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February 16, 2022

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

Dear Members of the Board:

We have audited the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Timberlane Regional School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 October 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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. No new accounting policies were adopted, and the application of existing policies was not changed during the year. 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 estimates affecting the Timberlane Regional School District's financial statements were:

Management's estimates of the capital asset useful lives are based on historical information and industry guidance. We evaluated the key factors and assumptions used to develop the capital asset useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Management's estimates of the other postemployment benefit (OPEB) liabilities, deferred outflows and inflows of resources related to OPEB, and OPEB expense are based on the assumptions of future events, such as employment, mortality, and the healthcare cost

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trend, as well as estimates of the value of reported amounts. We evaluated key factors and assumptions used to develop the OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense 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.

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. Adjustments proposed and approved were primarily of a routine nature and a list of these adjustments for the general fund, grants fund, and food service fund are attached to this letter.

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 February 14, 2022.

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.

Student Activity Funds

Timberlane Regional High School

- We identified several deposits in the student activity fund that did not have listings to support who the money was from and when it was received. This can lead to difficulties in the event that students need to be refunded money due to cancellations. We recommend that all deposits have a listing showing who the money is from and when it was received.

Timberlane Regional Middle School

- It was noted that not all deposits are being made in a timely manner after being received. The longer funds are held onto before being deposited the greater the risk is of them being misappropriated. We recommend that activity advisors bring the deposits to the office on a daily basis, along with the complete supporting documentation, and that the office deposit funds on at least a weekly basis.



- The deposits made into the principals account do not have listings to support where the money was from and when it was received. This can lead to difficulties in the event that students need to be refunded money due to cancellations. We recommend that all deposits have a listing showing who the money is from and when it was received.
- There are 27 outstanding checks that are dated six months or prior to June 30, 2021, with the oldest check issued in 2017. The longer checks are outstanding the less likely they are to be cashed. We recommend that all checks older than six months be voided. The vendor should then be followed up with and the check should be reissued and sent to the vendor or turned over the State as abandoned property.

Atkinson Elementary School

- We noted two deposit forms were only being signed by the School Administrative Assistant. Deposit forms should also be signed by the Student Activity Advisor when the deposit is prepared. Dual signatures serve as a verification that deposits are being made intact and in a timely manner. We recommend all deposit forms be signed by both the Student Activity Advisor and the Secretary/Administrative Assistant.
- We identified two expenditures which lacked proper supporting documentation for the disbursement. Disbursements should have a request for payment form as well as a receipt or invoice, per the controls the engagement team documented. Without this supporting documentation, it cannot be determined whether the purchases were authorized or appropriate. We recommend that all disbursements include a request for payment along with appropriate supporting documentation.

Sandown Central School

- Upon review of the summary of activity, there does not appear to be any sub-accounting for various student groups within the student activity account. Instead, all funds are comingled as part of a single student activity account. This includes funds raised for various student activities such as assemblies, field trips, and yearbooks. We recommend separate sub-accounting be performed for each of these activities.
- No deposit forms were prepared for deposits. Deposit forms should be completed by a Student Activity Advisor for all deposits and should indicate the date, student group, purpose, and amount of the deposit. The form should be initialed by both the Activity Advisor and the School Administrative Assistant, verifying they are both in agreement with the deposit amount.
- We noted that requests for payment were not prepared for any of the disbursements reviewed. Requests for disbursement should be completed for all purchases, per the procedures documented by the engagement. They should indicate the date, the student group, the vendor, the amount, and should be approved by the Principal prior to any purchases occurring. We recommend the School implement a request for purchase form, which is then completed prior to each purchase.

Sandown North School

- We identified several deposits in the student activity fund that did not have listings to support who the money was from and when it was received. This can lead to difficulties in the event that students need to be refunded money due to cancellations. We recommend that all deposits have a listing showing who the money is from and when it was received.

Pollard School

- We identified several deposits in the student activity fund that did not have listings to support who the money was from and when it was received. This can lead to difficulties in the event that students need to be refunded money due to cancellations. We recommend that all deposits have a listing showing who the money is from and when it was received.
- Several deposits in the Kids Helping Kids account were not made in a timely manner. The longer funds are held onto, the greater the risk of loss or theft. We recommend that teachers bring deposits to the office on a daily basis and that the office deposit funds at least weekly.



Federal Compliance

- *Program: IDEA Project Number 202631* - If a non-Federal entity contracts with a vendor for over \$25,000 or expected to be over \$25,000 and the vendor is paid with Federal funds, the non-Federal entity must verify the vendor's suspension and debarment status. The School District contracted with three vendors for over \$25,000; however, did not perform the verification on one of the vendors. We recommend that the School District perform the necessary suspension and debarment verification on any vendors paid with Federal funds with a contract over \$25,000 as required by Federal regulations.
- *Program: IDEA Project Number 202631* – The School District selected four vendors (over the micro purchase threshold per the School District's procurement policy for Federal funds of \$10,000) without obtaining quotes or going out to bid and no formal documentation for limiting competition was formally documented. In accordance with 2 CFR 200.318 through 200.326, there must be documentation that supports the history of a procurement, including the rationale for the method of procurement and basis for vendor selection. In addition, documentation must be retained that supports the rationale to limit competition in those cases where competition was limited. We recommend that when quotes or bids are not obtained for vendors over the micro purchase threshold that formal documentation be prepared and retained to support this reasoning.

