TIMBERLANE REGIONAL SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TIMBERLANE REGIONAL SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

		PAGES
	INDEPENDENT AUDITOR'S REPORT	1 - 3
	MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
	BASIC FINANCIAL STATEMENTS	
	Government-wide Financial Statements	
A	Statement of Net Position	13
B	Statement of Activities	14
	Fund Financial Statements	
	Governmental Funds	
C-1	Balance Sheet	15
C-2	Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	16
C-3	Statement of Revenues, Expenditures, and Changes in Fund Balances	17
C-4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	18
	Budgetary Comparison Information	
D-1	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	19
D-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (GAAP Basis) – Grants Fund	20
	Fiduciary Fund	
E-1	Statement of Fiduciary Net Position	21
E-2	Statement of Changes in Fiduciary Net Position	22
	NOTES TO THE BASIC FINANCIAL STATEMENTS	23 - 44
	REQUIRED SUPPLEMENTARY INFORMATION	
F	Schedule of the School District's Proportionate Share of Net Pension Liability	45
G	Schedule of School District Contributions - Pensions	46
	NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY	47
H	Schedule of the School District's Proportionate Share of Net Other Postemployment Benefits Liability	48
I	Schedule of School District Contributions – Other Postemployment Benefits	49
J	Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios	50
	NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - OTHER POSTEMPLOYMENT BENEFITS LIABILITY	51

TIMBERLANE REGIONAL SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

		PAGES
	COMBINING AND INDIVIDUAL FUND SCHEDULES	
	Governmental Funds	
	Major General Fund	
1	Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)	52
2	Schedule of Appropriations, Expenditures, and Encumbrances (Non-GAAP Budgetary Basis)	53
3	Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)	54
	Nonmajor Governmental Funds	
4	Combining Balance Sheet	55
5	Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	56
	Student Activity Funds	
6	Combining Balance Sheet	57
7	Combining Schedule of Revenues, Expenditures and Changes in Fund Balance	58
	SINGLE AUDIT ACT SCHEDULES AND INDEPENDENT AUDITOR'S REPORTS	
	INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	59
	INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	60 - 61
I	Schedule of Findings and Questioned Costs	62
II	Schedule of Expenditures of Federal Awards	63
	NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	64

PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX- 603-224-1380

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 accompanying financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Timberlane Regional School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of the Timberlane Regional School District, as of June 30, 2022, and the respective changes in financial position and the respective budgetary comparison for the general fund, food service fund, and grants fund 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 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Change in Accounting Principle

As discussed in Note 2-C to the financial statements, in the fiscal year 2022, the School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying

accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules 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.

February 16, 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, 2022

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 23-44 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 45-51 of this report. Additional supplementary information relating to the General Fund, Nonmajor Funds, and Student Activity Funds can be found at pages 52-58. Schedule of Expenditures of Federal Awards and accompanying notes can be found at pages 59-64.

Financial Highlights

- FY2022 fund balance used to reduce taxes for FY2023 was $3,625,116.

- Total Revenue increased by $1,969,119, or 2.7%, in FY2022 compared to FY2021 due in large to the additional COVID relief funds and the additional adequacy aid.

- Total Governmental Funds Expenditures reflect a slight increase of $952,974, or 1.3%, from $70,891,731 in FY2021 to $71,844,705 in FY2022 largely due to the nationwide crisis of increasing prices in commodities, labor rates, and utilities.

- In FY2022, the School District entered into a five-year lease agreement as lessee for copiers. An initial lease liability was recorded in the amount of $521,147. The School District is required to make annual principal and interest payments of $114,739. The lease has an interest rate of 3.29%. The lease assets are reported with other capital assets and the lease liability is reported with long-term debt on the Statement of Net Position.

- Governmental Accounting Standards Board Statement No. 87, Leases, was implemented during FY2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

- 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.

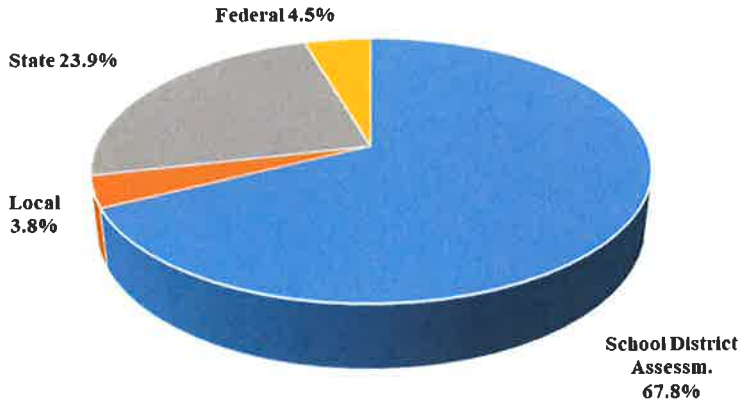
Financial Analysis of the District as a Whole
Two-Year Comparison of Net Position
Governmental Activities

	June 30, 2022	June 30, 2021	Increase (Decrease)
ASSETS			
Cash and cash equivalents	$ 10,246,670	$ 4,895,186	$ 5,351,484
Other receivable	5,873	24,800	(18,927)
Intergovernmental receivable	2,260,923	2,151,488	109,435
Inventory	36,733	27,073	9,660
Prepaid items	526,469	-	526,469
Capital assets, not being depreciated	515,901	515,901	-
Capital assets, net of accumulated depreciation	14,949,989	16,101,144	(1,151,155)
Total Assets	**28,542,558**	**23,715,592**	**4,826,966**
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	13,975,842	20,583,212	(6,607,370)
Amounts related to other postemployment benefits	1,288,164	1,846,966	(558,802)
Total deferred outflows of resources	**15,264,006**	**22,430,178**	**(7,166,172)**
LIABILITIES			
Accounts payable	1,518,661	616,370	902,291
Intergovernmental payable	1,876,513	90,662	1,785,851
Accrued interest payable	12,713	-	12,713
Noncurrent obligations:			
Due within one year	100,804	297,800	(196,996)
Due in more than one year	63,995,078	86,508,592	(22,513,514)
Total Liabilities	**67,503,769**	**87,513,424**	**(20,009,655)**
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants and donations	31,825	39,126	(7,301)
Amounts related to pensions	15,892,436	2,366,094	13,526,342
Amounts related to other postemployment benefits	1,283,731	2,098,931	(815,200)
Total deferred inflows of resources	**17,207,992**	**4,504,151**	**12,703,841**
NET POSITION			
Net investment in capital assets	15,042,336	16,617,045	(1,574,709)
Restricted	460,028	-	460,028
Unrestricted	(56,407,561)	(62,488,850)	6,081,289
Total net position	**$ (40,905,197)**	**$ (45,871,805)**	**$ 4,966,608**

