

TIMBERLANE REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

TIMBERLANE REGIONAL SCHOOL DISTRICT
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PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

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, 2021, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2021, and the respective changes in financial position and the respective budgetary comparisons 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.

Other Matters

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,

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

- 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.

Other 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2022 on our consideration of the Timberlane Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Timberlane Regional School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Timberlane Regional School District's internal control over financial reporting and compliance.



PLODZIK & SANDERSON
Professional Association

February 14, 2022

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, 2021

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 12-13 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, Food Service Fund, Grants Fund, and Other Governmental Funds, which encompass the Timberlane Performing Arts Center and Student Activity Funds.

The District adopts an annual appropriated budget for its funds. Budgetary comparison statements for the major General Fund, Food Service Fund and Grants Fund have been provided to demonstrate compliance with the budget and can be found on pages 18-20 of this report.

The governmental fund financial statements can be found on pages 14-17 of this report.

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

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

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

Required supplementary information and related notes can be found on pages 42-48 of this report. Additional supplementary information relating to the General Fund, non-major Governmental Funds and Student Activity Funds can be found at pages 49-55 Schedule of Expenditures of Federal Awards and accompanying notes can be found at pages 60-61.

Financial Highlights

- Total Governmental Funds Expenditures decreased by \$644,667, or -0.9% from \$71,536,398 in FY2020 to \$70,891,731 in FY2021 largely due to the School District's bond of \$1.6 Mil, which was issued in FY2000. The bond was paid in full in FY2020. Offset by COVID coverage for teachers of \$438K, half year of SAU new personnel cross training \$258K and \$302K attributed to the full year salary effect of repurposed/vacant positions hired late in FY2020 to meet the needs of academic intervention and support as well as changing grade level enrollments.
- School District Assessment Revenue increased by \$2,870,998 in FY2021 compared to FY2020 due in large to lower State and local revenue contribution.
- 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-G and Note 5 to the Financial Statements.
- By District Ballot in March 2020, voters approved the withdrawal from SAU55 involving the school districts of Timberlane Regional and Hampstead, in accordance with the provisions of RSA 194-C.

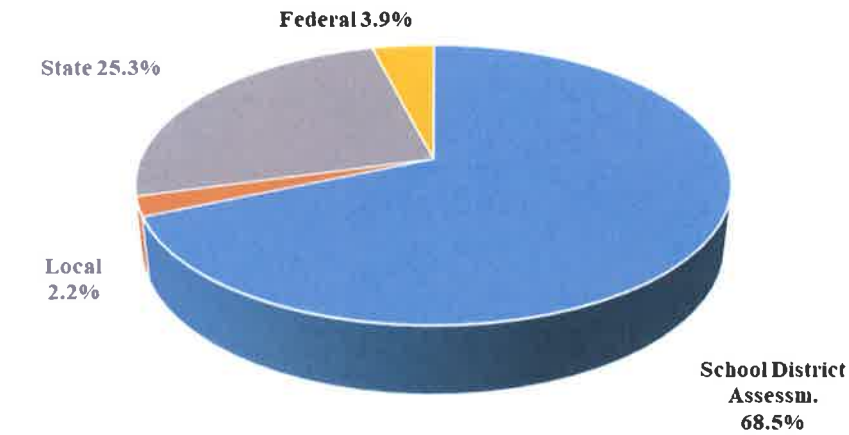
Financial Analysis of the District as a Whole
Two-Year Comparison of Net Position
Governmental Activities

	<u>June 30, 2021</u>	<u>June 30, 2020</u> (as restated)	<u>Increase</u> (Decrease)
ASSETS			
Cash and cash equivalents	\$ 4,895,186	\$ 2,303,434	\$ 2,591,752
Accounts receivable, net	24,800	64,263	(39,463)
Intergovernmental receivable	2,151,488	2,775,353	(623,865)
Inventory	27,073	45,754	(18,681)
Capital assets, not being depreciated	515,901	515,901	-
Capital assets, net of accumulated depreciation	16,101,144	17,808,738	(1,707,594)
Total Assets	23,715,592	23,513,443	202,149
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	20,583,212	8,789,121	11,794,091
Amounts related to other postemployment benefits	1,846,966	1,726,112	120,854
Total deferred outflows of resources	22,430,178	10,515,233	11,914,945
LIABILITIES			
Accounts payable	616,370	473,271	143,099
Intergovernmental payable	90,662	86,533	4,129
Noncurrent obligations:			
Due within one year	297,800	581,353	(283,553)
Due in more than one year	86,508,592	67,160,172	19,348,420
Total Liabilities	87,513,424	68,301,329	19,212,095
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants and donations	39,126	36,599	2,527
Amounts related to pensions	2,366,094	3,875,945	(1,509,851)
Amounts related to other postemployment benefits	2,098,931	1,823,449	275,482
Total deferred inflows of resources	4,504,151	5,735,993	(1,231,842)
NET POSITION			
Net investment in capital assets	16,617,045	18,324,639	(1,707,594)
Unrestricted	(62,488,850)	(58,333,285)	(4,155,565)
Total net position	\$ (45,871,805)	\$ (40,008,646)	\$ (5,863,159)

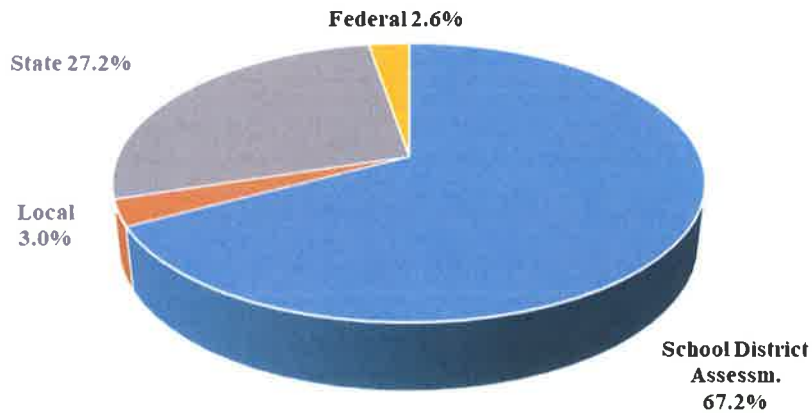
Financial Analysis of the District as a Whole
Two-Year Comparison
Revenue Analysis
Total Governmental Funds

