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December 19, 2023

To the Members of the School Board and Superintendent
Timberlane Regional School District
30 Greenough Road
Plaistow, New Hampshire 03865

Dear Members of the School Board and Superintendent:

We have audited the financial statements of the Timberlane Regional School District as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 27, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Timberlane Regional School District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you in our engagement letter dated July 27, 2023.

Compliance With All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201 and in conjunction with the Firm's Quality Control Document, we annually review with all engagement staff potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

PLODZIK & SANDERSON, P.A.
Certified Public Accountants

193 North Main Street, Concord, New Hampshire, 03301 • 603-225-6996
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Significant Risks Identified

We have identified the following significant risks through our risk assessment procedures. These risks are identified universally in New Hampshire governmental entity audits performed by our firm. As a result of these risks the engagement team developed an audit approach that specifically addresses these significant risks:

- Management override of controls; and
- Improper revenue recognition.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Timberlane Regional School District is included in Note 1 to the financial statements. As described in Note 2-C to the financial statements, the Timberlane Regional School District changed accounting principles to change the way the School District reports subscription based services by adopting Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, in the fiscal year 2023. However, the district did not have any Subscription-Based Information Technology Arrangements. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Management's estimate of the capital asset useful lives is based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the capital asset useful lives in determining that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

Management's estimate of the net pension liability, deferred outflows and inflows of resources related to pensions are based on assumptions of future events, such as employment, mortality and estimates of value of reported amounts. We evaluated the key factors and assumptions used to develop the net pension liability, deferred outflows and inflows of resources related to pensions in determining that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

Management's estimate of the other postemployment benefit liability, deferred outflows and inflows of resources are based on future events, such as employment, mortality, and healthcare cost trends, as well as estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability; deferred outflows and inflows of resources related to the other postemployment benefits in determining that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the governmental activities opinion unit.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

There are no significant or unusual transactions identified during our audit.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.



Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units. Management has corrected all identified misstatements.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Timberlane Regional School District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances That Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such circumstances have arisen.

Representations Requested From Management

We have requested certain written representations from management, which are included in the representation letter dated December 14, 2023.

Management's Consultations With Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Key Audit Matters

We have determined that there are no key audit matters to communicate.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Timberlane Regional School District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Timberlane Regional School District's auditors.

Other Matters

Implementation of New GASB Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, issued in June 2022, will be effective for the School District with its fiscal year ended June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.



GASB Statement No. 101, *Compensated Absences*, issued in June 2022, will be effective for the School District with its fiscal year ended June 30, 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Restriction of Use

This report is intended solely for the information and use of the members of the School Board, Superintendent, and management of the Timberlane Regional School District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Concord, New Hampshire



TIMBERLANE REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

TIMBERLANE REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Timberlane Regional School District
Plaistow, New Hampshire

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Timberlane Regional School District, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the major general and grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2023, the School District adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Timberlane Regional School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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 Timberlane Regional School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Timberlane Regional School District
Independent Auditor's Report***

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion and Analysis,
- Schedule of the School District's Proportionate Share of Net Pension Liability,
- Schedule of School District Contributions – Pensions,
- Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability,
- Schedule of School District Contributions – Other Postemployment Benefits,
- Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios, and
- Notes to the Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Timberlane Regional School District's basic financial statements. The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

***Timberlane Regional School District
Independent Auditor's Report***

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the Timberlane Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 Timberlane Regional School District's internal control over financial reporting and compliance.

December 14, 2023
Concord, New Hampshire



PLODZIK & SANDERSON
Professional Association

TIMBERLANE REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Management's Discussion and Analysis is presented by the School District Administration of the Timberlane Regional School District (the "District") and is intended to serve as an introduction to District's basic financial statements. The District's basic financial statements are comprised of four major components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

The *statement of net position* presents information on the District's assets, deferred outflow of resources and liabilities, and deferred inflow of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 13 - 14 of this report.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other governmental units, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are divided into two categories: governmental funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Grants Fund, and Other Governmental Funds, which encompasses the Food Service Fund, Performing Arts Center, and Student Activity Fund.

The District adopts an annual appropriated budget for its funds. Budgetary comparison statements for the major General Fund and Grants Fund have been provided to demonstrate compliance with the budget and can be found on pages 19 - 20 of this report.

The governmental fund financial statements can be found on pages 15 - 18 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for private enterprises. The basic fiduciary fund financial statements can be found on pages 21 - 22 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 41 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information consisting of the Schedule of the School District's Proportionate Share of Net Pension Liability, Schedule of School District Contributions – Pensions, Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefit Liability, Schedule of School District Contributions – Other Postemployment Benefits, and Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios.

Required supplementary information and related notes can be found on pages 42 - 48 of this report. Additional supplementary information relating to the General Fund, Nonmajor Funds, and Student Activity Funds can be found at pages 49 - 55. Schedule of Expenditures of Federal Awards and accompanying notes can be found at pages 62 - 63.

Financial Highlights

- FY2023 fund balance used to reduce taxes for FY2024 was \$1,608,712.
- Total Revenue increased by \$797,961, or 1.1%, in FY2023 compared to FY2022 primarily attributed to tuition, interest income, Medicaid reimbursements and additional catastrophic aid.
- Total Governmental Funds Expenditures reflect an increase of \$3,409,579, or 4.7%, from \$71,844,705 in FY2022 to \$75,254,284 in FY2023 largely due to Facilities and Construction district wide initiatives of \$2,461,313.
- Balance Sheet variances - Reduction in Intergovernmental receivables of \$691,348 is primarily attributed to the timing of payments received for Grant and Food Service claims. Prepaid items increase of \$935,346 is for a payment to Primex for benefit insurance premiums for employee services in FY2023. Change in Intergovernmental payable is related to the timing of NH Retirement System payments of \$1,876,513.
- The School Board authorized \$500,000 to be held as fund balance retention pursuant to RSA 198:4-bII in FY2023.
- By District Ballot in March 2023, voters approved a contribution of \$500,000 into an emergency contingency fund for the purpose of covering the cost of unpredictable cost escalations.
- By District Ballot in March 2023, voters approved a 20-year lease purchase agreement for the installation of up to \$25,243,000 of energy savings equipment and associated building and facility improvements.
- Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangement, was implemented during FY2023. The objective of this Statement is to provide guidance on accounting for and disclosing SBITAs. SBITAs are contracts where a vendor provides access to one or more software applications or information technology services where the customer pays a subscription fee for access to those services.
- Capital assets and related depreciation are included in the Government-wide Financials. More information can be found under "Capital Assets" under this Management Discussion & Analysis, and in Note 1-H and Note 6 to the Financial Statements.

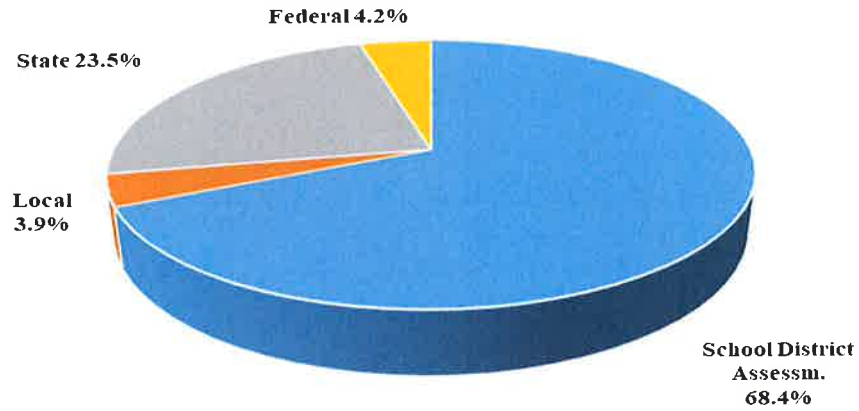
Financial Analysis of the District as a Whole
Two-Year Comparison of Net Position
Governmental Activities

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
ASSETS			
Cash and cash equivalents	\$ 8,218,946	\$ 10,246,670	\$ (2,027,724)
Other receivable	4,475	5,873	(1,398)
Intergovernmental receivable	1,569,575	2,260,923	(691,348)
Inventory	35,440	36,733	(1,293)
Prepaid items	1,461,815	526,469	935,346
Capital assets, not being depreciated	515,901	515,901	-
Capital assets, net of accumulated depreciation	14,568,165	14,949,989	(381,824)
Total Assets	<u>26,374,317</u>	<u>28,542,558</u>	<u>(2,168,241)</u>
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	13,490,292	13,975,842	(485,550)
Amounts related to other postemployment benefits	972,011	1,288,164	(316,153)
Total deferred outflows of resources	<u>14,462,303</u>	<u>15,264,006</u>	<u>(801,703)</u>
LIABILITIES			
Accounts payable	982,366	1,220,035	(237,669)
Accrued salaries and benefits	318,981	298,626	20,355
Intergovernmental payable	-	1,876,513	(1,876,513)
Accrued interest payable	9,687	12,713	(3,026)
Noncurrent obligations:			
Due within one year	127,453	100,804	26,649
Due in more than one year	72,639,862	63,995,078	8,644,784
Total Liabilities	<u>74,078,349</u>	<u>67,503,769</u>	<u>6,574,580</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants and donations	22,376	31,825	(9,449)
Unavailable revenue - tuition and other prepayments	152,344	-	152,344
Amounts related to pensions	2,871,125	15,892,436	(13,021,311)
Amounts related to other postemployment benefits	3,174,237	1,283,731	1,890,506
Total deferred inflows of resources	<u>6,220,082</u>	<u>17,207,992</u>	<u>(10,987,910)</u>
NET POSITION			
Net investment in capital assets	14,761,316	15,042,336	(281,020)
Restricted	371,302	460,028	(88,726)
Unrestricted	(54,594,429)	(56,407,561)	1,813,132
Total net position	<u>\$ (39,461,811)</u>	<u>\$ (40,905,197)</u>	<u>\$ 1,443,386</u>