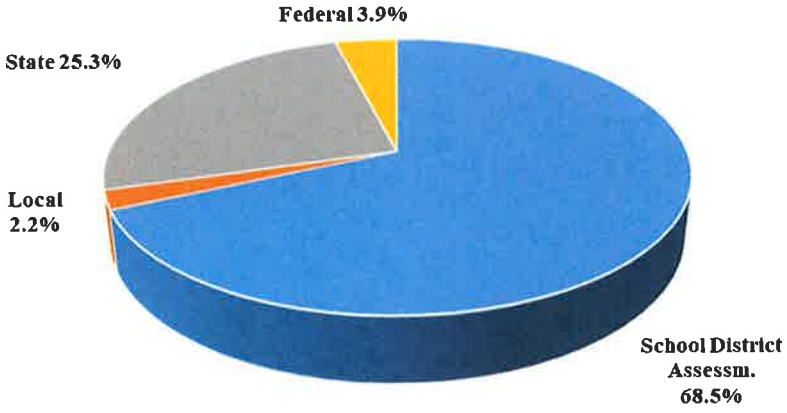
Financial Analysis of the District as a Whole
Two-Year Comparison
Revenue Analysis
Total Governmental Funds

	Fiscal Year Ended June 30, 2022	*Fiscal Year Ended June 30, 2021*	*Increase (Decrease)*
School district assessment	$ 50,619,507	$ 49,783,315	$ 836,192
Local	2,836,701	1,630,142	1,206,559
State	17,816,226	18,369,405	(553,179)
Federal	3,348,404	2,868,857	479,547
	$ 74,620,838	**$ 72,651,719**	**$ 1,969,119**

Fiscal Year Ended
June 30, 2022



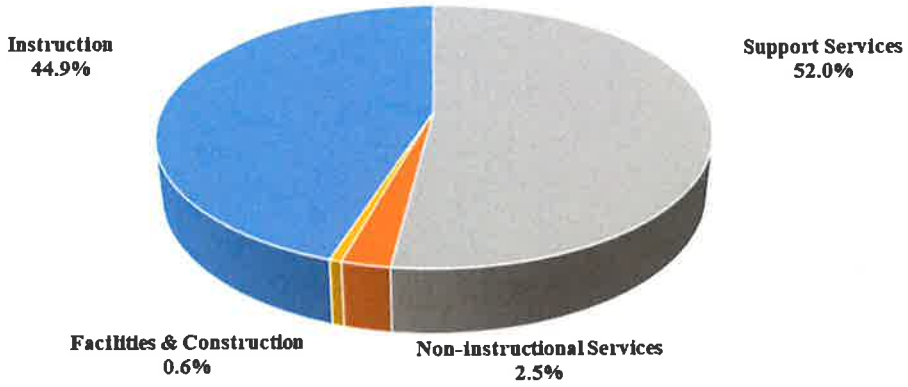
Fiscal Year Ended
June 30, 2021



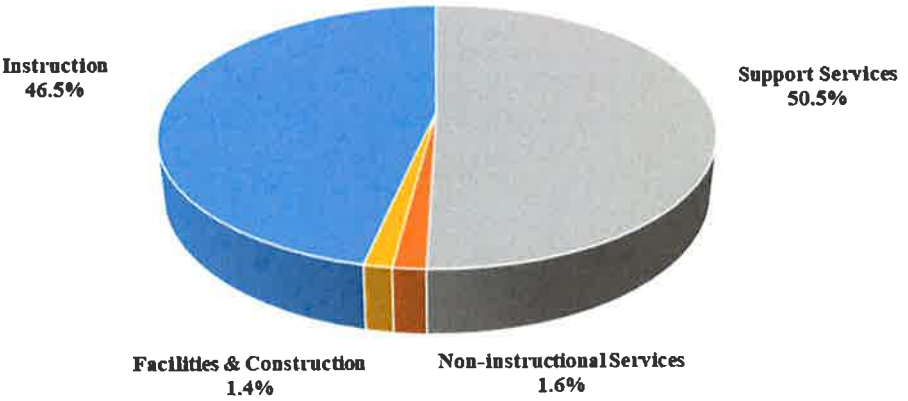
Financial Analysis of the District as a Whole
Two-Year Comparison
Statement of Expenditures – Total Governmental Funds

	Fiscal Year Ended				Increase (Decrease)
	June 30, 2022		June 30, 2021		
Instruction		32,261,821		32,950,483	(688,662)
Support Services:					
Students	3,416,419		3,347,330		69,089
Instructional Staff	1,167,640		1,142,989		24,651
General Administration	327,266		292,454		34,812
Executive Administration	862,884		2,194,207		(1,331,323)
School Administration	3,010,461		3,067,357		(56,896)
Business	467,862		82,490		385,372
Operation & Plant Maint.	4,562,840		3,845,703		717,137
Student Transportation	3,307,120		2,982,242		324,878
Other	20,269,992		18,829,997		1,439,995
		37,392,484		35,784,769	1,607,715
Non-instructional Services		1,761,133		1,151,927	609,206
Facilities & Construction		429,267		1,004,552	(575,285)
		71,844,705		**70,891,731**	**952,974**

Total Governmental Fund Expenditures
As of June 30, 2022



Total Governmental Fund Expenditures
As of June 30, 2021



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 2022, the amount used from the beginning general fund unassigned fund balance for this purpose was $3,625,116.

