



Edward T. Perry, CPA

James A. Sojka, CPA

Sheryl A. Pratt, CPA

Michael J. Campo, CPA

August 2, 2016

Members of the School Board  
Timberlane Regional School District  
30 Greenough Road  
Plaistow, NH 03865

Dear Members of the Board:

Donna M. LaClair, CPA\*

Ashley J. Miller, CPA

Tyler A. Paine, CPA

Kyle G. Gingras, CPA

Susan E. Gauthier, CPA

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of the Timberlane Regional School District for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 25, 2015. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

\*\* Also licensed in Massachusetts

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Timberlane Regional School District are described in Note 1 to the financial statements. As described therein, the School District changed accounting policies related to financial reporting by adopting Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*, and for Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. We noted no transactions entered into by the Timberlane Regional School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities' financial statements was:

Management's estimate of the other postemployment benefits liability is based on assumptions of future events, such as employment, mortality, and the healthcare cost trend, as well as estimates of the value of reported amounts. We evaluated the key factors and assumptions used to develop the other postemployment benefits liability in determining that it is reasonable in relation to the financial statements taken as a whole.

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

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

**PLODZIK & SANDERSON**  
*Professional Association | Accountants & Auditors*

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Adjustments proposed and approved by management were primarily of a routine nature which management expects the independent auditors to make as part of their year-end procedures. The adjustments for the general fund had a net loss effect of \$61,732 as can be seen on the attached printout of the year-end journal entries.

The government-wide financial statements were not prepared by management. We prepared these financial statements which management reviews and approves. The adjustments to these financial statements totaled \$1,266,496 as can be seen on the attached printout of the year-end adjusting journal entries.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 28, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Timberlane Regional School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Timberlane Regional School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Budget Adjustments (Repeat Comment)**

When reviewing budgetary transfer requests, it was noted that the School District was not following their policy which requires the Superintendent to sign all such requests.

**Student Activity Accounts – High School**

When reviewing deposits for the Timberlane Regional High School student activity account, one large deposit was identified that was not made in a timely manner. We recommend the School District ensure deposits are made timely to minimize the risk of loss or theft.

In addition, during our examination of disbursement we noted an instance where the "Request for Payment" form was not approved by the school Principal. Upon examination of the cancelled check, we did verify that the Principal did sign the check. We recommend that all "Request for Payment" forms be properly signed by the Principal prior to the issuance of the check for payment.





Other Matters

**Implementation of New GASB Pronouncements**

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

**GASB Statement No. 72, *Fair Value Measurement, and Application***, issued in February 2015, will be effective for the School District beginning with its fiscal year ending June 30, 2016. The guidance contained in this statement addresses accounting and financial reporting issues related to fair value measurements.

**GASB Statement No. 73, *Accounting, and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68***, issued in June 2015, will be effective for the School District beginning with its fiscal year ending June 30, 2016. This statement improves the usefulness of information about pensions included in the general purpose external financial reports.

**GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plan Other than Pension Plans***, issued in June 2015, will be effective for the School District beginning with its fiscal year ending June 30, 2017. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB).

**GASB Statement No. 75, *Accounting, and Financial Reporting for Postemployment Benefits Other than Pensions***, issued in June 2015, will be effective for the School District beginning with its fiscal year ending June 30, 2018. This Statement improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB). This statement replaces the requirements of Statements No. 45 and No. 57.

**GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments***, issued in August 2015, will be effective for the School District beginning with its fiscal year ending June 30, 2017. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55.

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the School District's Proportionate Share of Net Pension Liability, and Schedule of School District Contributions of Net Pension Liability which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual fund schedules, combining schedule of changes in student activity funds, schedules of changes in student activity funds, and Schedule of Expenditures of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.