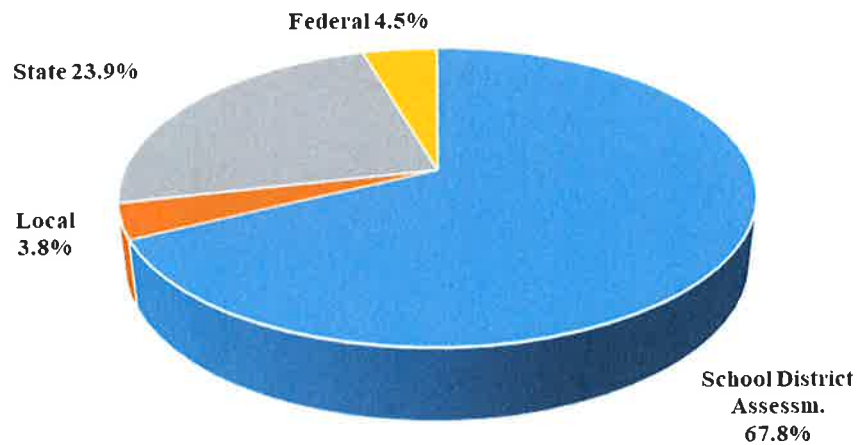
Financial Analysis of the District as a Whole
Two-Year Comparison
Revenue Analysis
Total Governmental Funds

	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2023</u></i>	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2022</u></i>	<i><u>Increase</u></i> <i><u>(Decrease)</u></i>
School district assessment	\$ 51,623,954	\$ 50,619,507	\$ 1,004,447
Local	2,910,335	2,842,783	67,552
State	17,718,436	17,816,226	(97,790)
Federal	3,166,074	3,342,322	(176,248)
	<u>\$ 75,418,799</u>	<u>\$ 74,620,838</u>	<u>\$ 797,961</u>

Fiscal Year Ended
June 30, 2023



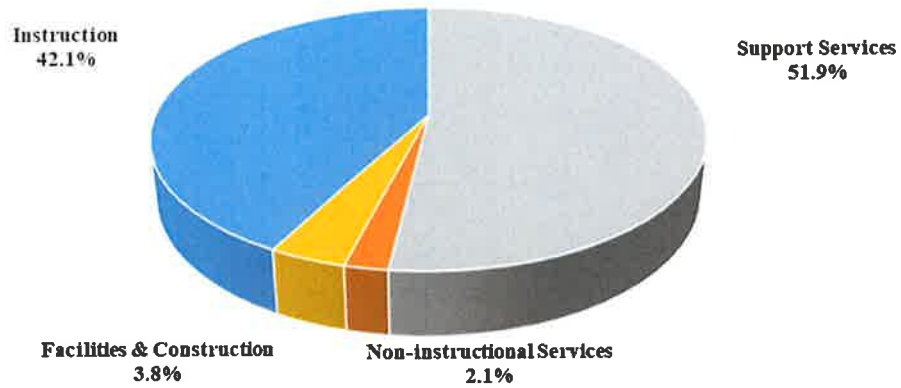
Fiscal Year Ended
June 30, 2022



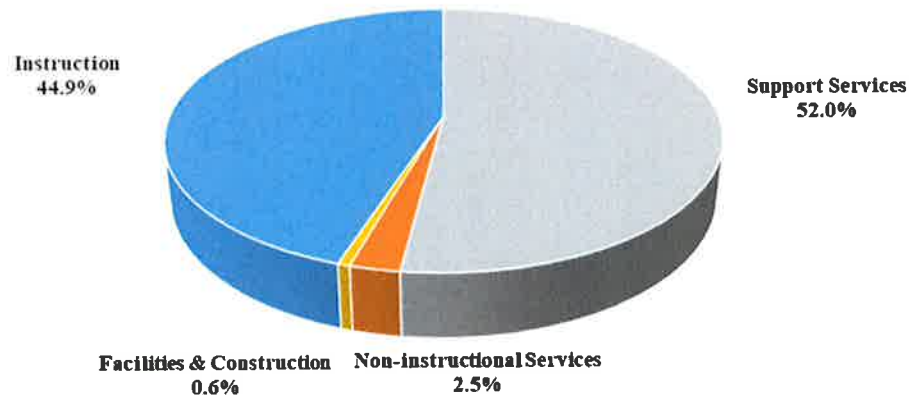
Financial Analysis of the District as a Whole
Two-Year Comparison
Statement of Expenditures – Total Governmental Funds

	Fiscal Year Ended		Increase (Decrease)
	June 30, 2023	June 30, 2022	
Instruction	31,695,450	32,261,821	(566,371)
Support Services:			
Students	3,385,438	3,416,419	(30,981)
Instructional Staff	1,209,650	1,167,640	42,010
General Administration	420,956	327,266	93,690
Executive Administration	920,883	862,884	57,999
School Administration	3,150,423	3,010,461	139,962
Business	453,183	467,862	(14,679)
Operation & Plant Maint.	4,729,839	4,562,840	166,999
Student Transportation	3,387,969	3,307,120	80,849
Other	21,398,136	20,269,992	1,128,144
	39,056,477	37,392,484	1,663,993
Non-instructional Services	1,611,777	1,761,133	(149,356)
Facilities & Construction	2,890,580	429,267	2,461,313
	<u>75,254,284</u>	<u>71,844,705</u>	<u>3,409,579</u>

Total Governmental Fund Expenditures
As of June 30, 2023



Total Governmental Fund Expenditures
As of June 30, 2022



Fund Balance

Surplus funds from operations within the general fund are used each year to reduce local property taxes or for emergency expenditures that were not budgeted for. In the fiscal year 2023, the amount used from the beginning general fund unassigned fund balance for this purpose was \$1,608,712.

Long Term Debt

The District has long-term debt as of June 30, 2023, as follows:

Timberlane Regional School District Comparative Statement of Long Term Debt

	2023	2022	Increase (Decrease)
Lease payable	322,750	423,554	(100,804)
Compensated absences	2,399,356	2,675,135	(275,779)
Net pension liability	61,056,340	49,009,239	12,047,101
Other postemployment benefits	8,988,869	11,987,954	(2,999,085)
Total Long-Term Debt	72,767,315	64,095,882	8,671,433

Capital Assets

The District began reporting capital assets in the 2015-2016 fiscal year. Capital assets are those assets which are acquired by the District having more than one year of useful life and which meet certain value thresholds, depending on the type of asset. Capital assets are depreciated over their useful life, pursuant to policy. Capital asset depreciation is charged to the respective function for which the use is attributable.

The value of capital assets, net of accumulated depreciation, is included in the Government-wide Statement of Net Position (see Exhibit A). Additional information on capital assets and guidelines is found in Financial Statement Note 1-H. Capital asset beginning and ending balances are shown below. Further information, including accumulated depreciation by asset category, is shown in Note 6 – Capital Assets.