Long Term Debt

The District has long-term debt as of June 30, 2022, as follows:

Timberlane Regional School District
Comparative Statement of Long Term Debt

	2022	2021	Increase (Decrease)
Lease payable	423,554	-	423,554
Compensated absences	2,675,135	3,059,123	(383,988)
Net pension liability	49,009,239	71,795,966	(22,786,727)
Other postemployment benefits	11,987,954	11,951,303	36,651
Total Long-Term Debt	**64,095,882**	**86,806,392**	**(22,710,510)**

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, 2021	Changes	Ending Balance June 30, 2022
Non-Depreciable Assets:			
Land	515,901	-	515,901
Depreciable Assets:			
Land Improvements	3,145,412	-	3,145,412
Buildings and Building Improvements	60,450,343	83,460	60,533,803
Machinery, Equipment, and Vehicles	4,159,080	45,216	4,204,296
Right to use Equipment	-	521,147	521,147
Total Capital Assets	68,270,736	649,823	68,920,559
Less Accumulated Depreciation	(51,653,691)	(1,800,978)	(53,454,669)
Net Value, All Capital Assets	**16,617,045**	**(1,151,155)**	**15,465,890**

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:

Maria Watkins
C.F.O. / Business Administrator
Timberlane Regional School District / SAU 106
30 Greenough Road
Plaistow, NH 03865
603-382-6119 Ext.2250
maria.watkins@timberlane.net

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 10,246,670
Other receivables	5,873
Intergovernmental receivables	2,260,923
Inventory	36,733
Prepaid items	526,469
Capital assets, not being depreciated	515,901
Capital assets, net of accumulated depreciation	14,949,989
Total assets	28,542,558
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	13,975,842
Amounts related to other postemployment benefits	1,288,164
Total deferred outflows of resources	15,264,006
LIABILITIES	
Accounts payable	1,518,661
Intergovernmental payable	1,876,513
Accrued interest payable	12,713
Noncurrent obligations:	
Due within one year	100,804
Due in more than one year	63,995,078
Total liabilities	67,503,769
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants and donations	31,825
Amounts related to pensions	15,892,436
Amounts related to other postemployment benefits	1,283,731
Total deferred inflows of resources	17,207,992
NET POSITION	
Net investment in capital assets	15,042,336
Restricted	460,028
Unrestricted	(56,407,561)
Total net position	$ (40,905,197)

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, 2022

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position
Governmental activities:				
Instruction	$31,998,696	$ 1,403,216	$ 1,121,043	$ (29,474,437)
Support services:				
Student	3,322,857	-	-	(3,322,857)
Instructional staff	1,207,018	-	135,550	(1,071,468)
General administration	327,266	-	-	(327,266)
Executive administration	860,616	-	-	(860,616)
School administration	2,985,407	-	-	(2,985,407)
Business	467,862	-	-	(467,862)
Operation and maintenance of plant	6,006,828	-	-	(6,006,828)
Student transportation	3,307,120	-	20,434	(3,286,686)
Other	17,365,349	-	-	(17,365,349)
Noninstructional services	1,792,498	245,903	1,894,843	348,248
Interest on long-term debt	12,713	-	-	(12,713)
Total governmental activities	$69,654,230	$ 1,649,119	$ 3,171,870	(64,833,241)
General revenues:				
School district assessment				50,619,507
Grants and contributions not restricted to specific programs				17,725,276
Interest				11,490
Miscellaneous				1,443,576
Total general revenues				69,799,849
Change in net position				4,966,608
Fund balances, beginning				(45,871,805)
Net position, ending				$ (40,905,197)

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, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,822,060	$ -	$ 424,610	$ 10,246,670
Receivables:				
Accounts	5,873	-	-	5,873
Intergovernmental	1,029,704	748,085	483,134	2,260,923
Interfund receivables	735,144	-	-	735,144
Inventory	-	-	36,733	36,733
Prepaid items	526,469	-	-	526,469
Total assets	$ 12,119,250	$ 748,085	$ 944,477	$ 13,811,812
LIABILITIES				
Accounts payable	$ 1,349,955	$ 19,301	$ 149,405	$ 1,518,661
Intergovernmental payable	1,876,513	-	-	1,876,513
Interfund payable	-	696,959	38,185	735,144
Total liabilities	3,226,468	716,260	187,590	4,130,318
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants and donations	-	31,825	-	31,825
FUND BALANCES				
Nonspendable	526,469	-	36,733	563,202
Restricted	80,415	-	342,880	423,295
Committed	2,008,980	-	-	2,008,980
Assigned	2,151,802	-	377,274	2,529,076
Unassigned	4,125,116	-	-	4,125,116
Total fund balances	8,892,782	-	756,887	9,649,669
Total liabilities, deferred inflows of resources, and fund balances	$ 12,119,250	$ 748,085	$ 944,477	$ 13,811,812

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, 2022

Total fund balances of governmental funds (Exhibit C-1)		$ 9,649,669
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	$ 68,920,559	
Less accumulated depreciation	(53,454,669)	
		15,465,890
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	$ 13,975,842	
Deferred inflows of resources related to pensions	(15,892,436)	
Deferred outflows of resources related to OPEB	1,288,164	
Deferred inflows of resources related to OPEB	(1,283,731)	
		(1,912,161)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	$ (735,144)	
Payables	735,144	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(12,713)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Leases	$ 423,554	
Compensated absences	2,675,135	
Net pension liability	49,009,239	
Other postemployment benefits	11,987,954	
		(64,095,882)
Net position of governmental activities (Exhibit A)		$ (40,905,197)

