirement, disability and death benefits. Retirement benefits are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service – up to a maximum of 60%. AFC is the average of the member's two consecutive highest-paid fiscal years.

Members are eligible for retirement at any age after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. Other benefits include temporary and permanent disability payments, an optional cost-of-living adjustment (COLA).

TRS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated using 2% of the member's Average Final Compensation (AFC) times the member's years of service. Retirement defined benefits for Plan 3 are calculated using 1% of AFC time the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service credit months. TRS Plan 2/3 has no cap on years of service credit.

Members are eligible for retirement with a full benefit at the age of 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. TRS Plan 2/3 members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age, for each year before age 65. TRS Plan 2/3 retirement benefits are actuarially reduced to reflect the choice of a survivor benefit.

Other TRS Plan 2/3 benefits include a Cost-of-Living Adjustment (COLA) based on the Consumer Price Index, capped at 3% annually.

Annuities purchased with Plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a COLA of 3% annually.

TRS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. Members are eligible to withdraw their defined contribution upon separation. Members have multiple withdrawal options, include purchase of an annuity.

PERS Plan Information

PERS was established in 1947, and its retirement benefit provisions are contained in Chapters 41.34 and 41.40 RCW. PERS is a cost-sharing, multiple-employer retirement system. PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as 2% times the member's Average Final Compensation (AFC) times the member's years of service. AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service.

PERS Plan 1 retirement benefits are actuarially reduced if a survivor benefit is chosen. Members retiring from inactive status before age of 65 may receive actuarially reduced benefits. Other benefits include an optional cost-of-living adjustment (COLA).

SERS Plan Information

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

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

SERS provides retirement, disability and death benefits. Retirement benefits for Plan 2 are calculated as 2% times the member's Average Final Compensation (AFC) times the member's years of service. Defined benefits for Plan 3 are calculated using 1% times the member's AFC times the member's years of service. AFC is the monthly average of the member's 60 consecutive highest-paid service months.

Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. SERS members, who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a reduced benefit. The benefit is reduced by a factor that varies according to age, for each year before age 65.

SERS Plan 2/3 retirement benefits are actuarially reduced if a survivor benefit is chosen.

Other SERS 2/3 benefits include a Cost-of-Living adjustment (COLA) (based on the Consumer Price Index), capped at 3% annually.

SERS 3 defined contribution benefits are totally dependent on employee contributions and the investment earnings on those contributions. Annuities purchased with Plan 3 defined contributions that are invested within the WSIB TAP are considered defined benefits. Plan 3 WSIB TAP annuities are actuarially reduced if a survivor benefit is chosen and TAP annuities include a COLA of 3% annually.

Plan Contributions

The employer contribution rates for PERS, TRS, and SERS (Plans 1, 2, and 3) and the TRS and SERS Plan 2 employee contribution rates are established by the Pension Funding Council based upon the rates set by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW for PERS, Chapters 41.35 and 41.45 RCW for SERS, and Chapters 41.32 and 41.45 RCW for TRS. Employers do not contribute to the defined contribution portions of TRS Plan 3 or SERS Plan 3. Under current law the employer must contribute 100 percent of the employer-required contribution. The employee contribution rate for Plan 1 in PERS and TRS is set by statute at six percent and does not vary from year to year.

The employer and employee contribution rates for all plans were effective as of September 1, 2022. PERS contribution rates changed on July 1, 2023. The pension plan contribution rates (expressed as a percentage of covered payroll) for fiscal year 2023 are listed below:

	From this Date	Through this date	Member rate	Employer Rate	
PERS 1	7/1/2022	6/30/2023	6.00%	10.39%	
PERS 1	7/1/2023	8/31/2023	6.00%	9.39%	
SERS 2	9/1/2022	8/31/2023	7.76%	11.79%	
SERS 3	9/1/2022	8/31/2023	*	11.79%	**
TRS 1	9/1/2022	8/31/2023	6.00%	14.69%	
TRS 2	9/1/2022	8/31/2023	8.05%	14.69%	
TRS 3	9/1/2022	8/31/2023	*	14.69%	**
<i>Note: The Employer rates include .0018 DRS administrative expense.</i>					
* -TRS and SERS Plan 3 Employee Contribution Variable from 5% to 15% based on rate selected by the employee member.					
** - TRS and SERS Plan 2/3 Employer Contributions for defined benefit portion only.					