	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2021</u></i>	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2020</u></i> <i><u>(as restated)</u></i>	<i><u>Increase</u></i> <i><u>(Decrease)</u></i>
School district assessment	\$ 49,783,315	\$ 46,912,317	\$ 2,870,998
Local	1,630,142	2,113,892	(483,750)
State	18,369,405	18,985,954	(616,549)
Federal	2,868,857	1,824,578	1,044,279
	<u>\$ 72,651,719</u>	<u>\$ 69,836,741</u>	<u>\$ 2,814,978</u>

Fiscal Year Ended
June 30, 2021



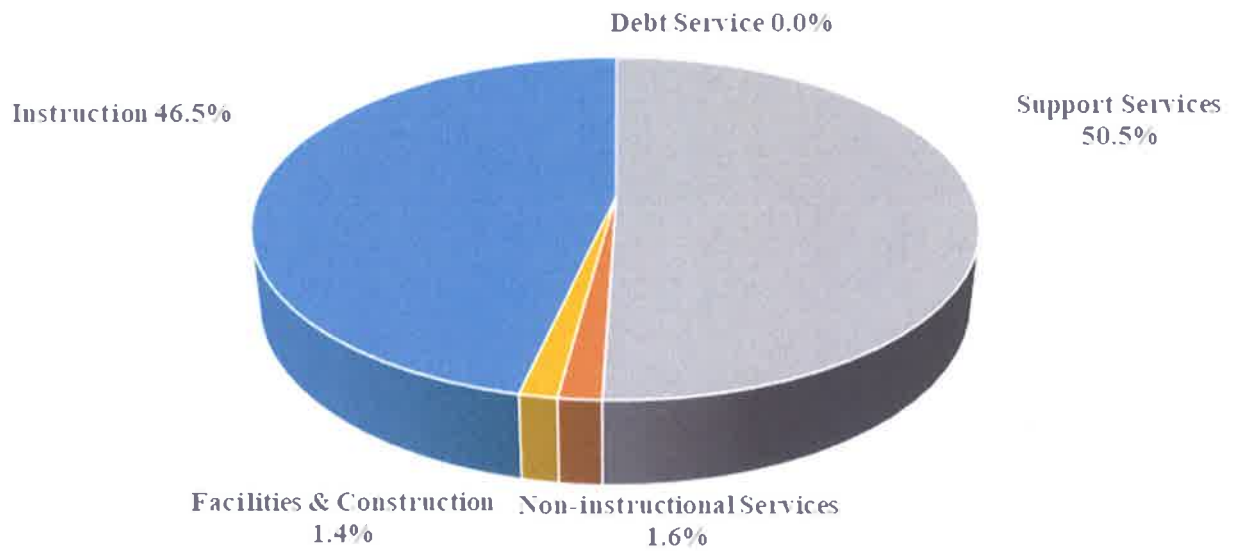
Fiscal Year Ended
June 30, 2020



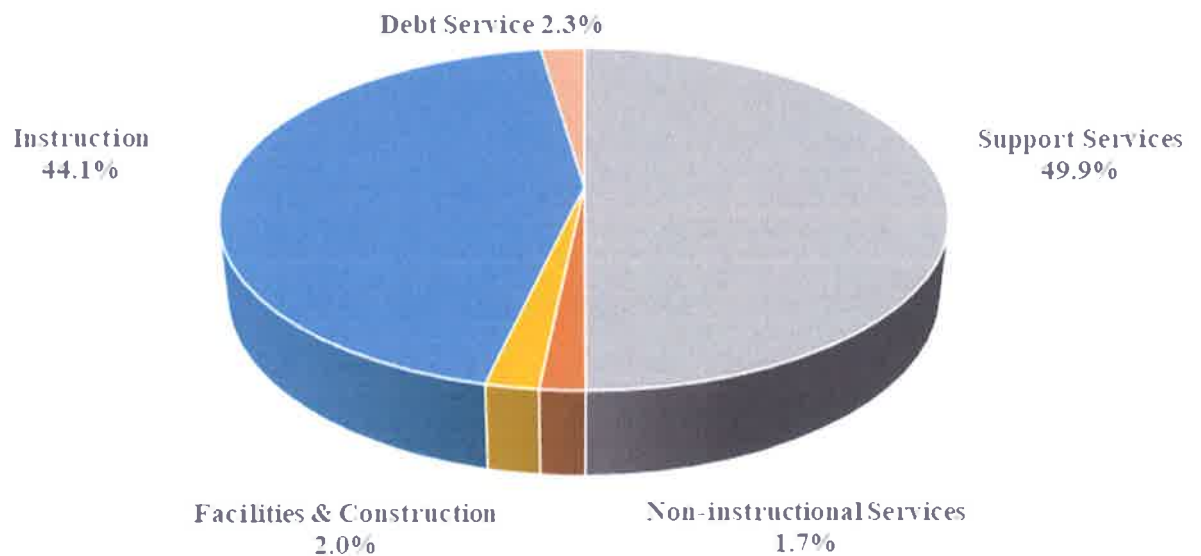
Financial Analysis of the District as a Whole
Two-Year Comparison
Statement of Expenditures – Total Governmental Funds

	Fiscal Year Ended		Increase (Decrease)
	June 30, 2021	June 30, 2020	
Instruction	32,950,483	31,551,617	1,398,866
Support Services:			
Students	3,347,330	3,372,284	(24,954)
Instructional Staff	1,142,989	1,286,950	(143,961)
General Administration	292,454	330,553	(38,099)
Executive Administration	2,194,207	1,956,187	238,020
School Administration	3,067,357	3,239,799	(172,442)
Business	82,490	36,734	45,756
Operation & Plant Maint.	3,845,703	3,894,759	(49,056)
Student Transportation	2,982,242	3,122,072	(139,830)
Other	18,829,997	18,482,361	347,636
	35,784,769	35,721,699	63,070
Non-instructional Services	1,151,927	1,196,251	(44,324)
Debt Service:			
Principal	-	1,600,000	(1,600,000)
Interest	-	42,000	(42,000)
	-	1,642,000	(1,642,000)
Facilities & Construction	1,004,552	1,424,831	(420,279)
	70,891,731	71,536,398	(644,667)

Total Governmental Fund Expenditures
As of June 30, 2021



Total Governmental Fund Expenditures
As of June 30, 2020



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 2021, the amount used from the ending general fund unassigned fund balance for this purpose was \$3,411,001.