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, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	$ 50,619,507	$ -	$ -	$ 50,619,507
Other local	2,236,776	20,385	585,622	2,842,783
State	17,713,703	-	102,523	17,816,226
Federal	313,794	1,236,208	1,792,320	3,342,322
Total revenues	70,883,780	1,256,593	2,480,465	74,620,838
EXPENDITURES				
Current:				
Instruction	30,887,183	1,121,043	253,595	32,261,821
Support services:				
Student	3,416,419	-	-	3,416,419
Instructional staff	1,032,090	135,550	-	1,167,640
General administration	327,266	-	-	327,266
Executive administration	862,884	-	-	862,884
School administration	3,010,461	-	-	3,010,461
Business	467,862	-	-	467,862
Operation and maintenance of plant	4,562,840	-	-	4,562,840
Student transportation	3,307,120	-	-	3,307,120
Other	20,269,992	-	-	20,269,992
Noninstructional services	-	-	1,761,133	1,761,133
Facilities acquisition and construction	429,267	-	-	429,267
Total expenditures	68,573,384	1,256,593	2,014,728	71,844,705
Excess of revenues over expenditures	2,310,396	-	465,737	2,776,133
OTHER FINANCING SOURCES (USES)				
Transfers in	20,719	-	-	20,719
Transfers out	-	-	(20,719)	(20,719)
Lease issued (as lessee)	521,147	-	-	521,147
Total other financing sources (uses)	541,866	-	(20,719)	521,147
Net change in fund balances	2,852,262	-	445,018	3,297,280
Fund balances, beginning	6,040,520	-	311,869	6,352,389
Fund balances, ending	$ 8,892,782	$ -	$ 756,887	$ 9,649,669

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, 2022

Net change in fund balances of total governmental funds (Exhibit C-3)		$3,297,280
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 expense to allocate those expenditures over the life of the assets. Depreciation expense exceeded capital outlay expenditures in the current year, as follows:		
Capitalized capital outlay	$ 649,823	
Depreciation expense	(1,800,978)	
		(1,151,155)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.		
Transfers in	$ (20,719)	
Transfers out	20,719	
		-
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.		
Inception of lease	$ (521,147)	
Principal repayment of lease	97,593	
		(423,554)
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.		
Increase in accrued interest expense	$ (12,713)	
Decrease in compensated absences payable	383,988	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	2,653,015	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	219,747	
		3,244,037
Change in net position of governmental activities (Exhibit B)		$4,966,608

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, 2022

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
School district assessment	$ 50,619,507	$ 50,619,507	$ 50,619,507	$ -
Other local	834,621	834,621	2,115,557	1,280,936
State	17,628,636	17,628,636	17,713,703	85,067
Federal	120,000	120,000	313,794	193,794
Total revenues	69,202,764	69,202,764	70,762,561	1,559,797
EXPENDITURES				
Current:				
Instruction	32,787,020	33,031,565	30,997,473	2,034,092
Support services:				
Student	3,763,127	3,761,528	3,425,849	335,679
Instructional staff	1,215,467	1,213,067	1,035,411	177,656
General administration	250,220	251,846	327,266	(75,420)
Executive administration	949,087	884,424	853,013	31,411
School administration	3,163,042	3,106,871	3,006,995	99,876
Business	355,000	355,000	397,319	(42,319)
Operation and maintenance of plant	3,636,682	3,662,869	3,870,852	(207,983)
Student transportation	3,601,002	3,594,426	3,309,120	285,306
Other	20,862,228	20,839,114	20,269,992	569,122
Facilities acquisition and construction	2,033,593	1,915,758	1,688,913	226,845
Total expenditures	72,616,468	72,616,468	69,182,203	3,434,265
Excess (deficiency) of revenues over (under) expenditures	(3,413,704)	(3,413,704)	1,580,358	4,994,062
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	20,719	20,719
Transfers out	(4,186)	(4,186)	-	4,186
Total other financing sources (uses)	(4,186)	(4,186)	20,719	24,905
Net change in fund balance	$ (3,417,890)	$ (3,417,890)	1,601,077	$ 5,018,967
Increase in nonspendable fund balance			(526,469)	
Increase in committed fund balance			(991,393)	
Increase in assigned fund balance (non-encumbrance)			130,900	
Unassigned fund balance, beginning			3,911,001	
Unassigned fund balance, ending			$ 4,125,116	

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, 2022

	Budgeted Amounts			Variance Positive
	Original	Final	Actual	(Negative)
REVENUES				
Other local	$ -	$ 20,385	$ 20,385	$ -
Federal	1,300,000	1,236,208	1,236,208	-
Total revenues	1,300,000	1,256,593	1,256,593	-
EXPENDITURES				
Current:				
Instruction	1,300,000	1,121,043	1,121,043	-
Support services:				
Instructional staff	-	135,550	135,550	-
Total expenditures	1,300,000	1,256,593	1,256,593	-
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, 2022

	Private Purpose Trust
ASSETS	
Intergovernmental receivable	$315,869
NET POSITION	
Restricted	$315,869

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, 2022

	Private Purpose Trust
Additions:	
New funds	$ 11,015
Deductions:	
Scholarships	9,665
Loss on investments	29,700
Total deductions	39,365
Change in net position	(28,350)
Net position, beginning	344,219
Net position, ending	$315,869

