

**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
BUDGET COMMITTEE  
AUGUST 25, 2022  
MEETING MINUTES**

A regular meeting of the Hollis Brookline Cooperative School District (COOP) Budget Committee was conducted on Thursday, August 25, 2022, at 6:31 p.m. at the Hollis Brookline Middle School Library.

Chairman, Darlene Mann, presided:

Members of the Budget Cmte. Present:     Raul Blanche, Vice Chairman  
   David Blinn  
   Matthew Maguire  
   Brian Rater  
   Cindy VanCoughnett, School Bd. Rep.  
   Tom Whalen

Members of the Budget Cmte. Absent:     Anthony Stanizzi

Also in Attendance:                             Kelly Seeley, Business Administrator  
   Tim Greene, CPA, Roberts & Greene, PLLC

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**PLEDGE OF ALLEGIANCE**

Chairman Mann lead in the Pledge of Allegiance.

**AGENDA ADJUSTMENTS** - None

**APPOINTMENT OF MEETING OBSERVER**

Chairman Mann appointed David Blinn to serve as Meeting Observer.

**APPROVAL OF MINUTES**

COOP Budget Committee ..... [June 23, 2022](#)

Page 5, Line 24; replace “2024” with “2025”  
Page 5, Line 28; insert “if” before “the prioritization”  
Page 7, Line 2; replace “nearly” with “over”

**MOTION BY MEMBER BLANCHE TO ACCEPT, AS AMENDED  
MOTION SECONDED BY MEMBER WHALEN  
MOTION CARRIED**

**4-0-3**  
*Members Blinn, Maguire, and VanCoughnett Abstained*

**PUBLIC INPUT** - None

Chairman Mann noted a new mandate from the State (SB410), effective September 6, 2022, requiring school boards to provide for 30 minutes of public comment at meetings.

## **GENERAL BUSINESS**

- Audit Review (for Fiscal Year ending June 30, 2021)

Tim Greene, CPA, Roberts & Greene, PLLC, provided a presentation (copy attached) of the Hollis Brookline Cooperative School District Financial Report as of and for the Fiscal Year ended June 30, 2021.

He stressed the report encompasses the year beginning July 1, 2020 to June 30, 2021; the whole year of dealing with COVID and how that impacted the school versus 3 months of the activity. Mainly because of COVID the opinion letter provided is their opinion on whether or not the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP).

Because of the amount of Federal funds that the district received (\$750,000 threshold), they were required to have a single audit issued. In any typical year, federal grants consist of special education and food service whereas for this year there were multiple COVID grants. The district was at \$914,766 (Exhibit 20). There are a few expanded paragraphs indicating that the firm audited under GAAP as well as the Governmental Accounting Standards Board (GASB) and the Uniform guidance, which is the single audit standard. The result was three opinions letters. They all stated the same thing; fairly presented, no adverse opinions. It is a positive result.

Beyond the opinion is the Management Discussion and Analysis letter, which is done by the Business Administrator and her staff. The figures have been reviewed to ensure they agree with the actual financial statements and to ensure it is not including too much that is subjective as it is intended to be a formative recap of the year.

For the year ending June 30, 2021, the district's total net position was \$1,860,422. Noted were capital assets net of the related debt \$15,830,234 and the restricted net position; non-expendable endowments \$329,027, expendable endowments \$197,861 and restricted for other purposes \$32,148 (typically federal grants unexpended) resulting in an unrestricted deficit of (\$14,528,848). The reason for that is the net pension liability with the New Hampshire Retirement System (NHRS) and the related Other Postemployment Benefit liability balances (OPEB; Medicare subsidy that was in the NH retirement system through 2013 (still calculated for anyone in the system) and an implicit rate which represents the fact that employees in the health insurance pool can remain in that pool even at their own cost) whereas debt has capital assets related to that, hence you have a positive net position for the capital asset. With those long-term liabilities there is no asset to offset that so you will always carry that deficit.

Exhibit 2 shows that the total net position for the district actually decreased by (\$306,938). On Exhibit 2 you can also see general functions for the governmental activities and related program revenues for those activities. The general revenue is the bulk of the revenues to any school district in the State (because taxes assessed for the school district are not targeted to any one specific program). Total general revenue is \$22,096,561.

Exhibit 3 is the governmental funds; modified accrual so you don't see capital assets or long-term liabilities. It identifies current activities. General Fund has total assets of \$3,592,840 and total liabilities \$257,405. Total fund balance is \$3,335,435. Of that you have 4 of the 5 central categories of fund balance; nonspendable \$50,289 (pre-paid items), committed \$568,113 (warrant articles passed during the FY22 budget cycle but articles that indicate the use of fund balance), assigned \$626,393 (purchase orders rolling forward), and unassigned \$2,090,640.

The grant and permanent funds are considered major funds. It is a quantitative factor so every year the district looks at total assets and liabilities and total revenues and expenditures by fund to determine if it represents 10% of the grand total. If any one of those categories is more than 10% it becomes a major fund. It is typically the same funds each year. There is a total column for other governmental funds (non-major funds).

Exhibit 4 is a crosswalk between the governmental funds (general funds, etc.) to the governmental activities (first 2 exhibits) so you can see that the difference between your net capital assets of \$19,427,031, long-term liabilities \$28,415,826, and deferrals related to pensions and OPEB liabilities, which is a net asset of \$6,526,537.

Exhibit 5 is back to the governmental fund basis; statement of revenues, expenditures, and changes in fund balance. You can see that the total fund balance for the general fund increased by \$1,028,366 from the year before. Grants are always matching so revenue also matches expenditures unless you have a deferral. Permanent fund increased by \$59,469. The other governmental funds had an increase in total of \$112,176 from the year before.

Exhibit 6 shows how the net change of the governmental funds of \$975,659 went to the natural decrease in your net position (\$306,938). Because you had capitalized capital outlay greater than your depreciation expense by \$221,151, you had payments on debt, which has decreased and changes in other liabilities such as termination benefits payment, compensated absences OPEB, and pension. The big effect on the change in net position was the calculation of the pension liability (\$2,181,145) to the operating activity.

Asked for additional clarification, he explained the State gets an actuarial evaluation every two years and the actuary updates in the off year. They basically are running their figures to say based on contributions, discount rate they assess every two years based on the actuarial. They are recalculating the liability of a year by community. It is their net liability.

Member Whalen remarked there is no major change in our position physically it is just a calculation change. Mr. Greene indicated that to be accurate adding that is what they will factor their contribution rates on.

Exhibit 7 is a budgetary basis schedule for the general fund. This is where you can see your budget including any carry forwards from the year before, your actual, which represents expenditures plus any carry forwards to FY22. You can see total revenues in the general fund on the budgetary basis was \$23,042,960. Total Expenditures was \$22,236,78. The excess in revenues over expenditures was \$806,179 and then there was net transfers out of \$260,791. Total net change of the fund balance was \$545,388. There was a decrease in committed fund balance of \$127,000. When a committed fund balance goes down your unassigned fund balance goes up. Those figures combined leave an unassigned fund balance at the beginning of the year of \$1,418,756 and at year end \$2,090,640.

There is also a budgetary schedule for the grants fund. The budget on the MS forms for the grants tends to be a static figure. You don't really know what kind of grant activity you are going to have, and it is a balanced budget for grants so there is no tax impact on that. It looks like you are grossly under budgeted for grants. You could change that figure based on historical trends, but it will change your bottom line budget, and that adds other issues. It does factor into your overall compliance with RSA. That is something to think about. If in ten years your grant revenues are \$1.2 million, and you still put \$200,000 on appropriations you will put yourselves in a little bit more of a hole.

Chairman Mann commented, in this instance, these are related to the ESSER grants, etc. There was no way those could have been anticipated. Mr. Greene added the caveat to that would be a lot of that would probably be considered unanticipated and you could expend that on top of the budget. There are other methods of addressing that.

Notes to financial statements are intended to be self-explanatory.

Exhibit 13 is a detailed combined statement for non-major funds, e.g., student activity fund, food service fund.

Exhibits 15 and 16 are more detailed budgetary basis schedules for the general fund. Exhibit 15 is the revenues by source; can see estimated revenues before use of fund balance was \$22,705,378 and actual revenues \$23,047,559 resulting in a positive surplus in revenue of \$342,181.

Exhibit 16 is the expenditures and shows the appropriations and existing encumbrances from the prior year versus the expenditures and expenditures to the subsequent year resulting in an unspent balance of \$1,720,295.

No one function really jumped out other than special programs. That was the biggest positive variance, which was a factor into the overall unspent appropriations. Placements and so on during COVID has been in flux. That is being seen again in FY22.

Exhibit 17 really breaks down the schedule of changes in the unassigned fund balance. Started the year at \$1,418,756, voted to return \$1,125,088 to the tax base and appropriated \$392,000. The revenue surplus was \$342,181 and unexpended appropriations \$1,720,295. There was a budget surplus of \$2,062,476 plus the decrease in committed fund balance of \$127,000 resulting in an unassigned fund balance of \$2,090,640.

The district has always included the summary of student activities fund (Exhibits 18 and 19).

Exhibit 20 is the schedule of expenditures of federal awards. You can see there were various federal awards. The three largest were Child Nutrition Cluster \$291,356, COVID funds \$310,539, and special education cluster \$265,965. Also identified are the Title IIA, Title IV, and ESSER 1. The grand total was \$914,766.

The auditors are required to assess the risk of a district as far as grants and the single audit goes. Based on the guidelines followed, there is a general risk assessment that dictates what percentage that they have to test. For the first year if you haven't had a single audit in the last two years, you are guaranteed to do a 40% level of your grants. If you are a district that has a single audit each year and you are not having findings, among other factors, that could drop to 20%. Because it was the district's first year, it was at the 40% level. They audited two programs to reach that 40% threshold.

Chairman Mann commented for the grants outside of food service, there is a compliance monitoring that takes place at the State level. She asked if that would have affected the choice in whatever program they picked if the district had gone through compliance monitoring on any of the programs. Mr. Greene responded it would not.

Mr. Greene noted after the schedule of expenditures of federal awards are two additional opinion letters. One is the Government Auditing Standards, which basically is saying it is a clean opinion. This standard relates to the financial statements themselves, e.g., do you have the added disclosures for grants and all information required when doing a yellow book audit. The other is Uniform Guidance (single audit), which is the opinion on the actual grants that are audited under the single audit. The grants that were tested were in compliance with all grant requirements.

Exhibit 21 is a summary schedule of findings and questioned costs. They did not identify any material weaknesses or significant deficiencies to disclose and did not identify any non-compliance materials of the financial statements nor did they find any compliance that was material to the programs tested.

Chairman Mann questioned if the addition of the single audit adds significantly to the amount of time needed to spend in the district and if that was required for all three districts. Mr. Greene stated it was only for the COOP district for FY21 and in FY22 Hollis did meet that threshold as well because the food service program became so large. Roughly 24-25 hours of additional time was needed, and a separate fee associated.

Asked if the district has a long-term commitment with the firm or engages annually, Mr. Greene responded it is usually a three-year contract.

Vice Chairman Blanche commented on the result being provided a year later. He questioned the mechanism were there issues to be addressed. Mr. Greene stated they typically have an informal exit conference on the last day of the audit to detail where they are at, what the results have been, and issues at that point that the Business Administrator needs to be aware of. A draft is provided, which includes draft comments. That would be around December/January. The formal report is provided in March.

Kelly Seeley, Business Administrator, noted the Superintendent makes it a point every year to speak with Mr. Greene to check in on the audit results. Mr. Greene remarked with the single audit there was a law passed that allows the Department of Revenue to assess a fine if an audit is not submitted on a timely basis, which is one year after the year ended being audited. With a single audit there is a 9 month deadline after the year is over. On behalf of the district, he submits the report to the Federal Clearing House. Ms. Seeley logs in and certifies that is the report she has been given by the auditors. If it is not done it is a factor in the risk assessment to say, can we reduce the testing because they are a low risk entity or not. One of the questions is have you timely had an audit in the past two years.

The Board congratulated and thanked the Business Administrator on another clean audit commenting on the district's financials being incredibly successful when it comes to accuracy and detail and how year after year, we quietly go through an audit that we don't get a lot of public comment about, we just do it, and if it were wrong it would be somewhat catastrophic.

- School Board Update

Member VanCoughnett stated the Board has not yet conducted its August meeting. At the July meeting, the Board discussed the budget in terms of areas of particular interest to Board members. Stipends were discussed as were the Program of Studies (mainly business classes and CTE programs). Member Solon has made mention of his desire to see expenses related to facilities be included in the budget line items and not expended from the Trust. The increased average for an out-of-district student was noted and will be looked into. Stipends were discussed for both coaching staff and clubs. The Board does discuss club activity stipends yearly, and it may be that the athletic stipends will become part of that process. The Superintendent will provide additional information at the August meeting.

Chairman Mann commented during the Committee's June meeting there was discussion of a willingness to consider the previously agreed upon cap for the Special Education Trust Fund.

Chairman Mann spoke of being pleased with the Committee being able to view the extracurricular tiered stipend list to understand what falls in what tier. The tiers are based on the time the advisors are required to put into the various programs. On top of the tiered approach, the new way to finance those stipends in the FY24 budget included longevity bonuses across the tiers. It is a different way of looking at it than has been done in the past. There were some initial estimates of if we placed our current advisors and coaches on the table where the approximate cost would land. Asked if longevity would be for extra-curricular as well or coaching alone, Ms. Seeley stated it remains a work in progress.

Member VanCoughnett spoke of the committee formed at the SAU level to review some comparisons for administrative salaries. That may come into play with budget discussions.

