

**TIMBERLANE REGIONAL
SCHOOL DISTRICT**

ANNUAL FINANCIAL REPORT

**AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

TIMBERLANE REGIONAL SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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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 and Superintendent
Timberlane Regional School District
Plaistow, New Hampshire

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Timberlane Regional School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Timberlane Regional School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and aggregate remaining fund information of Timberlane Regional School District, as of June 30, 2025, the respective changes in financial position, and the respective budgetary comparisons for the major general, food service, and grants funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Timberlane Regional School District Independent Auditor's Report

In performing an audit in accordance with GAAS and GAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Emphasis of Matter – Changes in Accounting Principles

As discussed in Note 2-C to the financial statements, in the year ending June 30, 2025, Timberlane Regional School District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Also as discussed in Note 2-C to the financial statements, in the year ending June 30, 2025, Timberlane Regional School District adopted new accounting guidance, GASB Statement No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

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

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

Supplementary Information

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

The combining and individual fund schedules and Schedule of Expenditures of Federal Awards, *as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are 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. The 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

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

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 Schedule of Expenditures of Federal Awards, *as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2026 on our consideration of Timberlane Regional School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Timberlane Regional School District's internal control over financial reporting and compliance.

March 3, 2026
Concord, New Hampshire

***Plodzik & Sanderson
Professional Association***

TIMBERLANE REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
OF THE ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

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 outflows of resources and liabilities, and deferred inflows 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 15-16 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, School Building Project, and Other Governmental Funds, which encompasses the Food Service Fund, Grants Fund, Performing Arts Center, and Student Activity Fund.

The District adopts an annual appropriated budget for its funds. A budgetary comparison statement for the major General Fund has been provided to demonstrate compliance with the budget and can be found on page 21 of this report.

The governmental fund financial statements can be found on pages 17-20 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 24-45 of this report.

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

Required supplementary information and related notes can be found on pages 46-52 of this report. Additional supplementary information relating to the General Fund and Nonmajor Funds can be found at pages 53-59 The Schedule of Expenditures of Federal Awards and accompanying notes can be found at pages 65-66

Financial Highlights

- FY2025 fund balance used to reduce taxes for FY2026 was \$7,611,357.
- Total Revenue decreased by \$10,270,333, or 11.6%, in FY2025 compared to FY2024 primarily attributed to the reduction of school district assessment due to the unassigned fund balance used to reduce taxes.
- Total Expenses increased by \$5,439,516, or 6.3% in FY2025 compared to FY2024 primarily attributed to the prepayment of Phase 1 on the lease purchase agreement.
- By District Ballot in March 2023, voters approved a 20-year lease purchase agreement for the installation of up to \$25,243,000 of energy savings equipment and associated building and facility improvements. With Bank of America, Phase 1 of the lease purchase agreement for \$3,002,968 was executed on July 14, 2023, Phase 2 for \$9,550,184 was executed on May 21, 2024, and Phase 3 for \$2,589,655 was executed on April 10, 2025. At the June 5th School Board meeting, the board voted to pre-pay, before the end of FY25, Phase 1 of the lease (\$2,958,945.45 for principal and \$118,470.11 in interest).
- In FY2025, the consolidated financial statement not only include the daily operating activities of the District but also the accounting treatment for the lease purchase agreement including cash received and expenses related to the projects identified in Phase 2 and 3 of the lease purchase agreement – please see Note 1-K Long Term Obligations. Transactions related to the lease purchase agreement are as follows:
 - Financing Sources \$2,589,655
 - Total Expenses \$4,396,610
 - Cash \$4,504,604
 - Contract Payable \$479,210
 - Retainage Payable \$97,864
- Balance Sheet variances – Decrease in cash is primarily due to \$8.8M from the change in unassigned fund balance (FY2024 \$16,390,237 vs FY2025 \$7,611,357) which lowered towns' apportionment in FY2025 and \$5M relating to the accounting for the lease purchase agreement.

Increase in Capital assets, net of accumulated depreciation increased by \$3,428,912 associated with the payoff of Phase 1 of the lease purchase agreement. Increases in

Capital assets, not being depreciated of \$928,442 and decreases in contracts payable of \$3,007,738, Retainage payable of \$289,804 and \$567,325 of noncurrent obligations due in more than one year are all due to the accounting for the lease purchase agreement.

- Capital assets and related depreciation are included in the Government-wide Financials. More information can be found under “Capital Assets” under this Management Discussion & Analysis, and in Note 1-H and Note 6 to the Financial Statements.

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

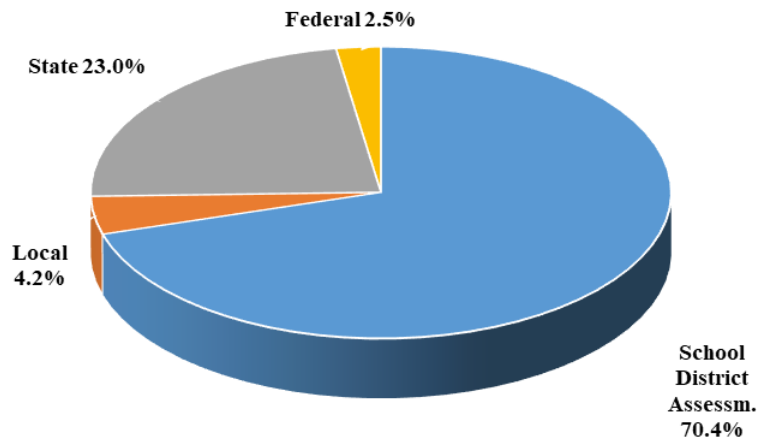
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Increase (Decrease)</u>
ASSETS			
Cash and cash equivalents	\$ 14,596,218	\$ 28,699,744	\$ (14,103,526)
Intergovernmental receivable	646,222	711,649	(65,427)
Inventory	27,592	32,533	(4,941)
Prepaid items	52,553	1,109,346	(1,056,793)
Capital assets, not being depreciated	8,787,317	7,858,875	928,442
Capital assets, net of accumulated depreciation	19,483,034	16,054,122	3,428,912
Total Assets	43,592,936	54,466,269	(10,873,333)
DEFERRED OUTFLOWS OF RESOURCES			
Amounts related to pensions	7,372,461	9,984,129	(2,611,668)
Amounts related to other postemployment benefits	760,136	572,098	188,038
Total deferred outflows of resources	8,132,597	10,556,227	(2,423,630)
LIABILITIES			
Accounts payable	269,547	1,528,022	(1,258,475)
Accrued salaries and benefits	371,708	419,238	(47,530)
Accrued interest payable	13,924	57,435	(43,511)
Contracts payable	479,210	3,486,948	(3,007,738)
Retainage payable	97,864	387,667	(289,803)
Noncurrent obligations:			
Due within one year	117,962	107,546	10,416
Due in more than one year	74,102,760	83,833,995	(9,731,235)
Total Liabilities	75,452,975	89,820,851	(14,367,876)
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - grants and donations	5,046	17,513	(12,467)
Unavailable revenue - tuition and other prepayments	120,652	202,002	(81,350)
Amounts related to pensions	6,136,182	2,301,652	3,834,530
Amounts related to other postemployment benefits	2,065,616	2,258,414	(192,798)
Total deferred inflows of resources	8,327,496	4,779,581	3,547,915
NET POSITION			
Net investment in capital assets	16,273,440	11,241,215	5,032,225
Restricted	4,292,113	6,022,837	(1,730,724)
Unrestricted	(52,620,491)	(46,841,990)	(5,778,501)
Total net position	\$ (32,054,938)	\$ (29,577,938)	\$ (2,477,000)

**Financial Analysis of the District as a Whole
Two-Year Comparison
Revenue Analysis**

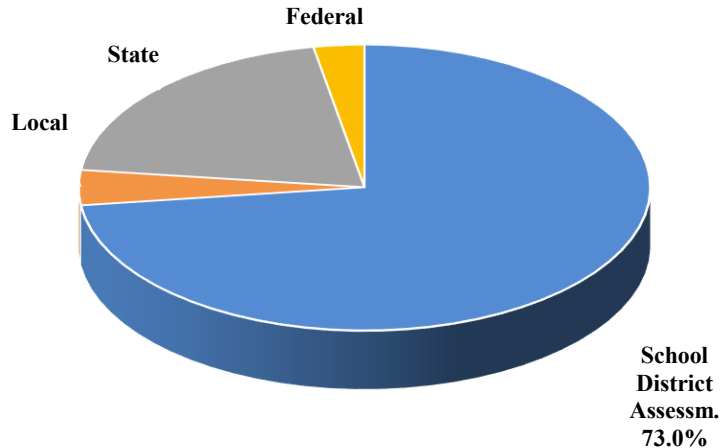
Total Governmental Funds

	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2025</u></i>	<i><u>Fiscal Year Ended</u></i> <i><u>June 30, 2024</u></i>	<i><u>Increase</u></i> <i><u>(Decrease)</u></i>
School district assessment	\$ 54,833,476	\$ 64,371,596	\$ (9,538,120)
Local	3,280,346	3,493,868	(213,522)
State	17,886,771	17,811,087	75,684
Federal	1,935,586	2,529,961	(594,375)
	<u>\$ 77,936,179</u>	<u>\$ 88,206,512</u>	<u>\$ (10,270,333)</u>