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, 2022

	NOTE
Summary of Significant Accounting Policies	1
Reporting Entity	1-A
Government-wide and Fund Financial Statements	1-B
Measurement Focus, Basis of Accounting, and Financial Statement Presentation	1-C
Cash and Cash Equivalents	1-D
Receivables	1-E
Inventory	1-F
Prepaid Items	1-G
Capital Assets	1-H
Interfund Activities	1-I
Accounts Payable	1-J
Deferred Outflows/Inflows of Resources	1-K
Long-term Obligations	1-L
Lease	1-M
Compensated Absences	1-N
Defined Benefit Pension Plan	1-O
Postemployment Benefits Other Than Pensions (OPEB)	1-P
Net Position/Fund Balances	1-Q
Use of Estimates	1-R
Material Change in Classification	1-S
Stewardship, Compliance, and Accountability	2
Budgetary Information	2-A
Budgetary Reconciliation to GAAP Basis	2-B
Accounting Change	2-C
DETAILED NOTES ON ALL FUNDS	
Cash and Cash Equivalents	3
Receivables	4
Prepaid Items	5
Capital Assets	6
Interfund Balances and Transfers	7
Intergovernmental Payables	8
Deferred Outflows/Inflows of Resources	9
Lease	10
Long-term Liabilities	11
Defined Benefit Pension Plan	12
Postemployment Benefits Other Than Pensions (OPEB)	13
New Hampshire Retirement System (NHRS)	13-A
Retiree Health Benefit Program	13-B
Encumbrances	14
Governmental Activities and Fiduciary Fund Net Position	15
Governmental Fund Balances	16
Risk Management	17

Contingent Liabilities 18

COVID-19 19

Subsequent Events 20

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 the GASB. 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. 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, with the difference reported as net position.

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. 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 the fiduciary fund, even though the latter is 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 character: instruction, support services, noninstructional, or facilities acquisition and construction. Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services. Capital outlay includes expenditures for equipment, real property, or infrastructure.

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. 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, and facilities acquisition and construction. Under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* guidance, the gate receipts fund, 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 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. This fund accounts for resources held by the School District for the benefit of other parties and consists of the private purpose trust fund. The fiduciary fund is 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.

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. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method). The nonspendable fund balance at the governmental fund level includes the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

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.

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

Capital Asset Class:	Years
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." 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, 2022.

1-K Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense) until that time. The School District 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. The School District has two types of items which qualify for reporting in this category. 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 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 Lease

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 the 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 the lease include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) the lease term, and (3) the 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. The lease assets are reported with other capital assets and the lease liability is 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 incentive 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.

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, reduced by the outstanding balance of 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 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.

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.

1-S Material Change in Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the food service fund, which accounts for the operation of the School District's food service program, did not qualify as a major fund for the current fiscal year. As such it was reclassified to the nonmajor governmental funds.

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 performance arts center funds. 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 2022, $3,417,890 of the beginning general fund unassigned fund balance was applied for this purpose.

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)	$ 70,783,280
Adjustments:	
Basis difference:	
Lease inception	521,147
GASB Statement No. 54:	
Miscellaneous revenue of blended funds	121,219
Per Exhibit C-3 (GAAP Basis)	$ 71,425,646
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	$ 69,182,203
Adjustments:	
Basis difference:	
Encumbrances, beginning	814,630
Encumbrances, ending	(2,123,412)
Lease inception	521,147
GASB Statement No. 54:	
Expenditures of the blended expendable trust funds	70,543
Expenditures of the blended student activity funds	108,273
Per Exhibit C-3 (GAAP basis)	$ 68,573,384

2-C Accounting Change

Governmental Accounting Standards Board Statement No. 87, *Leases*, was implemented during fiscal year 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. See Note 10, Lease, for further information.

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 $10,246,670 and the bank balances totaled $11,252,650. Petty cash totaled $2,381.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consisted of accounts and intergovernmental amounts arising from grants, the school lunch program, expendable trust funds held by the Town of Plaistow Trustees of Trust Funds for the School District, and other miscellaneous amounts. 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, 2022 consisted of prepaid health insurance in the amount of $526,469.

NOTE 6– CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 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	-	3,145,412
Buildings and building improvements	60,450,343	83,460	60,533,803
Machinery, equipment, and vehicles	4,159,080	45,216	4,204,296
Right to use equipment	-	521,147	521,147
Total capital assets being depreciated/amortized	67,754,835	649,823	68,404,658
Total capital assets	68,270,736	649,823	68,920,559
Less accumulated depreciation/amortization:			
Land improvements	(2,480,025)	(53,915)	(2,533,940)
Buildings and building improvements	(45,441,731)	(1,564,153)	(47,005,884)
Machinery, equipment, and vehicles	(3,731,935)	(78,681)	(3,810,616)
Right to use equipment	-	(104,229)	(104,229)
Total accumulated depreciation/amortization	(51,653,691)	(1,800,978)	(53,454,669)
Net book value, capital assets being depreciated/amortized	16,101,144	(1,151,155)	14,949,989
Net book value, all capital assets	$ 16,617,045	$ (1,151,155)	$ 15,465,890

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	$ 7,770
Support services:	
School administration	17,154
Operation and maintenance of plant	1,776,054
Total depreciation expense	$ 1,800,978

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2022 are as follows:

Receivable Fund	Payable Fund	Amount
General	Grants	$696,959
	Nonmajor	38,185
		$735,144

Interfund transfers during the year ended June 30, 2022 are as follows:

	Transfers In: General Fund
Transfers out:	
Nonmajor fund	$ 20,719

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 – INTERGOVERNMENTAL PAYABLES

Amounts due to other governments of $1,876,513 at June 30, 2022 consist of amounts owed to the New Hampshire Retirement System.

NOTE 9 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2022, consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 12	$13,975,842
Amounts related to OPEB, see Note 13	1,288,164
Total deferred inflows of resources	$15,264,006

Deferred inflows of resources at June 30, 2022 consist of the following:

	Governmental Activities	Grants Fund
Local grants received in advance of eligible expenditures being made	$ 31,825	$ 31,825
Amounts related to pensions, see Note 12	15,892,436	-
Amounts related to OPEB, see Note 13	1,283,731	-
Total deferred inflows of resources	$17,207,992	$ 31,825

NOTE 10 – LEASE

Lease Payable- During the current fiscal year, the School District entered into a lease agreement as lessee for copiers. An initial lease liability was recorded in the amount of $521,147. As of June 30, 2022, the value of the lease liability was $423,554. The School District is required to make annual principal and interest payments of $114,739. The lease has an interest rate of 3.29%. The copiers have a five year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was $416,918 and had accumulated amortization of $104,229.