Chairman Mann questioned if there remains a committee charged with reviewing the changes with facilities, e.g., enrollment increases and facility capacities. Ms. Seeley was uncertain a formal committee was put in place as opposed to a number of administrators looking at those issues, which is work that continues.

Member VanCoughnett spoke of the Board opening created with the resignation of Elizabeth Brown. Interviews were conducted. The Board will notify the successful candidate.

Asked if there remains difficulty in obtaining coaching staff, she stated her belief the Athletic Coordinator is confident there are sufficient numbers for the fall, but positions remain unfilled. Ms. Seeley commented on her belief the inability to fill certain positions is related to not being as competitive as we would like to be.

Asked about other openings, Ms. Seeley indicated all administrator positions are filled. There remain openings in teacher positions, paraprofessionals, custodians, and food service. Chairman Mann noted as we move into this year lunches are no longer free. Ms. Seeley commented to ease the transition we are starting the year with the same rates that we had pre COVID. Costs may have to increase sooner than the school year ends given the increased food costs. Chairman Mann commented on discussion of modifying lines/organization of the cafeteria of the high school and was told that work continues; the designer is in high demand at this time.

Vice Chairman Blanche commented on the likelihood of there being a loss in the area of food service. Ms. Seeley responded the potential is there, but it has been heard there may be some relief funds for that although there is no guarantee at this point. Her recollection was that all 3 districts had an increase in fund balance in the food service line after last year.

Chairman Mann commented on the letter included in the School Board agenda packet for their July meeting from the New England Association of Schools & Colleges (NEASC). The letter spoke of the continuation of the school's accreditation. She commented several years ago NEASC garnered a lot of attention, and she is happy to say we have made some positive changes that have put us on a path to the submissions that are made are moving along with the changes that NEASC is expecting. It was nice to see the list of things that the commission was pleased with how the district is progressing.

Asked about topics for the upcoming meeting, Member VanCoughnett commented there will be a curriculum discussion, discussion of the Program of Studies, stipends, and the renovation facilities update.

- FY24 Budget Planning – Review of budget/guidance process, planning assumptions

Chairman Mann remarked the district is already working with the Administration on preliminary views. We work through and set preliminary guidance in October and will continue to see all of the inputs to the process such as enrollment, preliminary adequacy numbers, etc. The NHRS has set their rates, which are lower. There is a piece of legislation that will result in districts being reimbursed for a portion of NHRS costs for this current year.

The Committee will work through those planning elements and see if there is interest in a student services overview.

Asked if the Committee could receive an update on what is occurring at the state with the NHRS, Chairman Mann spoke of presentations available online. She will provide members with links. She spoke of the DRA overview of the components of adequacy. The spreadsheet is available on the DOE website.

Member Rater suggested a meeting focused on more long-term capital improvements, e.g., overall enrollment changes, five to ten-year look at facilities. Ms. Seeley stated she is uncertain the group is ready to do a presentation on that at this point, but they are in discussion. Member Rater suggested that may be able to be provided after the budget cycle has completed. It is something that should be discussed every few years. He commented, for this particular budget cycle, we want to look specifically at the budget items that will be impacted by inflation rates.

Asked, Ms. Seeley stated the transportation contract does not include a price for gas. The district purchases that separately as it can achieve a better price than the bus company. Fuel cost is what it is. As far as heating fuel that is sent out to bid every July. The bid that came back is very expensive. That is the same for electricity. We have a contract with a third party for getting lower rates, but no one is getting lower rates. There is a multi-

year contract for electricity, but there is only a portion of the bill that you can do that with. Asked about heating, she stated it to be oil in the COOP. Brookline has oil, and Hollis is now propane. The SAU has an ancient oil tank that she was told earlier in the day has to be replaced.

Chairman Mann commented the Retained Fund Balance is below the statutory limit. She questioned if the recommendation would be to maximize that and was told the Board received that recommendation in their Board packet (to set it at the taxpayer approved limit).

**ANNOUNCEMENTS** - None

**AGENDA BUILDING**

The next meetings are anticipated to be September 22, 2022, October 27, 2022, November 17, 2022, December 15, 2022, January 26, 2023, and a public hearing likely by February 8, 2022 or February 9, 2023.

**PROCESS OBSERVER READOUT**

Member Blinn stated the meeting was well run and productive.

**ADJOURNMENT**

**MOTION BY MEMBER RATER TO ADJOURN  
MOTION SECONDED BY MEMBER VANCOUGHNETT  
MOTION CARRIED  
7-0-0**

The August 25, 2022, meeting of the COOP Budget Committee was adjourned at 7:35 p.m.

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

# HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board  
Hollis-Brookline Cooperative School District  
Hollis, New Hampshire

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District as of and for the year ended June 30, 2021, which collectively comprise the School District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District, as of June 30, 2021, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information on pages 3-13 and 41-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hollis-Brookline Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining and individual fund schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022 on our consideration of the Hollis-Brookline Cooperative 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the School District's internal control over financial reporting and compliance.

*Roberts & Heene, PLLC*

Concord, New Hampshire  
March 22, 2022

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

This section of the Hollis-Brookline School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2021. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MD&A is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

The District administration is responsible for establishing an accounting 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). Management also strives to ensure these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurance that these objectives are attained.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

1. The first two basic financial statements provide both short-term and long-term information about the district's overall financial status.
2. The remaining basic financial statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the district as a whole. The statement of net position includes all of the district's assets and liabilities, except for capital assets. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position. The district-wide statements present an aggregate view of the finances of the school district by answering the question, "How did the school district do

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

financially during the 2020-2021 school year?” These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district’s current-year revenues and expenses regardless of when they were paid or received.

In the district-wide financial statements, the district’s activities are listed as governmental activities, which include most of the district’s basic service, such as regular and special education, transportation, and administration. Property taxes and state revenue finance most of the activities.

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide more detailed information about the district’s most significant funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The district establishes other funds to control and manage money for particular purposes (like repaying long-term debts) or to show that it is properly using certain revenues (like federal grants).

The district has two types of funds:

- Governmental funds – Most of the district’s basic services are included in governmental funds, which generally focus on (1) how cash (and other financial assets that can be readily converted to cash) flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district’s programs. This information does not encompass the additional long-term focus of the district-wide statements. We provide additional information with the governmental funds statements that explain the relationship (or differences) between them. An annual appropriation budget is adopted for governmental funds. A budgetary comparison has been provided for the General and Grant funds to demonstrate compliance with this budget.
- Fiduciary Funds – The district is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the district’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are not included in the district-wide financial statements because the district cannot use these assets to finance its operations.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

*Notes to the Basic Financial Statements*

The following notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

**Hollis-Brookline Cooperative School District**

**Statement of Net Position**

Change in net position for fiscal year 2021 compared to fiscal year 2020

|                                      | 2020              | 2021              | Increase<br>(Decrease) | % Increase<br>(Decrease) |
|--------------------------------------|-------------------|-------------------|------------------------|--------------------------|
| <b>Assets</b>                        |                   |                   |                        |                          |
| Current and Other Assets             | 3,746,756         | 4,692,086         | 945,330                | 25.23%                   |
| Capital Assets                       | 19,205,880        | 19,427,031        | 221,151                | 1.15%                    |
| <b>Total Assets</b>                  | <b>22,952,636</b> | <b>24,119,117</b> | <b>1,166,481</b>       | <b>5.08%</b>             |
| <b>Deferred Outflow of Resources</b> | <b>3,623,156</b>  | <b>6,853,292</b>  | <b>3,230,136</b>       | <b>89.15%</b>            |
| <b>Liabilities</b>                   |                   |                   |                        |                          |
| Long-term Liabilities Outstanding    | 23,379,677        | 28,415,826        | 5,036,149              | 21.54%                   |
| Other Liabilities                    | 397,337           | 332,962           | (64,375)               | -16.20%                  |
| <b>Total Liabilities</b>             | <b>23,777,014</b> | <b>28,748,788</b> | <b>4,971,774</b>       | <b>20.91%</b>            |
| <b>Deferred Inflows of Resources</b> | <b>640,607</b>    | <b>363,199</b>    | <b>(277,408)</b>       | <b>-43.30%</b>           |
| <b>Net Position</b>                  |                   |                   |                        |                          |
| Net Investment in Capital Assets     | 14,979,686        | 15,830,234        | 850,548                | 5.68%                    |
| Restricted                           | 569,646           | 559,036           | (10,610)               | -1.86%                   |
| Unrestricted                         | (13,391,161)      | (14,528,848)      | (1,137,687)            | 8.50%                    |
| <b>Total Net Position</b>            | <b>2,158,171</b>  | <b>1,860,422</b>  | <b>(297,749)</b>       | <b>-13.80%</b>           |

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

**Hollis-Brookline Cooperative School District  
Statement of Activities**

Change in fund revenues and expenses for fiscal year 2021 compared to fiscal year 2020

| <b>Revenues:</b>                        | <b>2020</b>       | <b>2021</b>       | <b>\$ Change</b> | <b>% Change</b> |
|---|-------------------|-------------------|------------------|-----------------|
| <b>Program Revenues:</b>                |                   |                   |                  |                 |
| Charges for Services                    | 405,044           | 112,738           | (292,306)        | -72.17%         |
| Operating Grants and Contributions      | 1,342,247         | 1,856,671         | 514,424          | 38.33%          |
| Capital Grants and Contributions        | 376,362           | 670,646           | 294,284          | 78.19%          |
| <b>General Revenues:</b>                |                   |                   |                  |                 |
| Assessment                              | 16,833,675        | 16,027,029        | (806,646)        | -4.79%          |
| Grants and Contributions                | 5,392,541         | 5,990,574         | 598,033          | 11.09%          |
| Miscellaneous                           | 52,720            | 78,958            | 26,238           | 49.77%          |
| <b>Total Revenues</b>                   | <b>24,402,589</b> | <b>24,736,616</b> | <b>334,027</b>   | <b>1.37%</b>    |
| <b>Program Expenses:</b>                |                   |                   |                  |                 |
| Instruction                             | 11,339,744        | 10,958,031        | (381,713)        | -3.37%          |
| Student Support                         | 1,686,068         | 1,323,793         | (362,275)        | -21.49%         |
| Instructional Staff                     | 564,122           | 603,404           | 39,282           | 6.96%           |
| General Administration                  | 122,769           | 84,493            | (38,276)         | -31.18%         |
| Executive Administration                | 878,364           | 910,255           | 31,891           | 3.63%           |
| School Administration                   | 981,761           | 1,018,556         | 36,795           | 3.75%           |
| Operation and Maintenance of Plant      | 1,265,456         | 1,578,965         | 313,509          | 24.77%          |
| Student Transportation                  | 929,200           | 797,723           | (131,477)        | -14.15%         |
| Other                                   | 5,858,120         | 7,293,372         | 1,435,252        | 24.50%          |
| Non-instructional Services              | 338,721           | 333,083           | (5,638)          | -1.66%          |
| Facilities Acquisition and construction | 54,923            | 10,697            | (44,226)         | -80.52%         |
| Interest on Long-Term Debt              | 183,876           | 131,182           | (52,694)         | -28.66%         |
| <b>Total Expenses</b>                   | <b>24,203,124</b> | <b>25,043,554</b> | <b>840,430</b>   | <b>3.47%</b>    |
| <b>Change in Net Position</b>           | <b>199,465</b>    | <b>(306,938)</b>  |                  |                 |
| <b>Net Position - Beginning</b>         | <b>1,958,706</b>  | <b>2,167,360</b>  | <b>208,654</b>   | <b>10.65%</b>   |
| Restatement                             |                   |                   |                  |                 |
| <b>Net Position - Ending</b>            | <b>2,158,171</b>  | <b>1,860,422</b>  | <b>(297,749)</b> | <b>-13.80%</b>  |

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

**Revenues:**

In FY 2021 the district received \$334,027 more revenue than in FY 2020. Details on the major revenue sources are listed below.

*Increases in revenue from FY 2020 to FY 2021*

- Adequacy Aid grant (+ \$ 598K)
  - Adequacy Aid is a state aid program, and is based on the average daily membership of resident students.
- Impact Fees (+ \$ 24K)
  - Impact fees are charges assessed by the local government to help pay for public facilities such as schools, and passed onto the school district as a source of revenue.
- Building Aid (+ \$ 8K)
  - School Building Aid is a program through which the State of New Hampshire provides financial assistance to local school districts for the construction or substantial renovation of educational facilities for grades K-12.
- Grants (including Title II and IDEA) (+ \$ 93K)
  - Title II is a Dept. of Education grant program that provides supplemental funding to help support effective instruction.
  - IDEA = Individuals with Disabilities Education Act. These are federal funds based on the number of special education students.
- Medicaid (+ \$ 84K)
  - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.
- Tuition (+ \$ 15K)
  - Non-resident students paying for tuition to either the Middle School or High School
- Miscellaneous Revenue (+ \$73K)
  - Includes “pay to play” athletic fees, facility use fees, and vocational education reimbursements from the State of NH.



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

Decreases in revenue from FY 2020 to FY 2021

- Local Property Tax Assessments ( - \$807K)
  - The assessment revenue is based on what the district approves at its annual meeting.
- Special Education aid (- \$111K)
  - This is state aid based on approved expenses for special education students after the district pays the first \$55,000 per student. The revenue is received the year after the expenses are incurred.

Food Service Revenue

The district's food service revenue in FY 2021 decreased slightly (\$6K).

**Expenditures:**

Expenditures in FY 2021 were \$840,430 higher in FY 2021 than in FY 2020. Categories with some of the largest variances are listed below.