Long Term Debt

The District has long-term debt as of June 30, 2021, as follows:

Timberlane Regional School District Comparative Statement of Long Term Debt

	2021	2020	Increase (Decrease)
Compensated absences	3,059,123	3,400,071	(340,948)
Net pension liability	71,795,966	52,680,590	19,115,376
Other postemployment benefits	11,951,303	11,660,864	290,439
Total Long-Term Debt	86,806,392	67,741,525	19,064,867

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-G. Capital asset beginning and ending balances are shown below. Further information, including accumulated depreciation by asset category, is shown in Note 5 – Capital Assets.

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

	Beginning Balance July 1, 2020	Changes	Ending Balance June 30, 2021
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	-	60,450,343
Machinery, Equipment, and Vehicles	4,159,080	-	4,159,080
Total Capital Assets	68,270,736	-	68,270,736
Less Accumulated Depreciation	(49,946,097)	(1,707,594)	(51,653,691)
Net Value, All Capital Assets	18,324,639	(1,707,594)	16,617,045

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

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maria.watkins@timberlane.net

BASIC FINANCIAL STATEMENTS

EXHIBIT A
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,895,186
Other receivables	24,800
Intergovernmental receivable	2,151,488
Inventory	27,073
Capital assets, not being depreciated	515,901
Capital assets, net of accumulated depreciation	16,101,144
Total assets	<u>23,715,592</u>
DEFERRED OUTFLOWS OF RESOURCES	
Amounts related to pensions	20,583,212
Amounts related to other postemployment benefits	1,846,966
Total deferred outflows of resources	<u>22,430,178</u>
LIABILITIES	
Accounts payable	616,370
Intergovernmental payable	90,662
Noncurrent obligations:	
Due within one year	297,800
Due in more than one year	86,508,592
Total liabilities	<u>87,513,424</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - grants and donations	39,126
Amounts related to pensions	2,366,094
Amounts related to other postemployment benefits	2,098,931
Total deferred inflows of resources	<u>4,504,151</u>
NET POSITION	
Net investment in capital assets	16,617,045
Unrestricted	(62,488,850)
Total net position	<u>\$ (45,871,805)</u>

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

EXHIBIT B
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 32,861,838	\$ 588,173	\$ 1,534,750	\$(30,738,915)
Support services:				
Student	3,580,409	-	-	(3,580,409)
Instructional staff	1,147,401	-	70,024	(1,077,377)
General administration	292,454	-	-	(292,454)
Executive administration	2,158,731	-	-	(2,158,731)
School administration	2,779,306	-	-	(2,779,306)
Business	82,490	-	-	(82,490)
Operation and maintenance of plant	6,560,428	-	254,557	(6,305,871)
Student transportation	2,982,242	-	24,741	(2,957,501)
Other	24,943,342	-	29,806	(24,913,536)
Noninstructional services	1,126,237	113,643	765,142	(247,452)
Total governmental activities	<u>\$ 78,514,878</u>	<u>\$ 701,816</u>	<u>\$ 2,679,020</u>	<u>(75,134,042)</u>
General revenues:				
School district assessment				49,783,315
Grants and contributions not restricted to specific programs				18,435,985
Interest				5,780
Miscellaneous				1,045,803
Total general revenues				<u>69,270,883</u>
Change in net position				<u>(5,863,159)</u>
Fund balances, beginning, as restated (see Note 14)				<u>(40,008,646)</u>
Net position, ending				<u><u>\$ (45,871,805)</u></u>

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

EXHIBIT C-1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General	Food Service	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,500,508	\$ 72,870	\$ -	\$ 321,808	\$ 4,895,186
Receivables:					
Accounts	24,800	-	-	-	24,800
Intergovernmental	1,607,407	69,104	474,977	-	2,151,488
Interfund receivables	504,542	-	-	-	504,542
Inventory	-	27,073	-	-	27,073
Total assets	<u>\$ 6,637,257</u>	<u>\$ 169,047</u>	<u>\$ 474,977</u>	<u>\$ 321,808</u>	<u>\$ 7,603,089</u>
LIABILITIES					
Accounts payable	\$ 506,075	\$ 110,295	\$ -	\$ -	\$ 616,370
Intergovernmental payable	90,662	-	-	-	90,662
Interfund payable	-	58,752	435,851	9,939	504,542
Total liabilities	<u>596,737</u>	<u>169,047</u>	<u>435,851</u>	<u>9,939</u>	<u>1,211,574</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - grants and donations	-	-	39,126	-	39,126
FUND BALANCES (DEFICIT)					
Nonspendable	-	27,073	-	-	27,073
Restricted	66,565	-	-	-	66,565
Committed	1,088,130	-	-	-	1,088,130
Assigned	974,824	-	-	311,869	1,286,693
Unassigned (deficit)	3,911,001	(27,073)	-	-	3,883,928
Total fund balances	<u>6,040,520</u>	<u>-</u>	<u>-</u>	<u>311,869</u>	<u>6,352,389</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,637,257</u>	<u>\$ 169,047</u>	<u>\$ 474,977</u>	<u>\$ 321,808</u>	<u>\$ 7,603,089</u>

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

EXHIBIT C-2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances of governmental funds (Exhibit C-1)		\$ 6,352,389
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	\$ 68,270,736	
Less accumulated depreciation	<u>(51,653,691)</u>	
		16,617,045
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	\$ 20,583,212	
Deferred inflows of resources related to pensions	(2,366,094)	
Deferred outflows of resources related to OPEB	1,846,966	
Deferred inflows of resources related to OPEB	<u>(2,098,931)</u>	
		17,965,153
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (504,542)	
Payables	<u>504,542</u>	
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Compensated absences	\$ 3,059,123	
Net pension liability	71,795,966	
Other postemployment benefits	<u>11,951,303</u>	
		(86,806,392)
Net position of governmental activities (Exhibit A)		<u><u>\$ (45,871,805)</u></u>