The annual requirements to amortize all lease payables outstanding as of June 30, 2022, including interest payments, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$100,804	$13,935	$114,739
2024	104,120	10,619	114,739
2025	107,546	7,193	114,739
2026	111,084	3,655	114,739
Totals	$423,554	$35,402	$458,956

NOTE 11 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year	Due In More Than One Year
Lease payable	$ -	$ 521,147	$ (97,593)	$ 423,554	$ 100,804	$ 322,750
Compensated absences	3,059,123	80,650	(464,638)	2,675,135	-	2,675,135
Pension related liability	71,795,966	-	(22,786,727)	49,009,239	-	49,009,239
Net other postemployment benefits	11,951,303	511,627	(474,976)	11,987,954	-	11,987,954
Total long-term liabilities	$86,806,392	$ 1,113,424	$(23,823,934)	$64,095,882	$ 100,804	$ 63,995,078

NOTE 12 – 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 January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (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 January 1, 2012, 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 January 1, 2012	**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 2022, the School District contributed 19.48% for teachers and 13.75% for other employees. The contribution requirement for the fiscal year 2022 was $6,283,133, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the School District reported a liability of $49,009,239 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020. 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 participants, actuarially determined. At June 30, 2021, the School District's proportion was 1.11%, which was a decrease of 0.01% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized pension expense of $3,631,577. At June 30, 2022, 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	$ 1,201,640	$ 1,672,582
Net difference between projected and actual investment earnings on pension plan investments	-	13,706,761
Changes in assumptions	5,118,739	-
Differences between expected and actual experience	1,372,330	513,093
Contributions subsequent to the measurement date	6,283,133	-
Total	$ 13,975,842	$ 15,892,436

The $6,283,133 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, 2023. 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,	
2022	$ (1,207,776)
2023	(1,265,755)
2024	(1,113,411)
2025	(4,612,785)
Totals	$ (8,199,727)

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:	5.6% 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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.

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

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

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, 2021	$70,088,819	$ 49,009,239	$31,425,428

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 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

13-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 2019 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 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 2021 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 2021, 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 2022, the School District contributed 1.54% for teachers and 0.31% for other employees. The contribution requirement for the fiscal year 2022 was $433,428, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2022, the School District reported a liability of $4,213,007 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. 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, 2021, the School District's proportion was 1.05%, which was a decrease of 0.02% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the School District recognized OPEB expense of $171,727. At June 30, 2022, 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 proportion	$ -	$ 695
Net difference between projected and actual investment earnings on OPEB plan investments	-	52,628
Differences between expected and actual experience	-	879
Contributions subsequent to the measurement date	433,428	-
Total	$ 433,428	$ 54,202

The $433,428 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, 2023. 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,	
2022	$ (13,612)
2023	(11,058)
2024	(12,394)
2025	(17,138)
Totals	$ (54,202)

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. 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:	5.6% 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, 2020 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2016 – 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 2021:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return 2021
Large Cap Equities	22.50%	6.46%
Small/Mid Cap Equities	7.50%	1.14%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	14.00%	5.53%
Emerging Int'l Equities	6.00%	2.37%
Total international equity	20.00%	
Core US Fixed Income	25.00%	3.60%
Private equity	10.00%	8.85%
Private debt	5.00%	7.25%
Total alternative investments	15.00%	
Real estate	10.00%	6.60%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2021 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, 2021	$4,579,871	$ 4,213,007	$3,983,813

Sensitivity of the School District's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rate – GASB Statement 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.

13-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 post-employment 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 affects 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. The benefits are provided through the New Hampshire Inter-Local Trust.

Employees Covered by Benefit Terms – At July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	5
Active employees	589
Total participants covered by OPEB plan	594

Total OPEB Liability – The School District's total OPEB liability of $7,774,947 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020. 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 of $7,774,947 in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate:	2.16%
Healthcare Cost Trend Rates:	
Current Year Trend	7.00%
Second Year Trend	6.50%
Ultimate Trend	4.04%
Year Ultimate Trend is Reached	2089
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, 2021.

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Year 2006).

Changes in the Total OPEB Liability

	June 30, 2021	June 30, 2022
Total OPEB liability, beginning of year	$7,389,877	$7,263,320
Changes for the year:		
Service cost	558,604	570,670
Interest	143,970	154,581
Assumption changes	831,095	-
Difference between actual and expected experience	(1,451,119)	-
Benefit payments	(209,107)	(213,624)
Total OPEB liability, end of year	$7,263,320	$7,774,947

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2020 actuarial valuation was prepared using a discount rate of 2.16%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to $7,333,538, or by 5.68%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to $8,192,190, or by 5.37%.

	Discount Rate		
	1% Decrease	Baseline 2.16%	1% Increase
Total OPEB Liability	$8,192,190	$ 7,774,947	$7,333,538

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2020 actuarial valuation was prepared using an initial trend rate of 7.00%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to $8,877,839, or by 14.19%. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to $6,819,399, or by 12.29%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.00%	1% Increase
Total OPEB Liability	$6,819,399	$ 7,774,947	$8,877,839

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the School District recognized OPEB expense of $256,021. At June 30, 2022, 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	$ 854,736	$ -
Differences between expected and actual experience	-	1,229,529
Total	$ 854,736	$1,229,529

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	$ (90,130)
2024	(95,211)
2025	(107,643)
2026	(81,809)
Thereafter	-
Totals	$(374,793)

NOTE 14 – ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2022 are as follows:

Current:	
Instruction:	
Regular programs	$ 282,955
Special programs	935
Adult and continuing education programs	2,189
Total instruction	286,079
Support services:	
Student	9,430
Instructional staff	4,248
Executive administration	1,654
Operation and maintenance of plant	206,987
Student transportation	2,000
Total support services	224,319
Facilities acquisition and construction	1,613,014
Total encumbrances	$ 2,123,412