**SAVINGS**

**( FY21 Expenses lower than previous year)**

- Transportation expenses for Vocation Education, Special Education, and Athletics primarily due to Covid-19 pandemic.
- Special Education Out of District Tuition expenses
- Special education contracted services
- Savings in salaries and benefits due to vacant/unfilled positions or positions replaced at a lower salary
- Retirement benefits
- Heating oil

**INCREASED EXPENSES**

- Salary increases and corresponding benefits
- Bus transportation Regular Ed annual increase
- Additional staff hired due to Covid-19 pandemic
- Health Insurance (due to higher rates and new enrollments)
- Supplies for the response to Covid-19
- Athletic stipends (due to FY20 reduced number of coaching positions due to Covid-19)
- Additional and replacement computer equipment—planned per technology plan

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

**General Fund Budgetary Highlights**

**Revenue Budget**

| <b>Revenue</b>   | <b>FY21 Budget</b> | <b>Actual</b>     | <b>Variance</b> |
|--|--------------------|-------------------|-----------------|
| School District Assessment   | 16,027,029         | 16,027,029        | -               |
| Other Local  | 114,000            | 239,933           | 125,933         |
| State  | 6,564,349          | 6,668,939         | 104,590         |
| Federal  | -                  | 107,059           | 107,059         |
| <b>Total Revenues</b>  | <b>22,705,378</b>  | <b>23,042,960</b> | <b>337,582</b>  |
| Use of Fund Balance to reduce school district assessment & other funding | 1,225,088          |                   |                 |
| <b>Total Revenues and Use of Fund Balance</b>                            | <b>23,930,466</b>  |                   |                 |

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$337,582 more than budgeted, as detailed in the chart above. The primary increase in general fund revenue came from two sources:

- Special education aid, where the district received over \$104K greater than budget.
- Medicaid, where the district received over \$107K greater than budget.

An explanation of what comprises local, state, and federal revenue is the following:

- “Other Local” revenue includes vocational education revenue, impact fees, interest, and non-resident tuition.
- “State” revenue includes the adequacy grant, building aid, impact fees, and special education aid.
- “Federal” revenue includes Medicaid funds.

\*\* All revenue sources are explained in greater detail on pages 7 and 8.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

**Expense Budget**

| <b>Expenditures</b>                           | <b>FY21 Budget</b> | <b>Actual</b>     | <b>Budget less Actual</b> |
|---|--------------------|-------------------|---------------------------|
| Instruction                                   | 10,875,367         | 9,902,122         | 973,245                   |
| Student & Instructional Support               | 2,250,099          | 1,946,369         | 303,730                   |
| General, Executive & School Admin             | 2,173,142          | 2,015,016         | 158,126                   |
| Operation & Maintenance of Plant              | 1,551,512          | 1,774,943         | (223,431)                 |
| Student Transportation                        | 1,117,326          | 797,723           | 319,603                   |
| Other Support Services                        | 5,152,792          | 5,004,040         | 148,752                   |
| Debt Service                                  | 810,228            | 796,568           | 13,660                    |
| <b>Total Appropriation &amp; Expenditures</b> | <b>23,930,466</b>  | <b>22,236,781</b> | <b>1,693,685</b>          |
|   |                    |                   |                           |

The general fund expenditure surplus as compared to the budget can be attributed to the following items. [The general fund surplus can be primarily attributed to the effects of Covid-19 unless otherwise noted.]

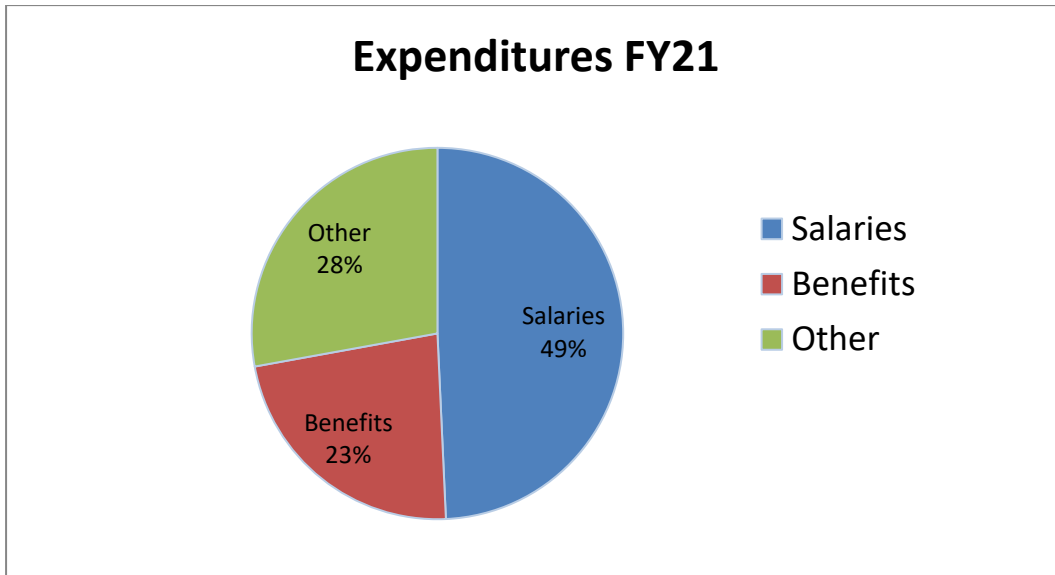
- Hiring savings and salary adjustments
- Savings in special education tuition and out of district services
- Savings in athletics and extra-curricular activities
- Fewer out of district contracted services
- Savings in teacher professional development stipends and reimbursements
- Benefits (insurance, retirement, taxes) were all under budget due to hiring savings
- Savings in “debt service” due to refinancing at a lower rate

The only expense category over-budget was in operation & maintenance of plant. This was due to the encumbrance of funds for the following school board approved expenses: replacing sections of both the HBMS and the HBHS roofs, a study of energy/enrollment related improvements, and HBHS main entry renovations.

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021

### Break-down of Costs

Salaries and benefits make up 2/3 of the total district's expenses, which is illustrated in the chart below. "Other" expenses account for contracted services, transportation, operation & maintenance of buildings, debt service, and general operational materials. The disbursement of costs has remained fairly consistent with the prior fiscal year (FY20) expenditures: 47% salary, 30% other, 23% benefits.



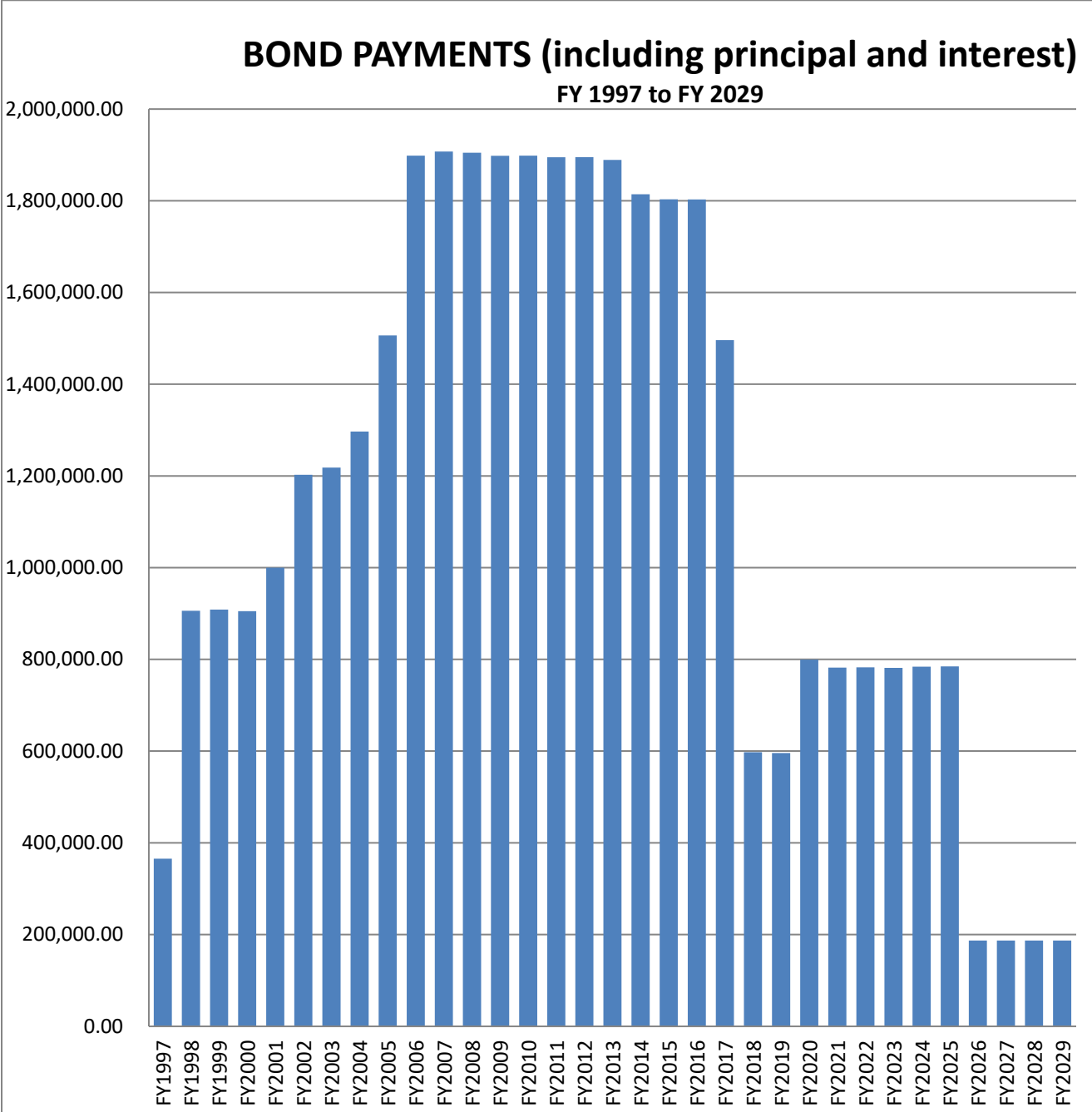
### Capital Assets

The Hollis Brookline Cooperative School District's investment in capital assets for its governmental activities as of June 30, 2021, totals \$19,427,031, net of accumulated depreciation. These assets include construction in progress, land improvements, buildings, machinery, vehicles and equipment.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
 MANAGEMENT DISCUSSION AND ANALYSIS  
 FISCAL YEAR ENDING JUNE 30, 2021**

**DEBT ADMINISTRATION**

Currently, the District carries debt on two bonds. The renovation of the Hollis Brookline Middle School 2004 bond for \$7,703,400 will expire in August 2024. The high school turf athletic field bond was originally issued on 12/17/18, for \$1,660,000, and then refinanced in 2021 at a lower interest rate, maturing in August 2028.



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2021**

**OTHER DISCUSSION**

The district's financial status is sound. Being that the majority of cost is associated with salary and benefits, the budget is rather predictable from year to year. The district adopted for the 2013-2014 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures. This tool has greatly improved the financial position of the district to deal with unexpected costs that may arise during the course of operations. Were a situation to arise prior to the adoption of this mechanism, the district would have had to rely on excess revenues or additional taxation.

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the 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, contact the Business Administrator at SAU #41, 4 Lund Lane, Hollis, NH 03049, by telephone at 603-324-5999, or via email at [kelly.seeley@sau41.org](mailto:kelly.seeley@sau41.org).

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**HOLLIS-BROKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2021**

|  | Governmental<br>Activities |
|--|----------------------------|
| <b>ASSETS</b>                                    |                            |
| Cash and cash equivalents                        | \$ 2,790,639               |
| Intergovernmental receivables                    | 1,840,700                  |
| Other receivables                                | 861                        |
| Inventory  | 9,597                      |
| Prepaid items                                    | 50,289                     |
| Capital assets, not being depreciated:           |                            |
| Construction in progress                         | 2,092,355                  |
| Capital assets, net of accumulated depreciation: |                            |
| Land improvements                                | 390,055                    |
| Buildings and building improvements              | 16,660,820                 |
| Machinery, equipment and vehicles                | 283,801                    |
| Total assets                                     | 24,119,117                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                            |
| Deferred amounts related to pensions             | 6,602,370                  |
| Deferred amounts related to OPEB                 | 250,922                    |
| Total deferred outflows of resources             | 6,853,292                  |
| <b>LIABILITIES</b>                               |                            |
| Accounts payable                                 | 187,411                    |
| Accrued salaries and benefits                    | 59,012                     |
| Intergovernmental payable                        | 20,183                     |
| Accrued interest payable                         | 66,356                     |
| Noncurrent obligations:                          |                            |
| Due within one year:                             |                            |
| Bond and note outstanding                        | 673,642                    |
| Capital lease payable                            | 13,188                     |
| Compensated absences payable                     | 8,548                      |
| Due in more than one year:                       |                            |
| Bond and note outstanding                        | 2,896,077                  |
| Capital lease payable                            | 13,890                     |
| Compensated absences payable                     | 8,844                      |
| Termination benefits payable                     | 499,013                    |
| Net pension liability                            | 22,079,478                 |
| OPEB liability                                   | 2,223,146                  |
| Total liabilities                                | 28,748,788                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                            |
| Unearned revenue                                 | 36,444                     |
| Deferred amounts related to pensions             | 237,070                    |
| Deferred amounts related to OPEB                 | 89,685                     |
| Total deferred inflows of resources              | 363,199                    |
| <b>NET POSITION</b>                              |                            |
| Net investment in capital assets                 | 15,830,234                 |
| Restricted for endowments:                       |                            |
| Nonexpendable                                    | 329,027                    |
| Expendable                                       | 197,861                    |
| Restricted for other purposes                    | 32,148                     |
| Unrestricted                                     | (14,528,848)               |
| Total net position                               | \$ 1,860,422               |

The notes to the financial statements are an integral part of this statement.