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, 2021

	General	Food Service	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$ 49,783,315	\$ -	\$ -	\$ -	\$ 49,783,315
Other local	1,356,716	113,643	15,957	143,826	1,630,142
State	18,353,260	16,145	-	-	18,369,405
Federal	246,680	748,997	1,873,180	-	2,868,857
Total revenues	<u>69,739,971</u>	<u>878,785</u>	<u>1,889,137</u>	<u>143,826</u>	<u>72,651,719</u>
EXPENDITURES					
Current:					
Instruction	31,256,662	-	1,534,750	159,071	32,950,483
Support services:					
Student	3,347,330	-	-	-	3,347,330
Instructional staff	1,072,965	-	70,024	-	1,142,989
General administration	292,454	-	-	-	292,454
Executive administration	2,194,207	-	-	-	2,194,207
School administration	3,067,357	-	-	-	3,067,357
Business	82,490	-	-	-	82,490
Operation and maintenance of plant	3,715,156	-	130,547	-	3,845,703
Student transportation	2,982,242	-	-	-	2,982,242
Other	18,800,191	-	29,806	-	18,829,997
Noninstructional services	-	1,151,927	-	-	1,151,927
Facilities acquisition and construction	880,542	-	124,010	-	1,004,552
Total expenditures	<u>67,691,596</u>	<u>1,151,927</u>	<u>1,889,137</u>	<u>159,071</u>	<u>70,891,731</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,048,375</u>	<u>(273,142)</u>	<u>-</u>	<u>(15,245)</u>	<u>1,759,988</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	273,142	-	4,558	277,700
Transfers out	(277,700)	-	-	-	(277,700)
Total other financing sources (uses)	<u>(277,700)</u>	<u>273,142</u>	<u>-</u>	<u>4,558</u>	<u>-</u>
Net change in fund balances	1,770,675	-	-	(10,687)	1,759,988
Fund balances, beginning, as restated (see Note 14)	4,269,845	-	-	322,556	4,592,401
Fund balances, ending	<u>\$ 6,040,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,869</u>	<u>\$ 6,352,389</u>

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

EXHIBIT C-4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net change in fund balances of total governmental funds (Exhibit C-3)			\$ 1,759,988
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			(1,707,594)
Transfers in and out between governmental funds are eliminated on the Statement of Activities.			
Transfers in	\$ (277,700)		
Transfers out	277,700		
Some expenses reported in the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.			
Decrease in compensated absences payable	\$ 340,948		
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	(5,811,434)		
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	(445,067)		
			(5,915,553)
Change in net position of governmental activities (Exhibit B)			<u>\$ (5,863,159)</u>

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

EXHIBIT D-1
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
School district assessment	\$ 49,783,315	\$ 49,783,315	\$ 49,783,315	\$ -
Other local	622,500	622,500	1,202,209	579,709
State	18,137,690	18,137,690	18,353,260	215,570
Federal	70,000	70,000	246,680	176,680
Total revenues	<u>68,613,505</u>	<u>68,613,505</u>	<u>69,585,464</u>	<u>971,959</u>
EXPENDITURES				
Current:				
Instruction	32,658,513	32,697,912	31,026,922	1,670,990
Support services:				
Student	3,759,952	3,759,953	3,331,232	428,721
Instructional staff	1,248,024	1,252,325	1,064,763	187,562
General administration	228,221	228,221	254,784	(26,563)
Executive administration	2,288,469	2,201,470	2,205,652	(4,182)
School administration	3,262,602	3,259,819	3,064,552	195,267
Business	55,000	126,000	82,490	43,510
Operation and maintenance of plant	3,761,267	3,761,268	4,082,182	(320,914)
Student transportation	3,538,483	3,512,003	2,978,742	533,261
Other	18,684,413	18,685,973	18,800,191	(114,218)
Facilities acquisition and construction	1,042,200	1,042,200	784,985	257,215
Total expenditures	<u>70,527,144</u>	<u>70,527,144</u>	<u>67,676,495</u>	<u>2,850,649</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,913,639)</u>	<u>(1,913,639)</u>	<u>1,908,969</u>	<u>3,822,608</u>
OTHER FINANCING USES				
Transfers out	<u>-</u>	<u>-</u>	<u>(277,700)</u>	<u>(277,700)</u>
Net change in fund balance	<u>\$ (1,913,639)</u>	<u>\$ (1,913,639)</u>	<u>1,631,269</u>	<u>\$ 3,544,908</u>
Increase in assigned fund balance			(130,900)	
Unassigned fund balance, beginning, as restated (see Note 14)			2,410,632	
Unassigned fund balance, ending			<u>\$ 3,911,001</u>	

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)
Food Service Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Local:				
Sales	\$ 1,007,500	\$ 1,007,500	\$ 113,643	\$ (893,857)
State:				
Lunch reimbursement	17,500	16,145	16,145	-
Federal:				
Lunch reimbursement	375,000	663,363	663,363	-
USDA commodities	-	85,634	85,634	-
Total revenues	<u>1,400,000</u>	<u>1,772,642</u>	<u>878,785</u>	<u>(893,857)</u>
EXPENDITURES				
Current:				
Noninstructional services	<u>1,400,000</u>	<u>1,772,642</u>	<u>1,151,927</u>	<u>620,715</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(273,142)</u>	<u>(273,142)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>-</u>	<u>273,142</u>	<u>273,142</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning			<u>-</u>	
Fund balance, ending			<u>\$ -</u>	

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

EXHIBIT D-3
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, 2021

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Other local	\$ -	\$ 15,957	\$ 15,957	\$ -
Federal	1,300,000	1,873,180	1,873,180	-
Total revenues	1,300,000	1,889,137	1,889,137	-
EXPENDITURES				
Current:				
Instruction	1,300,000	1,534,750	1,534,750	-
Support services:				
Instructional staff	-	70,024	70,024	-
Operation and maintenance of plant	-	130,547	130,547	-
Other	-	29,806	29,806	-
Facilities acquisition and construction	-	124,010	124,010	-
Total expenditures	1,300,000	1,889,137	1,889,137	-
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, 2021

	Private Purpose Trust
ASSETS	
Intergovernmental receivable	\$ 344,219
NET POSITION	
Restricted	\$ 344,219

EXHIBIT E-2
TIMBERLANE REGIONAL SCHOOL DISTRICT
Fiduciary Fund
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2021

	Private Purpose Trust
Additions:	
New funds	\$ 16,500
Interest	45,650
Total revenue	<u>62,150</u>
Deductions:	
Scholarships	<u>23,686</u>
Change in net position	38,464
Net position, beginning	305,755
Net position, ending	<u><u>\$ 344,219</u></u>

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, 2021

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TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

In the governmental fund financial statements, expenditures are reported by character: current, support services, facilities acquisition and construction, or noninstructional. 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.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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, 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.

Food Service Fund – accounts for the operation of the School District’s food service program.

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 two nonmajor governmental funds.