NOTE 15 – GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUND NET POSITION

Net position reported on the government-wide and fiduciary fund Statements of Net Position at June 30, 2022 include the following:

	Governmental Activities	Fiduciary Fund
Net investment in capital assets:		
Net book value of all capital assets	$ 15,465,890	$ -
Less:		
Leases payable	(423,554)	-
Total net investment in capital assets	15,042,336	-
Restricted		
Gate Receipts	80,415	-
Food service	379,613	-
Individuals, organizations, and other governments	-	315,869
Total restricted	460,028	315,869
Unrestricted	(56,407,561)	-
Total net position	$ (40,905,197)	$ 315,869

NOTE 16 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2022 consist of the following:

	General	Other Governmental Fund	Total Governmental Funds
Nonspendable:			
Prepaid	$ 526,469	$ -	$ 526,469
Inventory	-	36,733	36,733
Total nonspendable fund balance	526,469	36,733	563,202
Restricted:			
Gate receipts	80,415	-	80,415
Food service	-	342,880	342,880
Total restricted fund balance	80,415	342,880	423,295
Committed:			
Expendable trust	1,017,587	-	1,017,587
Nonlapsing warrant article	991,393	-	991,393
Total committed fund balance	2,008,980	-	2,008,980
Assigned:			
Encumbrances	2,123,412	-	2,123,412
Student activity	28,390	377,274	405,664
Total assigned fund balance	2,151,802	377,274	2,529,076
Unassigned:			
Unassigned - retained (RSA 198:4-bII)	500,000	-	500,000
Unassigned	3,625,116	-	3,625,116
Total unassigned fund balance	4,125,116	-	4,125,116
Total governmental fund balances	$ 8,892,782	$ 756,887	$ 9,649,669

NOTE 17 – 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 2022, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex^3) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2021 to June 30, 2022 by Primex^3, 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 School District's property schedule on file with Primex^3. 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 Primex^3 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 2021-22, the School District paid $273,903 and $194,391 to Primex^3 for Workers' Compensation and Property/Liability, respectively. At this time, Primex^3 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 18 – 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 19 – COVID-19

As a result of the spread of the COVID-19 Coronavirus, economic uncertainties continue. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief, and Economic Security (CARES Act) in response to the economic downfall caused by the COVID-19 pandemic. This Act provided funding through the Coronavirus Relief Fund (CRF) as well as the Education Stabilization Fund (ESF). On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) was signed into law, which provided additional funding for the ESF programs.

The ESF provided funds to the School District through the Elementary and Secondary School Emergency Relief Fund (ESSER). The objective of ESSER is to provide local education agencies with emergency relief funds to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. This funding was awarded to the School District under the ESSER I, II, and III grants, with the School District expending $258,493 of this funding in the fiscal year 2022 and must be used for activities to prevent, prepare, and respond to the coronavirus.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 20 – 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 February 16, 2023, the date the June 30, 2022 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

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, 2022

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
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
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%
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
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
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%
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%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

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, 2022
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
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
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
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)
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
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%

The Note to the Required Supplementary Information – Pension Liability is an integral part of this schedule.

TIMBERLANE REGIONAL SCHOOL DISTRICT

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 – There were no changes in assumptions for 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, 2022. 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, 2022
Unaudited

Fiscal year-end	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement date	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
School District's proportion of the net OPEB liability	1.33%	1.32%	1.03%	0.97%	1.07%	1.05%
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
School District's covered payroll	$ 31,982,983	$ 32,472,286	$ 33,077,538	$ 32,354,996	$ 33,470,181	$ 33,142,390
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%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%

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

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, 2022

Unaudited

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

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, 2022

Unaudited

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

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, 2022

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 – There were no changes in assumptions for 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, 2022. 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.

Changes in Assumptions – There were no changes in assumptions for the current period.

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, 2022. 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, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	$ 50,619,507	$ 50,619,507	$ -
Other local sources:			
Tuition	400,000	630,877	230,877
Investment earnings	10,000	11,490	1,490
Miscellaneous	424,621	1,473,190	1,048,569
Total from other local sources	834,621	2,115,557	1,280,936
State sources:			
Adequacy aid (grant)	10,642,993	10,642,988	(5)
Adequacy aid (tax)	6,611,730	6,611,730	-
Catastrophic aid	328,913	438,551	109,638
Vocational aid	35,000	20,434	(14,566)
Other state aid	10,000	-	(10,000)
Total from state sources	17,628,636	17,713,703	85,067
Federal sources:			
Medicaid	100,000	281,787	181,787
Other	20,000	32,007	12,007
Total from federal sources	120,000	313,794	193,794
Other financing sources:			
Transfers in	-	20,719	20,719
Total revenues	69,202,764	$ 70,783,280	$ 1,580,516
Use of fund balance to reduce school district assessment	3,417,890		
Total revenues and use of fund balance	$ 72,620,654		

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, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	$ 33,429	$ 20,399,349	$ 19,877,448	$ 282,955	$ 272,375
Special programs	2,879	11,440,069	9,803,034	935	1,638,979
Vocational programs	662	120,000	133,335	-	(12,673)
Adult and continuing education programs	30,546	143,538	122,197	2,189	49,698
Other programs	-	928,609	842,896	-	85,713
Total instruction	67,516	33,031,565	30,778,910	286,079	2,034,092
Support services:					
Student	-	3,761,528	3,416,419	9,430	335,679
Instructional staff	927	1,213,067	1,032,090	4,248	177,656
General administration	-	251,846	327,266	-	(75,420)
Executive administration	11,525	884,424	862,884	1,654	31,411
School administration	3,466	3,106,871	3,010,461	-	99,876
Business	-	355,000	397,319	-	(42,319)
Operation and maintenance of plant	377,828	3,662,869	4,041,693	206,987	(207,983)
Student transportation	-	3,594,426	3,307,120	2,000	285,306
Other	-	20,839,114	20,269,992	-	569,122
Total support services	393,746	37,669,145	36,665,244	224,319	1,173,328
Facilities acquisition and construction	353,368	1,915,758	429,267	1,613,014	226,845
Other financing uses:					
Transfers out	-	4,186	-	-	4,186
Total appropriations, expenditures, other financing uses, and encumbrances	$ 814,630	$ 72,620,654	$ 67,873,421	$ 2,123,412	$ 3,438,451