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

At June 30, 2023, the school district reported a total liability of \$12,091,369 for its proportionate shares of the individual plans' collective net pension liability and \$1,880,128 for its proportionate shares of net pension assets. Proportions of net pension amounts are based on annual contributions for each of the employers participating in the DRS administered plans. At June 30, 2023, the district's proportionate share of each plan's net pension liability is reported below:

June 30, 2023	PERS 1	SERS 2/3	TRS 1	TRS 2/3
District's Annual Contributions	819,878	1,662,350	3,982,281	4,983,067
Proportionate Share of the Net Pension Liability (Assets)	2,746,509	(975,702)	9,344,860	(904,426)

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

Change in Proportionate Shares	PERS 1	SERS 2/3	TRS 1	TRS 2/3
Current year proportionate share of the Net Pension Liability (or) Asset	0.120317%	0.681623%	0.737839%	0.736413%
Prior year proportionate share of the Net Pension Liability (or) Asset	0.117808%	0.648288%	0.717130%	0.717346%
Net difference percentage	0.002509%	0.033335%	0.020709%	0.019068%

Actuarial Assumptions

The total pension liabilities for TRS 1, TRS 2/3, PERS 1 and SERS 2/3 were determined by actuarial valuation as of June 30, 2022 with the results rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Inflation	2.75% total economic inflation, 3.250% salary inflation
Salary increases	In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
Investment rate of return	7.00%

Mortality Rates

Mortality rates used in the plans were developed using the Society of Actuaries' Pub.H-2010 Mortality rates, which vary by member status as the base table. OSA applies age offsets for each system to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017 generational improvement scale to project mortality rates for every year after the 2010 base table. The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the 2013–2018 *Demographic Experience Study Report and the 2021 Economic Experience Study*. Additional assumptions for subsequent events and law changes are current as of the 2022 actuarial valuation report.

Long-term Expected Rate of Return

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

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

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

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

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

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

TRS1, TRS 2/3, PERS 1, and SERS 2/3		
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%

The inflation component used to create the above table is 2.20 percent, and represents WSIB's most recent long-term estimate of broad economic inflation consistent with their 2021 CMAs.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members.

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

Sensitivity of the Net Pension Liability (Asset)

The following table presents the Moses Lake School District's proportionate share of the collective net pension liability or asset calculated using the discount rate of 7.00%, as well as what the net pension liability or asset would be if it were calculated using a discount rate that is one percentage-point lower (6.00%) or one percentage-point higher (8.00%) than the current rate. Amounts are calculated using the school district's specific allocation percentage, by plan, to determine the proportionate share of the collective net pension liability.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$3,189,149,000	\$2,282,732,000	\$1,491,643,000
% NPL	0.120317%	0.120317%	0.120317%
District's PERS 1	\$3,837,081	\$2,746,509	\$1,794,697
SERS 2/3	\$1,168,408,000	(\$143,144,000)	(\$1,224,160,000)
% NPL	0.681623%	0.681623%	0.681623%
District's SERS 2/3	\$7,964,136	(\$975,705)	(\$8,344,154)
TRS 1	\$1,927,853,000	\$1,266,517,000	\$688,424,000
% NPL	0.737839%	0.737839%	0.737839%
District's TRS 1	\$14,224,457	\$9,344,860	\$5,079,463
TRS 2/3	\$3,965,509,000	(\$122,815,000)	(\$3,446,561,000)
Allocation Percentage	0.736413%	0.736413%	0.736413%
District's TRS 2/3	\$29,202,542	(\$904,426)	(\$25,380,939)

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

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

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

Employers participating in the plan include the state of Washington (which includes general government agencies and higher education institutions), political subdivisions and tribal governments. Additionally, the PEBB plan is available to the retirees of the K-12 school districts and ESDs. The District's retirees (approximately 403 are eligible to participate in the PEBB plan under this arrangement.