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

1-D Cash and Cash Equivalents

The School District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Deposits with financial institutions consist of demand deposits and savings accounts. A cash pool is maintained that is available for use by all funds.

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 of accounts and intergovernmental receivables.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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 is equal to the amount of inventories at year-end to indicate the portion of the governmental fund balance that is nonspendable.

1-G Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair value at the date of donation, if received on or before June 15, 2015. Donated capital assets received after June 15, 2015, are recorded at acquisition value. The School District has established a threshold of \$10,000 or more per individual items for all asset classes except infrastructure, which is capitalized over \$100,000 or more and an estimated useful life in excess of one year for capitalization of depreciable assets.

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

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

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

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

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

1-H 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 are 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-I 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, 2021.

1-J Deferred Outflows/Inflows of Resources

Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense/expenditure) until then.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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.

1-K Long-term Obligations

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

1-L 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-M 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-N 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-O Net Position/Fund Balances

Government-wide and fiduciary fund 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.

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.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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-P Use of Estimates

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

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

General governmental revenues and expenditures accounted for in budgetary funds are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements which govern the School District's operations. At its annual meeting, the School District adopts a budget for the current year for the general, food service, and grants 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.

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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 2021, \$1,913,639 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 and food service funds. Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 69,585,464
Adjustments:	
Basis difference:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	92,063
Miscellaneous revenue of blended funds	62,444
Per Exhibit C-3 (GAAP Basis)	<u>\$ 69,739,971</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 67,954,195
Adjustments:	
Basis difference:	
Encumbrances, beginning	758,499
Encumbrances, ending	(814,630)
GASB Statement No. 54:	
Expenditures of the blended student activity funds	71,232
Per Exhibit C-3 (GAAP basis)	<u>\$ 67,969,296</u>

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by federal depository insurance (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 \$4,895,186 and the bank balances totaled \$7,791,202. Petty cash totaled \$2,381.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2021, 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.

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NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, consisted of the following:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Land	\$ 515,901	\$ -	\$ 515,901
Being depreciated:			
Land improvements	3,145,412	-	3,145,412
Buildings and building improvements	60,450,343	-	60,450,343
Machinery, equipment, and vehicles	4,159,080	-	4,159,080
Total capital assets being depreciated	67,754,835	-	67,754,835
Total capital assets	68,270,736	-	68,270,736
Less accumulated depreciation:			
Land improvements	(2,426,110)	(53,915)	(2,480,025)
Buildings and building improvements	(43,875,720)	(1,566,011)	(45,441,731)
Machinery, equipment, and vehicles	(3,644,267)	(87,668)	(3,731,935)
Total accumulated depreciation	(49,946,097)	(1,707,594)	(51,653,691)
Net book value, capital assets being depreciated	17,808,738	(1,707,594)	16,101,144
Net book value, all capital assets	\$ 18,324,639	\$ (1,707,594)	\$ 16,617,045

Depreciation 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	\$ 7,367
Support services:	
School administration	16,265
Operation and maintenance of plant	1,683,962
Total depreciation expense	\$ 1,707,594

NOTE 6 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2021, are as follows:

Receivable Fund	Payable Fund	Amount
General	Food service	\$ 58,752
	Grants	435,851
	Nonmajor	9,939
		\$ 504,542

Interfund transfers during the year ended June 30, 2021 are as follows:

	Transfers In:	
	Food Service Fund	Other Governmental Fund
Transfers out:		Total
General fund	\$ 273,142	\$ 4,558
	\$ 273,142	\$ 277,700

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.

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NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2021, consist of the following:

	Governmental Activities
Amounts related to pensions, see Note 9	\$20,583,212
Amounts related to OPEB, see Note 10	1,846,966
Total deferred inflows of resources	<u>\$22,430,178</u>

Deferred inflows of resources at June 30, 2021, consist of the following:

	Governmental Activities	Grants Fund
Local grants received in advance of eligible expenditures being made	\$ 39,126	\$ 39,126
Amounts related to pensions, see Note 9	2,366,094	-
Amounts related to OPEB, see Note 10	2,098,931	-
Total deferred inflows of resources	<u>\$ 4,504,151</u>	<u>\$ 39,126</u>

NOTE 8 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year	Due In More Than One Year
Compensated absences	\$ 3,400,071	\$ 386,975	\$ (727,923)	\$ 3,059,123	\$ 297,800	\$ 2,761,323
Pension related liability	52,680,590	19,115,376	-	71,795,966	-	71,795,966
Net other postemployment benefits	11,660,864	416,996	(126,557)	11,951,303	-	11,951,303
Total long-term liabilities	<u>\$67,741,525</u>	<u>\$ 19,919,347</u>	<u>\$ (854,480)</u>	<u>\$86,806,392</u>	<u>\$ 297,800</u>	<u>\$ 86,508,592</u>

NOTE 9 – 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.

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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 2021, the School District contributed 15.99% for teachers and 10.88% for other employees. The contribution requirement for the fiscal year 2021 was \$5,078,990, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the School District reported a liability of \$71,795,966 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns and school districts, actuarially determined. At June 30, 2020, the School District's proportion was 1.12% which was an increase of 0.03% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$10,890,433. At June 30, 2021, 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	\$ 2,022,680	\$ 1,595,211
Net difference between projected and actual investment earnings on pension plan investments	4,440,658	-
Changes in assumptions	7,102,045	-
Differences between expected and actual experience	1,938,839	770,883
Contributions subsequent to the measurement date	5,078,990	-
Total	<u>\$ 20,583,212</u>	<u>\$ 2,366,094</u>

The \$5,078,990 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, 2022. 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,	
2021	\$ 2,655,254
2022	3,480,932
2023	3,426,789
2024	3,575,153
Totals	<u>\$ 13,138,128</u>

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Actuarial Assumptions – The collective total pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to June 30, 2020, 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, 2019, 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 2020:

Asset Class	Target Allocation	Weighted average long-term expected real rate of return
		2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
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.

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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, 2020	\$92,946,556	\$ 71,795,966	\$54,513,133

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 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

10-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 2019 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 2020, 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 2021, the School District contributed 1.81% for teachers and 0.29% for other employees. The contribution requirement for the fiscal year 2021 was \$505,121, which was paid in full.