**EXHIBIT 2**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

|  | Expenses             | Program Revenues           |  |  | Net (Expense)<br>Revenue and<br>Changes In<br>Net Position |
|--|----------------------|----------------------------|--|--|--|
|  |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |  |
| <b>Governmental activities:</b>                              |                      |                            |  |  |  |
| Instruction  | \$ 10,958,031        | \$ 76,197                  | \$ 1,471,755                             | \$ -                                   | \$ (9,410,079)   |
| Support services:  |                      |                            |  |  |  |
| Student  | 1,323,793            | -                          | -  | -                                      | (1,323,793)  |
| Instructional staff  | 603,404              | -                          | -  | -                                      | (603,404)  |
| General administration                                       | 84,493               | -                          | -  | -                                      | (84,493)   |
| Executive administration                                     | 910,255              | -                          | -  | -                                      | (910,255)  |
| School administration  | 1,018,556            | -                          | -  | -                                      | (1,018,556)  |
| Operation and maintenance of plant                           | 1,578,965            | -                          | -  | 199,362                                | (1,379,603)  |
| Student transportation                                       | 797,723              | -                          | -  | -                                      | (797,723)  |
| Other  | 7,293,372            | -                          | 88,761                                   | 71,284                                 | (7,133,327)  |
| Non-instructional services                                   | 333,083              | 36,541                     | 296,155                                  | -                                      | (387)  |
| Facilities acquisition and construction                      | 10,697               | -                          | -  | 400,000                                | 389,303  |
| Interest on long-term debt                                   | 131,182              | -                          | -  | -                                      | (131,182)  |
| Total primary government                                     | <u>\$ 25,043,554</u> | <u>\$ 112,738</u>          | <u>\$ 1,856,671</u>                      | <u>\$ 670,646</u>                      | <u>(22,403,499)</u>  |
| General revenues:  |                      |                            |  |  |  |
| School district assessment                                   |                      |                            |  |  | 16,027,029   |
| Grants and contributions not restricted to specific programs |                      |                            |  |  | 5,990,574  |
| Miscellaneous  |                      |                            |  |  | 78,958   |
| Total general revenues                                       |                      |                            |  |  | <u>22,096,561</u>  |
| Change in net position                                       |                      |                            |  |  | (306,938)  |
| Net position, beginning, as restated, see Note III.D.        |                      |                            |  |  | 2,167,360  |
| Net position, ending   |                      |                            |  |  | <u>\$ 1,860,422</u>  |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 3**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

|  | General             | Grants            | Permanent         | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-------------------|-------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>  |                     |                   |                   |                                |                                |
| Cash and cash equivalents  | \$ 2,303,439        | \$ -              | \$ -              | \$ 487,200                     | \$ 2,790,639                   |
| Receivables, net of allowance<br>for uncollectibles:                     |                     |                   |                   |                                |                                |
| Accounts   | 861                 | -                 | -                 | -                              | 861                            |
| Intergovernmental  | 1,064,738           | 178,513           | 526,888           | 70,561                         | 1,840,700                      |
| Interfund receivable   | 173,513             | -                 | -                 | -                              | 173,513                        |
| Inventory  | -                   | -                 | -                 | 9,597                          | 9,597                          |
| Prepaid items  | 50,289              | -                 | -                 | -                              | 50,289                         |
| Total assets   | <u>\$ 3,592,840</u> | <u>\$ 178,513</u> | <u>\$ 526,888</u> | <u>\$ 567,358</u>              | <u>\$ 4,865,599</u>            |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                     |                   |                   |                                |                                |
| Liabilities:   |                     |                   |                   |                                |                                |
| Accounts payable   | \$ 187,155          | \$ -              | \$ -              | \$ 256                         | \$ 187,411                     |
| Accrued salaries and benefits  | 57,730              | -                 | -                 | 1,282                          | 59,012                         |
| Intergovernmental payable  | 12,520              | 5,000             | -                 | 2,663                          | 20,183                         |
| Interfund payable  | -                   | 173,513           | -                 | -                              | 173,513                        |
| Total liabilities  | <u>257,405</u>      | <u>178,513</u>    | <u>-</u>          | <u>4,201</u>                   | <u>440,119</u>                 |
| Deferred inflows of resources:   |                     |                   |                   |                                |                                |
| Deferred revenue   | -                   | -                 | -                 | 36,444                         | 36,444                         |
| Fund balances:   |                     |                   |                   |                                |                                |
| Nonspendable   | 50,289              | -                 | 329,027           | 9,597                          | 388,913                        |
| Restricted   | -                   | -                 | 197,861           | 32,148                         | 230,009                        |
| Committed  | 568,113             | -                 | -                 | 484,968                        | 1,053,081                      |
| Assigned   | 626,393             | -                 | -                 | -                              | 626,393                        |
| Unassigned   | 2,090,640           | -                 | -                 | -                              | 2,090,640                      |
| Total fund balances  | <u>3,335,435</u>    | <u>-</u>          | <u>526,888</u>    | <u>526,713</u>                 | <u>4,389,036</u>               |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 3,592,840</u> | <u>\$ 178,513</u> | <u>\$ 526,888</u> | <u>\$ 567,358</u>              | <u>\$ 4,865,599</u>            |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 4**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Reconciliation of Total Governmental Fund Balances to the Statement of Net Position**  
**June 30, 2021**

|  |                     |                            |
|--|---------------------|----------------------------|
| Total fund balances of governmental funds (Exhibit 3)  |                     | \$ 4,389,036               |
| Amounts reported for governmental activities in the statement of net position are different because:                       |                     |                            |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |                     |                            |
| Cost   | \$ 37,195,195       |                            |
| Less accumulated depreciation  | <u>(17,768,164)</u> | 19,427,031                 |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net position.             |                     |                            |
| Receivables  | \$ (173,513)        |                            |
| Payables   | <u>173,513</u>      | -                          |
| Interest on long-term debt is not accrued in governmental funds.   |                     |                            |
|  |                     | (66,356)                   |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.         |                     |                            |
| Bond and note outstanding  | \$ 3,569,719        |                            |
| Capital lease payable  | 27,078              |                            |
| Compensated absences payable   | 17,392              |                            |
| Termination benefits payable   | 499,013             |                            |
| Net pension liability  | 22,079,478          |                            |
| OPEB liability   | <u>2,223,146</u>    | (28,415,826)               |
| Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds. |                     |                            |
| Deferred outflows of resources related to pensions   | \$ 6,602,370        |                            |
| Deferred outflows of resources related to OPEB   | 250,922             |                            |
| Deferred inflows of resources related to pensions  | (237,070)           |                            |
| Deferred inflows of resources related to OPEB  | <u>(89,685)</u>     | 6,526,537                  |
| Net position of governmental activities (Exhibit 1)  |                     | <u><u>\$ 1,860,422</u></u> |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 5**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

|  | General             | Grants         | Permanent         | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|----------------|-------------------|--------------------------------|--------------------------------|
| <b>REVENUES</b>  |                     |                |                   |                                |                                |
| School district assessment                                   | \$ 16,027,029       | \$ -           | \$ -              | \$ -                           | \$ 16,027,029                  |
| Other local  | 240,303             | -              | 64,592            | 634,845                        | 939,740                        |
| State  | 6,668,939           | 71,284         | -                 | 4,281                          | 6,744,504                      |
| Federal  | 107,059             | 626,410        | -                 | 291,874                        | 1,025,343                      |
| Total revenues   | <u>23,043,330</u>   | <u>697,694</u> | <u>64,592</u>     | <u>931,000</u>                 | <u>24,736,616</u>              |
| <b>EXPENDITURES</b>  |                     |                |                   |                                |                                |
| Current:   |                     |                |                   |                                |                                |
| Instruction  | 9,899,482           | 370,397        | -                 | 641,309                        | 10,911,188                     |
| Support services:  |                     |                |                   |                                |                                |
| Student  | 1,319,686           | 3,840          | -                 | 267                            | 1,323,793                      |
| Instructional staff  | 598,731             | 93,777         | -                 | -                              | 692,508                        |
| General administration                                       | 84,493              | -              | -                 | -                              | 84,493                         |
| Executive administration                                     | 910,255             | -              | -                 | -                              | 910,255                        |
| School administration  | 1,019,573           | -              | -                 | -                              | 1,019,573                      |
| Operation and maintenance of plant                           | 1,588,414           | 229,680        | -                 | -                              | 1,818,094                      |
| Student transportation                                       | 797,723             | -              | -                 | -                              | 797,723                        |
| Other  | 5,004,040           | -              | -                 | -                              | 5,004,040                      |
| Non-instructional services                                   | -                   | -              | -                 | 332,045                        | 332,045                        |
| Debt service:  |                     |                |                   |                                |                                |
| Principal  | 681,217             | -              | -                 | -                              | 681,217                        |
| Interest   | 115,351             | -              | -                 | -                              | 115,351                        |
| Facilities acquisition and construction                      | 598                 | -              | -                 | 70,079                         | 70,677                         |
| Total expenditures   | <u>22,019,563</u>   | <u>697,694</u> | <u>-</u>          | <u>1,043,700</u>               | <u>23,760,957</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>1,023,767</u>    | <u>-</u>       | <u>64,592</u>     | <u>(112,700)</u>               | <u>975,659</u>                 |
| Other financing sources (uses):                              |                     |                |                   |                                |                                |
| Transfers in   | 4,599               | -              | -                 | 524                            | 5,123                          |
| Transfers out  | -                   | -              | (5,123)           | -                              | (5,123)                        |
| Total other financing sources and uses                       | <u>4,599</u>        | <u>-</u>       | <u>(5,123)</u>    | <u>524</u>                     | <u>-</u>                       |
| Net change in fund balances                                  | 1,028,366           | -              | 59,469            | (112,176)                      | 975,659                        |
| Fund balances, beginning, as restated, see Note III.D.       | 2,307,069           | -              | 467,419           | 638,889                        | 3,413,377                      |
| Fund balances, ending  | <u>\$ 3,335,435</u> | <u>\$ -</u>    | <u>\$ 526,888</u> | <u>\$ 526,713</u>              | <u>\$ 4,389,036</u>            |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 6**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

|   |              |              |
|---|--------------|--------------|
| Net change in fund balances of total governmental funds (Exhibit 5)   |              | \$ 975,659   |
| Amounts reported for governmental activities in the statement of activities are different because:  |              |              |
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period. |              |              |
| Capitalized capital outlay  | \$ 939,027   |              |
| Depreciation expense  | (717,876)    |              |
|   |              | 221,151      |
| Transfers in and out between governmental funds are eliminated on the operating statement.  |              |              |
| Transfers in  | \$ (5,123)   |              |
| Transfers out   | 5,123        |              |
|   |              | -            |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current resources of governmental funds. Neither transaction, however, has any effect on net position.                                   |              |              |
| Issuance of long-term debt  | \$ (51,780)  |              |
| Principal repayment of bond and note  | 668,655      |              |
| Principal repayment of capital lease  | 12,522       |              |
|   |              | 629,397      |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.   |              |              |
| Decrease in accrued interest expense  | \$ 35,989    |              |
| Increase in compensated absences payable  | (237)        |              |
| Decrease in termination benefits payable  | 120,435      |              |
| Increase in OPEB related balances   | (108,187)    |              |
|   |              | 48,000       |
| Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.   |              |              |
| School District pension contributions   | \$ 1,566,263 |              |
| Cost of benefits, net of employee contributions   | (3,747,408)  |              |
|   |              | (2,181,145)  |
| Change in net position of governmental activities (Exhibit 2)   |              | \$ (306,938) |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 7**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2021**

|   | Original<br>and<br>Final<br>Budget | Actual              | Variance<br>Positive<br>(Negative) |
|---|------------------------------------|---------------------|------------------------------------|
| <b>REVENUES</b>   |                                    |                     |                                    |
| School district assessment                                | \$ 16,027,029                      | \$ 16,027,029       | \$ -                               |
| Other local   | 114,000                            | 239,933             | 125,933                            |
| State   | 6,564,349                          | 6,668,939           | 104,590                            |
| Federal   | -                                  | 107,059             | 107,059                            |
| Total revenues  | <u>22,705,378</u>                  | <u>23,042,960</u>   | <u>337,582</u>                     |
| <b>EXPENDITURES</b>                                       |                                    |                     |                                    |
| Current:  |                                    |                     |                                    |
| Instruction   | 10,875,367                         | 9,902,122           | 973,245                            |
| Support services:   |                                    |                     |                                    |
| Student   | 1,458,618                          | 1,319,686           | 138,932                            |
| Instructional staff                                       | 791,481                            | 626,683             | 164,798                            |
| General administration                                    | 166,300                            | 91,961              | 74,339                             |
| Executive administration                                  | 910,255                            | 910,255             | -                                  |
| School administration                                     | 1,096,587                          | 1,012,800           | 83,787                             |
| Operation and maintenance of plant                        | 1,551,512                          | 1,774,943           | (223,431)                          |
| Student transportation                                    | 1,117,326                          | 797,723             | 319,603                            |
| Other   | 5,152,792                          | 5,004,040           | 148,752                            |
| Debt service:   |                                    |                     |                                    |
| Principal   | 681,217                            | 681,217             | -                                  |
| Interest  | 129,011                            | 115,351             | 13,660                             |
| Total expenditures  | <u>23,930,466</u>                  | <u>22,236,781</u>   | <u>1,693,685</u>                   |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,225,088)</u>                 | <u>806,179</u>      | <u>2,031,267</u>                   |
| Other financing sources (uses):                           |                                    |                     |                                    |
| Transfers in  | -                                  | 4,599               | 4,599                              |
| Transfers out   | (292,000)                          | (265,390)           | 26,610                             |
| Total other financing sources and uses                    | <u>(292,000)</u>                   | <u>(260,791)</u>    | <u>31,209</u>                      |
| Net change in fund balance                                | <u>\$ (1,517,088)</u>              | 545,388             | <u>\$ 2,062,476</u>                |
| Increase in nonspendable fund balance                     |                                    | (504)               |                                    |
| Decrease in committed fund balance                        |                                    | 127,000             |                                    |
| Unassigned fund balance, beginning                        |                                    | <u>1,418,756</u>    |                                    |
| Unassigned fund balance, ending                           |                                    | <u>\$ 2,090,640</u> |                                    |

The notes to the financial statements are an integral part of this statement.