Fiscal Year Ended
June 30, 2025



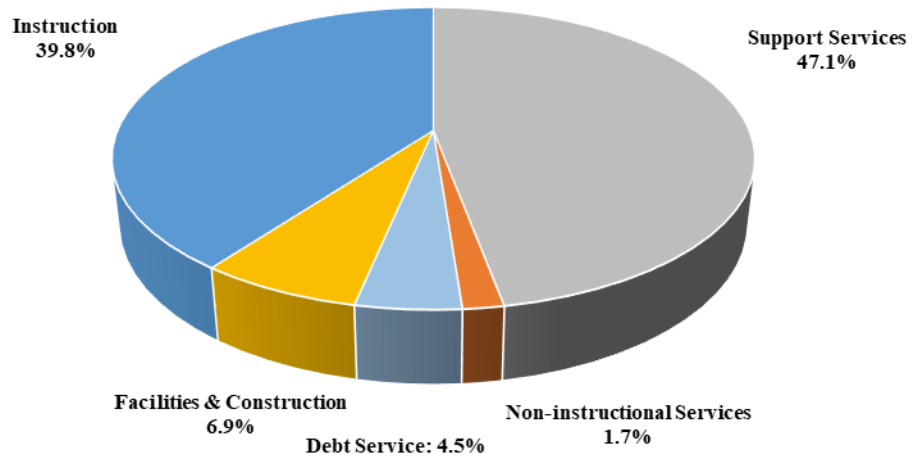
Fiscal Year Ended
June 30, 2024



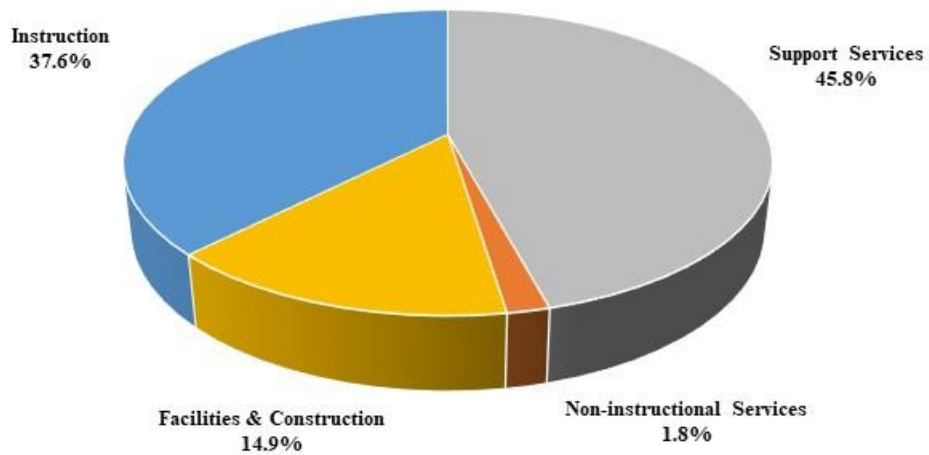
Financial Analysis of the District as a Whole
Two-Year Comparison
Statement of Expenditures – Total Governmental Funds

	Fiscal Year Ended		Increase (Decrease)
	June 30, 2025	June 30, 2024	
Instruction	36,343,170	32,243,978	4,099,192
Support Services:			
Students	4,574,290	3,935,129	639,161
Instructional Staff	1,267,595	1,342,648	(75,053)
General Administration	387,456	348,645	38,811
Executive Administration	1,180,355	985,624	194,731
School Administration	3,453,464	3,256,168	197,296
Business	481,561	452,850	28,711
Operation & Plant Maint.	4,957,314	5,502,538	(545,224)
Student Transportation	4,742,081	3,737,794	1,004,287
Other	21,911,895	19,736,709	2,175,186
	42,956,011	39,298,105	3,657,906
Non-instructional Services	1,591,277	1,541,825	49,452
Debt Service:			
Principal	3,256,980	-	3,256,980
Interest	829,688	-	829,688
	4,086,668	-	4,086,668
Facilities & Construction	6,304,581	12,758,283	(6,453,702)
	<u>91,281,707</u>	<u>85,842,191</u>	<u>5,439,516</u>

Total Governmental Fund Expenditures
As of June 30, 2025



Total Governmental Fund Expenditures
As of June 30, 2024



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 2025, the amount used from the beginning general fund unassigned fund balance for this purpose was \$7,611,357.

Long Term Debt

The District has long-term debt as of June 30, 2025, as follows:

Timberlane Regional School District Comparative Statement of Long Term Debt

	2025	2024	Increase (Decrease)
Notes payable	11,885,827	12,453,152	(567,325)
Lease payable	111,084	218,630	(107,546)
Compensated absences	4,015,281	3,866,500	148,781
Net pension liability	50,086,258	58,628,324	(8,542,066)
Other postemployment benefits	8,122,272	8,774,935	(652,663)
Total Long-Term Debt	74,220,722	83,941,541	(9,720,819)

Capital Assets

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

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

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

	Beginning Balance July 1, 2024	Changes	Ending Balance June 30, 2025
Non-Depreciable Assets:			
Land	515,901	-	515,901
Construction in progress	7,342,974	928,442	8,271,416
Depreciable Assets:			
Land Improvements	3,785,031	1,157,730	4,942,761
Buildings and Building Improvements	64,561,652	4,406,949	68,968,601
Machinery, Equipment, and Vehicles	4,455,877	179,466	4,635,343
Right to use Equipment	521,147	-	521,147
Total Capital Assets	81,182,582	6,672,587	87,855,169
Less Accumulated Depreciation	(57,269,585)	(2,315,233)	(59,584,818)
Net Value, All Capital Assets	23,912,997	4,357,354	28,270,351

Future Budgetary Implications

In New Hampshire, the public-school fiscal year is from July 1st to June 30th. There are some federal grants and other programs that operate on a calendar year but their impact to our District is reflected in the overall budget.

The beginning General Fund unassigned fund balance for FY2026 is \$7,611,357, presenting a challenge as it will reduce the apportionment and could influence the cash flow in the upcoming years.

Some of the future events that may have a financial impact on the District include:

1. The Timberlane Teachers' Association collective bargaining agreement will be in negotiations for new contracts in the fall of 2026. The financial impact of this agreement is unknown at this time.
2. A new warrant article to modify the Articles of Agreement to include kindergarten and implement a District funded full day kindergarten program is being presented to voters in March of 2026.
3. The School Board has approved new facilities projects for FY2027 as follows:
 - a. Phase IV of the lease purchase agreement was approved in the amount of \$6,161,343 to replace remaining HVAC units at the high school, partial roof replacement at Atkinson Academy and boilers, ventilation and control upgrades at Pollard.
 - b. Phase V of the lease purchase agreement was approved in the amount of \$3,121,850 for HVAC and control upgrades at the Performing Arts Center, and remaining HVAC units at the middle school and Danville Elementary.

Contact Information

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

Maria Watkins

C.F.O. / Business Administrator

Timberlane Regional School District / SAU 106

30 Greenough Road

Plaistow, NH 03865

603-382-6119 Ext.2250

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BASIC FINANCIAL STATEMENTS

EXHIBIT A
TIMBERLANE REGIONAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 14,596,218
Intergovernmental receivable	646,222
Inventory	27,592
Prepaid items	52,553
Capital assets, not being depreciated/amortized	8,787,317
Capital assets, net of accumulated depreciation/amortization	19,483,034
Total assets	<u>43,592,936</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>8,132,597</u>
LIABILITIES	
Accounts payable	269,547
Accrued salaries and benefits payable	371,708
Contracts payable	479,210
Retainage payable	97,864
Accrued interest payable	13,924
Noncurrent obligations:	
Due within one year	117,962
Due in more than one year	74,102,760
Total liabilities	<u>75,452,975</u>
DEFERRED INFLOWS OF RESOURCES	<u>8,327,496</u>
NET POSITION	
Net investment in capital assets	16,273,440
Restricted	4,292,113
Unrestricted	(52,620,491)
Total net position	<u><u>\$ (32,054,938)</u></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, 2025

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Change in
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 34,500,147	\$ 1,291,750	\$ 1,137,391	\$ (32,071,006)
Support services:				
Student	3,879,775	-	857	(3,878,918)
Instructional staff	1,229,802	-	146,964	(1,082,838)
General administration	385,363	-	-	(385,363)
Executive administration	1,119,297	-	-	(1,119,297)
School administration	2,926,257	-	-	(2,926,257)
Business	507,658	-	-	(507,658)
Operation and maintenance of plant	7,058,688	-	10,961	(7,047,727)
Student transportation	4,742,081	-	166,347	(4,575,734)
Other	21,873,836	-	-	(21,873,836)
Noninstructional services	1,526,649	1,103,781	442,649	19,781
Interest on long-term debt	663,626	-	-	(663,626)
Total governmental activities	<u>\$ 80,413,179</u>	<u>\$ 2,395,531</u>	<u>\$ 1,905,169</u>	<u>(76,112,479)</u>
General revenues and contributions:				
School district assessment				54,833,476
Grants and contributions not restricted to specific programs				17,932,916
Interest				703,852
Miscellaneous				165,235
Total general revenues and contributions				<u>73,635,479</u>
Change in net position				(2,477,000)
Net position, beginning, as restated (see Note 17)				(29,577,938)
Net position, ending				<u>\$ (32,054,938)</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, 2025