Eligibility

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

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

Medical Benefits

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

Members not eligible for Medicare (or enrolled in Part A only)			
Descriptions	Type of Coverage		
	Employee	Employee & Spouse	Full Family
Kaiser Permanente NW Classic	\$841.77	\$1,678.60	\$2,306.22
Kaiser Permanente NW CDHP	\$700.40	\$1,394.80	\$1,870.59
Kaiser Permanente WA Classic	\$836.57	\$1,668.20	\$2,291.92
Kaiser Permanente WA CDHP	\$699.88	\$1,393.04	\$1,869.16
Kaiser Permanente WA Sound Choice	\$715.63	\$1,426.32	\$1,959.34
Kaiser Permanente WA Value	\$764.09	\$1,523.24	\$2,092.60
UMP Classic	\$805.36	\$1,605.78	\$2,206.10
UMP Select	\$729.13	\$1,453.32	\$1,996.46
UMP CDHP	\$704.42	\$1,402.12	\$1,881.65
UMP Plus-Puget Sound High Value Network	\$766.95	\$1,528.96	\$2,100.47
UMP Plus-UW Medicine Accountable Care Network	\$766.95	\$1,528.96	\$2,100.47

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

Members enrolled in Part A and B of Medicare			
Descriptions	Type of Coverage		
	Employee	Employee & Spouse(1)	Full Family(1)
Kaiser Permanente NW Senior Advantage	\$176.13	\$347.32	\$974.94
Kaiser Permanente WA Medicare Plan	\$174.59	\$344.24	N/A
Kaiser Permanente WA Classic	N/A	N/A	\$967.96

Kaiser Permanente WA Sound Choice	N/A	N/A	\$877.26
Kaiser Permanente WA Value	N/A	N/A	\$913.60
UMP Classic	\$438.34	\$871.74	\$1,472.06
Note 1: Employee-Spouse and Full Family with two Medicare eligible subscribers.			

Funding Policy

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

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

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

For the fiscal year 2022-23, the Moses Lake School District paid \$ 14,911,958 in total to HCA-SEBB.

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

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

NOTE 6: LEASES

The District is committed under various leases for its copiers, postage equipment, and facility space. The leasing arrangements are as follows: monthly payments for the duration of the lease, terms in excess of 12 months, and options to renew at the end of the leasing period. The District recognized principal and interest payments of \$231,748 related to its leases in 2022-23.

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

Year ended August 31	Principal	Interest	Total
2024	\$92,793.91	\$7,130.62	\$99,924.53

2025	\$66,917.05	\$4,622.51	\$71,539.56
2026	\$62,467.64	\$2,472.38	\$64,940.02
2027	\$41,868.22	\$518.19	\$42,386.41
Total	\$264,046.82	\$14,743.70	\$278,790.52

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

NOTE 7: OTHER SIGNIFICANT COMMITMENTS

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

Project	Project Authorization Amount	Expended as of 8/31/2023	Additional Local Funds Committed	Additional State Funds Committed
Groff Elementary	\$26,727,446	\$24,199,382	\$250,000	\$4,084,462
Vanguard Academy	\$69,000,361	\$62,347,772	\$250,000	\$21,113,043

Encumbrances

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

Fund	Amount
General	\$809,317.72
ASB	\$1,082.95
Capital Projects	\$8,889,861.67

NOTE 8: REQUIRED DISCLOSURES ABOUT CAPITAL ASSETS

The district's capital assets were insured in the amount of \$426,645,810 for fiscal year 2022-23. In the opinion of the District's insurance consultant, this amount is sufficient to adequately fund replacement of the District's assets.

NOTE 9: REQUIRED DISCLOSURES ABOUT LONG-TERM LIABILITIES

Long-Term Debt

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

Governmental Activities	Balance at Sept 1, 2022	Increases	Decreases	Balance at Aug 31, 2022	Due within One Year
General Obligation Bonds	\$90,250,000	\$0	\$3,300,000	\$86,950,000	\$4,185,000

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

Issue Name	Amount Authorized	Annual Installments	Final Maturity	Interest Rate(s)	Amount Outstanding
General Obligation Bonds	\$ 6,315,000	varies	12-1-28	varies	\$ 5,400,000
General Obligation Bonds	\$18,725,000	varies	12-1-26	varies	\$8,925,000
General Obligation Bonds	\$44,585,000	varies	12-1-36	varies	\$41,210,000
General Obligation Bonds	\$32,630,000	varies	12-1-38	varies	\$31,415,000
Total General Obligation Bonds	\$102,255,000				\$86,950,000