**EXHIBIT 8**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2021**

|                                    | Original<br>and<br>Final<br>Budget | Actual         | Variance<br>Positive<br>(Negative) |
|------------------------------------|------------------------------------|----------------|------------------------------------|
| <b>REVENUES</b>                    |                                    |                |                                    |
| State                              | \$ -                               | \$ 71,284      | \$ 71,284                          |
| Federal                            | 260,000                            | 626,410        | 366,410                            |
|                                    | <u>260,000</u>                     | <u>697,694</u> | <u>437,694</u>                     |
| <b>EXPENDITURES</b>                |                                    |                |                                    |
| Current:                           |                                    |                |                                    |
| Instruction                        | 260,000                            | 370,397        | (110,397)                          |
| Support services:                  |                                    |                |                                    |
| Student                            | -                                  | 3,840          | (3,840)                            |
| Instructional staff                | -                                  | 93,777         | (93,777)                           |
| Operation and maintenance of plant | -                                  | 229,680        | (229,680)                          |
| Total expenditures                 | <u>260,000</u>                     | <u>697,694</u> | <u>(437,694)</u>                   |
| Net change in fund balance         | <u>\$ -</u>                        | <u>-</u>       | <u>\$ -</u>                        |
| Fund balance, beginning            |                                    | -              |                                    |
| Fund balance, ending               |                                    | <u>\$ -</u>    |                                    |

The notes to the financial statements are an integral part of this statement.

## **NOTES TO THE FINANCIAL STATEMENTS**



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Hollis-Brookline Cooperative School District (the School District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2021.

**I.B. Financial Reporting Entity – Basis of Presentation**

**I.B.1. Entity Defined**

The Hollis-Brookline Cooperative School District is a municipal corporation governed by a school board consisting of seven members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School District's financial statements do not include any component units.

**I.B.2. Government-Wide and Fund Financial Statements**

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the School District as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report tuition, fees, and other charges for the School District's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions, which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. The school district assessment from the towns, unrestricted state aid, and revenue from other sources not properly included with program revenues are reported as general revenues.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

*Fund Financial Statements*

Fund financial statements are provided for the governmental funds. Major individual, governmental funds are reported in separate columns with composite columns for the nonmajor funds.

**I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation debt principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are the school district assessment from the towns, tuition, investment income and federal and state grants. In general, other revenues are recognized when cash is received.

**I.B.4. *Fund Types and Major Funds***

*Governmental Funds*

The School District reports the following major governmental funds:

*General Fund* – Reports as the primary fund of the School District. This fund is used to account for all financial resources not reported in other funds.

*Grants Fund* – Reports as a special revenue fund and accounts for federal and state grant programs.

*Permanent Fund* – Used to account for endowments from which only the income can be used for school purposes.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

The School District also reports four nonmajor funds: the student activities, food service, capital project and the miscellaneous special revenue fund.

**I.C. Assets, Liabilities, and Net Position or Fund Equity**

***I.C.1. Cash and Investments***

The laws of the State of New Hampshire require that the School District's treasurer have custody of all monies belonging to the School District and pay out the same only upon orders of the School Board. The treasurer shall deposit all monies in participation units in the public deposit investment pool established pursuant to N.H. RSA 383:22 or in solvent banks in the state. Funds may be deposited in banks outside the state if such banks pledge or 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.

New Hampshire law authorizes the School District to invest in obligations of the United States government; the public deposit investment pool established pursuant to RSA 383:22; savings bank deposits; prime bankers' acceptances; or certificates of deposit and repurchase agreements of banks incorporated under the laws of the State of New Hampshire or in banks recognized by the state treasurer.

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

***I.C.2. Inventory and Prepaid Items***

Inventory is valued at cost using the first-in/first-out (FIFO) method. The inventory of governmental funds is recorded as expenditures when consumed rather than when purchased.

Prepaid items are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Such items are similarly reported in government-wide and fund financial statements.

***I.C.3. Capital Assets and Depreciation***

The School District's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at acquisition

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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 JUNE 30, 2021**

value on the date donated. The School District capitalizes assets with cost of \$10,000 or more and an estimated useful life of one year or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

|                                     | Years |
|-------------------------------------|-------|
| Land improvements                   | 3-20  |
| Buildings and building improvements | 10-50 |
| Machinery, equipment and vehicles   | 5-20  |

**I.C.4. *Deferred Outflows/Inflows of Resources***

Although certain revenues and expenditures/expenses are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of fund balance or net position that applies to a future period and so will not be recognized as an outflow or inflow of resources until then.

Deferred inflows of resources in the governmental fund financial statements represent donated commodities that are held in inventory and receipts for meals that have not yet been served. Deferred outflows and inflows of resources in the governmental activities consist of resources related to pensions and other postemployment benefits that will be recognized in a subsequent period.

**I.C.5. *Long-Term Debt***

In the government-wide financial statements, outstanding debt is reported as liabilities. The balance of long-term debt is not reported in the governmental funds.

**I.C.6. *Compensated Absences***

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. Sick leave also accrues to full-time, permanent employees to specified maximums. Support staff employees are entitled to a portion of their sick and vacation leave upon termination.

Compensated absences are reported as accrued in the governmental activities. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**I.C.7. Termination Benefits**

Teachers are entitled to a retirement benefit after meeting certain employment requirements. Termination benefits are reported as accrued in the government-wide financial statements. Governmental funds report only matured termination benefits payable to currently terminated employees which are included in wages and benefits expenditures.

**I.C.8. Equity**

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for special purposes, which consists of the expendable and nonexpendable portions of endowments of the School District held by the Town of Hollis Trustees of Trust Funds for school district purposes, and unspent bond proceeds in the Capital Project Fund.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid items; the balance of inventory, which cannot be spent because of its form; and the principal amount of endowments held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment held by the Town of Hollis Trustees of Trust Funds, and the Capital Project Fund. These amounts can only be spent for instruction in accordance with the restrictions established by the donors, or for capital project expenditures for which the bond was issued.
- Committed, which represents the athletic expendable trust fund; amounts voted at the 2021 School District Meeting to be transferred to the Expendable Trust Fund; and unexpended grant receipts to be used for instruction.
- Assigned, which represents encumbrances for instruction and support services assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents the remaining General Fund balance not reported as nonspendable, restricted, committed or assigned.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**I.C.9. *Estimates***

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds except the Capital Project and Permanent Funds. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2021, \$1,125,088 of the fund balance from the fiscal year 2020 was so used, and \$392,000 was appropriated from surplus.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instruction, student support, instructional staff, general administration, executive administration, school administration, operation and maintenance of plant, student transportation, other support services, non-instructional services, and debt service. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Education.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**II.B. Reconciliation of Budgetary Basis to GAAP**

General Fund

|  |                      |
|--|----------------------|
| Revenues and other financing sources:  |                      |
| Per Exhibit 7 (budgetary basis)        | \$ 23,047,559        |
| Adjustments:                           |                      |
| Perspective difference:                |                      |
| Expendable trust fund earnings         | 370                  |
| Per Exhibit 5 (GAAP basis)             | <u>\$ 23,047,929</u> |
| <br>                                   |                      |
| Expenditures and other financing uses: |                      |
| Per Exhibit 7 (budgetary basis)        | \$ 22,502,171        |
| Adjustments:                           |                      |
| Basis difference:                      |                      |
| Encumbrances, beginning                | 226,253              |
| Encumbrances, ending                   | (626,393)            |
| Perspective difference:                |                      |
| Expendable trust fund expenditures     | 182,922              |
| Transfers to expendable trust fund     | (265,390)            |
| Per Exhibit 5 (GAAP basis)             | <u>\$ 22,019,563</u> |

For the Grants Fund, there are no differences between the budgetary basis and GAAP. The Permanent Fund is not budgeted.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Receivables**

Significant receivables consist of reimbursements and intergovernmental amounts arising from medicaid, grants, refunds, and reimbursements from other school districts for shared services. 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

**III.A.2. Capital Assets**

*Changes in Capital Assets*

This table provides a summary of changes in capital assets during the year:

|  | Balance,<br>beginning | Additions  | Balance,<br>ending |
|--|-----------------------|------------|--------------------|
| At cost:   |                       |            |                    |
| Not being depreciated:                           |                       |            |                    |
| Construction in progress                         | \$ 1,567,276          | \$ 525,079 | 2,092,355          |
| Being depreciated:                               |                       |            |                    |
| Land improvements                                | 959,915               | 141,002    | 1,100,917          |
| Buildings and building improvements              | 33,265,470            | 170,137    | 33,435,607         |
| Machinery, equipment and vehicles                | 463,507               | 102,809    | 566,316            |
| Total capital assets being depreciated           | 34,688,892            | 413,948    | 35,102,840         |
| Total all capital assets                         | 36,256,168            | 939,027    | 37,195,195         |
| Less accumulated depreciation:                   |                       |            |                    |
| Land improvements                                | (676,006)             | (34,856)   | (710,862)          |
| Buildings and building improvements              | (16,127,694)          | (647,093)  | (16,774,787)       |
| Machinery, equipment and vehicles                | (246,588)             | (35,927)   | (282,515)          |
| Total accumulated depreciation                   | (17,050,288)          | (717,876)  | (17,768,164)       |
| Net book value, capital assets being depreciated | 17,638,604            | (303,928)  | 17,334,676         |
| Net book value, all capital assets               | \$ 19,205,880         | \$ 221,151 | \$ 19,427,031      |

*Depreciation Expense*

Depreciation expense was charged to functions of the School District as follows:

|                                    |            |
|------------------------------------|------------|
| Instruction                        | \$ 636,283 |
| Support services:                  |            |
| Operation and maintenance of plant | 70,456     |
| Non-instructional services         | 1,038      |
| Site Improvements                  | 10,099     |
| Total depreciation expense         | \$ 717,876 |



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**III.B. Long-Term Liabilities**

General obligation bonds are approved by the voters and repaid with general revenues (property taxes), and are backed by the full faith and credit of the School District.

Long-term liabilities currently outstanding are as follow:

|   | Original<br>Amount | Issue<br>Date | Maturity<br>Date | Interest<br>Rate % | Outstanding<br>at<br>June 30, 2021 | Current<br>Portion |
|---|--------------------|---------------|------------------|--------------------|------------------------------------|--------------------|
| General obligation bond and note payable: |                    |               |                  |                    |                                    |                    |
| Middle School renovations                 | \$ 7,703,000       | 2005          | 2025             | 3.0-5.0            | \$ 2,200,000                       | \$ 510,000         |
| Artificial turf field                     | \$ 1,711,780       | 2019          | 2029             | 3.8                | 1,369,719                          | 163,642            |
|   |                    |               |                  |                    | <u>3,569,719</u>                   | <u>673,642</u>     |
| Capital lease payable:                    |                    |               |                  |                    |                                    |                    |
| Vans                                      | \$ 53,992          | 2020          | 2023             | 5.3                | 27,078                             | 13,188             |
| Compensated absences payable:             |                    |               |                  |                    |                                    |                    |
| Vested sick leave                         |                    |               |                  |                    | 8,844                              | -                  |
| Accrued vacation leave                    |                    |               |                  |                    | 8,548                              | 8,548              |
|   |                    |               |                  |                    | <u>17,392</u>                      | <u>8,548</u>       |
| Termination benefits payable              |                    |               |                  |                    | 499,013                            | -                  |
| Net pension liability                     |                    |               |                  |                    | 22,079,478                         | -                  |
| Other postemployment benefits liability   |                    |               |                  |                    | 2,223,146                          | -                  |
|   |                    |               |                  |                    | <u>\$ 28,415,826</u>               | <u>\$ 695,378</u>  |

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2021:

|                    | General<br>Obligation<br>Bond & Note<br>Payable | Capital<br>Lease<br>Payable | Compensated<br>Absences<br>Payable | Termination<br>Benefits<br>Payable | Net<br>Pension<br>Liability | Other<br>Postemployment<br>Benefits<br>Liability | Total                |
|--------------------|---|-----------------------------|------------------------------------|------------------------------------|-----------------------------|--|----------------------|
| Balance, beginning | \$ 4,186,594                                    | \$ 39,600                   | \$ 17,155                          | \$ 619,448                         | \$ 16,448,472               | \$ 2,068,408                                     | \$ 23,379,677        |
| Additions          | 51,780  | -                           | 2,182                              | -                                  | 5,631,006                   | 154,738  | 5,839,706            |
| Reductions         | (668,655)                                       | (12,522)                    | (1,945)                            | (120,435)                          | -                           | -  | (803,557)            |
| Balance, ending    | <u>\$ 3,569,719</u>                             | <u>\$ 27,078</u>            | <u>\$ 17,392</u>                   | <u>\$ 499,013</u>                  | <u>\$ 22,079,478</u>        | <u>\$ 2,223,146</u>                              | <u>\$ 28,415,826</u> |

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*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for the bond and note as of year-end are as follow:

| Fiscal Year Ending<br>June 30, | Principal           | Interest          | Total               |
|--------------------------------|---------------------|-------------------|---------------------|
| 2022                           | \$ 673,642          | \$ 149,608        | \$ 823,250          |
| 2023                           | 697,773             | 117,770           | 815,543             |
| 2024                           | 731,028             | 84,338            | 815,366             |
| 2025                           | 759,349             | 49,396            | 808,745             |
| 2026                           | 172,736             | 28,156            | 200,892             |
| 2027-2029                      | 535,191             | 43,584            | 578,775             |
| Totals                         | <u>\$ 3,569,719</u> | <u>\$ 472,852</u> | <u>\$ 4,042,571</u> |

The future minimum lease obligations for the capital lease are as follow:

| Fiscal Year Ending<br>June 30, | Principal        | Interest        | Total            |
|--------------------------------|------------------|-----------------|------------------|
| 2022                           | \$ 13,188        | \$ 1,440        | \$ 14,628        |
| 2023                           | 13,890           | 738             | 14,628           |
| Totals                         | <u>\$ 27,078</u> | <u>\$ 2,178</u> | <u>\$ 29,256</u> |

**III.C. Balances and Transfers – Payments Within the Reporting Entity**

**III.C.1. *Receivables and Payables***

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.” The \$173,513 due to the General Fund represents an overdraft of pooled cash by the Grants Fund.