	General	Food Service	Grants	School Building Project	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 9,248,719	\$ 428,737	\$ -	\$ 4,504,604	\$ 414,158	\$ 14,596,218
Intergovernmental receivable	473,787	21,997	150,438	-	-	646,222
Interfund receivables	219,565	-	-	-	-	219,565
Inventory	-	27,592	-	-	-	27,592
Prepaid items	52,553	-	-	-	-	52,553
Total assets	<u>\$ 9,994,624</u>	<u>\$ 478,326</u>	<u>\$ 150,438</u>	<u>\$ 4,504,604</u>	<u>\$ 414,158</u>	<u>\$ 15,542,150</u>
LIABILITIES						
Accounts payable	\$ 122,109	\$ 145,909	\$ -	\$ -	\$ 1,529	\$ 269,547
Accrued salaries and benefits payable	371,708	-	-	-	-	371,708
Contracts payable	-	-	-	479,210	-	479,210
Retainage payable	-	-	-	97,864	-	97,864
Interfund payable	-	-	145,392	-	74,173	219,565
Total liabilities	<u>493,817</u>	<u>145,909</u>	<u>145,392</u>	<u>577,074</u>	<u>75,702</u>	<u>1,437,894</u>
DEFERRED INFLOWS OF RESOURCES	<u>120,652</u>	<u>-</u>	<u>5,046</u>	<u>-</u>	<u>-</u>	<u>125,698</u>
FUND BALANCES						
Nonspendable	52,553	27,592	-	-	-	80,145
Restricted	32,166	304,825	-	3,927,530	-	4,264,521
Committed	473,787	-	-	-	-	473,787
Assigned	1,210,292	-	-	-	338,456	1,548,748
Unassigned	7,611,357	-	-	-	-	7,611,357
Total fund balances	<u>9,380,155</u>	<u>332,417</u>	<u>-</u>	<u>3,927,530</u>	<u>338,456</u>	<u>13,978,558</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,994,624</u>	<u>\$ 478,326</u>	<u>\$ 150,438</u>	<u>\$ 4,504,604</u>	<u>\$ 414,158</u>	<u>\$ 15,542,150</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, 2025

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances of governmental funds (Exhibit C-1)		\$ 13,978,558
Capital assets used in governmental activities are not current financial resources, therefore, are not reported in the governmental funds.		
Cost	\$ 87,855,169	
Less accumulated depreciation/amortization	<u>(59,584,818)</u>	
		28,270,351
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	\$ 7,372,461	
Deferred inflows of resources related to pensions	(6,136,182)	
Deferred outflows of resources related to OPEB:		
NHRS	327,434	
Single Employer	432,702	
Deferred inflows of resources related to OPEB:		
NHRS	(650)	
Single Employer	<u>(2,064,966)</u>	
		(69,201)
Interfund receivables and payables between governmental funds are eliminated on the Statement of Net Position.		
Receivables	\$ (219,565)	
Payables	<u>219,565</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(13,924)
Long-term liabilities are not due and payable in the current period, therefore, are not reported in the governmental funds.		
Notes payable	\$ 11,885,827	
Lease	111,084	
Compensated absences	4,015,281	
Net pension liability	50,086,258	
Other postemployment benefits liability:		
NHRS	2,746,179	
Single Employer	<u>5,376,093</u>	
		<u>(74,220,722)</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (32,054,938)</u></u>

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

EXHIBIT C-3
TIMBERLANE REGIONAL SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2025

	General	Food Service	Grants	School Building Project	Other Governmental Funds	Total Governmental Funds
REVENUES						
School district assessment	\$ 54,833,476	\$ -	\$ -	\$ -	\$ -	\$ 54,833,476
Other local	1,707,799	1,104,115	15,728	59,108	393,596	3,280,346
State	17,837,561	18,672	30,538	-	-	17,886,771
Federal	382,138	423,977	1,129,471	-	-	1,935,586
Total revenues	<u>74,760,974</u>	<u>1,546,764</u>	<u>1,175,737</u>	<u>59,108</u>	<u>393,596</u>	<u>77,936,179</u>
EXPENDITURES						
Current:						
Instruction	34,931,919	-	990,091	-	421,160	36,343,170
Support services:						
Student	4,573,433	-	857	-	-	4,574,290
Instructional staff	1,120,631	-	146,964	-	-	1,267,595
General administration	387,456	-	-	-	-	387,456
Executive administration	1,180,355	-	-	-	-	1,180,355
School administration	3,453,464	-	-	-	-	3,453,464
Business	481,561	-	-	-	-	481,561
Operation and maintenance of plant	4,946,353	-	10,961	-	-	4,957,314
Student transportation	4,715,217	-	26,864	-	-	4,742,081
Other	21,911,895	-	-	-	-	21,911,895
Noninstructional services	46,436	1,544,841	-	-	-	1,591,277
Debt service:						
Principal	3,256,980	-	-	-	-	3,256,980
Interest	829,688	-	-	-	-	829,688
Facilities acquisition and construction	1,907,971	-	-	4,396,610	-	6,304,581
Total expenditures	<u>83,743,359</u>	<u>1,544,841</u>	<u>1,175,737</u>	<u>4,396,610</u>	<u>421,160</u>	<u>91,281,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,982,385)</u>	<u>1,923</u>	<u>-</u>	<u>(4,337,502)</u>	<u>(27,564)</u>	<u>(13,345,528)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	11,350	11,350
Transfers out	(11,350)	-	-	-	-	(11,350)
Bonds and notes issued	-	-	-	2,589,655	-	2,589,655
Total other financing sources (uses)	<u>(11,350)</u>	<u>-</u>	<u>-</u>	<u>2,589,655</u>	<u>11,350</u>	<u>2,589,655</u>
Net change in fund balances	(8,993,735)	1,923	-	(1,747,847)	(16,214)	(10,755,873)
Fund balances, beginning, as restated (see Note 17)	18,373,890	330,494	-	5,675,377	354,670	24,734,431
Fund balances, ending	<u>\$ 9,380,155</u>	<u>\$ 332,417</u>	<u>\$ -</u>	<u>\$ 3,927,530</u>	<u>\$ 338,456</u>	<u>\$ 13,978,558</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, 2025

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances of total governmental funds (Exhibit C-3) \$ (10,755,873)

Governmental funds report capital outlays as expenditures, while governmental activities report depreciation/amortization expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation/amortization expense in the current year, as follows:

Capital outlay expenditures	\$ 6,672,587	
Depreciation/amortization expense	<u>(2,315,233)</u>	
		4,357,354

Transfers in and out between governmental funds are eliminated on the Statement of Activities.

Transfers in	\$ (11,350)	
Transfers out	<u>11,350</u>	
		-

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of note	\$ (2,589,655)	
Principal repayment of notes	3,156,980	
Principal repayment of lease	<u>107,546</u>	
		674,871

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.

Net change in accrued interest expense	\$ 43,511	
Net change in compensated absences payable	(148,781)	
Net change in prepaid debt	222,551	
Net change in net pension liability and deferred outflows and inflows of resources related to pensions	2,095,868	
Net change in net other postemployment benefits liability and deferred outflows and inflows of resources related to other postemployment benefits	<u>1,033,499</u>	
		<u>3,246,648</u>

Change in net position of governmental activities (Exhibit B) \$ (2,477,000)

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, 2025

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES				
School district assessment	\$ 54,833,476	\$ 54,833,476	\$ 54,833,476	\$ -
Other local	611,000	611,000	1,606,180	995,180
State	17,708,630	17,708,630	17,837,561	128,931
Federal	50,000	50,000	382,138	332,138
Total revenues	73,203,106	73,203,106	74,659,355	1,456,249
EXPENDITURES				
Current:				
Instruction	37,091,893	36,906,910	35,113,676	1,793,234
Support services:				
Student	4,789,735	4,945,279	4,573,433	371,846
Instructional staff	1,334,205	1,218,682	1,125,773	92,909
General administration	359,830	465,229	381,669	83,560
Executive administration	1,375,745	1,296,738	1,203,248	93,490
School administration	3,508,842	3,486,127	3,457,487	28,640
Business	581,440	526,245	481,561	44,684
Operation and maintenance of plant	5,819,682	5,596,875	5,153,312	443,563
Student transportation	4,441,112	4,708,647	4,576,186	132,461
Other	24,985,291	25,182,885	21,911,895	3,270,990
Noninstructional	-	-	46,436	(46,436)
Debt service:				
Principal	746,341	665,150	3,156,980	(2,491,830)
Interest	1,314,659	672,919	707,137	(34,218)
Facilities acquisition and construction	2,042,200	2,719,289	2,594,885	124,404
Total expenditures	88,390,975	88,390,975	84,483,678	3,907,297
Deficiency of revenues under expenditures	(15,187,869)	(15,187,869)	(9,824,323)	5,363,546
OTHER FINANCING USES				
Transfers out	(1,452,368)	(1,452,368)	(261,350)	1,191,018
Net change in fund balance	<u>\$ (16,640,237)</u>	<u>\$ (16,640,237)</u>	(10,085,673)	<u>\$ 6,554,564</u>
Decrease in nonspendable fund balance			1,056,793	
Decrease in committed fund balance			250,000	
Unassigned fund balance, beginning			16,390,237	
Unassigned fund balance, ending			<u>\$ 7,611,357</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, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other local	\$ 600,000	\$ 1,104,115	\$ 504,115
State	17,500	18,672	1,172
Federal	250,000	423,977	173,977
Total revenues	867,500	1,546,764	679,264
EXPENDITURES			
Current:			
Noninstructional services	1,807,368	1,544,841	262,527
Excess (deficiency) of revenues over (under) expenditures	(939,868)	1,923	941,791
OTHER FINANCING SOURCES			
Transfers in	939,868	-	(939,868)
Net change in fund balance	\$ -	1,923	\$ 1,923
Fund balance, beginning		330,494	
Fund balance, ending		\$ 332,417	