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. 87, *Leases*, issued in June 2017, will be effective for the School District with its fiscal year ending June 30, 2022. This Statement will improve accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, issued June 2018, will be effective for the School District with its fiscal year ending June 30, 2022. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the School District with its fiscal year ending June 30, 2023. This Statement will provide a single method of reporting conduit debt obligations and eliminate differences in practice.

GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, will be effective for the School District with its fiscal year ended June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, will be effective for the School District with its fiscal year ended June 30, 2022. The objectives of this Statement are to address accounting and financial reporting implications that result from the replacement of an IBOR.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, will be effective for the School District with its fiscal year ended June 30, 2023. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, will be effective for the School District with its fiscal year ended June 30, 2023. This Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.



GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84 and a Supersession of GASB Statement No. 32, issued in January 2020, will be effective for the School District with its fiscal year ended June 30, 2022. The objectives of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, while mitigating the costs associated with reporting those plans.

We applied certain limited procedures to the following, which are required supplementary information (RSI) that supplements 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

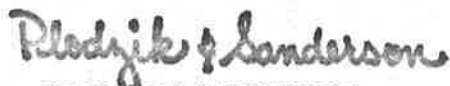
Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 combining and individual fund schedules, 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.

Restriction on Use

This information is intended solely for the information and use of the members 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.

Respectfully,



PLODZIK & SANDERSON
Professional Association

Attachment:

Adjusting Entries



Client: **1134 - Timberlane Regional School District**
Engagement: **2021 - Timberlane Regional School District**
Period Ending: **6/30/2021**
Trial Balance: **001.0000 - Government Fund Trial Balance**
Workpaper: **910.0031 - Adjusting Entries**
Fund Level: **Fund**
Index: **220, 210, 710, 100, 229, 500**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 2				
To adjust beginning fund balance to actual due to rounding				
210-0140-000-00-00-000000	Intergovernmental Receiv	510.0020	1.00	
210-0760-000-00-00-000000	Restricted Fund Balance			1.00
Total			<u>1.00</u>	<u>1.00</u>
Adjusting Journal Entries JE # 3				
To adjust nonspendable fund balance in the food service to actual.				
210-0751-000-00-00-000000	Nonspendable Fund Balance	210.0020	18,681.00	
210-0760-000-00-00-000000	Restricted Fund Balance			18,681.00
Total			<u>18,681.00</u>	<u>18,681.00</u>
Adjusting Journal Entries JE # 4				
To record the value of USDA Commodities and Favors.				
210-3120-630-21-33-4-000000	FOOD	510.5300	85,634.00	
210-4561-000-00-00-000000	Federal-Child Nutrition- Commodities			85,634.00
Total			<u>85,634.00</u>	<u>85,634.00</u>
Adjusting Journal Entries JE # 5				
To reclassify back dated checks to accounts payable				
100-0101-000-00-00-000000	Cash	300.2110	153,736.00	
210-0101-000-00-00-000000	Cash		439.00	
100-0421-000-00-00-000000	Accounts Payable			153,736.00
210-0421-000-00-00-000000	Accounts Payable			439.00
Total			<u>154,175.00</u>	<u>154,175.00</u>
Adjusting Journal Entries JE # 6				
To adjust Alacarte Sales and State Child Nutrition revenue to actual.				
100-1990-000-00-00-000000	Other Local Revenue	510.5200	20,017.00	
210-1999-000-00-00-000000	Transfer in from General Fund		20,017.00	
100-5221-930-01-33-4-000000	Transfer To Food Svc			20,017.00
210-1615-000-00-00-000000	Alacarte Sales			5,407.00
210-3260-000-00-00-000000	State-Child Nutrition			14,610.00
Total			<u>40,034.00</u>	<u>40,034.00</u>
Adjusting Journal Entries JE # 7				
To reclassify ESSER expenditures from General Fund to Grants Fund and pick up related revenue/receivable.				
100-0132-000-00-00-000000	Interfund Receivables	520.0030	124,010.00	
220-0140-000-00-00-000000	Intergovernmental Receiv		124,010.00	
220-4600-450-12-33-4-04987	ESSER expenditures - Indoor air quality testing		124,010.00	
100-4600-450-12-33-4-000000	Building Renovations-District Wide			124,010.00
220-0402-000-00-00-000000	Interfund Control Account			124,010.00
220-4590-000-00-00-04987	ESSER			124,010.00
Total			<u>372,030.00</u>	<u>372,030.00</u>
Adjusting Journal Entries JE # 8				
To reclassify intergovernmental payables				
100-0421-000-00-00-000000	Accounts Payable	300.2110	90,662.00	
100-0410-000-00-00-000000	Intergovernmental Accounts Payable			90,662.00
Total			<u>90,662.00</u>	<u>90,662.00</u>
Adjusting Journal Entries JE # 10				
To record assigned for IRS contingency				
100-0770-000-00-00-000000	Unassigned Fund Balance	400.4400	130,900.00	
100-0750-100-00-00-000000	Assigned Fund Balance (Legal Contingency)			130,900.00
Total			<u>130,900.00</u>	<u>130,900.00</u>
Adjusting Journal Entries JE # 13				
To net Interfund accounts in the general fund				
100-0402-000-00-00-000000	Interfund Control Account	300.6100	921,142.00	
100-0132-000-00-00-000000	Interfund Receivables			921,142.00
Total			<u>921,142.00</u>	<u>921,142.00</u>
Total Adjusting Journal Entries			<u>1,813,259.00</u>	<u>1,813,259.00</u>
Total All Journal Entries			<u>1,813,259.00</u>	<u>1,813,259.00</u>