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

Year Ending	Principal	Interest	Total
2024	\$ 4,185,000.00	\$ 3,820,575.00	\$ 8,005,575.00
2025	\$ 2,685,000.00	\$ 3,662,475.00	\$ 6,347,475.00
2026	\$ 2,970,000.00	\$ 3,527,125.00	\$ 6,497,125.00
2027	\$ 3,275,000.00	\$ 3,379,700.00	\$ 6,654,700.00
2028	\$ 3,595,000.00	\$ 3,246,975.00	\$ 6,841,975.00
2029-2033	\$ 24,395,000.00	\$ 13,303,975.00	\$ 37,698,975.00
2034-2038	\$ 40,845,000.00	\$ 5,654,600.00	\$ 46,499,600.00
2039	\$ 5,000,000.00	\$ 100,000.00	\$ 5,100,000.00
	<u>\$ 86,950,000.00</u>	<u>\$ 36,695,425.00</u>	<u>\$ 123,645,425.00</u>

At August 31, 2023, the District had \$4,117,320 available in the Debt Service Fund to service the general obligation bonds.

NOTE 10: ENTITY RISK MANAGEMENT ACTIVITIES

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

Property/Liability

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

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

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

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

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

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

The program is fully funded by its member participants. Claims are filed by members with Clear Risk Solutions, which has been contracted to perform program administration, claims, adjustment and

administration and loss prevention for the program. Fees paid to the third- party administrator under this arrangement for the year ended August 31, 2023 were \$3,297,083.

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

Worker's Compensation

Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint self-insuring to the same extent that they may individually self-insure. Separate agreements to form a workers' compensation pool were made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The North Central Washington Workers' Compensation Pool was formed on April 1, 1984, when school districts and North Central Educational Service District in the State of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses. Twenty-nine school districts and North Central Educational Service District (NCESD) have joined the workers' compensation pool while twenty-six school districts and NCESD have joined the unemployment pool.

These pools are operated for the Moses Lake School District's benefit in lieu of the district having to make monthly premium payments to the State of Washington for unemployment and industrial insurance. Membership automatically renews each year. Even after termination, members are still responsible for contributions for unresolved claims occurring during a period when the District was a member of the pool.

The pools are governed by a board of directors which is comprised of one designated representative from each participating member. An executive committee is elected for conducting the business affairs of each pool.

Each member's contributions to the pools are determined by an annual actuarial study. In fiscal year ending August 31, 2023, Moses Lake School District made payments totaling \$984,022.65 to the industrial insurance pool and \$96,599.31 to the unemployment insurance pool.

Compensated Absences and Unemployment

The District is a member of the North Central Compensated Absences Liability Pool with the North Central ESD. Funds held at the NCESD are reported as assets in the District's Annual Financial Statement.

NOTE 11: PRIOR PERIOD CORRECTIONS

The District recorded a prior period correction in the Capital Projects Fund of \$1,785,123 to accrue a construction invoice back to the 2021-22 fiscal year. The warrant was issued and recorded in October 2022 for work performed in the prior year.

NOTE 12: PROPERTY TAXES

Property tax revenues are collected as the result of special levies passed by the voters in the District. Taxes are levied on January 1. The taxpayer has the obligation of paying all taxes on April 30 or one-half then and one-half on October 31. Typically, slightly more than half of the collections are made on the April 30 date. The tax collections occurring after the end of the fiscal period are unavailable for revenue accrual. Therefore, the fall portion of property taxes is not accrued as revenue. Instead, the property taxes due after the end of the fiscal period are recorded as deferred inflow of resources.

NOTE 13: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Beginning in 2013-14, operation of a cooperative program to service the district's buses and those of neighboring districts are included in these financial statements. For the current fiscal year, these General Fund cooperative revenues totaled \$138,384. Expenditures related to the cooperative totaled \$138,384.

The district is a member of the King County Directors' Association (KCDA). KCDA is a purchasing cooperative designed to pool the member districts' purchasing power. The board authorized joining the association by passing a Board Resolution and has remained in the joint venture ever since. The district's current equity of \$72,881.20 is the accumulation of the annual assignment of KCDA's operating loss based upon the percentage derived from KCDA's total sales to the district compared to all other districts applied against paid administrative fees. The district may withdraw from the joint venture and will receive its equity in ten annual allocations of merchandise or 15 annual payments.

In 2022, the Moses Lake School District purchased \$2,031,043.83 through KCDA contracts. Service fees attributable to the district amounted to \$72,687.87. This service fee amount is used as the basis for allocating net surplus (or deficit) to member school districts.