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, 2025

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Other local	\$ -	\$ 15,728	\$ 15,728	\$ -
State	-	30,538	30,538	-
Federal	1,090,000	1,129,471	1,129,471	-
Total revenues	1,090,000	1,175,737	1,175,737	-
EXPENDITURES				
Current:				
Instruction	1,300,000	990,091	990,091	-
Support services:				
Student	-	857	857	-
Instructional staff	-	146,964	146,964	-
Operation and maintenance of plant	-	10,961	10,961	-
Student transportation	-	26,864	26,864	-
Total expenditures	1,300,000	1,175,737	1,175,737	-
Deficiency of revenues under expenditures	(210,000)	-	-	-
OTHER FINANCING SOURCES				
Transfers in	210,000	-	-	-
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.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Timberlane Regional School District, in Plaistow, New Hampshire (the School District), have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units, hereafter referred to as generally accepted accounting principles (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. Timberlane Regional School District's significant accounting policies are described below.

1-A Reporting Entity

Timberlane Regional School District is a municipal corporation governed by an elected nine-member School Board. In evaluating how to define the School District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*. The School District has no component units to include in its reporting entity.

1-B Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e., 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, including capital assets and long-term liabilities, with the difference being 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.

Separate financial statements are provided for governmental funds. 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.

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

Government-wide Financial Statements – The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. 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 – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of reimbursement based grants, which use a period of one year. District assessments, intergovernmental revenue, and other local sources associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred, and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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

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

The School District reports the following major governmental funds:

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

School Building Project Fund – accounts for the activity pertaining to the energy efficient lease.

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

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. A cash pool is maintained that is available for use by all funds. Each fund’s portion of this pool is reflected on the combined financial statements under the caption “cash and cash equivalents.”

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

1-E Receivables

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

1-F Inventory

Inventories are valued at cost using first-in, first-out, which approximates market. The School District’s inventories include various items consisting of food, food supplies, and commodities. USDA commodities received from the Federal government are recorded at the value established by the Federal government using the average cost method in the food service fund. Inventorial items are recorded as expenditures when consumed at the schools (the consumption method).

1-G Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and expensed as the items are used.

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

1-H Capital Assets

Capital assets are reported in the government-wide financial statements but are not reported in the fund financial statements. Capital assets are defined by the School District as assets with an initial individual cost of \$10,000 or more per item for all asset classes except infrastructure, which is capitalized over \$100,000 per item. For financial reporting, an asset must have an estimated useful life greater than one year to be considered for capitalization and depreciation. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

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

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

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

1-I Interfund Activities

Interfund activities are reported as follows:

Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds.” Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

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

1-J Deferred Outflows/Inflows of Resources

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

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

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1-K Long-term Obligations

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

In the fund financial statements, governmental fund types report note issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the School District utilizes the following classification to categorize the financial transactions:

Direct Borrowings – financial transactions for notes where the School District negotiates certain terms with a single lender and are not offered for public sale.

1-L Lease

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

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

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

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

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

1-M Compensated Absences

The School District employees are granted vacation, sick leave, and other forms of paid time off (PTO) in varying amounts based on length of service and employee classification. It is the School District's policy to recognize a liability for compensated absences that have been earned but not yet used, provided the following criteria are met:

- The leave is attributable to services already rendered by the employee.
- The leave accumulates and can be carried forward to a future reporting period.
- The leave is more likely than not, this threshold means the likelihood is greater than 50%, to be used for time off, paid in cash upon separation, or settled through other noncash means.

1-N 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.

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The schedules prepared by the 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-O 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-P Net Position/Fund Balances

In the Government-wide Financial Statements, net position is reported in the following categories:

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

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

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

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

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

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

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

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

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

TIMBERLANE REGIONAL SCHOOL DISTRICT
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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.

1-Q Use of Estimates

The preparation of the accompanying basic financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

1-R Certain Risk Disclosures

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability or revenue debt vulnerable to the risk of a substantial impact. This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. See Note 20 for further disclosure.

1-S Material Change in Fund Classification

The accompanying financial statements reflect a change in classification from the prior year. Specifically, the food service fund, which accounts for the School District's food service program, and the grants fund, which accounts for resources received from various federal, state, and local agencies, did qualify as major funds for the current fiscal year. As such they were reclassified from the nonmajor governmental funds.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

2-A Budgetary Information

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

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

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

State statutes require balanced budgets but provide for the use of beginning unassigned fund balance to achieve that end. In the fiscal year 2025, \$16,390,237 of the beginning general fund unassigned fund balance was applied for this purpose. Additionally, \$250,000 was appropriated to fund the School District's capital reserve funds.

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.

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Differences between the budgetary basis and GAAP basis of accounting for the general fund are as follows:

Revenues:	
Per Exhibit D-1 (budgetary basis)	\$ 74,659,355
Adjustments:	
Basis differences:	
GASB Statement No. 54:	
Interest earnings related to the blended expendable trust funds	25,913
Other local revenue of the blended funds	75,706
Per Exhibit C-3 (GAAP Basis)	<u>\$ 74,760,974</u>
Expenditures and other financing uses:	
Per Exhibit D-1 (budgetary basis)	\$ 84,745,028
Adjustments:	
Basis differences:	
Encumbrances, beginning	367,746
Encumbrances, ending	(1,168,537)
GASB Statement No. 54:	
Expenditures of the blended expendable trust funds	60,472
To remove transfer from the general fund to the blended expendable trust fund	(250,000)
Per Exhibit C-3 (GAAP basis)	<u>\$ 83,754,709</u>

2-C Changes in Accounting Principles

During the fiscal year, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This Statement establishes standards of accounting and financial reporting for compensated absences and associated salary-related payments.

Also, the School District adopted GASB Statement No. 102, *Certain Risk Disclosures*. This Statement will provide the users of the financial statements with information about risks related to the School District's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement aims to provide the users with essential timely information to better understand and anticipate these specific vulnerabilities. See Note 20 for further disclosure on this accounting change.

DETAILED NOTES ON ALL FUNDS

NOTE 3 – CASH AND CASH EQUIVALENTS

The School District's deposits are entirely covered by the Federal Depository Insurance Corporation (FDIC) or by collateral held by the School District's agent in the School District's name. The FDIC currently insures the first \$250,000 of the School District's deposits at each financial institution, per case custodian. Deposit balances over \$250,000 are insured by collateral. As of year-end, the carrying amount of the School District's deposits was \$14,596,218 and the bank balances totaled \$21,256,187. Petty cash totaled \$2,381.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2025, consisted of accounts and intergovernmental amounts arising from grants, the school lunch program, and expendable trust funds held by the Town of Plaistow Trustees of Trust Funds for the School District. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and collectability.

TIMBERLANE REGIONAL SCHOOL DISTRICT
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Receivables as of June 30, 2025 for the School District's individual major funds, including applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities	General Fund	Food Service Fund	Grants Fund	Total Governmental Funds
Receivables:					
Accounts	\$ 115,799	\$ 115,799	\$ -	\$ -	\$ 115,799
Intergovernmental	646,222	473,787	21,997	150,438	646,222
Gross receivables	762,021	589,586	21,997	150,438	762,021
Less: allowance for uncollectibles	(115,799)	(115,799)	-	-	(115,799)
Net total receivables	<u>\$ 646,222</u>	<u>\$ 473,787</u>	<u>\$ 21,997</u>	<u>\$ 150,438</u>	<u>\$ 646,222</u>

NOTE 5 – PREPAID ITEMS

Prepaid items at June 30, 2025 consisted of \$52,553 for software.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 consisted of the following:

	Balance, beginning (as restated)	Additions	Retirements	Balance, ending
At cost:				
Not being depreciated/amortized:				
Land	\$ 515,901	\$ -	\$ -	\$ 515,901
Construction in progress	7,342,974	4,396,610	(3,468,168)	8,271,416
Total capital assets not being depreciated	<u>7,858,875</u>	<u>4,396,610</u>	<u>(3,468,168)</u>	<u>8,787,317</u>
Being depreciated/amortized:				
Land improvements	3,785,031	1,157,730	-	4,942,761
Buildings and building improvements	64,561,652	4,406,949	-	68,968,601
Machinery, equipment, and vehicles	4,455,877	179,466	-	4,635,343
Right-to-use leased equipment	521,147	-	-	521,147
Total capital assets being depreciated/amortized	<u>73,323,707</u>	<u>5,744,145</u>	<u>-</u>	<u>79,067,852</u>
Total capital assets	<u>81,182,582</u>	<u>10,140,755</u>	<u>(3,468,168)</u>	<u>87,855,169</u>
Less accumulated depreciation/amortization:				
Land improvements	(2,705,732)	(113,171)	-	(2,818,903)
Buildings and building improvements	(50,321,436)	(1,956,294)	-	(52,277,730)
Machinery, equipment, and vehicles	(3,929,730)	(141,538)	-	(4,071,268)
Right-to-use leased equipment	(312,687)	(104,230)	-	(416,917)
Total accumulated depreciation/amortization	<u>(57,269,585)</u>	<u>(2,315,233)</u>	<u>-</u>	<u>(59,584,818)</u>
Net book value, capital assets being depreciated/amortized	<u>16,054,122</u>	<u>3,428,912</u>	<u>-</u>	<u>19,483,034</u>
Net book value, all capital assets	<u>\$ 23,912,997</u>	<u>\$ 7,825,522</u>	<u>\$ (3,468,168)</u>	<u>\$ 28,270,351</u>