**III.C.2. *Transfers***

Transfers within the reporting entity were for the purpose of distributing income earned on Permanent Funds in the amounts of \$4,599 to the General Fund and \$524 to the Miscellaneous Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

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**III.D. Equity Restatement**

The beginning equity was restated as follows:

|   | Governmental<br>Activities | General<br>Fund     |
|---|----------------------------|---------------------|
| To record COVID grant receivable                  | \$ 9,189                   | \$ 9,189            |
| Net position/fund balance, as previously reported | 2,158,171                  | 2,297,880           |
| Net position/fund balance, as restated            | <u>\$ 2,167,360</u>        | <u>\$ 2,307,069</u> |

**III.E. Components of Fund Equity**

The components of fund balance, as described in Note I.C.8., are classified for the following purposes:

|                            | General<br>Fund     | Permanent<br>Fund | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------|---------------------|-------------------|-------------------|--------------------------------|
| <b>Nonspendable:</b>       |                     |                   |                   |                                |
| Endowment                  | \$ -                | \$ 329,027        | \$ -              | \$ 329,027                     |
| Inventory                  | -                   | -                 | 9,597             | 9,597                          |
| Prepaid items              | 50,289              | -                 | -                 | 50,289                         |
| <b>Total nonspendable</b>  | <u>50,289</u>       | <u>329,027</u>    | <u>9,597</u>      | <u>388,913</u>                 |
| <b>Restricted for:</b>     |                     |                   |                   |                                |
| Instruction                | -                   | 197,861           | -                 | 197,861                        |
| Capital outlay             | -                   | -                 | 32,148            | 32,148                         |
| <b>Total restricted</b>    | <u>-</u>            | <u>197,861</u>    | <u>32,148</u>     | <u>230,009</u>                 |
| <b>Committed for:</b>      |                     |                   |                   |                                |
| Instruction                | -                   | -                 | 26,359            | 26,359                         |
| Non-instructional services | -                   | -                 | 458,609           | 458,609                        |
| Capital outlay             | 568,113             | -                 | -                 | 568,113                        |
| <b>Total committed</b>     | <u>568,113</u>      | <u>-</u>          | <u>484,968</u>    | <u>1,053,081</u>               |
| <b>Assigned to:</b>        |                     |                   |                   |                                |
| Instruction                | 69,381              | -                 | -                 | 69,381                         |
| Support services           | 180,892             | -                 | -                 | 180,892                        |
| Capital outlay             | 376,120             | -                 | -                 | 376,120                        |
| <b>Total assigned</b>      | <u>626,393</u>      | <u>-</u>          | <u>-</u>          | <u>626,393</u>                 |
| Unassigned                 | 2,090,640           | -                 | -                 | 2,090,640                      |
| <b>Total fund balances</b> | <u>\$ 3,335,435</u> | <u>\$ 526,888</u> | <u>\$ 526,713</u> | <u>\$ 4,389,036</u>            |

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**IV. Other Information**

**IV.A. Risk Management**

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the N.H. Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. The Primex programs are pooled risk management programs under N.H. RSA 5-B and RSA 281-A. The plan year runs from July 1 through June 30. Primex maintains statutory workers' compensation and unemployment compensation coverage, and property and liability coverages in various amounts.

Workers' compensation contributions paid in fiscal year 2021 to be recorded as an insurance expenditure/expense totaled \$37,335, and property/liability contributions totaled \$61,691. The School District also paid \$9,938 for unemployment compensation coverage. There were no unpaid contributions for the year.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at [www.nhrs.org](http://www.nhrs.org) or by contacting the NHRS at 54 Regional Drive, Concord, NH 03301.

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution was 7% of gross earnings for all employees. The rates of contribution from the School District were 17.80% for teachers and 11.17% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2019, 2020, and 2021 were \$1,469,135, \$1,522,353, and \$1,729,218 respectively. The amounts were paid on a monthly basis as due.

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*Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2021, the School District reported a liability of \$22,079,478 for its proportionate share of the net pension liability. The net pension liability is based on a June 30, 2019 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2020. The roll-forward of the total pension liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefits payments, refunds, and administrative expenses for the plan year. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2020, the School District's reported proportion was 0.3452%, which was an increase of 0.0034% from its proportion as of June 30, 2019.

For the year ended June 30, 2021, the School District recognized pension expense of \$3,747,408. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
|   | <u>                    </u>             | <u>                    </u>            |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 890,116                              | \$ -                                   |
| Net differences between projected and actual earnings on pension plan investments                             | 1,365,640                               | -                                      |
| Changes of assumptions  | 2,184,098                               | -                                      |
| Differences between expected and actual experience  | 596,253                                 | 237,070                                |
| School District contributions subsequent to the measurement date  | 1,566,263                               | -                                      |
|   | <u>\$ 6,602,370</u>                     | <u>\$ 237,070</u>                      |

The School District reported \$1,566,263 as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

| Year<br>Ended<br>June 30, |                     |
|---------------------------|---------------------|
| 2022                      | \$ 1,172,018        |
| 2023                      | 1,367,350           |
| 2024                      | 1,206,507           |
| 2025                      | 1,053,162           |
|                           | <u>\$ 4,799,037</u> |

*Actuarial Assumptions*

The total pension liability in the June 30, 2020 actuarial valuation was determined using the actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

|                               |  |
|-------------------------------|--|
| Actuarial Cost Method         | Entry-Age Normal   |
| Amortization Method           | Level Percentage-of-Payroll, Closed                                |
| Remaining Amortization Period | 19 years, beginning July 1, 2020 (30 years beginning July 1, 2009) |
| Asset Valuation Method        | 5-year smoothed market for funding purposes, 20% corridor          |
| Price Inflation               | 2.5% per year  |
| Wage Inflation                | 3.25% per year   |
| Municipal Bond Rate           | 2.45% per year   |
| Salary Increases              | 5.6% average, including inflation                                  |
| Investment Rate of Return     | 7.25% net of pension plan investment expense, including inflation  |

The actuarial assumptions used in the June 30, 2020 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Mortality rates were based on the RP-2014 Mortality Table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for women for mortality improvements.

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*Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following 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 one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate.

|  | 1%<br>Decrease<br>(5.75%) | Current<br>Discount<br>Rate<br>(6.75%) | 1%<br>Increase<br>(7.75%) |
|--|---------------------------|--|---------------------------|
| School District's proportionate share of net pension liability | \$ 28,583,939             | \$ 22,079,478                          | \$ 16,764,473             |

Other actuarial assumptions, as well as detailed information about the pension plan’s fiduciary net position, is available in the separately issued NHRS report.

**IV.C. Other Postemployment Benefits**

*Plan Description*

The School District is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

Benefits provided to retirees follow New Hampshire Revised Statutes Annotated 100-A:50 (Medical Insurance Coverage). This statute states that the School District “shall permit its employees upon retirement to continue to participate in the same medical insurance or health care group or plan as its active employees. Retired employees shall be deemed to be part of the same group as active employees of the same employer for purposes of determining medical insurance premiums. Coverage for spouses, other family members and beneficiaries of retirees shall also be permitted to the extent that coverage is provided for the spouses, other family members and beneficiaries of active employees ...” In addition, the statute states “Each political subdivision, as employer, may elect to pay the full cost of group medical insurance or health care coverage for its retirees, or may require each retiree to pay any part or all of the cost of the retiree’s participation.”

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Since the same premiums are charged to active employees and retirees, and the School District is unable to obtain age-adjusted premium information for the retirees, GAAP require the School District to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

The School District offers postemployment medical benefits to retirees and their covered dependents. The School District offers coverage as follows:

- Employees hired before July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service
- Employees hired on or after July 1, 2011: retire after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service

Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions. The current medical premiums are as follow:

| <u>Non-Medicare Plans</u>              | <u>Individual</u> | <u>2-Person</u> | <u>Family</u> |
|--|-------------------|-----------------|---------------|
| AB10IPDED(07L)-RX10/20/45/3K(L)        | \$969.09          | \$1,938.18      | \$2,616.55    |
| ABSOS20/40/1KDED(07L)-RX10/20/45/5K(L) | \$753.79          | \$1,507.59      | \$2,035.24    |
| BC3T15IPDED(07)L-RX10/20/45/3K(L)      | \$1,022.89        | \$2,045.78      | \$2,761.81    |

Currently, there are 189 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2021, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree’s household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2020 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 164 active employees and retirees.

*Total OPEB Liability*

The School District’s total OPEB liability of \$2,223,146 consists of \$679,983 for the implicit rate subsidy determined by an actuarial valuation as of July 1, 2021 and \$1,543,163 for the medical insurance



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subsidy, determined by an actuarial valuation as of June 30, 2019, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

*Actuarial Assumptions for Implicit Rate Subsidy*

The total OPEB liability was determined using the following actuarial assumptions and inputs:

- Discount Rate: 2.16%, net of investment expenses, including inflation
- Actuarial Cost Method: Entry Age Normal. The costs of each employee’s postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.
- Amortization Method: Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

|                               |             |              |
|-------------------------------|-------------|--------------|
| Heath Care Costs Trend Rates: | <u>Year</u> | <u>Trend</u> |
|                               | 1           | 6.55%        |
|                               | 2           | 6.10%        |
|                               | 3           | 5.65%        |
|                               | 4           | 5.20%        |
|                               | Ultimate    | 4.00%        |

Mortality Rates: Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using Scale MP-2015

Post-Retirement: RP-2014 Healthy Annuitants Mortality Tables for males and females projected with generational mortality improvement using Scale MP-2015

Inflation: 2.4%

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*Discount Rate*

The discount rate was based on the *Bond Buyer 20-Bond General Obligation Index* based on a tax-exempt, high quality municipal bond rate.

*Healthcare Cost Trend Rates*

Healthcare cost trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 5 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075.

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher.

| Implicit Rate Subsidy:                 | 1%<br>Decrease<br>(1.16%)     | Current<br>Discount<br>Rate<br>(2.16%)     | 1%<br>Increase<br>(3.16%)     |
|--|-------------------------------|--|-------------------------------|
| School District's total OPEB liability | \$ 723,297                    | \$ 679,983                                 | \$ 638,601                    |
| <br>Medical Subsidy:                   | <br>1%<br>Decrease<br>(5.75%) | <br>Current<br>Discount<br>Rate<br>(6.75%) | <br>1%<br>Increase<br>(7.75%) |
| School District's total OPEB liability | \$ 1,675,714                  | \$ 1,543,163                               | \$ 1,428,083                  |

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 6.55%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher.

|  | 1%<br>Decrease<br>(5.55%) | Current<br>Healthcare<br>Cost<br>Trend<br>Rate<br>(6.55%) | 1%<br>Increase<br>(7.55%) |
|--|---------------------------|---|---------------------------|
| School District's total OPEB liability | \$ 604,399                | \$ 679,983  | \$ 768,974                |

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*OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB*

For the year ended June 30, 2021, the School District recognized OPEB expense of \$324,280. At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows<br>of<br>Resources | Deferred<br>Inflows<br>of<br>Resources |
|---|---|--|
| Changes in proportion and differences between employer contributions and proportionate share of contributions | \$ 15,125                               | \$ -                                   |
| Net differences between projected and actual earnings on pension plan investments                             | 5,774                                   | -                                      |
| Changes of assumptions  | 60,938                                  | 7,690                                  |
| Differences between expected and actual experience  | -                                       | 81,995                                 |
| School District contributions subsequent to the measurement date  | 169,085                                 | -                                      |
|   | <u>\$ 250,922</u>                       | <u>\$ 89,685</u>                       |

The School District reported \$169,085 as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in fiscal year 2022. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

| Year<br>Ending<br>June 30, |                   |
|----------------------------|-------------------|
| 2022                       | \$ 10,882         |
| 2023                       | (7,461)           |
| 2024                       | (7,265)           |
| 2025                       | (5,009)           |
| 2026                       | 1,005             |
|                            | <u>\$ (7,848)</u> |