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, 2022

Unassigned fund balance, beginning		$ 3,911,001
Changes:		
Unassigned fund balance used to reduce school district assessment		(3,417,890)
2021-2022 Budget summary:		
Revenue surplus (Schedule 1)	$ 1,580,516	
Unexpended balance of appropriations (Schedule 2)	3,438,451	
2021-2022 Budget surplus		5,018,967
Increase in nonspendable fund balance		(526,469)
Increase in committed fund balance		(991,393)
Decrease in assigned fund balance (non-encumbrance)		130,900
Unassigned fund balance, ending		$ 4,125,116

SCHEDULE 4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds			
	Food Service	Performance Arts Center	Student Activity	Total
ASSETS				
Cash and cash equivalents	$ 9,151	$ 38,185	$ 377,274	$ 424,610
Intergovernmental receivables	483,134	-	-	483,134
Inventory	36,733	-	-	36,733
Total assets	$ 529,018	$ 38,185	$ 377,274	$ 944,477
LIABILITIES				
Accounts payable	$ 149,405	$ -	$ -	$ 149,405
Interfund payable	-	38,185	-	38,185
Total liabilities	149,405	38,185	-	187,590
FUND BALANCES				
Nonspendable	36,733	-	-	36,733
Restricted	342,880	-	-	342,880
Assigned	-	-	377,274	377,274
Total fund balances	379,613	-	377,274	756,887
Total liabilities and fund balances	$ 529,018	$ 38,185	$ 377,274	$ 944,477

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, 2022

	Special Revenue Funds			
	Food Service	Performance Arts Center	Student Activity	Total
REVENUES				
Other local	$ 245,903	$ 40,367	$ 299,352	$ 585,622
State	102,523	-	-	102,523
Federal	1,792,320	-	-	1,792,320
Total revenues	2,140,746	40,367	299,352	2,480,465
EXPENDITURES				
Current:				
Instruction	-	19,648	233,947	253,595
Noninstructional services	1,761,133	-	-	1,761,133
Total expenditures	1,761,133	19,648	233,947	2,014,728
Excess of revenues over expenditures	379,613	20,719	65,405	465,737
OTHER FINANCING USES				
Transfers out	-	(20,719)	-	(20,719)
Net change in fund balances	379,613	-	65,405	445,018
Fund balances, beginning	-	-	311,869	311,869
Fund balances, ending	$ 379,613	$ -	$ 377,274	$ 756,887

SCHEDULE 6
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2022

	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	$ 236,209	$ 37,396	$ 21,303	$ 55,157	$ 3,489	$ 12,049	$ 11,671	$ 377,274
FUND BALANCES								
Assigned	$ 236,209	$ 37,396	$ 21,303	$ 55,157	$ 3,489	$ 12,049	$ 11,671	$ 377,274

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, 2022

	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	$ 182,313	$ 68,418	$ 18,969	$ 11,570	$ 2,259	$ 12,326	$ 3,497	$ 299,352
EXPENDITURES								
Current:								
Instruction	129,875	66,393	16,517	5,436	1,676	11,468	2,582	233,947
Net change in fund balances	52,438	2,025	2,452	6,134	583	858	915	65,405
Fund balances, beginning	183,771	35,371	18,851	49,023	2,906	11,191	10,756	311,869
Fund balances, ending	$ 236,209	$ 37,396	$ 21,303	$ 55,157	$ 3,489	$ 12,049	$ 11,671	$ 377,274

SINGLE AUDIT ACT SCHEDULES AND INDEPENDENT AUDITOR'S REPORTS

PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Timberlane Regional School District, as of and for the year ended June 30, 2022, 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 February 16, 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.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PLODZIK & SANDERSON
Professional Association

February 16, 2023
Concord, New Hampshire

PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

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

To the Members of the School Board
Timberlane Regional School District
Plaistow, 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, 2022. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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.

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 generally accepted auditing standards, *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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

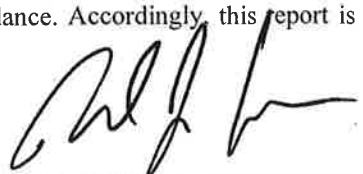
Report on Internal Control over Compliance

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.

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.



February 16, 2023
Concord, New Hampshire

PLODZIK & SANDERSON
Professional Association

SCHEDULE I
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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

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:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 & 10.555	Child Nutrition Cluster

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 Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	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	$ 268,086
National School Lunch Program	10.555	N/A	1,524,234
CLUSTER TOTAL			1,792,320
U.S. DEPARTMENT OF EDUCATION			
Passed Through the State of New Hampshire Department of Education			
Title I Grants to Local Educational Agencies:			
Title I	84.010	20211153	11,571
Title I	84.010	20220193	136,543
			148,114
SPECIAL EDUCATION CLUSTER			
Special Education - Grants to States:			
IDEA	84.027	20202631	1,529
IDEA	84.027	20211297	122,542
IDEA	84.027	20220188	584,111
CLUSTER TOTAL			708,182
English Language State Acquisition Grants:			
Title IV	84.424A	20200450	7,355
Title IV	84.424A	20211858	27,654
PROGRAM TOTAL			35,009
Supporting Effective Instruction State Grants:			
Title II Part A	84.367	20211549	78,010
Title II Part A	84.367	20220850	8,400
PROGRAM TOTAL			86,410
COVID-19 - Education Stabilization Fund:			
ESSER II	84.425D	20211749	258,493
Total Expenditures of Federal Awards			$ 3,028,528

The accompanying notes are 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, 2022

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, 2022. 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, 2022, the value of food donations received was $122,723.