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

Instruction	\$ 9,989
Support services:	
School administration	22,052
Operation and maintenance of plant	2,283,192
Total depreciation/amortization expense	<u>\$ 2,315,233</u>

NOTE 7 – INTERFUND BALANCES AND TRANSFERS

Interfund receivable and payable balances consisting of overdrafts in pooled cash and budgetary transfers at June 30, 2025 are as follows:

	<u>Receivable:</u>
	<u>General</u>
	<u>Fund</u>
Payable:	
Grants fund	\$ 145,392
Nonmajor fund	74,173
Total	<u>\$ 219,565</u>

Interfund transfers during the year ended June 30, 2025 are as follows:

	<u>Transfers In:</u>
	<u>Nonmajor</u>
	<u>Fund</u>
Transfers out:	
General fund	<u>\$ 11,350</u>

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

NOTE 8 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows of resources at June 30, 2025 consist of the following:

	<u>Governmental</u>
	<u>Activities</u>
Amounts related to pensions, see Note 11	\$ 7,372,461
Amounts related to OPEB:	
NHRS, see Note 12-A	327,434
Single Employer, see Note 12-B	432,702
Total deferred outflows of resources	<u>\$ 8,132,597</u>

Deferred inflows of resources at June 30, 2025 consist of the following:

	<u>Governmental</u>	<u>General</u>	<u>Grants</u>
	<u>Activities</u>	<u>Fund</u>	<u>Fund</u>
Local grant revenue collected in advance of eligible expenditures being made	\$ 5,046	\$ -	\$ 5,046
Prepaid tuition and other prepayments	120,652	120,652	-
Amounts related to pensions, see Note 11	6,136,182	-	-
Amounts related to OPEB:			
NHRS, see Note 12-A	650	-	-
Single Employer, see Note 12-B	2,064,966	-	-
Total deferred inflows of resources	<u>\$ 8,327,496</u>	<u>\$ 120,652</u>	<u>\$ 5,046</u>

TIMBERLANE REGIONAL SCHOOL DISTRICT
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NOTE 9 – LEASE

During the current fiscal year, the School District was in a lease agreement as lessee for copiers. An initial lease liability was recorded in the amount of \$521,147 during fiscal year 2022. As of June 30, 2025, the value of the lease liability was \$111,084. The School District is required to make annual principal and interest payments of \$114,739. The lease has an interest rate of 3.29%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$104,230 and had accumulated amortization of \$416,917.

The annual requirements to amortize all lease payables outstanding as of June 30, 2025, including interest payments, are as follows:

Fiscal Year Ending			
June 30,	Principal	Interest	Total
2026	<u>\$ 111,084</u>	<u>\$ 3,655</u>	<u>\$ 114,739</u>

NOTE 10 – LONG-TERM LIABILITIES

Changes in the School District's long-term liabilities consisted of the following for the year ended June 30, 2025:

	Balance July 1, 2024 (as restated)	Additions	Reductions	Balance June 30, 2025	Due Within One Year	Due In More Than One Year
Direct borrowing - Note payable	\$ 12,453,152	\$ 2,589,655	\$ (3,156,980)	\$ 11,885,827	\$ -	\$ 11,885,827
Lease payable	218,630	-	(107,546)	111,084	111,084	-
Compensated absences	3,866,500	966,824	(818,043)	4,015,281	6,878	4,008,403
Pension related liability	58,628,324	-	(8,542,066)	50,086,258	-	50,086,258
Net other postemployment benefits:						
NHRS	3,403,748	-	(657,569)	2,746,179	-	2,746,179
Single Employer	5,371,187	4,906	-	5,376,093	-	5,376,093
Total long-term liabilities	<u>\$ 83,941,541</u>	<u>\$ 3,561,385</u>	<u>\$ (13,282,204)</u>	<u>\$ 74,220,722</u>	<u>\$ 117,962</u>	<u>\$ 74,102,760</u>

Long-term notes are comprised of the following:

	Original Amount	Issue Date	Maturity Date	Interest Rate	Outstanding at June 30, 2025
Notes payable - direct borrowings:					
Energy Efficiency Lease Phase 2	\$ 9,550,184	2024	2044	4.081%	\$ 9,296,172
Energy Efficiency Lease Phase 3	\$ 2,589,655	2025	2044	4.689%	2,589,655
Total direct borrowings					<u>\$ 11,885,827</u>

The annual requirements to amortize all general obligation notes outstanding as of June 30, 2025, including interest payments, are as follows:

Fiscal Year Ending	Notes - Direct Borrowings		
June 30,	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	404,334	600,730	1,005,064
2028	451,194	553,871	1,005,065
2029	472,958	532,106	1,005,064
2030	495,772	509,293	1,005,065
2031-2035	2,861,502	2,163,820	5,025,322
2036-2040	3,621,565	1,403,756	5,025,321
2041-2044	3,578,502	441,756	4,020,258
Totals	<u>\$ 11,885,827</u>	<u>\$ 6,205,332</u>	<u>\$ 18,091,159</u>

All debt is general obligation debt of the School District, which is backed by its full faith and credit, and will be repaid from general governmental revenues.

TIMBERLANE REGIONAL SCHOOL DISTRICT
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Notes Authorized and Unissued – Bonds and notes authorized and unissued as of June 30, 2025 were as follows:

Per District Meeting Vote of March 14, 2023	Purpose Energy efficiency lease	Unissued Amount \$ 10,100,193
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Warrant article no. 3 from the March 14, 2023 annual district voting authorized the issuance of up to \$25,243,000 for a 20-year lease purchase agreement for energy savings equipment and associated building and facility improvements at the School District buildings in Atkinson, Danville, Plaistow, and Sandown. The amount shown above as *Notes Authorized and Unissued* represents the balance of this authorization as of June 30, 2025.

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description – The New Hampshire Retirement System (NHRS or the System) is a public employee retirement system that administers one cost-sharing multiple-employer defined benefit pension plan (Pension Plan). For additional NHRS information, please refer to the Annual Comprehensive Financial Report, which can be found on the NHRS website at www.nhrs.org.

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

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

Group II benefits are provided based on age, years of creditable service, and benefit multiplier depending on vesting status as of January 1, 2012. The maximum retirement allowance for Group II members vested by January 1, 2012 (45 years of age with 20 years of service or age 60 regardless of years of creditable service) is the average final compensation multiplied by 2.5% multiplied by creditable service. For Group II members not vested by January 1, 2012, the benefit is calculated the same way, but the multiplier used in the calculation will change depending on age and years of creditable service as follows:

Years of Creditable Service as of January 1, 2012	Minimum Age	Minimum Service	Benefit Multiplier
At least 8 but less than 10 years	46	21	2.4%
At least 6 but less than 8 years	47	22	2.3%
At least 4 but less than 6 years	48	23	2.2%
Less than 4 years	49	24	2.1%

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

Contributions – The System is financed by contributions from both the employees and the School District. Member contribution rates are established and may be amended by the State legislature while employer contribution rates are set by the System trustees based on an actuarial valuation. All employees are required to contribute 7% of earnable compensation. For fiscal year 2025, the School District contributed 18.51% for teachers and 13.27% for other employees. The contribution requirement for the fiscal year 2025 was \$6,257,464, which was paid in full.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the School District reported a liability of \$50,086,258 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participants, actuarially determined. The School District's proportion measured at June 30, 2024, was 0.97% which was a decrease of 0.08% from its proportion measured as of June 30, 2023.

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For the year ended June 30, 2025, the School District recognized pension expense of \$4,137,152. At June 30, 2025, 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	\$ -	\$ 4,840,742
Net difference between projected and actual investment earnings on pension plan investments	-	699,180
Changes in assumptions	-	586,189
Differences between expected and actual experience	1,114,997	10,071
Contributions subsequent to the measurement date	6,257,464	-
Total	<u>\$ 7,372,461</u>	<u>\$ 6,136,182</u>

The \$6,257,464 reported as deferred outflows of resources related to pensions results from the School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. 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,	
2025	\$ (3,175,888)
2026	928,178
2027	(1,599,939)
2028	(1,173,536)
Thereafter	-
Totals	<u>\$ (5,021,185)</u>

Actuarial Assumptions – The collective total pension liability was based on the following actuarial assumptions:

Inflation:	2.25% per year
Wage inflation:	3.00% per year (2.50% for Teachers)
Salary increases:	6.00% 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-2021.