**Timberlane Regional School District
Comparative Statement of Capital Assets**

	Beginning Balance July 1, 2022	Changes	Ending Balance June 30, 2023
Non-Depreciable Assets:			
Land	515,901	-	515,901
Depreciable Assets:			
Land Improvements	3,145,412	639,619	3,785,031
Buildings and Building Improvements	60,533,803	666,544	61,200,347
Machinery, Equipment, and Vehicles	4,204,296	187,301	4,391,597
Right to use Equipment	521,147	-	521,147
Total Capital Assets	68,920,559	1,493,464	70,414,023
Less Accumulated Depreciation	(53,454,669)	(1,875,288)	(55,329,957)
Net Value, All Capital Assets	15,465,890	(381,824)	15,084,066

Contact Information

This report is designed to provide a general overview of the Timberlane Regional School District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

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BASIC FINANCIAL STATEMENTS

EXHIBIT A
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 8,218,946
Other receivables	4,475
Intergovernmental receivables	1,569,575
Inventory	35,440
Prepaid items	1,461,815
Capital assets, not being depreciated/amortized	515,901
Capital assets, net of accumulated depreciation/ammortization	<u>14,568,165</u>
Total assets	<u>26,374,317</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	13,490,292
Amounts related to other postemployment benefits	<u>972,011</u>
Total deferred outflows of resources	<u>14,462,303</u>
LIABILITIES	
Accounts payable	982,366
Accrued salaries and benefits	318,981
Accrued interest payable	9,687
Noncurrent obligations:	
Due within one year	127,453
Due in more than one year	<u>72,639,862</u>
Total liabilities	<u>74,078,349</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants and donations	22,376
Unavailable revenue - tuition and other prepayments	152,344
Amounts related to pensions	2,871,125
Amounts related to other postemployment benefits	<u>3,174,237</u>
Total deferred inflows of resources	<u>6,220,082</u>
NET POSITION	
Net investment in capital assets	14,761,316
Restricted	371,302
Unrestricted	<u>(54,594,429)</u>
Total net position	<u>\$ (39,461,811)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT B
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 30,951,671	\$ 1,851,536	\$ 1,156,740	\$ (27,943,395)
Support services:				
Student	3,383,121	-	1,000	(3,382,121)
Instructional staff	1,238,877	-	116,390	(1,122,487)
General administration	420,956	-	-	(420,956)
Executive administration	902,613	-	-	(902,613)
School administration	3,095,974	-	-	(3,095,974)
Business	453,183	-	-	(453,183)
Operation and maintenance of plant	7,959,631	-	895,664	(7,063,967)
Student transportation	3,387,969	-	31,835	(3,356,134)
Other	20,513,164	-	-	(20,513,164)
Noninstructional services	1,668,254	998,759	564,112	(105,383)
Total governmental activities	<u>\$ 73,975,413</u>	<u>\$ 2,850,295</u>	<u>\$ 2,765,741</u>	<u>(68,359,377)</u>
General revenues:				
School district assessment				51,623,954
Grants and contributions not restricted to specific programs				17,684,269
Interest				295,074
Miscellaneous				199,466
Total general revenues				<u>69,802,763</u>
Change in net position				1,443,386
Fund balances, beginning				<u>(40,905,197)</u>
Net position, ending				<u>\$ (39,461,811)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2023

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,469,217	\$ -	\$ 749,729	\$ 8,218,946
Receivables:				
Accounts	4,475	-	-	4,475
Intergovernmental	1,058,164	431,237	80,174	1,569,575
Interfund receivables	459,500	-	-	459,500
Inventory	-	-	35,440	35,440
Prepaid items	1,461,815	-	-	1,461,815
Total assets	<u>\$ 10,453,171</u>	<u>\$ 431,237</u>	<u>\$ 865,343</u>	<u>\$ 11,749,751</u>
LIABILITIES				
Accounts payable	\$ 857,412	\$ -	\$ 124,954	\$ 982,366
Accrued salaries and benefits	318,981	-	-	318,981
Interfund payable	-	408,861	50,639	459,500
Total liabilities	<u>1,176,393</u>	<u>408,861</u>	<u>175,593</u>	<u>1,760,847</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants and donations	-	22,376	-	22,376
Unavailable revenue - tuition and other prepayments	152,344	-	-	152,344
Total deferred inflows of resources	<u>152,344</u>	<u>22,376</u>	<u>-</u>	<u>174,720</u>
FUND BALANCES				
Nonspendable	1,461,815	-	35,440	1,497,255
Restricted	40,595	-	295,267	335,862
Committed	1,543,973	-	-	1,543,973
Assigned	3,969,339	-	359,043	4,328,382
Unassigned	2,108,712	-	-	2,108,712
Total fund balances	<u>9,124,434</u>	<u>-</u>	<u>689,750</u>	<u>9,814,184</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,453,171</u>	<u>\$ 431,237</u>	<u>\$ 865,343</u>	<u>\$ 11,749,751</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2023

Total fund balances of governmental funds (Exhibit C-1)		\$ 9,814,184
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 70,414,023	
Less accumulated depreciation/amortization	<u>(55,329,957)</u>	
		15,084,066
Pension and other postemployment benefits (OPEB) related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year, and therefore, are not reported in the governmental funds as follows:		
Deferred outflows of resources related to pensions	\$ 13,490,292	
Deferred inflows of resources related to pensions	(2,871,125)	
Deferred outflows of resources related to OPEB	972,011	
Deferred inflows of resources related to OPEB	<u>(3,174,237)</u>	
		8,416,941
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (459,500)	
Payables	<u>459,500</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(9,687)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Leases	\$ 322,750	
Compensated absences	2,399,356	
Net pension liability	61,056,340	
Other postemployment benefits	<u>8,988,869</u>	
		<u>(72,767,315)</u>
Net position of governmental activities (Exhibit A)		<u>\$ (39,461,811)</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-3
TIMBERLANE REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$ 51,623,954	\$ -	\$ -	\$ 51,623,954
Other local	1,411,700	12,202	1,486,433	2,910,335
State	17,699,770	-	18,666	17,718,436
Federal	463,036	2,157,592	545,446	3,166,074
Total revenues	<u>71,198,460</u>	<u>2,169,794</u>	<u>2,050,545</u>	<u>75,418,799</u>
EXPENDITURES				
Current:				
Instruction	30,032,542	1,156,740	506,168	31,695,450
Support services:				
Student	3,384,438	1,000	-	3,385,438
Instructional staff	1,093,260	116,390	-	1,209,650
General administration	420,956	-	-	420,956
Executive administration	920,883	-	-	920,883
School administration	3,150,423	-	-	3,150,423
Business	453,183	-	-	453,183
Operation and maintenance of plant	4,729,839	-	-	4,729,839
Student transportation	3,387,969	-	-	3,387,969
Other	21,398,136	-	-	21,398,136
Noninstructional services	-	-	1,611,777	1,611,777
Facilities acquisition and construction	1,994,916	895,664	-	2,890,580
Total expenditures	<u>70,966,545</u>	<u>2,169,794</u>	<u>2,117,945</u>	<u>75,254,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>231,915</u>	<u>-</u>	<u>(67,400)</u>	<u>164,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	263	263
Transfers out	(263)	-	-	(263)
Total other financing sources (uses)	<u>(263)</u>	<u>-</u>	<u>263</u>	<u>-</u>
Net change in fund balances	231,652	-	(67,137)	164,515
Fund balances, beginning	8,892,782	-	756,887	9,649,669
Fund balances, ending	<u>\$ 9,124,434</u>	<u>\$ -</u>	<u>\$ 689,750</u>	<u>\$ 9,814,184</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT C-4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net change in fund balances of total governmental funds (Exhibit C-3)		\$ 164,515
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Depreciation/amortization expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	\$ 1,493,464	
Depreciation/amortization expense	<u>(1,875,288)</u>	
		(381,824)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	\$ (263)	
Transfers out	<u>263</u>	
		-
Proceeds from issuing the long-term liability provide current financial resources to governmental funds, but issuing debt increases the long-term liability in the Statement of Net Position. Repayment of the long-term liability is an expenditure in the governmental funds, but the repayment reduces long-term liability in the Statement of Net Position.		
Principal repayment of lease		100,804
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 3,026	
Decrease in compensated absences payable	275,779	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	488,660	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>792,426</u>	
		1,559,891
Change in net position of governmental activities (Exhibit B)		<u>\$ 1,443,386</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
School district assessment	\$ 51,623,954	\$ 51,623,954	\$ 51,623,954	\$ -
Other local	500,935	500,935	1,285,428	784,493
State	17,552,324	17,552,324	17,699,770	147,446
Federal	170,000	170,000	463,036	293,036
Total revenues	69,847,213	69,847,213	71,072,188	1,224,975
EXPENDITURES				
Current:				
Instruction	32,608,743	31,165,515	29,672,704	1,492,811
Support services:				
Student	3,845,037	3,738,842	3,375,008	363,834
Instructional staff	1,245,332	1,277,429	1,089,012	188,417
General administration	330,380	368,439	420,956	(52,517)
Executive administration	996,618	951,205	919,229	31,976
School administration	3,111,274	3,047,802	3,150,423	(102,621)
Business	412,600	457,320	453,183	4,137
Operation and maintenance of plant	4,434,472	4,791,531	4,681,519	110,012
Student transportation	3,693,592	3,511,807	3,385,969	125,838
Other	21,523,370	21,688,251	21,398,661	289,590
Facilities acquisition and construction	1,042,200	2,259,578	4,097,712	(1,838,134)
Noninstructional	42,025	27,924	-	27,924
Total expenditures	73,285,643	73,285,643	72,644,376	641,267
Excess (deficiency) of revenues over (under) expenditures	(3,438,430)	(3,438,430)	(1,572,188)	1,866,242
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000	-	(25,000)
Transfers out	(211,686)	(211,686)	(263)	211,423
Total other financing sources (uses)	(186,686)	(186,686)	(263)	186,423
Net change in fund balance	\$ (3,625,116)	\$ (3,625,116)	(1,572,451)	\$ 2,052,665
Increase in nonspendable fund balance			(935,346)	
Decrease in committed fund balance			491,393	
Unassigned fund balance, beginning			4,125,116	
Unassigned fund balance, ending			\$ 2,108,712	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT D-2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (GAAP Basis)
Grants Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Other local	\$ -	\$ 12,202	\$ 12,202	\$ -
Federal	1,300,000	2,157,592	2,157,592	-
Total revenues	1,300,000	2,169,794	2,169,794	-
EXPENDITURES				
Current:				
Instruction	1,300,000	1,156,740	1,156,740	-
Support services:				
Student	-	1,000	1,000	-
Instructional staff	-	116,390	116,390	-
Facilities acquisition and construction	-	895,664	895,664	-
Total expenditures	1,300,000	2,169,794	2,169,794	-
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning			-	
Fund balance, ending			\$ -	

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2023

	Private Purpose Trust
ASSETS	
Intergovernmental receivable	<u>\$ 696,321</u>
NET POSITION	
Restricted	<u>\$ 696,321</u>

The Notes to the Basic Financial Statements are an integral part of this statement.