**IV.D. Contingent Liabilities**

The School District has received federal and state grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agencies. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The School District feels that the chance of disallowance is unlikely, and if it should occur, that the amount would not be material.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 9**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

| For the Year<br>Ended<br>June 30, | School District's<br>Proportion of<br>Net Pension<br>Liability | School District's<br>Proportionate<br>Share of the<br>Net Pension<br>Liability | School District's<br>Covered-<br>Employee<br>Payroll | School District's<br>Proportionate<br>Share of the Net<br>Pension Liability as<br>a Percentage of<br>Covered-Employee<br>Payroll | Plan<br>Net Position<br>as a<br>Percentage of<br>the Total<br>Pension<br>Liability |
|-----------------------------------|--|--|--|--|--|
| 2021                              | 0.3452%  | \$ 22,079,478  | \$ 10,084,846  | 218.94%  | 58.72%   |
| 2020                              | 0.3418%  | \$ 16,448,472  | \$ 9,903,761   | 166.08%  | 65.59%   |
| 2019                              | 0.3329%  | \$ 16,028,584  | \$ 9,776,399   | 163.95%  | 64.77%   |
| 2018                              | 0.3023%  | \$ 14,868,758  | \$ 9,241,057   | 160.90%  | 62.66%   |
| 2017                              | 0.3017%  | \$ 16,040,564  | \$ 8,842,517   | 181.40%  | 58.30%   |
| 2016                              | 0.2973%  | \$ 11,777,417  | \$ 8,622,422   | 136.59%  | 65.47%   |
| 2015                              | 0.2912%  | \$ 10,930,760  | \$ 8,469,299   | 129.06%  | 66.32%   |
| 2014                              | 0.2762%  | \$ 11,888,422  | \$ 7,994,706   | 148.70%  | 59.82%   |

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 10**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of the School District's Pension Contributions**  
**New Hampshire Retirement System**

| For the Year<br>Ended<br>June 30, | Contractually<br>Required<br>Contribution | Contribution in<br>Relation to the<br>Contractually<br>Required<br>Contribution | Contribution<br>Deficiency | School District's<br>Covered-Employee<br>Payroll | Contributions<br>as a<br>Percentage of<br>Covered-Employee<br>Payroll |
|-----------------------------------|---|---|----------------------------|--|---|
| 2021                              | \$ 1,729,218                              | \$ (1,729,218)  | \$ -                       | \$ 10,084,846                                    | 17.15%  |
| 2020                              | \$ 1,522,353                              | \$ (1,522,353)  | \$ -                       | \$ 9,903,761                                     | 15.37%  |
| 2019                              | \$ 1,469,135                              | \$ (1,469,135)  | \$ -                       | \$ 9,776,399                                     | 15.03%  |
| 2018                              | \$ 1,547,264                              | \$ (1,547,264)  | \$ -                       | \$ 9,241,057                                     | 16.74%  |
| 2017                              | \$ 1,343,016                              | \$ (1,343,016)  | \$ -                       | \$ 8,842,517                                     | 15.19%  |
| 2016                              | \$ 1,310,915                              | \$ (1,310,915)  | \$ -                       | \$ 8,622,422                                     | 15.20%  |
| 2015                              | \$ 1,164,714                              | \$ (1,164,714)  | \$ -                       | \$ 8,469,299                                     | 13.75%  |
| 2014                              | \$ 1,106,584                              | \$ (1,106,584)  | \$ -                       | \$ 7,994,706                                     | 13.84%  |

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 11**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

|   | Fiscal<br>Year<br>2021 | Fiscal<br>Year<br>2020 | Fiscal<br>Year<br>2019 | Fiscal<br>Year<br>2018 | Fiscal<br>Year<br>2017 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Total OPEB liability:   |                        |                        |                        |                        |                        |
| Service cost  | \$ 47,504              | \$ 46,402              | \$ 39,691              | \$ 38,504              | \$ 97,923              |
| Interest  | 130,458                | 133,551                | 22,959                 | 21,779                 | 16,277                 |
| Plan net investment income  | (1,401)                | (6,434)                | -                      | -                      | -                      |
| Administrative expense  | 596                    | 924                    | -                      | -                      | -                      |
| Changes of assumptions<br>and differences between expected and actual experience        | (27,367)               | (26,576)               | 14,879                 | (10,676)               | (23,535)               |
| Change in proportion of medical subsidy   | 202,734                | 40,803                 | (370,676)              | 1,824,143              | -                      |
| Benefit payments  | (197,786)              | (188,720)              | (32,321)               | (30,541)               | (22,198)               |
| Net change in total OPEB liability  | 154,738                | (50)                   | (325,468)              | 1,843,209              | 68,467                 |
| Total OPEB liability, beginning   | 2,068,408              | 2,068,458              | 2,393,926              | 550,717                | 482,250                |
| Total OPEB liability, ending  | <u>\$ 2,223,146</u>    | <u>\$ 2,068,408</u>    | <u>\$ 2,068,458</u>    | <u>\$ 2,393,926</u>    | <u>\$ 550,717</u>      |
| Covered payroll   | \$ 10,084,846          | \$ 10,365,663          | \$ 9,776,399           | \$ 10,343,728          | \$ 9,958,961           |
| Total OPEB liability as a percentage of covered payroll                                 | 22.04%                 | 19.95%                 | 21.16%                 | 23.14%                 | 5.53%                  |
| School District's proportion of net OPEB liability<br>for the medical insurance subsidy | 0.3526%                | 0.3248%                | 0.3175%                | 0.3989%                | n/a                    |

The note to the required supplementary information is an integral part of this schedule.

**EXHIBIT 12**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

|  | Fiscal<br>Year<br>2021 | Fiscal<br>Year<br>2020 | Fiscal<br>Year<br>2019 | Fiscal<br>Year<br>2018 | Fiscal<br>Year<br>2017 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Actuarially determined contribution                                  | \$ 143,453             | \$ 136,239             | \$ 64,274              | \$ 58,255              | \$ 73,913              |
| Contributions in relation to the actuarially determined contribution | (116,421)              | (103,609)              | (32,321)               | (30,541)               | (23,559)               |
| Contribution deficiency  | <u>\$ 27,032</u>       | <u>\$ 32,630</u>       | <u>\$ 31,953</u>       | <u>\$ 27,714</u>       | <u>\$ 50,354</u>       |
| Covered-employee payroll   | \$10,084,846           | \$10,365,663           | \$9,776,399            | \$10,343,728           | \$9,958,961            |
| Contributions as a percentage of covered-employee payroll            | 1.42%                  | 1.31%                  | 0.66%                  | 0.56%                  | 0.74%                  |

The note to the required supplementary information is an integral part of this schedule.



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the seventh year that the School District has presented the pension information, and the fourth year that the School District has presented the OPEB information under the current measurement standard, only eight and five years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2021**

|  | Special Revenue Funds |                   |                   | Capital          | Total             |
|--|-----------------------|-------------------|-------------------|------------------|-------------------|
|  | Student<br>Activities | Food<br>Service   | Miscellaneous     | Projects<br>Fund |                   |
| <b>ASSETS</b>  |                       |                   |                   |                  |                   |
| Cash and cash equivalents  | \$ 26,359             | \$ 147,270        | \$ 281,423        | \$ 32,148        | \$ 487,200        |
| Intergovernmental receivables  | -                     | 70,104            | 457               | -                | 70,561            |
| Inventory  | -                     | 9,597             | -                 | -                | 9,597             |
| Total assets   | <u>\$ 26,359</u>      | <u>\$ 226,971</u> | <u>\$ 281,880</u> | <u>\$ 32,148</u> | <u>\$ 567,358</u> |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> |                       |                   |                   |                  |                   |
| Liabilities:   |                       |                   |                   |                  |                   |
| Accounts payable   | \$ -                  | \$ 256            | \$ -              | \$ -             | \$ 256            |
| Accrued salaries and benefits  | -                     | 1,009             | 273               | -                | 1,282             |
| Intergovernmental payable  | -                     | -                 | 2,663             | -                | 2,663             |
| Total liabilities  | <u>-</u>              | <u>1,265</u>      | <u>2,936</u>      | <u>-</u>         | <u>4,201</u>      |
| Deferred inflows of resources:   |                       |                   |                   |                  |                   |
| Deferred revenue   | -                     | 36,444            | -                 | -                | 36,444            |
| Fund balances:   |                       |                   |                   |                  |                   |
| Nonspendable   | -                     | 9,597             | -                 | -                | 9,597             |
| Restricted   | -                     | -                 | -                 | 32,148           | 32,148            |
| Committed  | 26,359                | 179,665           | 278,944           | -                | 484,968           |
| Total fund balances  | <u>26,359</u>         | <u>189,262</u>    | <u>278,944</u>    | <u>32,148</u>    | <u>526,713</u>    |
| Total liabilities, deferred inflows<br>of resources, and fund balances   | <u>\$ 26,359</u>      | <u>\$ 226,971</u> | <u>\$ 281,880</u> | <u>\$ 32,148</u> | <u>\$ 567,358</u> |

**EXHIBIT 14**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2021**

|  | Special Revenue Funds |                  |                   | Capital<br>Projects<br>Fund | Total             |
|--|-----------------------|------------------|-------------------|-----------------------------|-------------------|
|  | Student<br>Activities | Food<br>Service  | Miscellaneous     |                             |                   |
| <b>REVENUES</b>  |                       |                  |                   |                             |                   |
| Local  | \$75,683              | \$ 36,548        | \$ 522,614        | \$ -                        | \$ 634,845        |
| State  | -                     | 4,281            | -                 | -                           | 4,281             |
| Federal  | -                     | 291,874          | -                 | -                           | 291,874           |
| Total revenues   | <u>75,683</u>         | <u>332,703</u>   | <u>522,614</u>    | <u>-</u>                    | <u>931,000</u>    |
| <b>EXPENDITURES</b>  |                       |                  |                   |                             |                   |
| Current:   |                       |                  |                   |                             |                   |
| Instruction  | 92,429                | -                | 548,880           | -                           | 641,309           |
| Support services:  |                       |                  |                   |                             |                   |
| Student  | -                     | -                | 267               | -                           | 267               |
| Non-instructional services                                   | -                     | 332,045          | -                 | -                           | 332,045           |
| Facilities acquisition and construction                      | -                     | -                | -                 | 70,079                      | 70,079            |
| Total expenditures   | <u>92,429</u>         | <u>332,045</u>   | <u>549,147</u>    | <u>70,079</u>               | <u>1,043,700</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | (16,746)              | 658              | (26,533)          | (70,079)                    | (112,700)         |
| Other financing sources:                                     |                       |                  |                   |                             |                   |
| Transfers in   | -                     | -                | 524               | -                           | 524               |
| Net change in fund balances                                  | (16,746)              | 658              | (26,009)          | (70,079)                    | (112,176)         |
| Fund balances, beginning                                     | <u>43,105</u>         | <u>188,604</u>   | <u>304,953</u>    | <u>102,227</u>              | <u>638,889</u>    |
| Fund balances, ending  | <u>\$26,359</u>       | <u>\$189,262</u> | <u>\$ 278,944</u> | <u>\$32,148</u>             | <u>\$ 526,713</u> |

**EXHIBIT 15**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2021**

|  | Estimated            | Actual               | Variance<br>Positive<br>(Negative) |
|--|----------------------|----------------------|------------------------------------|
| School district assessment:  |                      |                      |                                    |
| Current appropriation  | \$ 16,027,029        | \$ 16,027,029        | \$ -                               |
| Other local sources:   |                      |                      |                                    |
| Tuition  | 24,000               | 40,391               | 16,391                             |
| Investment earnings  | 8,000                | 4,344                | (3,656)                            |
| Impact fees  | -                    | 47,927               | 47,927                             |
| Athletics  | 82,000               | 35,806               | (46,194)                           |
| Refund of prior year expenditures                                  | -                    | 88,761               | 88,761                             |
| Miscellaneous  | -                    | 22,704               | 22,704                             |
| Total from other local sources                                     | <u>114,000</u>       | <u>239,933</u>       | <u>125,933</u>                     |
| State sources:   |                      |                      |                                    |
| Adequacy aid (grant)   | 3,939,421            | 3,941,647            | 2,226                              |
| Adequacy aid (tax)   | 2,048,927            | 2,048,927            | -                                  |
| School building aid  | 199,362              | 199,362              | -                                  |
| Catastrophic aid   | 371,639              | 476,185              | 104,546                            |
| Vocational tuition aid   | 5,000                | 2,818                | (2,182)                            |
| Total from state sources   | <u>6,564,349</u>     | <u>6,668,939</u>     | <u>104,590</u>                     |
| Federal sources:   |                      |                      |                                    |
| Medicaid   | -                    | 107,059              | 107,059                            |
| Other financing sources:   |                      |                      |                                    |
| Transfers in   | -                    | 4,599                | 4,599                              |
| Total revenues and other financing sources                         | 22,705,378           | <u>\$ 23,047,559</u> | <u>\$ 342,181</u>                  |
| Use of fund balance  | <u>1,517,088</u>     |                      |                                    |
| Total revenues, other financing sources<br>and use of fund balance | <u>\$ 24,222,466</u> |                      |                                    |