The actuarial assumptions used in the June 30, 2023, valuation, used to calculate the total pension liability as of June 30, 2024, were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

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 weighing 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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	30 Year Geometric Return*
Broad US Equity	24.00%	5.40%
Global Ex-US Equity	16.00%	5.65%
Total public equity	40.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	10.00%	5.05%
Core U.S. Fixed Income	25.00%	2.15%
Infrastructure	5.00%	4.35%
Total	100.00%	

* Real rates of return are presented net of 2.50% inflation.

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2024	\$ 70,026,269	\$ 50,086,258	\$ 33,475,616

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

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

12-A New Hampshire Retirement System (NHRS)

Plan Description – The New Hampshire Retirement System (NHRS or the System) administers a cost-sharing multiple-employer other postemployment benefit plan medical subsidy healthcare plan (OPEB Plan). For additional system information, please refer to the Annual Comprehensive 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

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made by the 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 2024 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. 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 2025, the School District contributed 1.13% for teachers and 0.26% for other employees. The contribution requirement for the fiscal year 2025 was \$327,434, which was paid in full.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – At June 30, 2025, the School District reported a liability of \$2,746,179 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. 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 participants, actuarially determined. The School District's proportion measured at June 30, 2024, was 0.88% which was a decrease of 0.12% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB benefit of \$339,376. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	\$ -	\$ 650
Contributions subsequent to the measurement date	327,434	-
Total	<u>\$ 327,434</u>	<u>\$ 650</u>

The \$327,434 reported as deferred outflows of resources related to OPEB results from the School District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	
2025	\$ (5,804)
2026	8,587
2027	(2,214)
2028	(1,219)
Thereafter	-
Totals	<u>\$ (650)</u>

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Actuarial Assumptions – The total OPEB liability was based on the following actuarial assumptions:

Price inflation:	2.25% per year
Wage inflation:	3.00% per year (2.50% for Teachers)
Salary increases:	6.00% average, including inflation
Investment rate of return:	6.75% net of OPEB 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-2021.

The actuarial assumptions used in the June 30, 2023, valuation, used to calculate the total pension liability as of June 30, 2024, were based on the results of the most recent actuarial experience study, which was for the period July 1, 2019 – June 30, 2023.

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 weighing 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 geometric real rates of return for each asset class:

Asset Class	Target Allocation	30 Year Geometric Return*
Broad US Equity	24.00%	5.40%
Global Ex-US Equity	16.00%	5.65%
Total public equity	40.00%	
Real Estate Equity	10.00%	4.00%
Private Equity	10.00%	6.65%
Total private market equity	20.00%	
Private Debt	10.00%	5.05%
Core U.S. Fixed Income	25.00%	2.15%
Infrastructure	5.00%	4.35%
Total	100.00%	

* Real rates of return are presented net of 2.50% inflation.

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

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

Actuarial Valuation Date	1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
June 30, 2024	\$ 3,004,276	\$ 2,746,179	\$ 2,567,860

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

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

12-B Retiree Health Benefit Program

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

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

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

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

Employees Covered by Benefit Terms – At July 1, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>510</u>
Total participants covered by OPEB plan	<u>519</u>

Total OPEB Liability – The School District’s total OPEB liability of \$5,376,093 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024. The School District contracts with an outside actuary to complete the actuarial valuation and schedule of changes in the total OPEB liability. Detailed information can be found in the separately issued report through request of the School District business office.

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

Discount Rate:	5.20%
Healthcare Cost Trend Rates:	
Current Year Trend	7.69%
Second Year Trend	8.00%
Ultimate Trend	4.54%
Year Ultimate Trend is Reached	2090
Salary Increases:	4.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20-year AA municipal bond rate as of June 30, 2025.

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

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Changes in the Total OPEB Liability

	June 30,	
	2024	2025
Total OPEB liability, beginning of year	\$ 5,113,110	\$ 5,371,187
Changes for the year:		
Service cost	319,985	248,635
Interest	193,644	269,863
Assumption changes	-	396,965
Difference between actual and expected experience	-	(743,658)
Benefit payments	(255,552)	(166,899)
Total OPEB liability, end of year	<u>\$ 5,371,187</u>	<u>\$ 5,376,093</u>

Sensitivity of the School District's OPEB Liability to Changes in the Discount Rate – The July 1, 2024, actuarial valuation was prepared using a discount rate of 5.20%. If the discount rate were 1% higher than what was used, the OPEB liability would decrease to \$4,988,054, or by 7.22%. If the discount rate were 1% lower than what was used, the OPEB liability would increase to \$5,787,799, or by 7.66%.

	Discount Rate		
	1% Decrease	Baseline 5.20%	1% Increase
Total OPEB Liability	<u>\$ 5,787,799</u>	<u>\$ 5,376,093</u>	<u>\$ 4,988,054</u>

Sensitivity of the School District's OPEB Liability to Changes in the Healthcare Cost Trend Rates – The July 1, 2024, actuarial valuation was prepared using an initial trend rate of 7.69%. If the trend rate were 1% higher than what was used, the OPEB liability would increase to \$6,068,539, or by 12.88%. If the trend rate were 1% lower than what was used, the OPEB liability would decrease to \$4,778,501, or by 11.12%.

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 7.69%	1% Increase
Total OPEB Liability	<u>\$ 4,778,501</u>	<u>\$ 5,376,093</u>	<u>\$ 6,068,539</u>

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the School District recognized OPEB benefit of \$200,398. At June 30, 2025, 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	\$ 432,702	\$ 643,689
Differences between expected and actual experience	-	1,421,277
Total	<u>\$ 432,702</u>	<u>\$ 2,064,966</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,	
2026	\$ (693,062)
2027	(611,253)
2028	(239,500)
2029	(64,561)
2030	(23,888)
Thereafter	-
Totals	<u>\$ (1,632,264)</u>

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NOTE 13 – COMMITMENTS

The School District entered into construction contracts for the energy efficiency lease. As of June 30, 2025, the School District had outstanding construction contracts totaling \$10,100,193 that will be financed through the issuance of notes.

Construction commitments and other significant commitments are as follows:

Description:	<u>Construction Commitments</u>
Energy Efficiency Project Phase II	\$ 1,897,270
Energy Efficiency Project Phase III	<u>2,069,016</u>
Total	<u>\$ 3,966,286</u>

NOTE 14 - ENCUMBRANCES

Encumbrances outstanding in the general fund at June 30, 2025 are as follows:

Current:	
Instruction:	
Regular programs	\$ 24,319
Special programs	<u>218,179</u>
Total instruction	<u>242,498</u>
Support services:	
Instructional staff	5,250
Executive administration	22,893
School administration	4,023
Operation and maintenance of plant	<u>206,959</u>
Total support services	<u>239,125</u>
Facilities acquisition and construction	<u>686,914</u>
Total encumbrances	<u>\$ 1,168,537</u>

NOTE 15 – GOVERNMENTAL ACTIVITIES NET POSITION

Net position reported on the government-wide Statement of Net Position at June 30, 2025 includes the following:

	<u>Governmental Activities</u>
Net investment in capital assets:	
Net book value of all capital assets	\$ 28,270,351
Less:	
General obligation notes payable	(11,885,827)
Leases payable	<u>(111,084)</u>
Total net investment in capital assets	<u>16,273,440</u>
Restricted net position:	
Food service	332,417
Gate receipts	32,166
School building project	<u>3,927,530</u>
Total restricted net position	<u>4,292,113</u>
Unrestricted	<u>(52,620,491)</u>
Total net position	<u>\$ (32,054,938)</u>

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NOTE 16 – GOVERNMENTAL FUND BALANCES

Governmental fund balances at June 30, 2025 consist of the following:

	General	Food Service	School Building Project	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid items	\$ 52,553	\$ -	\$ -	\$ -	\$ 52,553
Inventory	-	27,592	-	-	27,592
Total nonspendable fund balance	52,553	27,592	-	-	80,145
Restricted:					
Food service	-	304,825	-	-	304,825
Gate receipts	32,166	-	-	-	32,166
Capital project	-	-	3,927,530	-	3,927,530
Total restricted fund balance	32,166	304,825	3,927,530	-	4,264,521
Committed:					
Expendable trust	473,787	-	-	-	473,787
Assigned:					
Encumbrances	1,168,537	-	-	-	1,168,537
Student activity funds	41,755	-	-	338,456	380,211
Total assigned fund balance	1,210,292	-	-	338,456	1,548,748
Unassigned	7,611,357	-	-	-	7,611,357
Total governmental fund balances	\$ 9,380,155	\$ 332,417	\$ 3,927,530	\$ 338,456	\$ 13,978,558

NOTE 17 – ADJUSTMENTS TO AND RESTATEMENTS OF BEGINNING BALANCES

During fiscal year 2025, changes to or within the School District's financial statements resulted in error corrections which caused adjustments to and restatements of beginning net position and fund balance, as follows:

	Government-wide	Governmental Funds		
	Governmental Activities	Food Service	School Building Project	Other Governmental
Net position/fund balances at June 30, 2024 as previously reported	\$ (28,602,929)	\$ -	\$ 3,598,469	\$ 685,164
Error correction:				
To correct capital project contracts and retainage payable	2,076,908	-	2,076,908	-
To correct construction in progress	(1,611,709)	-	-	-
Change in fund presentation as major or nonmajor:				
To classify food service fund as a major fund	-	330,494	-	(330,494)
Change in accounting principal:				
To restate compensated absences for implementation of GASB No. 101	(1,440,208)	-	-	-
Net position/fund balances at June 30, 2024, as restated	\$ (29,577,938)	\$ 330,494	\$ 5,675,377	\$ 354,670

NOTE 18 – 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 2025, 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, 2024 to June 30, 2025 by Primex³, which retained \$2,000,000 of each workers' compensation loss, \$500,000 of each liability loss, and for each property loss it is based upon the School District's property schedule on file with Primex³. The Board has decided to self-insure the aggregate exposure and has allocated funds based on actuarial analysis for that purpose. The Workers' Compensation section of the self-insurance membership agreement permits Primex³ to make additional assessments to members should there be a deficiency in

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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 2024-2025, the School District paid \$242,283 and \$238,137 to Primex³ for Workers' Compensation and Property/Liability, respectively. 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 19 – 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. Although the outcome of these lawsuits is not presently determinable, in the opinion of the School District's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the School District.