NOTE 14: FUND BALANCE CLASSIFICATION DETAILS

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

	General Fund	ASB Fund	Capital Projects Fund	Debt Service Fund	Transp Vehicle Fund
Nonspendable Fund Balance					
Inventory and Prepaid Items	\$111,495				
Restricted Fund Balance					
For Carryover of Restricted Revenue	\$610,611				
For Carryover of Food Service Revenue	\$262,527				
For Fund Purpose		\$849,786		\$4,769,920	\$782,702
Restricted from Bond Proceeds			\$10,155,741		
Restricted from State Proceeds			\$86,439		
Restricted from Other Proceeds			\$1,850,447		
Assigned Fund Balance					
Fund Purposes	\$575,727				

Unassigned Fund Balance	\$711,884				
Minimum Fund Bal Policy	\$12,464,153				
Prior Year Corrections			(\$1,785,123)		
TOTAL	\$14,736,397	\$849,786	\$10,307,504	\$4,769,920	\$782,702

The Board of Directors has established a minimum fund balance policy for the general fund to provide for financial stability and contingencies within the District. The policy is that the District shall maintain a target goal of 12.5% of the prior year's General Fund expenditures to address potential District needs. Portions of fund balance that are set aside for the purpose of meeting this policy are recorded on the financial statements as a part of unassigned fund balance.

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

457 Plan - Deferred Compensation Plans

District employees have the option of participating in a deferred compensation plan as defined in Section 457 of the Internal Revenue Code that is administered by the state deferred compensation plan. The District does not make employer contributions to the plan.

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

The district offers a tax deferred annuity plan for its employees. The plan permits participants to defer a portion of their salary under elective deferrals (employee contributions) only.

The district complies with IRS regulations that require school districts to have a written plan to include participating investment companies, types of investments, loans, transfers and various requirements. The plan is administered by TSA Consulting Group. Plan assets are assets of the school district employees, not the school district, and are therefore not reflected on these financial statements.

NOTE 16: TERMINATION BENEFITS

Compensated Absences

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

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

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

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

No unrecorded liability exists for other employee benefits.

NOTE 17: OTHER DISCLOSURES

Skill Center Core Campus

The District is the host district for the Columbia Basin Technical Skill Center, a regional program designed to provide career and technical education opportunities to students in participating districts. The purpose of a Skill Center is to enhance the career and technical education course offerings among districts by avoiding unnecessary duplication of courses.

The Columbia Basin Technical Skill Center was created by an agreement of nine member districts. The Skills Center is governed by an Administrative Council, comprised of the superintendents, or their appointed representatives, or each member district. The Skill Center administration is handled through a director, employed by the District.

As host district, the District has the following responsibilities:

1. Employ staff of the Skill Center
2. Act as fiscal agent for the Skill Center and maintain separate accounts and fund balances for each fund.
3. Review and adopt the Skill Center budget as a part of the District's overall budget.
4. Provide such services as may be mutually agreed upon by the District and the Skill Center.

Sources of Funding

The Skill Center is primarily funded by state apportionment, based on the number of students who attend the Skill Center. Other sources of income include federal grants from the Carl D. Perkins program, fees, and payments from member districts.

Capital Improvements

The District collects an annual fee from all participating districts for the Capital Projects Maintenance Fund. These funds are used for the maintenance and related capital improvements of Skill Center facilities. Fees are collected from each member district in accordance with the interlocal agreement signed by all member districts. Any amounts collected that have not been expended for capital purposes are recorded as a restriction of the District's Capital Projects Fund Balance.

Unspent Funds

Any funds remaining at the end of the year from Skill Center operations are recorded as a restriction of the District's General Fund balance, and are to be used for financing future operations of the Skill Center. Member districts do not have claim to any unspent funds of the Skill Center.

The following districts are member districts of the Skill Center: Othello, Warden, Quincy, Soap Lake, Ephrata, Wahluke, Royal, Moses Lake, and Wilson Creek.