EXHIBIT E-2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust
Additions:	
New funds	\$ 471,540
Deductions:	
Scholarships	29,517
Loss on investments	61,571
Total deductions	91,088
Change in net position	380,452
Net position, beginning	315,869
Net position, ending	\$ 696,321

The Notes to the Basic Financial Statements are an integral part of this statement.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Timberlane Regional School District, in Plaistow, New Hampshire (the School District), have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

1-A Reporting Entity

The Timberlane Regional School District is a municipal corporation governed by an elected nine-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 14 (as amended). The School District has no component units to include in its reporting entity.

The following is a summary of the more significant accounting policies:

1-B Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government. Generally, the effect of interfund activity has been eliminated from these statements. Governmental activities normally are supported through assessments and intergovernmental revenues.

The *Statement of Net Position* presents the financial position of the School District at year-end. This Statement includes all of the School District's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities.

The *Statement of Activities* demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. As in the Statement of Net Position the School District has not recorded depreciation/amortization expense nor other postemployment benefit expense in this statement. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational requirements of a particular function. Assessments and other items not meeting the definition of program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenue rather than program revenue.

Fund Financial Statements – Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds and are presented in the other governmental column of the fund financial statements.

In the governmental fund financial statements, expenditures are reported by function: instruction, support services, noninstructional, debt services or facilities acquisition and construction. Current expenditures are subclassified by object and are for items such as salaries, grants, supplies, and services. Debt service includes both interest and principal outlays related to bonds. Capital outlay includes expenditures for equipment and real property.

Other Financing Sources (Uses) – These additions to and reductions from resources in governmental fund financial statements normally result from transfers from/to other funds. Transfers are reported when incurred as "transfers in" by the receiving fund and as "transfers out" by the disbursing fund.

1-C Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement Focus and Basis of Accounting – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement-based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to report financial position and the results of operations, to demonstrate legal compliance, and to aid financial management by segregating transactions related to certain government functions or activities.

The School District reports the following major governmental funds:

General Fund – is the School District’s primary operating fund. The general fund accounts for all financial resources except those required to be accounted for in another fund. The primary revenue sources include district assessments, state and federal grants, and other local sources. The primary expenditures are for instruction, support services, debt service, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the School District Portion of the student activity funds, and expendable trust funds are consolidated in the general fund.

Grants Fund – accounts for the resources received from various federal, state, and local agencies. The resources are restricted to accomplishing the various objectives of the grantor agencies.

Nonmajor Funds – The School District also reports three nonmajor governmental funds.

Fiduciary Fund Financial Statements – Fiduciary fund financial statements include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. These funds account for resources held by the School District for the benefit of other parties and include the private purpose trust funds and custodial funds. Fiduciary funds are accounted for on a spending, or “economic resources” measurement focus and the accrual basis of accounting.

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist primarily of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

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

1-E Receivables

Receivables in the government-wide and governmental fund financial statements represent amounts due to the School District at June 30, recorded as revenue, which will be collected in the future and consist primarily of accounts and intergovernmental receivables.

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1-F Inventory

Inventories are valued at cost (first-in, first-out) which approximates market. The School District's food service inventory consists of materials and supplies held for subsequent use. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method in the food service fund. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method).

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used. This amount is also a part of nonspendable fund balance at year-end.

1-H Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The School District has established a threshold of \$10,000 or more per individual items for all asset classes except infrastructure, which is capitalized over \$100,000 or more, and an estimated useful life in excess of one year for capitalization of depreciable assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

The accounting and reporting treatment applied to capital assets associated with a fund are determined by the fund's measurement focus. General capital assets are assets of the School District as a whole. When purchased, such assets are recorded as expenditures in a governmental fund and capitalized as assets in the government-wide Statement of Net Position.

In the government-wide financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed and any resulting gain or loss is included in income.

Capital assets of the School District are depreciated or amortized using the straight-line method over the following estimated useful lives:

Capital Asset Class:	<u>Years</u>
Land improvements	20 - 30
Buildings and building improvements	5 - 30
Machinery, equipment, and vehicles	5 - 10
Right to use equipment	5

1-I Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds” (i.e., the current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

Interfund Transfers – Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making the transfers and other financing sources in the funds receiving the transfers. In the government-wide financial statements, all interfund transfers between individual governmental funds have been eliminated.

1-J Accounts Payable

Accounts payable represent the gross amount of expenditures or expenses incurred as a result of normal operations, but for which no actual payment has yet been issued to vendors/providers as of June 30, 2023.

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1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expenses) until that time. The School has two items that qualify for reporting in this category. Deferred outflows related to pensions and deferred outflows related to OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years.

Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources related to pensions and OPEB are reported in the government-wide Statement of Net Position for various estimate differences that will be amortized and recognized over future years. In addition, unavailable revenue from grants and donations arises when the related eligible expenditures will not be made until the subsequent period.

1-L Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position.

1-M Leases

Lessee – The School District is a lessee for a noncancellable lease of copiers. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

1-N Compensated Absences

General leave for the School District includes vacation, sick, and retirement stipend pay. General leave is based on an employee's length of employment and is earned ratably during the span of employment. Upon retirement or termination, employees are paid full value for any accrued general leave earned as set forth by the School District's personnel policy.

Vested or accumulated general leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated general leave that are not expected to be liquidated with expendable financial resources are maintained separately and represent a reconciling item between the governmental fund and government-wide presentations.

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1-O Defined Benefit Pension Plan

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* requires participating employers to recognize their proportionate share of collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, and schedules have been prepared to provide employers with their calculated proportionate share of these amounts. The collective amounts have been allocated based on employer contributions during the respective fiscal years. Contributions from employers are recognized when legally due, based on statutory requirements.

The schedules prepared by New Hampshire Retirement System, and audited by the plan's independent auditors, require management to make a number of estimates and assumptions related to the reported amounts. Due to the inherent nature and uncertainty of these estimates, actual results could differ, and the differences may be material.

1-P Postemployment Benefits Other Than Pensions (OPEB)

The School District maintains two separate other postemployment benefit plans, as follows:

New Hampshire Retirement System Plan – For the purposes of measuring the total other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Hampshire Retirement System OPEB Plan (the plan) and additions to/deductions from the plan's fiduciary net position has been determined on the same basis as they are reported by the New Hampshire Retirement System. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Single Employer Plan – For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information has been determined based on the School District's actuarial report. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms.

1-Q Net Position/Fund Balances

Government-wide statements – Equity is classified as net position and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances the lease attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position – Results when constraints placed on net position use are either externally imposed by a third party (statutory, bond covenant, or granting agency) or are imposed by law through constitutional provisions or enabling legislation. The School District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future period.

Unrestricted Net Position – Consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Fund Balance Classifications – GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make sure the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form; or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

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Committed – Amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the legislative body (School District Meeting). These amounts cannot be used for any other purpose unless the legislative body removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts that are constrained by the School District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the School Board or through the Board delegating this responsibility to the Superintendent or Business Administrator through the budgetary process.

Unassigned – The portion of fund balance that has not been restricted, committed, or assigned for a specific purpose.

When multiple net position/fund balance classifications are available for use, it is the School District's policy to utilize the most restricted balances first, then the next most restricted balance as needed. When components of unrestricted fund balance are used, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

In accordance with RSA 198:4-bII, *Contingency Fund*, the School District voted to retain general fund unassigned fund balance of \$500,000 to be used for emergency expenditures, or to use as a revenue source to reduce the tax rate.

1-R Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include assessing the collectability of accounts receivable, recoverability of inventory, the useful lives of capital assets, net pension liability, other postemployment benefit liability, and deferred outflows and inflows of resources related to both pension and other postemployment benefits, among others. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general and grants funds, as well as the nonmajor food service and performing arts center funds. However, the School Board has voted and accepted the federal grants awarded to the District through the year, so these amounts are reported as a final budget for the grants fund, which is also reported as a major fund. Except as reconciled below, the budget was adopted on a basis consistent with United States generally accepted accounting principles.