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OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2021, the School District reported a liability of \$4,687,983 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. 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, 2020, the School District's proportion was 1.07% which was an increase of 0.10% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized OPEB expense of \$788,867. At June 30, 2021, 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	\$ 52,838	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	17,541	-
Changes in assumptions	30,142	-
Differences between expected and actual experience	-	13,584
Contributions subsequent to the measurement date	505,121	-
Total	<u>\$ 605,642</u>	<u>\$ 13,584</u>

The \$505,121 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, 2022. 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,	
2021	\$ 70,726
2022	5,192
2023	6,190
2024	4,829
Totals	<u>\$ 86,937</u>

Actuarial Assumptions – The total OPEB liability in this report is based on an actuarial valuation performed as of June 30, 2019, and a measurement date of June 30, 2020. 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, 2019, 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.

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Following is a table presenting target allocations and long-term rates of return for 2020:

Asset Class	Target	Weighted average long-term expected real rate of return
	Allocation	2020
Large Cap Equities	22.50%	3.71%
Small/Mid Cap Equities	7.50%	4.15%
Total domestic equities	30.00%	
Int'l Equities (unhedged)	13.00%	3.96%
Emerging Int'l Equities	7.00%	6.20%
Total international equity	20.00%	
Core Bonds	9.00%	0.42%
Global Multi-Sector Fixed Income	10.00%	1.66%
Absolute Return Fixed Income	6.00%	0.92%
Total fixed income	25.00%	
Private equity	10.00%	7.71%
Private debt	5.00%	4.81%
Total alternative investments	15.00%	
Real estate	10.00%	2.95%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability as of June 30, 2020, 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	Current Single		
	1% Decrease 5.75%	Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2020	\$ 5,090,661	\$ 4,687,983	\$ 4,338,380

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

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

10-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.

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

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

Benefits Provided – The School District provides postemployment healthcare benefits for certain eligible retirees. The School District provides medical benefits to its eligible retirees. 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	<u>594</u>

Total OPEB Liability – The School District’s total OPEB liability of \$7,263,320 was measured as of July 30, 2021, and was determined by an actuarial valuation as of July 1, 2020. The School District contract 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 \$7,263,320 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	1.90%
2021-2022 Trend	7.00%
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,	
	2020	2021
Total OPEB liability, beginning of year	\$ 6,825,172	\$ 7,389,877
Changes for the year:		
Service cost	559,812	558,604
Interest	149,241	143,970
Assumption changes	-	831,095
Difference between actual and expected experience	-	(1,451,119)
Benefit payments	(144,348)	(209,107)
Total OPEB liability, end of year	<u>\$ 7,389,877</u>	<u>\$ 7,263,320</u>

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 \$6,835,725 or by 5.89%. If the discount rate were 1% lower than what was used the OPEB liability would increase to \$7,668,143 or by 5.57%.

	Discount Rate		
	1% Decrease	Baseline 2.16%	1% Increase
Total OPEB Liability	<u>\$ 7,668,143</u>	<u>\$ 7,263,320</u>	<u>\$ 6,835,725</u>

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 1.90%. If the trend rate were 1% higher than what was used the OPEB liability would increase to \$8,272,818 or by 13.90%. If the trend rate were 1% lower than what was used the OPEB liability would decrease to \$6,384,873 or by 12.09%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 1.90%	1% Increase
Total OPEB Liability	<u>\$ 6,384,873</u>	<u>\$ 7,263,320</u>	<u>\$ 8,272,818</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the School District recognized OPEB benefit of \$21,570. At June 30, 2021, 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	\$1,241,324	\$ -
Differences between expected and actual experience	-	2,085,347
Total	<u>\$1,241,324</u>	<u>\$2,085,347</u>

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	\$ (469,230)
2023	(90,130)
2024	(95,211)
2025	(107,643)
2026	(81,809)
Thereafter	-
Totals	<u>\$ (844,023)</u>

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

NOTE 11 - ENCUMBRANCES

Encumbrances outstanding at June 30, 2021, are as follows:

Current:	
Instruction:	
Regular programs	\$ 33,429
Special programs	2,879
Vocational programs	662
Adult and continuing education programs	30,546
Total instruction	<u>67,516</u>
Support services:	
Instructional staff	927
Executive administration	11,525
School administration	3,466
Operation and maintenance of plant	377,828
Total support services	<u>393,746</u>
Facilities acquisition and construction	<u>353,368</u>
Total encumbrances	<u><u>\$ 814,630</u></u>

NOTE 12 - GOVERNMENTAL ACTIVITIES AND FIDUCIARY FUND NET POSITION

Net position reported on the government-wide and fiduciary fund Statements of Net Position at June 30, 2021, include the following:

	Governmental Activities	Fiduciary Fund
Net investment in capital assets:		
Net book value of all capital assets	\$ 16,617,045	\$ -
Restricted	-	344,219
Unrestricted	(62,488,850)	-
Total net position	<u><u>\$ (45,871,805)</u></u>	<u><u>\$ 344,219</u></u>

NOTE 13 - GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2021, consist of the following:

	General	Food Service	Other Governmental Fund	Total Governmental Funds
Nonspendable:				
Inventory	\$ -	\$ 27,073	\$ -	\$ 27,073
Restricted:				
Gate receipts	66,565	-	-	66,565
Committed:				
Expendable trust	1,088,130	-	-	1,088,130
Assigned:				
Encumbrances	814,630	-	-	814,630
Student activity	29,294	-	311,869	341,163
Legal contingency	130,900	-	-	130,900
Total assigned fund balance	<u>974,824</u>	<u>-</u>	<u>311,869</u>	<u>1,286,693</u>

(Continued)

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Governmental fund balances continued:

	General	Food Service	Other Governmental Fund	Total Governmental Funds
Unassigned:				
Unassigned - retained (RSA 198:4-bII)	500,000	-	-	500,000
Unassigned	3,411,001	-	-	3,411,001
Deficit	-	(27,073)	-	(27,073)
Total unassigned fund balance (deficit)	3,911,001	(27,073)	-	3,883,928
Total governmental fund balances	\$ 6,040,520	\$ -	\$ 311,869	\$ 6,352,389

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

Net position/fund balance/unassigned fund balance at July 1, 2020, was restated for the following:

	Government-wide Statements	General Fund (GAAP Basis)	General Fund (Budgetary Basis)
To remove incorrectly recorded intergovernmental receivable	\$ (111,448)	\$ (111,448)	\$ (111,448)
Net position/fund balance/unassigned fund balance, as previously reported	(39,897,198)	4,381,293	2,522,080
Net position/fund balance/unassigned fund balance, as restated	\$ (40,008,646)	\$ 4,269,845	\$ 2,410,632

NOTE 15 – 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 2021, the School District was a member of the New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs.