**EXHIBIT 16**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2020**

|  | Encumbered<br>from<br>Prior<br>Year | Appropriations       | Expenditures         | Encumbered<br>to<br>Subsequent<br>Year | Variance<br>Positive<br>(Negative) |
|--|-------------------------------------|----------------------|----------------------|--|------------------------------------|
| Current:   |                                     |                      |                      |  |                                    |
| Instruction:   |                                     |                      |                      |  |                                    |
| Regular programs   | \$ 6,703                            | \$ 6,277,212         | \$ 5,979,358         | \$ 13,332                              | \$ 291,225                         |
| Special programs   | 182                                 | 3,701,351            | 3,178,161            | -                                      | 523,372                            |
| Vocational programs  | 5,065                               | 30,000               | 33,613               | 22,526                                 | (21,074)                           |
| Other  | 8,372                               | 866,804              | 661,931              | 33,523                                 | 179,722                            |
| Total instruction  | <u>20,322</u>                       | <u>10,875,367</u>    | <u>9,853,063</u>     | <u>69,381</u>                          | <u>973,245</u>                     |
| Support services:  |                                     |                      |                      |  |                                    |
| Student  | -                                   | 1,458,618            | 1,319,686            | -                                      | 138,932                            |
| Instructional staff  | 9,048                               | 791,481              | 598,731              | 37,000                                 | 164,798                            |
| General administration   | 124                                 | 166,300              | 84,493               | 7,592                                  | 74,339                             |
| Executive administration   | -                                   | 910,255              | 910,255              | -                                      | -                                  |
| School administration  | 11,360                              | 1,096,587            | 1,019,573            | 4,587                                  | 83,787                             |
| Operation and maintenance of plant   | 184,801                             | 1,551,512            | 1,451,911            | 507,833                                | (223,431)                          |
| Student transportation   | -                                   | 1,117,326            | 797,723              | -                                      | 319,603                            |
| Other  | -                                   | 5,152,792            | 5,004,040            | -                                      | 148,752                            |
| Total support services   | <u>205,333</u>                      | <u>12,244,871</u>    | <u>11,186,412</u>    | <u>557,012</u>                         | <u>706,780</u>                     |
| Debt service:  |                                     |                      |                      |  |                                    |
| Principal  | -                                   | 681,217              | 681,217              | -                                      | -                                  |
| Interest   | -                                   | 129,011              | 115,351              | -                                      | 13,660                             |
| Total debt service   | <u>-</u>                            | <u>810,228</u>       | <u>796,568</u>       | <u>-</u>                               | <u>13,660</u>                      |
| Facilities acquisition and construction                                      | <u>598</u>                          | <u>-</u>             | <u>598</u>           | <u>-</u>                               | <u>-</u>                           |
| Other financing uses:  |                                     |                      |                      |  |                                    |
| Transfers out  | <u>-</u>                            | <u>292,000</u>       | <u>265,390</u>       | <u>-</u>                               | <u>26,610</u>                      |
| Total encumbrances, appropriations,<br>expenditures and other financing uses | <u>\$ 226,253</u>                   | <u>\$ 24,222,466</u> | <u>\$ 22,102,031</u> | <u>\$ 626,393</u>                      | <u>\$ 1,720,295</u>                |

**EXHIBIT 17**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2021**

|  |                  |                            |
|--|------------------|----------------------------|
| Unassigned fund balance, beginning                     |                  | \$ 1,418,756               |
| Changes:   |                  |                            |
| Fund balance used to reduce school district assessment |                  | (1,125,088)                |
| Fund balance appropriated                              |                  | (392,000)                  |
| Budget summary:  |                  |                            |
| Revenue surplus (Exhibit 15)                           | \$ 342,181       |                            |
| Unexpended balance of appropriations (Exhibit 16)      | <u>1,720,295</u> |                            |
| Budget surplus   |                  | 2,062,476                  |
| Increase in nonspendable fund balance                  |                  | (504)                      |
| Decrease in committed fund balance                     |                  | <u>127,000</u>             |
| Unassigned fund balance, ending                        |                  | <u><u>\$ 2,090,640</u></u> |

**EXHIBIT 18**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Middle School Student Activities Fund**  
**Summary of Activity**  
**For the Fiscal Year Ended June 30, 2021**

|                     | Balance,<br>beginning | Additions       | Deductions      | Balance,<br>ending |
|---------------------|-----------------------|-----------------|-----------------|--------------------|
| Band Club           | \$ 646                | \$ 8            | \$ 8            | \$ 646             |
| Books and Equipment | 32                    | -               | -               | 32                 |
| Climbing Club       | 915                   | -               | 915             | -                  |
| Field Trips         | (2,531)               | 1,227           | -               | (1,304)            |
| Mountain Bike Club  | 797                   | -               | -               | 797                |
| Music Club          | 500                   | -               | -               | 500                |
| Ski Program         | 1,860                 | -               | -               | 1,860              |
| Student Council     | 1,563                 | 1,290           | 2,354           | 499                |
| U-Knighted For All  | 1,772                 | -               | 62              | 1,710              |
| Yearbook            | 473                   | -               | -               | 473                |
| Uncategorized       | (34)                  | 34              | -               | -                  |
| Miscellaneous       | 13                    | -               | 13              | -                  |
| Interest            | 2                     | 3               | 5               | -                  |
| Service Charges     | (2)                   | 38              | 36              | -                  |
| Total               | <u>\$ 6,006</u>       | <u>\$ 2,600</u> | <u>\$ 3,393</u> | <u>\$ 5,213</u>    |



**EXHIBIT 19**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**High School Student Activities Fund**  
**Summary of Activity**  
**For the Fiscal Year Ended June 30, 2021**

|                              | Balance,<br>beginning | Additions | Deductions | Balance,<br>ending |
|------------------------------|-----------------------|-----------|------------|--------------------|
| Art Club                     | \$ 2                  | \$ -      | \$ -       | \$ 2               |
| Chemistry Club               | 249                   | -         | 249        | -                  |
| Chess Club                   | 175                   | -         | -          | 175                |
| Class Gift Fund              | 2,645                 | -         | 2,645      | -                  |
| Class of 2019                | (1,201)               | 1,203     | 2          | -                  |
| Class of 2020                | 12,326                | 1,023     | 13,349     | -                  |
| Class of 2021                | 2,937                 | 33,550    | 36,487     | -                  |
| Class of 2022                | 366                   | 2,070     | -          | 2,436              |
| Class of 2023                | (55)                  | 55        | -          | -                  |
| Class of 2024                | -                     | 24        | -          | 24                 |
| Coca Cola Sales              | -                     | 1,671     | 91         | 1,580              |
| Dance Team                   | 761                   | -         | 761        | -                  |
| French Club                  | 279                   | -         | -          | 279                |
| Gay Straight Alliance        | 179                   | -         | -          | 179                |
| Green Group                  | 594                   | -         | -          | 594                |
| HB The Change                | -                     | 5,500     | 583        | 4,917              |
| Homefront Group              | 381                   | -         | -          | 381                |
| Interact                     | 2,333                 | -         | 2,333      | -                  |
| Interest Income              | 7                     | 14        | 21         | -                  |
| Journalism Honor Society     | (15)                  | 395       | 380        | -                  |
| Latin Club                   | 5                     | -         | -          | 5                  |
| Life of an Athlete           | (1)                   | 1         | -          | -                  |
| National Honor Society       | 1,397                 | 3,452     | 1,982      | 2,867              |
| National Honor Society - Art | 2                     | 43        | -          | 45                 |
| NHS Academic Assistance Fund | 1,513                 | -         | 1,513      | -                  |
| Outing Club                  | 1                     | -         | 1          | -                  |
| PF All State                 | (1,379)               | 419       | 400        | (1,360)            |
| PF Concerts                  | (375)                 | 375       | -          | -                  |
| PF Guitar Night              | (36)                  | 72        | -          | 36                 |
| PF Musical                   | (4,711)               | 4,711     | -          | -                  |
| PF Trips                     | (1,710)               | -         | -          | (1,710)            |
| PF Tri-M                     | (100)                 | 448       | 253        | 95                 |
| Photography                  | 2,022                 | -         | -          | 2,022              |
| Physics Bridge Building      | 577                   | -         | 577        | -                  |
| Red Cross Club               | 123                   | 520       | 532        | 111                |
| Scholarships                 | (328)                 | 1,820     | 1,492      | -                  |
| Science Olympiad             | (175)                 | -         | -          | (175)              |
| Ski and Snowboard Club       | 1,579                 | -         | -          | 1,579              |
| Spanish Club                 | 4,244                 | 85        | 1,027      | 3,302              |
| Sports Petty Cash            | (75)                  | 161       | 86         | -                  |

**EXHIBIT 19 (continued)**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**High School Student Activities Fund**  
**Summary of Activity**  
**For the Fiscal Year Ended June 30, 2021**

|                  | Balance,<br>beginning | Additions        | Deductions       | Balance,<br>ending |
|------------------|-----------------------|------------------|------------------|--------------------|
| Sports Soccer    | \$ (172)              | \$ 172           | \$ -             | \$ -               |
| Student Council  | 1,647                 | 213              | 79               | 1,781              |
| 10 Percent Fund  | -                     | 3,177            | 1,357            | 1,820              |
| Thespian Society | (456)                 | 876              | 259              | 161                |
| Uncategorized    | (444)                 | 568              | 124              | -                  |
| Uncleared Checks | 9,707                 | -                | 9,707            | -                  |
| Yearbook         | 2,281                 | 10,465           | 12,746           | -                  |
|                  | <u>\$ 37,099</u>      | <u>\$ 73,083</u> | <u>\$ 89,036</u> | <u>\$ 21,146</u>   |

**SINGLE AUDIT RELATED INFORMATION**

**EXHIBIT 20**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2021**

| FEDERAL GRANTOR/PASS THROUGH<br>GRANTOR/PROGRAM TITLE  | CFDA<br>Number | Pass Through<br>Grantor's<br>Number | Expenditures             |
|--|----------------|-------------------------------------|--------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>  |                |                                     |                          |
| Passed Through the State of New Hampshire<br>Department of Education                             |                |                                     |                          |
| CHILD NUTRITION CLUSTER  |                |                                     |                          |
| School Breakfast Program   | 10.553         | N/A                                 | \$ 32,600                |
| National School Lunch Program  | 10.555         | N/A                                 | 258,756                  |
| CLUSTER TOTAL  |                |                                     | <u>291,356</u>           |
| <b>U.S. DEPARTMENT OF TREASURY</b>   |                |                                     |                          |
| Passed through the State of New Hampshire<br>Governor's Office for Emergency Relief and Recovery |                |                                     |                          |
| Coronavirus Relief Funds:  |                |                                     |                          |
| GOFERR   | 21.019         | N/A                                 | 63,561                   |
| SPSRF  | 21.019         | N/A                                 | 246,978                  |
| PROGRAM TOTAL  |                |                                     | <u>310,539</u>           |
| <b>U.S. DEPARTMENT OF EDUCATION</b>  |                |                                     |                          |
| Passed through the State of New Hampshire<br>Department of Education                             |                |                                     |                          |
| SPECIAL EDUCATION CLUSTER  |                |                                     |                          |
| Remote Learning  | 84.027/84.173  | 20193480                            | 7,000                    |
| Comp Ed  | 84.027/84.173  | 20205027                            | 7,384                    |
| IDEA Preschool   | 84.027/84.173  | 92635                               | 43,987                   |
| IDEA Preschool   | 84.027/84.173  | 20211186                            | 207,594                  |
| CLUSTER TOTAL  |                |                                     | <u>265,965</u>           |
| Supporting Effective Instruction State Grants:   |                |                                     |                          |
| Title IIA - FY19   | 84.367         | 20190067                            | 13,377                   |
| Title IIA - FY20   | 84.367         | 20200067                            | 3,850                    |
| Title IIA - FY21   | 84.367         | 20211176                            | 300                      |
|  |                |                                     | <u>17,527</u>            |
| Student Support and Academic Enrichment:   |                |                                     |                          |
| Title IV, Part A   | 84.424         | 20200314                            | 495                      |
| Title IV, Part A   | 84.424         | 20211229                            | 8,806                    |
| PROGRAM TOTAL  |                |                                     | <u>9,301</u>             |
| Education Stabilization Fund:  |                |                                     |                          |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER)                                | 84.425D        | 20204844                            | 20,078                   |
| <b>GRAND TOTAL</b>   |                |                                     | <u><u>\$ 914,766</u></u> |

The notes to the schedule of expenditures of federal awards is an integral part of this schedule.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Hollis-Brookline Cooperative School District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the Hollis-Brookline Cooperative School District, it is not intended to, and does not, present the financial position or changes in net position of the Hollis-Brookline Cooperative School District.

**2. Summary of Significant Accounting Policies**

Expenditures on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3. Commodities**

Included in the expenditures reported under the National School Lunch Program is the value of food commodities received during the year from the U.S. Department of Agriculture Surplus Distribution Program.



# Roberts & Greene, PLLC

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

To the Members of the School Board  
Hollis-Brookline Cooperative School District  
Hollis, New Hampshire

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Hollis-Brookline Cooperative School District's basic financial statements, and have issued our report thereon dated March 22, 2022.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hollis-Brookline Cooperative 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hollis-Brookline Cooperative 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 School District'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

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**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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

March 22, 2022

*Roberts & Greene, PLLC*



# Roberts & Greene, PLLC

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

To the Members of the School Board  
Hollis-Brookline Cooperative School District  
Hollis, New Hampshire

### **Report on Compliance for Each Major Federal Program**

We have audited the Hollis-Brookline Cooperative School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School District's major federal programs for the year ended June 30, 2021. The Hollis Brookline Cooperative 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.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Hollis-Brookline Cooperative School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### **Opinion on the Major Federal Programs**

In our opinion, the Hollis-Brookline Cooperative School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

The management of the Hollis-Brookline Cooperative School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the



purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Hollis-Brookline Cooperative School District's 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

March 22, 2022

*Roberts & Greene, PLLC*

**EXHIBIT 21**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2021**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The auditor’s report issued contained an unmodified opinion on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information.
2. There were no material weaknesses identified in the internal control over financial reporting.
3. There were no significant deficiencies identified in the internal control over financial reporting that were not considered to be material weaknesses.
4. There was no noncompliance material to the financial statements noted.

*Federal Awards*

1. There were no material weaknesses identified in the internal control over major programs.
2. There were no significant deficiencies identified in the internal control over major programs that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for major programs contained an unmodified opinion.
4. There were no audit findings required to be reported in accordance with the Uniform Guidance.
5. The programs tested as major programs were CFDA 21.019: Coronavirus Relief Fund, and the Child Nutrition Cluster.
6. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
7. The School District did not qualify as a low-risk auditee.

**Section II – Financial Statement Findings**

**NONE**

**Section III – Federal Award Findings and Questioned Costs**

**NONE**