Management may transfer appropriations between operating categories as deemed necessary, but expenditures may not legally exceed budgeted appropriations in total. All annual appropriations lapse at year-end unless encumbered.

Encumbrance accounting, under which purchase orders, contracts, and continuing appropriations (certain projects and specific items not fully expended at year-end) are recognized, is employed in the governmental funds. Encumbrances are not the equivalent of expenditures, and are therefore, reported as part of the assigned fund balance at year-end, and are carried forward to supplement appropriations of the subsequent year.

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2023, \$3,625,116 of the beginning general fund unassigned fund balance was applied for this purpose.

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2-B Budgetary Reconciliation to GAAP Basis

While the School District reports financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual is presented for each major governmental fund which had a budget. There are no differences between the budgetary basis and GAAP basis of accounting for the major grants fund. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 71,072,188
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	26,386
Miscellaneous revenue of blended funds	99,886
Per Exhibit C-3 (GAAP Basis)	<u>\$ 71,198,460</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 72,644,639
Adjustments:	
Basis difference:	
Encumbrances, beginning	2,123,412
Encumbrances, ending	(3,955,287)
GASB Statement No. 54:	
Expenditures of the blended gate receipts fund	57,445
Expenditures of the blended student activity funds	96,599
Per Exhibit C-3 (GAAP basis)	<u>\$ 70,966,808</u>

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, was implemented during fiscal year 2023. The objective of this Statement is to better meet information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirement for subscription-based information technology arrangements (SBITAs); (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription assets (an intangible asset), and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards of SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. The School District has assessed all potential agreements that may be applicable for reporting under GASB Statement No. 96 and have determined that none of the agreements have met the requirements of the pronouncement.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$8,218,946 and the bank balances totaled \$12,435,136.

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NOTE 4 – RECEIVABLES

Receivables at June 30, 2023, consisted of accounts and intergovernmental amounts arising from grants, school lunch program, restricted grants, and expendable trust funds held by the Town of Plaistow Trustees of Trust Funds for the School District. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

NOTE 5 – PREPAID ITEMS

Prepaid items at June 30, 2023 consisted of prepaid health insurance in the amount of \$1,461,815.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 515,901	\$ -	\$ 515,901
Being depreciated/amortized:			
Land improvements	3,145,412	639,619	3,785,031
Buildings and building improvements	60,533,803	666,544	61,200,347
Machinery, equipment, and vehicles	4,204,296	187,301	4,391,597
Right to use equipment	521,147	-	521,147
Total capital assets being depreciated/amortized	68,404,658	1,493,464	69,898,122
Total capital assets	68,920,559	1,493,464	70,414,023
Less accumulated depreciation/amortization:			
Land improvements	(2,533,940)	(85,896)	(2,619,836)
Buildings and building improvements	(47,005,884)	(1,592,134)	(48,598,018)
Machinery, equipment, and vehicles	(3,810,616)	(93,029)	(3,903,645)
Right to use equipment	(104,229)	(104,229)	(208,458)
Total accumulated depreciation/amortization	(53,454,669)	(1,875,288)	(55,329,957)
Net book value, capital assets being depreciated/amortized	14,949,989	(381,824)	14,568,165
Net book value, all capital assets	\$ 15,465,890	\$ (381,824)	\$ 15,084,066

Depreciation/amortization expense was charged to functions of the School District based on their usage of the related assets. The amounts allocated to each function are as follows:

Instruction	\$ 8,091
Support services:	
School administration	17,862
Operation and maintenance of plant	1,849,335
Total depreciation/amortization expense	\$ 1,875,288

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2023 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	\$ 408,861
General	Nonmajor	50,639
		\$ 459,500

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Interfund transfers during the year ended June 30, 2023 are as follows:

	Transfers In:
	Other
	Governmental
	Fund
Transfers out:	
General fund	\$ 263

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2023 consist of the following:

	Governmental
	Activities
Amounts related to pensions, see Note 10	\$ 13,490,292
Amounts related to OPEB, see Note 11	972,011
Total deferred inflows of resources	\$ 14,462,303

Deferred inflows of resources at June 30, 2023 consist of the following:

	Governmental	General	Grants
	Activities	Fund	Fund
Local grants received in advance of eligible expenditures being made	\$ 22,376	\$ -	\$ 22,376
Prepaid tuition and other prepayments	152,344	152,344	-
Amounts related to pensions, see Note 10	2,871,125	-	-
Amounts related to OPEB, see Note 11	3,174,237	-	-
Total deferred inflows of resources	\$ 6,220,082	\$ 152,344	\$ 22,376

NOTE 9 – LEASE

Lease Payable – During the current fiscal year, the District entered into a lease agreement as lessee for the copiers. An initial lease liability was recorded in the amount of \$521,147 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$322,750. The District is required to make annual principal and interest payments of \$114,739. The lease has an interest rate of 3.29%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$312,689 and had accumulated amortization of \$208,458.

The annual requirements to amortize all lease payables outstanding as of June 30, 2023, including interest payments, are as follows:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2024	\$ 104,120	\$ 10,619	\$ 114,739
2025	107,546	7,193	114,739
2026	111,084	3,655	114,739
Totals	\$ 322,750	\$ 21,467	\$ 344,217

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NOTE 10 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year	Due In More Than One Year
Lease payable	\$ 423,554	\$ -	\$ (100,804)	\$ 322,750	\$ 104,120	\$ 218,630
Compensated absences	2,675,135	156,393	(432,172)	2,399,356	23,333	2,376,023
Pension related liability	49,009,239	12,047,101	-	61,056,340	-	61,056,340
Net other postemployment benefits	11,987,954	-	(2,999,085)	8,988,869	-	8,988,869
Total long-term liabilities	<u>\$ 64,095,882</u>	<u>\$ 12,203,494</u>	<u>\$ (3,532,061)</u>	<u>\$ 72,767,315</u>	<u>\$ 127,453</u>	<u>\$ 72,639,862</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan), a component unit of the State of New Hampshire, as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* – an amendment of GASB Statement No. 25. The Pension Plan was established in 1967 by RSA 100-A:2 and is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The Pension Plan is a contributory, defined benefit plan providing service, disability, death and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the Pension Plan. The System issues a publicly available financial report that may be obtained by writing the New Hampshire Retirement System, 54 Regional Drive, Concord, NH 03301.

Benefits Provided – Benefit formulas and eligibility requirements for the Pension Plan are set by state law (RSA 100-A). The Pension Plan is divided into two membership groups. State and local employees and teachers belong to Group I. Police and firefighters belong to Group II.

Group I benefits are provided based on creditable service and average final salary for the highest of either three or five years, depending on when service commenced.

Group II benefits are provided based on age, years of creditable service and benefit multiplier depending on vesting status as of 1/1/12. The maximum retirement allowance for Group II members vested by 1/1/12 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by 1/1/12 the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of 1/1/12	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances, subject to meeting various eligibility requirements. Benefits are based on AFC or earnable compensation and/or service.

Contributions – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2023, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2023 was \$6,267,666, which was paid in full.

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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the School District reported a liability of \$61,056,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District's proportion was 1.06% which was a decrease of 0.05% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$5,659,006. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion	\$ 515,040	\$ 2,636,740
Net difference between projected and actual investment earnings on pension plan investments	2,313,957	-
Changes in assumptions	3,247,710	-
Differences between expected and actual experience	1,145,919	234,385
Contributions subsequent to the measurement date	6,267,666	-
Total	<u>\$ 13,490,292</u>	<u>\$ 2,871,125</u>

The \$6,267,666 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 1,529,559
2024	1,691,792
2025	(1,684,942)
2026	2,815,092
Totals	<u>\$ 4,351,501</u>

Actuarial Assumptions – The collective total pension liability was determined by an actuarial performed as of June 30, 2020, rolled forward to June 30, 2021, using the following assumptions:

Inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on pension plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

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Following is a table presenting target allocations and long-term rates of return for 2021:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	3.60%
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate – The discount rate used to measure the collective total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the Pension Plan's actuarial funding policy as required by RSA 100-A:16. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Pension Plan investment was applied to all periods of projected benefit payments to determine the collective total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.75% as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 81,922,215	\$ 61,056,340	\$ 43,708,296

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit Pension Plan financial report.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the 2022 Comprehensive Annual Financial Report, which can be found on the system's website at www.nhrs.org.

Benefits Provided – Benefit amounts and eligibility requirements for the OPEB Plan are set by State law (RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b), and members are designated in statute by type. The four membership types are Group II, Police Officers, and Firefighters; Group I, Teachers; Group I, Political Subdivision Employees; and Group I, State Employees. The OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical insurance subsidy is a payment made by NHRS to the former employer or its insurance administrator toward the cost of health insurance for a qualified retiree, his/her

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qualified spouse, and his/her certified dependent children with a disability who are living in the household and being cared for by the retiree. If the health insurance premium amount is less than the medical subsidy amount, then only the health insurance premium amount will be paid. If the health insurance premium amount exceeds the medical subsidy amount, then the retiree or other qualified person is responsible for paying any portion that the employer does not pay.