The New Hampshire Public Risk Management Exchange (Primex³) Workers' Compensation and Property/Liability programs are pooled risk management programs under RSAs 5-B and 281-A. Coverage was provided from July 1, 2020, to June 30, 2021 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and \$200,000 of each property loss. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The workers' compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in contributions for any member year, not to exceed the member's annual contribution. GASB Statement No. 10 requires members of a pool with a sharing risk to disclose if such an assessment is probable, and a reasonable estimate of the amount, if any. In fiscal year 2020-21 the School District paid \$225,529 and \$189,434, respectively, to Primex³ for workers' compensation and property/liability. At this time, Primex³ foresees no likelihood of any additional assessment for this or any prior year.

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

NOTE 16 – 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.

***TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
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JUNE 30, 2021***

NOTE 17 – WITHDRAWAL FROM SCHOOL ADMINISTRATIVE UNIT NO. 55

The voters of the Timberlane Regional School District, at the March 10, 2020 annual school district meeting, voted to approve the provisions of RSA 194-C providing for the withdrawal from the school administrative unit involving the school districts of Timberlane Regional School District and Hampstead School District in accordance with the provisions of the proposed plan. Effective July 1, 2021, Timberlane Regional School District will no longer be a member of School Administrative Unit No. 55.

NOTE 18 – 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 CRF requires that the payment from these funds be used to cover expenses that: are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the most recently approved budget as of March 27, 2020; and were incurred during the period that begins March 1, 2020, and ends on December 31, 2021. The School District was awarded a portion of this Federal funding totaling \$576,785 in the fall of 2020, through the Supplemental Public School Response Fund (SPSRF).

The ESR 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 and II grants, with the School District expending \$124,010 of this funding in the fiscal year 2021 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 19 – 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 14, 2022, the date the June 30, 2021, 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, 2021
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
Measurement date	<u>June 30, 2013</u>	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
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%
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
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
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%
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%

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, 2021
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
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
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
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)
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
Contributions as a percentage of covered payroll	8.89%	11.65%	11.68%	12.35%	12.34%	14.71%	14.73%	15.05%

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

The following assumptions were changed in the current year:

- ### Methods and Assumptions Used to Determine Contribution Rates for Fiscal Year 2020:

Other Information:

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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, 2021
Unaudited

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

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, 2021
Unaudited

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

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

EXHIBIT J
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Changes in the School District's Total Other Postemployment Benefits Liability and Related Ratios
For the Fiscal Year Ended June 30, 2021
Unaudited

	June 30,				
	2017	2018	2019	2020	2021
OPEB liability, beginning of year	\$ 5,363,426	\$ 5,560,623	\$ 5,704,295	\$ 6,825,172	\$ 7,389,877
Changes for the year:					
Service cost	426,255	443,305	461,978	559,812	558,604
Interest	150,205	155,638	200,710	149,241	143,970
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)
OPEB liability, end of year	<u>\$ 5,560,623</u>	<u>\$ 5,704,295</u>	<u>\$ 6,825,172</u>	<u>\$ 7,389,877</u>	<u>\$ 7,263,320</u>
Covered payroll	<u>\$ 26,767,235</u>	<u>\$ 27,837,924</u>	<u>\$ 27,396,864</u>	<u>\$ 28,492,739</u>	<u>\$ 28,922,121</u>
Total OPEB liability as a percentage of covered payroll	20.77%	20.49%	24.91%	25.94%	25.11%

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

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

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

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, 2021. 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.

The following assumptions were changed in the current year:

- Reduced the assumed rate of investment return from 7.25% to 6.75%
- Reduced the wage inflation from 3.25% to 2.75% (2.25% for teachers)
- Reduced price inflation from 2.5% to 2.0%
- Updated economic assumptions, including merit and longevity salary increases, disability rates, retirement rates, and mortality tables (specifically the new public pension plan mortality tables).

Methods and Assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Not applicable under statutory funding
Asset Valuation Method	5-year smooth market: 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Salary Increases	5.6% Average, including inflation
Municipal Bond Rate	2.45% per year
Investment Rate of Return	6.75% per year, net of OPEB plan investment expense, including inflation for determining solvency contributions
Funding Discount Rate	3.25% per year
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2015.
Mortality	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.
Health Care Trend Rates	Not applicable, given that benefits are fixed stipends.
Aging Factors	Not applicable, given that the benefits are fixed stipends.

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

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, 2021. 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, 2021

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 49,783,315	\$ 49,783,315	\$ -
Other local sources:			
Tuition	150,000	215,528	65,528
Investment earnings	10,000	5,780	(4,220)
Miscellaneous	462,500	980,901	518,401
Total from other local sources	622,500	1,202,209	579,709
State sources:			
Adequacy aid (grant)	11,122,246	11,122,246	-
Adequacy aid (tax)	6,723,123	6,723,123	-
Catastrophic aid	257,321	435,506	178,185
Vocational aid	35,000	24,741	(10,259)
Other state aid	-	47,644	47,644
Total from state sources	18,137,690	18,353,260	215,570
Federal sources:			
Medicaid	50,000	139,214	89,214
Other	20,000	107,466	87,466
Total from federal sources	70,000	246,680	176,680
Total revenues	68,613,505	\$ 69,585,464	\$ 971,959
Use of fund balance to reduce school district assessment	1,913,639		
Total revenues and use of fund balance	\$ 70,527,144		

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, 2021

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 168,741	\$ 20,309,514	\$ 20,067,211	\$ 33,429	\$ 377,615
Special programs	32,350	11,190,515	10,131,469	2,879	1,088,517
Vocational programs	10,861	110,000	135,806	662	(15,607)
Adult and continuing education programs	-	143,764	109,017	30,546	4,201
Other programs	14,072	944,119	741,927	-	216,264
Total instruction	<u>226,024</u>	<u>32,697,912</u>	<u>31,185,430</u>	<u>67,516</u>	<u>1,670,990</u>
Support services:					
Student	16,098	3,759,953	3,347,330	-	428,721
Instructional staff	9,129	1,252,325	1,072,965	927	187,562
General administration	37,670	228,221	292,454	-	(26,563)
Executive administration	80	2,201,470	2,194,207	11,525	(4,182)
School administration	6,271	3,259,819	3,067,357	3,466	195,267
Business	-	126,000	82,490	-	43,510
Operation and maintenance of plant	10,802	3,761,268	3,715,156	377,828	(320,914)
Student transportation	3,500	3,512,003	2,982,242	-	533,261
Other	-	18,685,973	18,800,191	-	(114,218)
Total support services	<u>83,550</u>	<u>36,787,032</u>	<u>35,554,392</u>	<u>393,746</u>	<u>922,444</u>
Facilities acquisition and construction	<u>448,925</u>	<u>1,042,200</u>	<u>880,542</u>	<u>353,368</u>	<u>257,215</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>277,700</u>	<u>-</u>	<u>(277,700)</u>
Total appropriations, expenditures, other financing uses, and encumbrances	<u>\$ 758,499</u>	<u>\$ 70,527,144</u>	<u>\$ 67,898,064</u>	<u>\$ 814,630</u>	<u>\$ 2,572,949</u>