Moses Lake School District No. 161

Schedule of Long-Term Liabilities

For the Year Ended August 31, 2023

Description	Beginning Outstanding Debt September 1, 2022	Amount Issued / Increased	Amount Redeemed / Decreased	Ending Outstanding Debt August 31, 2023	Amount Due Within One Year
Voted Debt					
Voted Bonds	90,250,000.00	0.00	3,300,000.00	86,950,000.00	4,185,000.00
LOCAL Program Proceeds Issued in Lieu of Bonds	0.00	0.00	0.00	0.00	0.00
Non-Voted Debt and Liabilities					
Non-Voted Bonds	0.00	0.00	0.00	0.00	0.00
LOCAL Program Proceeds	0.00	0.00	0.00	0.00	0.00
Leases	460,630.00	52,200.00	218,192.00	294,638.00	96,299.00
Contracts Payable	0.00	0.00	0.00	0.00	0.00
Claims & Judgements	0.00	0.00	0.00	0.00	0.00
Compensated Absences	3,460,192.32	873,595.26	810,904.00	3,522,883.58	873,621.74
Long-Term Notes	0.00	0.00	0.00	0.00	0.00
Anticipation Notes Payable	0.00	0.00	0.00	0.00	0.00
Lines of Credit	0.00	0.00	0.00	0.00	0.00
Other Non-Voted Debt	0.00	0.00	0.00	0.00	0.00
Other Liabilities					
Non-Voted Notes Not Recorded as Debt	0.00	0.00	0.00	0.00	0.00
Net Pension Liabilities:					
Net Pension Liabilities TRS 1	13,638,590.00	0.00	4,293,730.00	9,344,860.00	
Net Pension Liabilities TRS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities SERS 2/3	0.00	0.00	0.00	0.00	
Net Pension Liabilities PERS 1	3,280,200.00	0.00	533,691.00	2,746,509.00	
Total Long-Term Liabilities	111,089,612.32	925,795.26	9,156,517.00	102,858,890.58	5,154,920.74

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

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	School Breakfast Program	10.553	WA13-161	745,785	-	745,785	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	WA13-161	3,409,425	-	3,409,425	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	WA13-161	262,527	-	262,527	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	Commodities	353,265	-	353,265	-	4
			Total ALN 10.555:	4,025,217	-	4,025,217	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Summer Food Service Program for Children	10.559	WA13-161	27,205	-	27,205	-	
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	Fresh Fruit and Vegetable Program	10.582	WA13-161	125,128	-	125,128	-	
			Total Child Nutrition Cluster:	4,923,335	-	4,923,335	-	
DEPT OF DEFENSE, DEPT OF DEFENSE (via Grant Co Treasurer)	Competitive Grants: Promoting K-12 Student Achievement at Military- Connected Schools	12.556	WA13-161	64,076	-	64,076	-	2

The accompanying notes are an integral part of this schedule.

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
FEDERAL COMMUNICATIONS COMMISSION, FEDERAL COMMUNICATIONS COMMISSION	COVID 19 - Emergency Connectivity Fund Program	32.009	N/A	-	1,240,462	1,240,462	-	3
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	EGMS PR-6194	2,887,032	-	2,887,032	-	2, 5
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	270365	18,136	-	18,136	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Title I Grants to Local Educational Agencies	84.010	271140	26,347	-	26,347	-	2
Total ALN 84.010:				2,931,515	-	2,931,515	-	
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Migrant Education State Grant Program	84.011	EGMS PR-6194	256,809	-	256,809	-	2
Special Education Cluster (IDEA)								
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Grants to States	84.027	307878	1,665,787	-	1,665,787	-	2

The accompanying notes are an integral part of this schedule.

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, EDUCATION, DEPARTMENT OF (via OSPI)	Special Education Preschool Grants	84.173	367265	84,564	-	84,564	-	2
	COVID 19 - Special Education Preschool Grants	84.173	6124-06	500	-	500	-	
Total ALN 84.173:				85,064	-	85,064	-	
Total Special Education Cluster (IDEA):				1,750,851	-	1,750,851	-	
Office of Career, Technical, and Adult Education, EDUCATION, DEPARTMENT OF (via OSPI)	Career and Technical Education -- Basic Grants to States	84.048	176208	32,715	-	32,715	-	2
	English Language Acquisition State Grants	84.365	EGMS PR-6194	80,972	-	80,972	-	2
OFFICE OF ELEMENTARY AND SECONDARY EDUCATION, EDUCATION, DEPARTMENT OF (via OSPI)	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	EGMS PR-6194	315,151	-	315,151	-	2
	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	540262	12,793	-	12,793	-	2

The accompanying notes are an integral part of this schedule.