*Timberlane Regional School District*

*August 2, 2016*

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Restriction on Use

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

Sincerely,

*Plodzick & Sanderson*

PLODZIK & SANDERSON

Professional Association

*Enclosures*



Prepared by \_\_\_\_\_

**Timberlane Regional School District  
General Fund - Adjusting Journal Entries**

1134GENERAL

Page 1

Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
100.03	Adjusting	06/30/15					
		100-1125-000-00-00-0-00000	APPROPRIATION-ATKINSON	2,079,827.00			
		100-1126-000-00-00-0-00000	APPROPRIATION-DANVILLE	769,613.00			
		100-1127-000-00-00-0-00000	APPROPRIATION-PLAISTOW	2,079,337.00			
		100-1128-000-00-00-0-00000	APPROPRIATION-SANDOWN	1,268,123.00			
		100-3122-000-00-00-0-00000	Education Tax		6,196,900.00		
						0.00	
			To reclassify State tax				
100.06	Adjusting	06/30/15					
		100-0140-000-00-00-0-00000	Intergovernmental Receivables	3,600.00			
		100-2319-580-01-33-4-00000	Sch Bd Conferences		3,600.00		
						3,600.00	AF #3.4b
			Client JE #534 - Reimbursement by HSD & SAU for NHSAA season ticket.				
100.07	Adjusting	06/30/15					
		100-0150-000-00-00-0-00000	Other Receivables	2,244.48			
		100-5221-930-01-33-4-00000	Transfer To Food Svc	65,331.67			
		100-0132-000-00-00-0-00000	Interfund Receivables		67,576.15		
						(65,331.67)	AF #13.2
			To adjust student meal receivables balance to actual and record transfer to food service to cover operating deficit.				
100.08	Adjusting	06/30/15					
		100-0132-000-00-00-0-00000	Interfund Receivables	96,808.39			
		100-0402-000-00-00-0-00000	Interfund Control Account		96,808.39		
						0.00	
			To separate interfund payables and receivables in the general fund.				

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**Timberlane Regional School District  
General Fund - Adjusting Journal Entries**

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Reviewed by\_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
100.10	Adjusting	06/30/15					
		100-0771-000-00-00-0-00000	Unassigned (Retained) Fund Balan	100,000.00			
		100-0770-000-00-00-0-00000	Unassigned Fund Balance		100,000.00		
			To adjust voted fund balance retention to actual.			0.00	A #10.4
		TOTAL		<u>6,464,884.54</u>	<u>6,464,884.54</u>	<u>(61,731.67)</u>	

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**Timberlane Regional School District  
Government-Wide Financial Statements**

1134GENERAL

Page 1

Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
400.01	Adjusting	06/30/15					
		400-2100-000-00-00-0-00000	Bond Payable - Noncurrent	1,600,000.00			
		400-5925-000-00-00-0-00000	Principal on LTD		1,600,000.00		
			To record the change in bond payable			1,600,000.00	G #5.2
400.02	Adjusting	06/30/15					
		400-2150-000-00-00-0-00000	Interest Payable	61,107.00			
		400-5950-000-00-00-0-00000	Interest on LTD		61,107.00		
			To record the change in accrued interest payable.			61,107.00	G #5.4
400.03	Adjusting	06/30/15					
		400-2400-000-00-00-0-00000	Compensated Absences - Noncurr	594.00			
		400-5000-000-00-00-0-00000	Instruction		23,778.00		
		400-5100-000-00-00-0-00000	Student support services	655.00			
		400-5200-000-00-00-0-00000	Instructional staff	4,062.00			
		400-5300-000-00-00-0-00000	General administration		3,601.00		
		400-5400-000-00-00-0-00000	Executive administration	21,649.00			
		400-5600-000-00-00-0-00000	Business	192.00			
		400-5800-000-00-00-0-00000	Student transportation	227.00			
			To record the change in compensated absences payable.			594.00	G #5.5
400.04	Adjusting	06/30/15					
		400-2500-000-00-00-0-00000	OPEB		991,813.00		
		400-5000-000-00-00-0-00000	Instruction	991,813.00			
			To record change in OPEB.			(991,813.00)	G #5.6

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**Timberlane Regional School District  
Government-Wide Financial Statements**

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Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
400.05	Adjusting	06/30/15					
		400-2600-000-00-00-0-00000	Net Pension Liability	3,640,924.00			
		400-3000-000-00-00-0-00000	Unrestricted net position		3,640,924.00		
						0.00	G #5.7
			To record prior period adjustment to reclassify pension contributions during the measurement period.				
400.06	Adjusting	06/30/15					
		400-3000-000-00-00-0-00000	Unrestricted net position	47,167,174.00			
		400-2600-000-00-00-0-00000	Net Pension Liability		47,167,174.00		
						0.00	G #5.7
			To record prior period adjustment to recognize the net pension liability.				
400.07	Adjusting	06/30/15					
		400-1600-000-00-00-0-00000	Deferred Outflows Related to Pens	931,097.00			
		400-2650-000-00-00-0-00000	Deferred Inflows Related to Pens		5,390,006.00		
		400-5850-000-00-00-0-00000	Other Support Services	3,040,114.00			
		400-5900-000-00-00-0-00000	Noninstructional services	18,145.00			
		400-2600-000-00-00-0-00000	Net Pension Liability	1,400,650.00			
						(3,058,259.00)	G #5.7
			To record FY14 net pension liability and deferrals.				
400.08	Adjusting	06/30/15					
		400-1600-000-00-00-0-00000	Deferred Outflows Related to Pens	3,654,867.00			
		400-5850-000-00-00-0-00000	Other Support Services		3,635,308.00		
		400-5900-000-00-00-0-00000	Noninstructional services		19,559.00		
						3,654,867.00	G #5.7
			To defer contributions subsequent to the measurement date.				



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**Timberlane Regional School District  
Government-Wide Financial Statements**

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Reviewed by \_\_\_\_\_

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
				<u>62,533,270.00</u>	<u>62,533,270.00</u>	<u>1,266,496.00</u>	