Group I benefits are based on creditable service, age, and retirement date. Group II benefits are based on hire date, age, and creditable service. The OPEB plan is closed to new entrants.

Maximum medical subsidy rates paid during fiscal year 2022 were as follows:

For qualified retirees not eligible for Medicare, the amounts were \$375.56 for a single-person plan and \$751.12 for a two-person plan.

For those qualified retirees eligible for Medicare, the amounts were \$236.84 for a single-person plan and \$473.68 for a two-person plan.

Contributions – The OPEB Plan is funded by allocating to the 401(h) subtrust the lesser of: 25% of all employer contributions made in accordance with RSA 100-A:16 or the percentage of employer contributions determined by the actuary to be the minimum rate necessary to maintain the benefits provided under RSA 100-A:53-b, RSA 100-A:53-c, and RSA 100-A:53-d. For fiscal year 2022, the minimum rates determined by the actuary to maintain benefits were the lesser of the two options and were used to determine the employer contributions due to the 401(h) subtrust. The State Legislature has the authority to establish, amend and discontinue the contribution requirements of the OPEB Plan. Administrative costs are allocated to the OPEB Plan based on fund balances. For fiscal year 2023, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2023 was \$433,552, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2023, the School District reported a liability of \$3,875,759 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net OPEB liability was based on a projection of the School District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2022, the School District's proportion was 1.03% which was a decrease of 0.02% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$29,844. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ 10,592	\$ -
Contributions subsequent to the measurement date	433,552	-
Total	<u>\$ 444,144</u>	<u>\$ -</u>

The \$433,552 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2023	\$ 1,761
2024	458
2025	(4,167)
2026	12,540
Totals	<u>\$ 10,592</u>

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Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The total OPEB liability was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Price inflation:	2.0% per year
Wage inflation:	2.75% per year (2.25% for Teachers)
Salary increases:	5.4% average, including inflation
Investment rate of return:	6.75% net of OPEB plan investment expense, including inflation
Health care trend rate:	Not applicable, given that the benefits are fixed stipends

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2015 – June 30, 2019.

Long-term Rates of Return – The long-term expected rate of return on OPEB plan investment was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rate of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. Following is a table presenting target allocations and long-term rates of return for 2022:

Asset Class	Target Allocation	30 Year Geometric Return
Broad US Equity (1)	30.00%	7.60%
Global Ex-US Equity (2)	20.00%	7.90%
Total public equity	50.00%	
Real Estate Equity	10.00%	6.60%
Private Equity	10.00%	8.85%
Total private market equity	20.00%	
Private Debt	5.00%	7.25%
Core U.S. Fixed Income (3)	25.00%	
Inflation	0.00%	2.25%
Total	100.00%	7.30%

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made under the current statute RSA 100-A:16 and that plan member contributions will be made under RSA 100-A:16. Based on those assumptions, the OPEB Plan's fiduciary net position was projected to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the OPEB liability calculated using the discount rate of 6.75% as well as what the School District's proportionate share of the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage point higher (7.75%) than the current rate:

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2022	\$ 4,207,796	\$ 3,875,759	\$ 3,586,580

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Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB No. 75 requires the sensitivity of the Net OPEB liability to the healthcare cost trend assumption. Since the medical subsidy benefits are a fixed stipend, there is no sensitivity to the change in the healthcare cost trend assumption.

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued New Hampshire Retirement System Cost-Sharing Multiple Employer Defined Benefit OPEB Plan financial report.

12-B Retiree Health Benefit Program

Plan Description – GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expense on the Statement of Activities when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefit. The postemployment benefit liability is recognized on the Statement of Net Position over time. The School District OPEB plan is not administered through a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

The total OPEB liability is based on the School District offering retirees postemployment healthcare insurance governed by RSA 100-A:50. The retirees pay 100% of the premium cost to participate and are included in the same pool as the active members. The inclusion of the retirees in the same pool effects the insurance rates of the active employees as the rates for the retirees are assumed to be higher due to the age consideration, thereby creating an implicit rate subsidy.

Funding Policy – The School District's funding policy for the implicit rate subsidy is a pay-as-you-go basis.

Benefits Provided – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees.

Employees Covered by Benefit Terms – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	18
Active employees	547
Total participants covered by OPEB plan	<u>565</u>

Total OPEB Liability – The School District's total OPEB liability of \$5,113,110 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	3.65%
Healthcare Cost Trend Rates:	
Current Year Trend	4.60%
Second Year Trend	7.50%
Ultimate Trend	4.54%
Year Ultimate Trend is Reached	2090
Salary Increases:	4.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2023.

Mortality rates were based on the Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.

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Changes in the Total OPEB Liability

	June 30,	
	2022	2023
Total OPEB liability, beginning of year	\$ 7,263,320	\$ 7,774,947
Changes for the year:		
Service cost	570,670	308,717
Interest	154,581	184,398
Assumption changes	-	(1,476,048)
Difference between actual and expected experience	-	(1,432,351)
Benefit payments	(213,624)	(246,553)
Total OPEB liability, end of year	\$ 7,774,947	\$ 5,113,110

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2022 actuarial valuation was prepared using a discount rate of 3.65%. If the discount rate were 1% higher than what was used the OPEB liability would decrease to \$4,797,115 or by 6.18%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$5,437,371 or by 6.34%.

	Discount Rate		
	1% Decrease	Baseline 3.65%	1% Increase
Total OPEB Liability	\$ 5,437,371	\$ 5,113,110	\$ 4,797,115

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2022 actuarial valuation was prepared using an initial trend rate of 4.60%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$5,785,688 or by 13.15%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$4,537,301 or by 11.26%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 4.60%	1% Increase
Total OPEB Liability	\$ 4,537,301	\$ 5,113,110	\$ 5,785,688

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the School District recognized OPEB benefit of \$143,707. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 527,867	\$ 1,198,595
Differences between expected and actual experience	-	1,975,642
Total	\$ 527,867	\$ 3,174,237

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending	
June 30,	
2024	\$ (641,903)
2025	(654,335)
2026	(628,501)
2027	(546,692)
2028	(174,939)
Thereafter	-
Totals	\$ (2,646,370)

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NOTE 13 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2023 are as follows:

Current:	
Instruction:	
Special programs	\$ 22,840
Support services:	
Operation and maintenance of plant	158,667
Other	525
Total support services	159,192
Facilities acquisition and construction	3,773,255
Total encumbrances	<u>\$ 3,955,287</u>

NOTE 14 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUND NET POSITION

Net position reported on the government-wide and fiduciary fund Statements of Net Position at June 30, 2023 include the following:

	Governmental Activities	Fiduciary Fund
Net investment in capital assets:		
Net book value of all capital assets	\$ 15,084,066	\$ -
Less:		
Lease payable	(322,750)	-
Total net investment in capital assets	14,761,316	-
Restricted		
Gate receipts	40,595	-
Food service	330,707	-
Individuals, organizations, and other governments	-	696,321
Total restricted	371,302	696,321
Unrestricted	(54,594,429)	-
Total net position	<u>\$ (39,461,811)</u>	<u>\$ 696,321</u>

NOTE 15 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2023 consist of the following:

	General	Other Governmental Fund	Total Governmental Funds
Nonspendable:			
Prepaid	\$ 1,461,815	\$ -	\$ 1,461,815
Inventory	-	35,440	35,440
Total nonspendable fund balance	1,461,815	35,440	1,497,255
Restricted:			
Gate receipts	40,595	-	40,595
Food service	-	295,267	295,267
Total restricted fund balance	40,595	295,267	335,862
Committed:			
Expendable trust	1,043,973	-	1,043,973
Nonlapsing warrant article	500,000	-	500,000
Total committed fund balance	1,543,973	-	1,543,973

(Continued)

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Governmental fund balances continued:

	General	Other Governmental Fund	Total Governmental Funds
Assigned:			
Encumbrances	3,955,287	-	3,955,287
Student activity	14,052	359,043	373,095
Total assigned fund balance	3,969,339	359,043	4,328,382
Unassigned:			
Unassigned - retained (RSA 198:4-bII)	500,000	-	500,000
Unassigned	1,608,712	-	1,608,712
Total unassigned fund balance	2,108,712	-	2,108,712
Total governmental fund balances	\$ 9,124,434	\$ 689,750	\$ 9,814,184

NOTE 16 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees; or natural disasters. During fiscal year 2023, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2022 to June 30, 2023 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the District's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2022-23 the School District paid \$291,433 and \$207,998, respectively, to Primex for workers' compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 – CONTINGENT LIABILITIES

There are various claims and suits pending against the School District which arose in the normal course of the School District's activities. In the opinion of management, the ultimate disposition of these various claims and suits will not have a material effect on the financial position of the School District.