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
			Total ALN 84.367:	327,944	-	327,944	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	Student Support and Academic Enrichment Program	84.424	EGMS PR-6194	94,396	-	94,396	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425R CEP BK	46,000	-	46,000	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425R CEP LNCH	207,925	-	207,925	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425R ESSER Bkfst	2,193	-	2,193	-	
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 120577	3,663,620	-	3,663,620	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 140538	25,000	-	25,000	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 141605	6,518	-	6,518	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 144909	33,000	-	33,000	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 144003	144,550	-	144,550	-	2

The accompanying notes are an integral part of this schedule.

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 144536	11,550	-	11,550	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425D - 145069	2,982	-	2,982	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 138288	1,666,482	-	1,666,482	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 137272	2,863,349	-	2,863,349	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 140032	197,034	-	197,034	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 140661	18,000	-	18,000	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 142513	6,213	-	6,213	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425W - 459563	2,044	-	2,044	-	2
EDUCATION, DEPARTMENT OF, EDUCATION, DEPARTMENT OF (via OSPI)	COVID 19 - Education Stabilization Fund	84.425	84.425U - 142142	128,015	-	128,015	-	2
Total ALN 84.425:				9,024,475	-	9,024,475	-	

Medicaid Cluster

The accompanying notes are an integral part of this schedule.

Moses Lake School District No. 161
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2023

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CENTERS FOR MEDICARE AND MEDICAID SERVICES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Medical Assistance Program	93.778	WA13-161	46,386	-	46,386	-	2
		Total Medicaid Cluster:		46,386	-	46,386	-	
CENTERS FOR DISEASE CONTROL AND PREVENTION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via OSPI)	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	930621	19,000	-	19,000	-	2
		Total Federal Awards Expended:		19,552,474	1,240,462	20,792,936	-	

The accompanying notes are an integral part of this schedule.

MOSES LAKE SCHOOL DISTRICT #161
Notes to the Schedule of Expenditures of Federal Awards
September 1, 2022 through August 31, 2023

NOTE 1 – BASIS OF ACCOUNTING

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

NOTE 2 – FEDERAL DE MINIMIS INDIRECT RATE

The Moses Lake School District used the federal restricted rate of 4.15%, the federal unrestricted rate of 12.60%, 11.39%, 14.19% or a rate that was a smaller percentage than the federal restricted/unrestricted rate but did not exceed the maximum allowed for the category or chose to not take indirect rates on this grant. The District has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – PROGRAM COSTS/MATCHING CONTRIBUTIONS

The amounts shown as current year expenses represent only the federal grant portion of the program costs. Entire program costs, including the District's local matching share, may be more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 4 – NONCASH AWARDS

The amount of commodities reported on the schedule is the value of commodities distributed by the Moses Lake School District during the current year and priced as prescribed by OSPI.

NOTE 5 – SCHOOLWIDE PROGRAMS

The District operates a "school-wide program" in eight elementary buildings and one middle school. Using federal funding, schoolwide programs are designed to upgrade an entire educational program within a school for all students, rather than limit services to certain targeted students. The following federal program amounts were expended by the Moses Lake School District in its school-wide programs: Title I (84.010) - \$1,868,107.81.



CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

Moses Lake School District No. 161
September 1, 2022 through August 31, 2023

This schedule presents the corrective action planned by the District for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2023-001	Finding caption: The District did not have adequate internal controls and did not comply with allowable activities and allowable costs requirements.
Name, address, and telephone of District contact person: Mitch Thompson 1620 S. Pioneer Way Moses Lake, WA 98837 (509) 766-2650	
Corrective action the auditee plans to take in response to the finding: <i>While the district concurs with the finding that it didn't have adequate internal controls during the 2022-23 school year, the district disagrees that the monies were not spend on allowable costs under the grants. The district has changed leadership as well as accounting staff. Following the change, the new Executive Director of Finance & Operations instituted measures to ensure that the district complies with grant claims and journal entry procedures. One of the changes was that the person who inputs the journal entries has those entries reviewed by another person. This means that if the Accounting Supervisor inputs the journal entry, the Executive Director of Finance & Operations reviews the entry for accuracy as well as if the expenditures are allowable under the new account code(s). One of the other changes put into place was the implementation of uploading the supporting documentation into the</i>	

accounting system the district uses so that the documentation doesn't get lost or misplaced. The district realizes the importance of verifying expenditures and internal reviews to ensure accuracy and these two actions by the district will ensure compliance and proper internal controls.

Anticipated date to complete the corrective action: 12/31/2024

ABOUT THE STATE AUDITOR'S OFFICE

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