SCHEDULE 3
TIMBERLANE REGIONAL SCHOOL DISTRICT
Major General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

Unassigned fund balance, beginning, as restated (see Note 14)		\$ 2,410,632
Changes:		
Unassigned fund balance used to reduce school district assessment		(1,913,639)
2020-2021 Budget summary:		
Revenue surplus (Schedule 1)	\$ 971,959	
Unexpended balance of appropriations (Schedule 2)	2,572,949	
2020-2021 Budget surplus		3,544,908
Increase in assigned fund balance (non-ecumbrance)		(130,900)
Unassigned fund balance, ending		<u>\$ 3,911,001</u>

SCHEDULE 4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Special Revenue Funds		
	Performance		
	Arts Center	Student Activity	Total
ASSETS			
Cash and cash equivalents	\$ 9,939	\$ 311,869	\$ 321,808
LIABILITIES			
Interfund payable	\$ 9,939	\$ -	\$ 9,939
FUND BALANCES			
Assigned	-	311,869	311,869
Total liabilities and fund balances	\$ 9,939	\$ 311,869	\$ 321,808

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, 2021

	Special Revenue Funds		
	Performance		
	Arts Center	Student Activity	Total
REVENUES			
Other local	\$ -	\$ 143,826	\$ 143,826
EXPENDITURES			
Current:			
Instruction	4,558	154,513	159,071
Deficiency of revenues under expenditures	(4,558)	(10,687)	(15,245)
OTHER FINANCING SOURCES			
Transfers in	4,558	-	4,558
Net change in fund balances	-	(10,687)	(10,687)
Fund balances, beginning	-	322,556	322,556
Fund balances, ending	\$ -	\$ 311,869	\$ 311,869

SCHEDULE 6
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2021

	Student Activity Funds							Total
	Timberlane Regional High School	Timberlane Regional Middle School	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School	
ASSETS								
Cash and cash equivalents	\$ 183,771	\$ 35,371	\$ 18,851	\$ 49,023	\$ 2,906	\$ 11,191	\$ 10,756	\$ 311,869
FUND BALANCES								
Assigned	\$ 183,771	\$ 35,371	\$ 18,851	\$ 49,023	\$ 2,906	\$ 11,191	\$ 10,756	\$ 311,869

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, 2021

	Student Activity Funds							Total
	Timberlane Regional High School	Timberlane Regional Middle School	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School	
REVENUES								
Other local	\$ 91,138	\$ 16,110	\$ 11,140	\$ 2,958	\$ 1,351	\$ 16,204	\$ 4,925	\$ 143,826
EXPENDITURES								
Current:								
Instruction	107,215	18,624	11,604	2,440	1,489	10,123	3,018	154,513
Net change in fund balances	(16,077)	(2,514)	(464)	518	(138)	6,081	1,907	(10,687)
Fund balances, beginning	199,848	37,885	19,315	48,505	3,044	5,110	8,849	322,556
Fund balances, ending	\$ 183,771	\$ 35,371	\$ 18,851	\$ 49,023	\$ 2,906	\$ 11,191	\$ 10,756	\$ 311,869

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



PLODZIK & SANDERSON

Professional Association/Accountants & Auditors

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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 the 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, 2021, 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 14, 2022.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

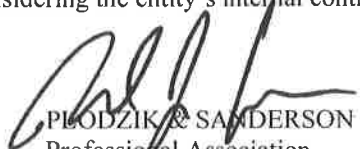
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Timberlane Regional School District's financial statements are free of 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.

February 14, 2022


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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

We have audited the Timberlane Regional School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Timberlane Regional School District's major federal program for the year ended June 30, 2021. The Timberlane Regional School District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Timberlane Regional School District's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Timberlane Regional School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Timberlane Regional School District's compliance.

Opinion on Each Major Federal Program

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 its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Timberlane Regional School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Timberlane Regional School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Timberlane Regional School District's internal control over compliance.

Timberlane Regional School District
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 14, 2022



PLODZIK & SANDERSON
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SCHEDULE I
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

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:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? yes X no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
Timberlane Regional School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total 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	\$ -	\$ 92,783
COVID-19 - School Breakfast Program	10.553	N/A	-	3,930
National School Lunch Program <i>(note 4)</i>	10.555	N/A	-	621,044
COVID-19 - National School Lunch Program	10.555	N/A	-	31,240
<i>CLUSTER TOTAL</i>			-	748,997
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I FY 2020	84.010	20200111	-	6,154
Title I FY 2021	84.010	20211153	-	129,816
<i>PROGRAM TOTAL</i>			-	135,970
SPECIAL EDUCATION CLUSTER				
Special Education - Grants to States:				
IDEA FY 2019	84.027	92523	-	14,496
Remote Learning	84.027	92660	-	15,000
IDEA FY 2020	84.027	202631	-	222,698
IDEA FY 2021	84.027	20211297	-	684,888
Special Education - Preschool Grants:				
iSocial Resource Grant	84.173	92524	-	(53)
Preschool 2021	84.173	20211297	-	29,362
<i>CLUSTER TOTAL</i>			-	966,391
Supporting Effective Instruction State Grants:				
Title IIA FY 2020	84.367	20200678	-	57,424
Title IIA FY 2021	84.367	20211549	-	12,600
<i>PROGRAM TOTAL</i>			-	70,024
COVID-19 - Education Stabilization Fund	84.425D	20204987	-	124,010
Total Expenditures of Federal Awards			\$ -	\$ 2,045,392

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, 2021

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Timberlane Regional School District under programs of the federal government for the year ended June 30, 2021. 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, 2021 the value of food donations received was \$85,634.