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

NOTE 20 – CERTAIN RISK DISCLOSURES

The School District is subject to certain risks related to vulnerabilities caused by concentrations or constraints. The financial statements for the period ending June 30, 2025, are vulnerable to the risk of substantial financial impact from the constraint described below:

Concentration: School District Assessment – The School District's primary funding source is local property taxes, which constitutes approximately 73% of its total general fund revenue for the fiscal year ended June 30, 2025. The School District's ability to maintain existing service levels and support its operations is therefore dependent upon the continued stability of the property tax base within the member towns of the School District. A substantial decline in the assessed valuation of property within the School District, a downturn in the local real estate market, or a significant property tax abatement could have a material effect on the School District's financial position and results of operations. No such events were identified that would impact this future revenue source at June 30, 2025.

NOTE 21– EARLY NOTE PAYOFF

On June 19, 2025, the Board voted to pay off the remaining balance of the Energy Efficiency Phase 1 note due to the budget surplus in the current year. The total amount of principal paid off at year end was \$2,902,968 and the total interest paid was \$118,470. There was an additional \$55,978 paid as an early payoff fee.

NOTE 22 – 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 March 3, 2026, the date the June 30, 2025 financial statements were available to be issued, and noted no events occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT E
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, 2025
Unaudited

Fiscal year-end	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement date	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
School District's proportion of the net pension liability	1.09%	1.10%	1.09%	1.15%	1.09%	1.12%	1.11%	1.06%	1.05%	0.97%
School District's proportionate share of the net pension liability	\$ 43,214,222	\$ 58,648,858	\$ 53,801,657	\$ 55,445,923	\$ 52,680,590	\$ 71,795,966	\$ 49,009,239	\$ 61,056,340	\$ 58,628,324	\$ 50,086,258
School District's covered payroll (as of the measurement date)	\$ 31,329,364	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,470,181	\$ 33,142,390	\$ 34,650,229	\$ 34,519,823	\$ 33,749,549
School District's proportionate share of the net pension liability as a percentage of its covered payroll	137.94%	183.38%	165.68%	167.62%	162.82%	214.51%	147.87%	176.21%	169.84%	148.41%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	58.30%	62.66%	64.73%	65.59%	58.72%	72.22%	65.12%	67.18%	70.33%

EXHIBIT F
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, 2025
Unaudited

Fiscal year-end	June 30,									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement date	June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 3,659,664	\$ 3,949,328	\$ 4,007,708	\$ 4,866,804	\$ 4,764,603	\$ 4,986,559	\$ 6,283,133	\$ 6,267,666	\$ 5,846,394	\$ 6,257,464
Contributions in relation to the contractually required contributions	(3,659,664)	(3,949,328)	(4,007,708)	(4,866,804)	(4,764,603)	(4,986,559)	(6,283,133)	(6,267,666)	(5,846,394)	(6,257,464)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 31,329,364	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,142,390	\$ 33,323,623	\$ 34,519,823	\$ 33,749,549	\$ 36,033,222
Contributions as a percentage of covered payroll	11.68%	12.35%	12.34%	14.71%	14.73%	15.05%	18.85%	18.16%	17.32%	17.37%

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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

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

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

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

As required by GASB Statement No. 68, and as amended by GASB Statement No. 71, Exhibits E and F represent the actuarial determined costs associated with the School District's pension plan at June 30, 2025. These schedules are presented to illustrate the requirement to show information for 10 years.

EXHIBIT G
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, 2025
Unaudited

Fiscal year-end	June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Measurement date	June 30,								
	2016	2017	2018	2019	2020	2021	2022	2023	2024
School District's proportion of the net OPEB liability	1.33%	1.32%	1.03%	0.97%	1.07%	1.05%	1.03%	1.00%	0.88%
School District's proportionate share of the net OPEB liability (asset)	\$ 6,457,701	\$ 6,049,813	\$ 4,705,888	\$ 4,270,987	\$ 4,687,983	\$ 4,213,007	\$ 3,875,759	\$ 3,403,748	\$ 2,746,179
School District's covered payroll (as of the measurement date)	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,470,181	\$ 33,142,390	\$ 34,650,229	\$ 34,519,823	\$ 33,749,549
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	20.19%	18.63%	14.23%	13.20%	14.01%	12.71%	11.19%	9.86%	8.14%
Plan fiduciary net position as a percentage of the total OPEB liability	5.21%	7.91%	7.53%	7.75%	7.74%	11.06%	10.64%	12.80%	14.01%

EXHIBIT H
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, 2025
Unaudited

Fiscal year-end	2017	2018	2019	2020	June 30, 2021	2022	2023	2024	2025
Measurement date	2016	2017	2018	2019	June 30, 2020	2021	2022	2023	2024
Contractually required contribution	\$ 775,104	\$ 784,222	\$ 454,641	\$ 444,584	\$ 497,141	\$ 433,428	\$ 433,552	\$ 314,060	\$ 327,434
Contributions in relation to the contractually required contribution	(775,104)	(784,222)	(454,641)	(444,584)	(497,141)	(433,428)	(433,552)	(314,060)	(327,434)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll (as of the fiscal year)	\$ 31,982,983	\$ 32,472,286	\$ 33,077,538	\$ 32,354,996	\$ 33,142,390	\$ 33,323,623	\$ 34,519,823	\$ 33,749,549	\$ 36,033,222
Contributions as a percentage of covered payroll	2.42%	2.42%	1.37%	1.37%	1.50%	1.30%	1.26%	0.93%	0.91%

EXHIBIT I
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, 2025
Unaudited

	June 30,								
	2017	2018	2019	2020	2021	2022	2023	2024	2025
OPEB liability, beginning of year	\$ 5,363,426	\$ 5,560,623	\$ 5,704,295	\$ 6,825,172	\$ 7,389,877	\$ 7,263,320	\$ 7,774,947	\$ 5,113,110	\$ 5,371,187
Changes for the year:									
Service cost	426,255	443,305	461,978	559,812	558,604	570,670	308,717	319,985	248,635
Interest	150,205	155,638	200,710	149,241	143,970	154,581	184,398	193,644	269,863
Assumption changes	-	-	1,540,202	-	831,095	-	(1,476,048)	-	396,965
Difference between actual and expected experience	(193,124)	(255,988)	(942,546)	-	(1,451,119)	-	(1,432,351)	-	(743,658)
Benefit payments	(186,139)	(199,283)	(139,467)	(144,348)	(209,107)	(213,624)	(246,553)	(255,552)	(166,899)
OPEB liability, end of year	<u>\$ 5,560,623</u>	<u>\$ 5,704,295</u>	<u>\$ 6,825,172</u>	<u>\$ 7,389,877</u>	<u>\$ 7,263,320</u>	<u>\$ 7,774,947</u>	<u>\$ 5,113,110</u>	<u>\$ 5,371,187</u>	<u>\$ 5,376,093</u>
Covered payroll	<u>\$ 26,767,235</u>	<u>\$ 27,837,924</u>	<u>\$ 27,396,864</u>	<u>\$ 28,492,739</u>	<u>\$ 28,922,121</u>	<u>\$ 30,596,781</u>	<u>\$ 29,248,005</u>	<u>\$ 30,417,925</u>	<u>\$ 29,909,002</u>
Total OPEB liability as a percentage of covered payroll	20.77%	20.49%	24.91%	25.94%	25.11%	25.41%	17.48%	17.66%	17.97%

TIMBERLANE REGIONAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION –
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

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

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

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

As required by GASB Statement No. 75, Exhibits G and H represent the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2025. These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

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

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

Changes in Assumptions – Changes in assumptions for the current period are as follows:

- The discount rate was increased from 3.65% to 5.20%.
- Initial trend rates were advanced, the model for trends in subsequent years is based on the Getzen Model as updated through September 2024.
- The percentage of retirees covering a spouse has been reduced to 65% based on future expectations.
- The retirement and withdrawal tables were updated to reflect the New Hampshire Retirement System Comprehensive Annual Financial Report dated June 30, 2023.