The School District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement from the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the School District believes such disallowances, if any, will be immaterial.

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before the financial statements are issued. Recognized subsequent events are events or transactions that provided additional evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing the financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the balance sheet date but arose after the date. Management has evaluated subsequent events through December 14, 2023, the date the June 30, 2023 financial statements were available to be issued, and noted the following event occurred that requires recognition or disclosure:

In June of 2023, the School District entered into an agreement with Energy Efficient Investments for improvements to schools in the School District. The energy efficiency lease is a line of credit the district can draw-down on. In 2024 the district drew \$3,244,546 for phase one of the energy efficiency project.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT F
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of Net Pension Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's: Proportion of the net pension liability	1.10%	1.12%	1.09%	1.10%	1.09%	1.15%	1.09%	1.12%	1.11%	1.06%
Proportionate share of the net pension liability	\$47,167,174	\$42,125,600	\$43,214,222	\$58,648,858	\$53,801,657	\$55,445,923	\$52,680,590	\$71,795,966	\$49,009,239	\$61,056,340
Covered payroll	\$30,663,543	\$31,246,536	\$31,329,364	\$31,982,983	\$32,472,286	\$33,077,538	\$32,354,996	\$33,470,181	\$33,142,390	\$34,650,229
Proportionate share of the net pension liability as a percentage of its covered payroll	153.82%	134.82%	137.94%	183.38%	165.68%	167.62%	162.82%	214.51%	147.87%	176.21%
Plan fiduciary net position as a percentage of the total pension liability	66.32%	59.81%	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%

EXHIBIT G
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of School District Contributions - Pensions
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 2,725,111	\$ 3,640,924	\$ 3,659,664	\$ 3,949,328	\$ 4,007,708	\$ 4,866,804	\$ 4,764,603	\$ 4,986,559	\$ 6,283,133	\$ 6,267,666
Contributions in relation to the contractually required contributions	(2,725,111)	(3,640,924)	(3,659,664)	(3,949,328)	(4,007,708)	(4,866,804)	(4,764,603)	(4,986,559)	(6,283,133)	(6,267,666)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 30,663,543	\$ 31,246,536	\$ 31,329,364	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,142,390	\$ 33,323,623	\$ 34,519,823
Contributions as a percentage of covered payroll	8.89%	11.65%	11.68%	12.35%	12.34%	14.71%	14.73%	15.05%	18.85%	18.16%

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

***Schedule of the School District's Proportionate Share of Net Pension Liability and
Schedule of School District Contributions – Pensions***

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – Salary increases changed from 5.4% to 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits F and G represent the actuarial determined costs associated with the School District's pension plan at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

EXHIBIT H
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Other Postemployment Benefits Liability
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
School District's proportion of the net OPEB liability	1.33%	1.32%	1.03%	0.97%	1.07%	1.05%	1.03%
School District's proportionate share of the net OPEB liability (asset)	\$ 6,457,701	\$ 6,049,813	\$ 4,705,888	\$ 4,270,987	\$ 4,687,983	\$ 4,213,007	\$ 3,875,759
School District's covered payroll	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,470,181	\$ 33,142,390	\$ 34,650,229
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	20.19%	18.63%	14.23%	13.20%	14.01%	12.71%	11.19%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%

EXHIBIT I
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of School District Contributions - Other Postemployment Benefits
New Hampshire Retirement System Cost Sharing Multiple Employer Defined Benefit Plan
For the Fiscal Year Ended June 30, 2023
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Contractually required contribution	\$ 775,104	\$ 784,222	\$ 454,641	\$ 444,584	\$ 497,141	\$ 433,428	\$ 433,552
Contributions in relation to the contractually required contribution	<u>(775,104)</u>	<u>(784,222)</u>	<u>(454,641)</u>	<u>(444,584)</u>	<u>(497,141)</u>	<u>(433,428)</u>	<u>(433,552)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 31,982,983</u>	<u>\$ 32,472,286</u>	<u>\$ 33,077,538</u>	<u>\$ 32,354,996</u>	<u>\$ 33,142,390</u>	<u>\$ 33,323,623</u>	<u>\$ 34,519,823</u>
Contributions as a percentage of covered payroll	2.42%	2.42%	1.37%	1.37%	1.50%	1.30%	1.26%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

EXHIBIT J
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023
Unaudited

	June 30,						
	2017	2018	2019	2020	2021	2022	2023
OPEB liability, beginning of year	\$ 5,363,426	\$ 5,560,623	\$ 5,704,295	\$ 6,825,172	\$ 7,389,877	\$ 7,263,320	\$ 7,774,947
Changes for the year:							
Service cost	426,255	443,305	461,978	559,812	558,604	570,670	308,717
Interest	150,205	155,638	200,710	149,241	143,970	154,581	184,398
Assumption changes	-	-	1,540,202	-	831,095	-	(1,476,048)
Difference between actual and expected experience	(193,124)	(255,988)	(942,546)	-	(1,451,119)	-	(1,432,351)
Benefit payments	(186,139)	(199,283)	(139,467)	(144,348)	(209,107)	(213,624)	(246,553)
OPEB liability, end of year	<u>\$ 5,560,623</u>	<u>\$ 5,704,295</u>	<u>\$ 6,825,172</u>	<u>\$ 7,389,877</u>	<u>\$ 7,263,320</u>	<u>\$ 7,774,947</u>	<u>\$ 5,113,110</u>
Covered payroll	<u>\$ 26,767,235</u>	<u>\$ 27,837,924</u>	<u>\$ 27,396,864</u>	<u>\$ 28,492,739</u>	<u>\$ 28,922,121</u>	<u>\$ 30,596,781</u>	<u>\$ 29,248,005</u>
Total OPEB liability as a percentage of covered payroll	20.77%	20.49%	24.91%	25.94%	25.11%	25.41%	17.48%

The Notes to the Required Supplementary Information – Other Postemployment Benefits Liability is an integral part of this schedule.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability and Schedule of School District Contributions – Other Postemployment Benefits

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Changes in Assumptions – Salary increases changed from 5.4% to 5.6% in the current period.

Methods and Assumptions Used to Determine Contribution Rates – A full list of the methods and assumptions used to determine the contribution rates can be found in the most recent actuarial valuation report. This report can be located at www.nhrs.org.

As required by GASB Statement No. 75, Exhibits H and I represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

Schedule of Changes in School District's Total Other Postemployment Benefits Liability and Related Ratios

Changes in Benefit Terms – There were no changes in benefit terms for the current period.

Significant Changes from the Previous Actuarial Valuation

- Increasing the discount rate from 2.16% to 3.65%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2022.
- The election rate was reduced to 50% based on expected future enrollment.
- Mortality assumption changed from SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006) to Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 Teachers Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 Teachers Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021.
- The morbidity assumptions were updated to use the Dale Yamamoto model published by the Society of Actuaries to give a better projection of anticipated costs as adjusted for age.

As required by GASB Statement No. 75, Exhibit J represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2023. The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMBINING AND INDIVIDUAL FUND SCHEDULES

SCHEDULE 1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 51,623,954	\$ 51,623,954	\$ -
Other local sources:			
Tuition	410,000	779,265	369,265
Investment earnings	10,000	268,286	258,286
Miscellaneous	80,935	237,877	156,942
Total from other local sources	500,935	1,285,428	784,493
State sources:			
Adequacy aid (grant)	11,828,268	11,828,333	65
Adequacy aid (tax)	4,822,836	4,822,836	-
Catastrophic aid	483,671	611,617	127,946
Vocational aid	20,000	31,835	11,835
Other state aid	397,549	405,149	7,600
Total from state sources	17,552,324	17,699,770	147,446
Federal sources:			
Medicaid	150,000	446,702	296,702
Other	20,000	16,334	(3,666)
Total from federal sources	170,000	463,036	293,036
Other financing sources:			
Transfers in	25,000	-	(25,000)
Total revenues and other financing sources	69,872,213	\$ 71,072,188	\$ 1,199,975
Use of fund balance to reduce school district assessment	3,625,116		
Total revenues, other financing sources, and use of fund balance	\$ 73,497,329		

SCHEDULE 2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Major General Fund

Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 282,955	\$ 19,336,859	\$ 19,596,839	\$ -	\$ 22,975
Special programs	935	10,642,055	9,187,600	22,840	1,432,550
Vocational programs	-	130,500	163,663	-	(33,163)
Adult and continuing education programs	2,189	144,599	105,444	-	41,344
Other programs	-	911,502	882,397	-	29,105
Total instruction	<u>286,079</u>	<u>31,165,515</u>	<u>29,935,943</u>	<u>22,840</u>	<u>1,492,811</u>
Support services:					
Student	9,430	3,738,842	3,384,438	-	363,834
Instructional staff	4,248	1,277,429	1,093,260	-	188,417
General administration	-	368,439	420,956	-	(52,517)
Executive administration	1,654	951,205	920,883	-	31,976
School administration	-	3,047,802	3,150,423	-	(102,621)
Business	-	457,320	453,183	-	4,137
Operation and maintenance of plant	206,987	4,791,531	4,729,839	158,667	110,012
Student transportation	2,000	3,511,807	3,387,969	-	125,838
Other	-	21,688,251	21,398,136	525	289,590
Total support services	<u>224,319</u>	<u>39,832,626</u>	<u>38,939,087</u>	<u>159,192</u>	<u>958,666</u>
Facilities acquisition and construction	<u>1,613,014</u>	<u>2,259,578</u>	<u>1,937,471</u>	<u>3,773,255</u>	<u>(1,838,134)</u>
Noninstructional	<u>-</u>	<u>27,924</u>	<u>-</u>	<u>-</u>	<u>27,924</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>211,686</u>	<u>263</u>	<u>-</u>	<u>211,423</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 2,123,412</u>	<u>\$ 73,497,329</u>	<u>\$ 70,812,764</u>	<u>\$ 3,955,287</u>	<u>\$ 852,690</u>

SCHEDULE 3
TIMBERLANE REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

Unassigned fund balance, beginning		\$ 4,125,116
Changes:		
Unassigned fund balance used to reduce school district assessment		(3,625,116)
2022-2023 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,199,975	
Unexpended balance of appropriations (Schedule 2)	<u>852,690</u>	
2022-2023 Budget surplus		2,052,665
Increase in nonspendable fund balance		(935,346)
Decrease in committed fund balance		<u>491,393</u>
Unassigned fund balance, ending		<u><u>\$ 2,108,712</u></u>

SCHEDULE 4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023

	Special Revenue Funds			Total
	Food Service	Performance Arts Center	Student Activity	
ASSETS				
Cash and cash equivalents	\$ 331,412	\$ 59,274	\$ 359,043	\$ 749,729
Intergovernmental receivables	80,174	-	-	80,174
Inventory	35,440	-	-	35,440
Total assets	<u>\$ 447,026</u>	<u>\$ 59,274</u>	<u>\$ 359,043</u>	<u>\$ 865,343</u>
LIABILITIES				
Accounts payable	\$ 116,319	\$ 8,635	\$ -	\$ 124,954
Interfund payable	-	50,639	-	50,639
Total liabilities	<u>116,319</u>	<u>59,274</u>	<u>-</u>	<u>175,593</u>
FUND BALANCES				
Nonspendable	35,440	-	-	35,440
Restricted	295,267	-	-	295,267
Assigned	-	-	359,043	359,043
Total fund balances	<u>330,707</u>	<u>-</u>	<u>359,043</u>	<u>689,750</u>
Total liabilities and fund balances	<u>\$ 447,026</u>	<u>\$ 59,274</u>	<u>\$ 359,043</u>	<u>\$ 865,343</u>

See Auditor's Report.

SCHEDULE 5
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds			
	Performance			
	Food Service	Arts Center	Student Activity	Total
REVENUES				
Other local	\$ 998,759	\$ 55,163	\$ 432,511	\$ 1,486,433
State	18,666	-	-	18,666
Federal	545,446	-	-	545,446
Total revenues	<u>1,562,871</u>	<u>55,163</u>	<u>432,511</u>	<u>2,050,545</u>
EXPENDITURES				
Current:				
Instruction	-	55,426	450,742	506,168
Noninstructional services	<u>1,611,777</u>	<u>-</u>	<u>-</u>	<u>1,611,777</u>
Total expenditures	<u>1,611,777</u>	<u>55,426</u>	<u>450,742</u>	<u>2,117,945</u>
Deficiency of revenues under expenditures	<u>(48,906)</u>	<u>(263)</u>	<u>(18,231)</u>	<u>(67,400)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>263</u>	<u>-</u>	<u>263</u>
Net change in fund balances	(48,906)	-	(18,231)	(67,137)
Fund balances, beginning	<u>379,613</u>	<u>-</u>	<u>377,274</u>	<u>756,887</u>
Fund balances, ending	<u>\$ 330,707</u>	<u>\$ -</u>	<u>\$ 359,043</u>	<u>\$ 689,750</u>

See Auditor's Report.

SCHEDULE 6
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2023

		Student Activity Funds						
		Timberlane Regional High School	Timberlane Regional Middle School	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School
								Total
ASSETS								
Cash and cash equivalents		\$ 208,741	\$ 32,450	\$ 29,437	\$ 51,291	\$ 2,969	\$ 14,080	\$ 20,075
								\$ 359,043
FUND BALANCES								
Assigned		\$ 208,741	\$ 32,450	\$ 29,437	\$ 51,291	\$ 2,969	\$ 14,080	\$ 20,075
								\$ 359,043

See Auditor's Report.

SCHEDULE 7
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2023

	Student Activity Funds							
	Timberlane Regional High School	Timberlane Regional Middle School	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School	Total
REVENUES								
Other local	\$ 279,975	\$ 80,419	\$ 33,587	\$ 10,010	\$ 2,045	\$ 16,636	\$ 9,839	\$ 432,511
EXPENDITURES								
Current:								
Instruction	307,443	85,365	25,453	13,876	2,565	14,605	1,435	450,742
Net change in fund balances	(27,468)	(4,946)	8,134	(3,866)	(520)	2,031	8,404	(18,231)
Fund balances, beginning	236,209	37,396	21,303	55,157	3,489	12,049	11,671	377,274
Fund balances, ending	\$ 208,741	\$ 32,450	\$ 29,437	\$ 51,291	\$ 2,969	\$ 14,080	\$ 20,075	\$ 359,043

***SINGLE AUDIT ACT SCHEDULES
AND INDEPENDENT AUDITOR'S REPORTS***



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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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

Independent Auditor's Report

To the Members of the School Board
Timberlane Regional School District
Timberlane Regional, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Timberlane Regional School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Timberlane Regional School District's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

***Timberlane Regional School District
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***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Timberlane Regional School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Timberlane Regional School 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 Timberlane Regional School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 14, 2023
Concord, New Hampshire



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Members of the School Board
Timberlane Regional School District
Timberlane Regional, New Hampshire

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Timberlane Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Timberlane Regional School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Timberlane Regional School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

***Timberlane Regional School District
Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance***

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 Timberlane Regional School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting 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 judgment made by a reasonable user of the report on compliance about the Timberlane Regional School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the Timberlane Regional School District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Timberlane Regional School 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 a 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.

***Timberlane Regional School District
Report on Compliance for Each Major Federal Program and Report on
Internal Control Over Compliance Required by the Uniform Guidance***

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

December 14, 2023
Concord, New Hampshire



PLODZIK & SANDERSON
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SCHEDULE I
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
Unmodified opinions on governmental activities, each major fund, and aggregate remaining fund information

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in
accordance with 2 CFR 200.516(a)? yes X no

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425 D & U	COVID-19 – Education Stabilization Fund

Dollar threshold used to distinguish between type A and
type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
Timberlane Regional School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 47,859
National School Lunch Program	10.555	N/A	-	471,719
COVID-19 - National School Lunch Program	10.555	N/A	-	25,868
<i>CLUSTER TOTAL</i>			-	545,446
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds				
School Security	21.027	20230939	-	15,753
School Security	21.027	20230940	-	15,492
School Security	21.027	20230941	-	29,306
School Security	21.027	20230942	-	8,321
School Security	21.027	20230943	-	17,754
School Security	21.027	20230944	-	53,797
School Security	21.027	20230945	-	33,736
<i>PROGRAM TOTAL</i>			-	174,159
Title I Grants to Local Educational Agencies:				
Title I Part A	84.010	20220193	-	17,369
Title I Part A	84.010	20230165	-	104,132
<i>PROGRAM TOTAL</i>			-	121,501
SPECIAL EDUCATION CLUSTER				
Special Education Grants to States:				
IDEA	84.027	20220188	-	357,967
IDEA	84.027	20231061	-	622,555
<i>CLUSTER TOTAL</i>			-	980,522
Supporting Effective Instruction State Grants:				
Title II Part A	84.367	20220850	-	68,495
<i>PROGRAM TOTAL</i>			-	68,495
Student Support and Academic Enrichment Program:				
Title IV A	84.424	20200450	-	9,300
Title IV A	84.424	20211858	-	15,415
Title IV A	84.424	20220900	-	30,000
<i>PROGRAM TOTAL</i>			-	54,715
COVID-19 - Education Stabilization Fund:				
ESSER II	84.425D	20211749	-	285,617
ESSER III	84.425U	20221133	-	472,583
<i>PROGRAM TOTAL</i>			-	758,200
Total Expenditures of Federal Awards			\$ -	\$ 2,703,038

The Notes to the Schedule of Expenditures of Federal Awards is an integral part of this schedule.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1. Basis of Presentation

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

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

Note 4. Food Donation

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ended June 30, 2023, the value of food donations received was \$123,372.