As required by GASB Statement No. 75, Exhibit I represents the actuarial determined costs associated with the School District's other postemployment benefits at June 30, 2025. 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, 2025

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 54,833,476	\$ 54,833,476	\$ -
Other local sources:			
Tuition	410,000	773,866	363,866
Investment earnings	45,000	610,581	565,581
Miscellaneous	156,000	221,733	65,733
Total from other local sources	611,000	1,606,180	995,180
State sources:			
Adequacy aid (grant)	10,620,886	10,620,886	-
Adequacy aid (tax)	6,529,462	6,529,462	-
Special education aid	535,120	510,616	(24,504)
Vocational aid	20,000	139,483	119,483
Other state aid	3,162	37,114	33,952
Total from state sources	17,708,630	17,837,561	128,931
Federal sources:			
Medicaid	50,000	147,300	97,300
Other	-	234,838	234,838
Total from federal sources	50,000	382,138	332,138
Total revenues	73,203,106	\$ 74,659,355	\$ 1,456,249
Use of fund balance to reduce school district assessment	16,390,237		
Use of fund balance - appropriated	250,000		
Total revenues and use of fund balance	\$ 89,843,343		

See Independent Auditor's Report.

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, 2025

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 22,095,691	\$ 21,048,942	\$ 24,319	\$ 1,022,430
Special programs	269	13,286,674	12,394,965	218,179	673,799
Vocational programs	-	170,000	266,162	-	(96,162)
Other programs	-	1,200,269	1,038,715	-	161,554
Adult and continuing education programs	-	154,276	122,663	-	31,613
Total instruction	269	36,906,910	34,871,447	242,498	1,793,234
Support services:					
Student	-	4,945,279	4,573,433	-	371,846
Instructional staff	108	1,218,682	1,120,631	5,250	92,909
General administration	5,787	465,229	387,456	-	83,560
Executive administration	-	1,296,738	1,180,355	22,893	93,490
School administration	-	3,486,127	3,453,464	4,023	28,640
Business	-	526,245	481,561	-	44,684
Operation and maintenance of plant	-	5,596,875	4,946,353	206,959	443,563
Student transportation	139,031	4,708,647	4,715,217	-	132,461
Other	-	25,182,885	21,911,895	-	3,270,990
Total support services	144,926	47,426,707	42,770,365	239,125	4,562,143
Noninstructional	-	-	46,436	-	(46,436)
Debt service:					
Principal of long-term debt	100,000	665,150	3,256,980	-	(2,491,830)
Interest on long-term debt	122,551	672,919	829,688	-	(34,218)
Total debt service	222,551	1,338,069	4,086,668	-	(2,526,048)
Facilities acquisition and construction	-	2,719,289	1,907,971	686,914	124,404
Other financing uses:					
Transfers out	-	1,452,368	261,350	-	1,191,018
Total appropriations, expenditures, other financing uses, and encumbrances	\$ 367,746	\$ 89,843,343	\$ 83,944,237	\$ 1,168,537	\$ 5,098,315

See Independent Auditor's Report.

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, 2025

Unassigned fund balance, beginning		\$ 16,390,237
Changes:		
Unassigned fund balance used to reduce school district assessment		(16,390,237)
Unassigned fund balance appropriated for use in 2024-2025		(250,000)
2024-2025 Budget summary:		
Revenue surplus (Schedule 1)	\$ 1,456,249	
Unexpended balance of appropriations (Schedule 2)	<u>5,098,315</u>	
2024-2025 Budget surplus		6,554,564
Decrease in nonspendable fund balance		1,056,793
Decrease in committed fund balance		<u>250,000</u>
Unassigned fund balance, ending		<u><u>\$ 7,611,357</u></u>

See Independent Auditor's Report.

SCHEDULE 4
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds		
	Performing Arts Center	Student Activity Funds	Total
ASSETS			
Cash and cash equivalents	\$ 75,702	\$ 338,456	\$ 414,158
LIABILITIES			
Accounts payable	\$ 1,529	\$ -	\$ 1,529
Interfund payable	74,173	-	74,173
Total liabilities	75,702	-	75,702
FUND BALANCES			
Assigned	-	338,456	338,456
Total liabilities and fund balances	\$ 75,702	\$ 338,456	\$ 414,158

See Independent Auditor's Report.

SCHEDULE 5
TIMBERLANE REGIONAL SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2025

	Special Revenue Funds		
	Performing Arts Center	Student Activity Funds	Total
REVENUES			
Other local	\$ 62,916	\$ 330,680	\$ 393,596
EXPENDITURES			
Current:			
Instruction	74,266	346,894	421,160
Deficiency of revenues under expenditures	(11,350)	(16,214)	(27,564)
OTHER FINANCING SOURCES			
Transfers in	11,350	-	11,350
Net change in fund balances	-	(16,214)	(16,214)
Fund balances, beginning	-	354,670	354,670
Fund balances, ending	\$ -	\$ 338,456	\$ 338,456

See Independent Auditor's Report.

SCHEDULE 6
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Balance Sheet
June 30, 2025

Student Activity Funds								
	Timberlane Regional High School	Timberlane Regional Middle School	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School	Total
ASSETS								
Cash and cash equivalents	\$ 215,826	\$ 30,837	\$ 20,355	\$ 35,767	\$ 3,531	\$ 10,635	\$ 21,505	\$ 338,456
FUND BALANCES								
Assigned	\$ 215,826	\$ 30,837	\$ 20,355	\$ 35,767	\$ 3,531	\$ 10,635	\$ 21,505	\$ 338,456

See Independent Auditor's Report.

SCHEDULE 7
TIMBERLANE REGIONAL SCHOOL DISTRICT
Student Activity Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2025

	Student Activity Funds							
	Timberlane Regional High School	Timberlane Regional Middle	Atkinson Academy	Danville Elementary School	Sandown Central School	Sandown North School	Pollard School	Total
REVENUES								
Other local	\$ 223,056	\$ 60,096	\$ 12,861	\$ 9,070	\$ 1,799	\$ 16,211	\$ 7,587	\$ 330,680
EXPENDITURES								
Current:								
Instruction	238,038	55,160	16,054	12,937	1,042	16,917	6,746	346,894
Net change in fund balances	(14,982)	4,936	(3,193)	(3,867)	757	(706)	841	(16,214)
Fund balances, beginning	230,808	25,901	23,548	39,634	2,774	11,341	20,664	354,670
Fund balances, ending	<u>\$ 215,826</u>	<u>\$ 30,837</u>	<u>\$ 20,355</u>	<u>\$ 35,767</u>	<u>\$ 3,531</u>	<u>\$ 10,635</u>	<u>\$ 21,505</u>	<u>\$ 338,456</u>

See Independent Auditor's Report.

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



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Timberlane Regional School District as of and for the year ended June 30, 2025, 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 March 3, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Timberlane Regional School District

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

Purpose of This Report

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

March 3, 2026
Concord, New Hampshire

Plodzik & Sanderson
Professional Association



PLODZIK & SANDERSON

Professional Association/Certified Public Accountants

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Timberlane Regional School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Timberlane Regional School District's major federal programs for the year ended June 30, 2025. The Timberlane Regional School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Timberlane Regional School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Timberlane Regional School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Timberlane Regional School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Timberlane Regional School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Timberlane Regional School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

March 3, 2026
Concord, New Hampshire

Plodzik & Sanderson
Professional Association

SCHEDULE I
TIMBERLANE REGIONAL SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major federal programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.582	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? X yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SCHEDULE II
Timberlane Regional School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through the State of New Hampshire Department of Education				
CHILD NUTRITION CLUSTER				
School Breakfast Program	10.553	N/A	\$ -	\$ 46,116
National School Lunch Program	10.555	N/A	-	377,860
<i>CLUSTER TOTAL</i>			-	423,976
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	423,976
U.S. DEPARTMENT OF THE INTERIOR				
Passed Through the State of New Hampshire, Department of Natural and Cultural Resources				
Outdoor Recreation Acquisition, Development and Planning	15.916	33-00751	-	210,938
<i>PROGRAM TOTAL</i>			-	210,938
TOTAL U.S. DEPARTMENT OF THE INTERIOR			-	210,938
U.S. DEPARTMENT OF EDUCATION				
Passed Through the State of New Hampshire Department of Education				
Title I Grants to Local Educational Agencies:				
Title I	84.010	20240163	-	36,604
Title I	84.010	20250454	-	118,889
<i>PROGRAM TOTAL</i>			-	155,493
SPECIAL EDUCATION CLUSTER				
Special Education Grants to States:				
IDEA	84.027	20231061	-	17,614
IDEA	84.027	20240165	-	173,443
IDEA	84.027	20250496	-	556,001
<i>CLUSTER TOTAL</i>			-	747,058
Supporting Effective Instruction State Grants:				
Title II	84.367	20231370	-	15,690
Title II	84.367	20240966	-	83,417
Title II	84.367	20250823	-	6,500
<i>PROGRAM TOTAL</i>			-	105,607
Student Support and Academic Enrichment Program:				
Title IV	84.424	20231566	-	47,415
Title IV	84.424	20241015	-	23,652
Title IV	84.424	20250963	-	11,669
COVID-19 - Stronger Connections	84.424F	20231456	-	10,961
<i>PROGRAM TOTAL</i>			-	93,697
COVID-19 - Education Stabilization Fund:				
ESSER III	84.425U	20221133	-	37,258
<i>PROGRAM TOTAL</i>			-	37,258
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,139,113
Total Expenditures of Federal Awards			\$ -	\$ 1,774,027

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, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of the Timberlane Regional School District under programs of the federal government for the year ended June 30, 2025. 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 and changes in net position and fund balance 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

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities on the date received. For the fiscal year ending June 30, 2025, the value of food donations received was \$121,417.