

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
FINANCIAL REPORT
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JUNE 30, 2022**

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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

Opinions

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, 2022, 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.

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 each major fund of the Hollis-Brookline Cooperative School District as of June 30, 2022 and the respective changes in financial position thereof, and the budgetary comparison for the General, Food Service, and Grants Funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB schedules on pages 4-14 and 43-46 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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. They are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2023 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.

April 15, 2023

Roberts & Greene, PLLC

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022. 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 financially during the 2021-2022 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

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, 2022**

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 2022 compared to fiscal year 2021

	2021	2022	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	4,692,086	4,928,179	236,093	5.03%
Capital Assets	19,427,031	19,546,388	119,357	0.61%
Total Assets	24,119,117	24,474,567	355,450	1.47%
Deferred Outflow of Resources	6,853,292	4,744,733	(2,108,559)	-30.77%
Liabilities				
Long-term Liabilities Outstanding	28,415,826	20,455,781	(7,960,045)	-28.01%
Other Liabilities	332,962	748,528	415,566	124.81%
Total Liabilities	28,748,788	21,204,309	(7,544,479)	-26.24%
Deferred Inflows of Resources	363,199	4,820,574	4,457,375	1227.25%
Net Position				
Net Investment in Capital Assets	15,830,234	16,636,421	806,187	5.09%
Restricted	559,036	469,768	(89,268)	-15.97%
Unrestricted	(14,528,848)	(13,911,772)	617,076	-4.25%
Total Net Position	1,860,422	3,194,417	1,333,995	71.70%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Hollis-Brookline Cooperative School District

Statement of Activities

Change in fund revenues and expenses for fiscal year 2022 compared to fiscal year 2021

Program Revenues:	2021	2022	\$ Change	% Change
Program Revenues:				
Charges for Services	112,738	321,568	208,830	185.23%
Operating Grants and Contributions	1,856,671	1,658,973	(197,698)	-10.65%
Capital Grants and Contributions	670,646	209,362	(461,284)	-68.78%
General Revenues:				
Assessment	16,027,029	16,789,881	762,852	4.76%
Grants and Contributions	5,990,574	5,353,535	(637,039)	-10.63%
Miscellaneous	78,958	377,136	298,178	377.64%
Total Revenues	24,736,616	24,710,455	(26,161)	-0.11%
Program Expenses:				
Instruction	10,958,031	11,153,673	195,642	1.79%
Student Support	1,323,793	1,583,610	259,817	19.63%
Instructional Staff	603,404	769,276	165,872	27.49%
General Administration	84,493	91,243	6,750	7.99%
Executive Administration	910,255	997,899	87,644	9.63%
School Administration	1,018,556	1,008,914	(9,642)	-0.95%
Operation and Maintenance of Plant	1,578,965	1,475,810	(103,155)	-6.53%
Student Transportation	797,723	993,714	195,991	24.57%
Other	7,293,372	4,717,138	(2,576,234)	-35.32%
Non-instructional Services	333,083	464,789	131,706	39.54%
Facilities Acquisition and construction	10,697	22,904	12,207	114.12%
Interest on Long-Term Debt	131,182	97,490	(33,692)	-25.68%
Total Expenses	25,043,554	23,376,460	(1,667,094)	-6.66%
Change in Net Position	(306,938)	1,333,995		
Net Position - Beginning	2,167,360	1,860,422	(306,938)	-14.16%
Net Position - Ending	1,860,422	3,194,417	1,333,995	71.70%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Revenues:

Details on the major revenue sources are listed below, with corresponding increases or decreases from prior year.

Increases in revenue from FY 2021 to FY 2022

- Special Education aid (+ \$36K)
 - 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 (+ \$438K)
 - School cafeteria sales, as well as State of NH DOE reimbursements.
- Local Property Tax Assessments (+ \$763K)
 - The assessment revenue is based on what the district approves at its annual meeting.
- Building Aid (+ \$ 10K)
 - 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, ESSER II and ESSER III, and IDEA) (+ \$ 54K)
 - Title II is a Dept. of Education grant program that provides supplemental funding to help support effective instruction.
 - ESSER = Elementary and Secondary School Emergency Relief Program.
 - IDEA = Individuals with Disabilities Education Act. These are federal funds based on the number of special education students.

Decreases in revenue from FY 2021 to FY 2022

- Tuition (- \$ 5K)
 - Non-resident students paying for tuition to either the Middle School or High School.
- Medicaid (- \$ 29K)
 - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.
- Impact Fees (- \$ 22K)
 - 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.
- Adequacy Aid grant (- \$ 637K)
 - Adequacy Aid is a state aid program, and is based on the average daily membership of resident students.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Expenditures:

As a total, expenditures were \$1,667,094 lower in FY 2022 than in FY 2021. Besides a large reduction in costs related to NHRS pension balances, expense categories with other large variances are listed below.

SAVINGS

- Fewer Professional Development reimbursements
- Fewer Retirement benefits paid out
- Lower liability insurance
- Snow removal needed less often
- Extended School Year program lower costs

INCREASED EXPENSES

- Salary increases and corresponding benefits
- Special Education legal services
- Vocational School tuition (increased enrollment)
- Transportation by vendors, for special education
- Gasoline/diesel for busses and vans
- Heating oil and electricity, rising costs
- Bus transportation and paying officials for athletic events (FY21 had reduced number of athletic events due to Covid-19)
- Health Insurance (due to higher rates and new enrollments)
- Additional and replacement computer equipment—planned per technology plan
- School resource officer
- Contracted speech and language, and occupational therapy services
- Employer retirement contributions due to NHRS rate increases

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

General Fund Budgetary Highlights

Revenue Budget

General Fund

Revenue	FY22 Budget	Actual	Variance
School District Assessment	16,789,881	16,789,881	-
Other Local	104,500	246,837	142,337
State	6,007,897	6,081,069	73,172
Federal	31,500	78,027	46,527
Total Revenues	22,933,778	23,195,814	262,036
Use of Fund Balance to reduce school district assessment & other funding	1,909,879		
Total Revenues and Use of Fund Balance	24,843,657		

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$262,036 more than budgeted, as detailed in the chart above. The primary increase in general fund revenue came from the following sources:

- Special education aid, where the district received over \$ 72K more than budget.
- Medicaid, where the district received \$ 46K more than budget.
- Grants, where the district received \$ 181K more 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, and special education aid.
- “Federal” revenue includes Medicaid funds and grants.

** All revenue sources are explained in greater detail on page 8.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Expense Budget

General Fund

Expenditures	FY22 Budget	Actual	Budget less Actual
Instruction	10,994,992	10,176,171	818,821
Student & Instructional Support	2,404,404	2,478,486	(74,082)
General, Executive & School Admin	2,196,828	2,133,319	63,509
Operation & Maintenance of Plant	1,481,328	1,558,628	(77,300)
Student Transportation	1,287,910	938,912	348,998
Other Support Services	5,680,896	5,358,711	322,185
Debt Service	797,299	797,300	(1)
Total Appropriation & Expenditures	24,843,657	23,441,527	1,402,130

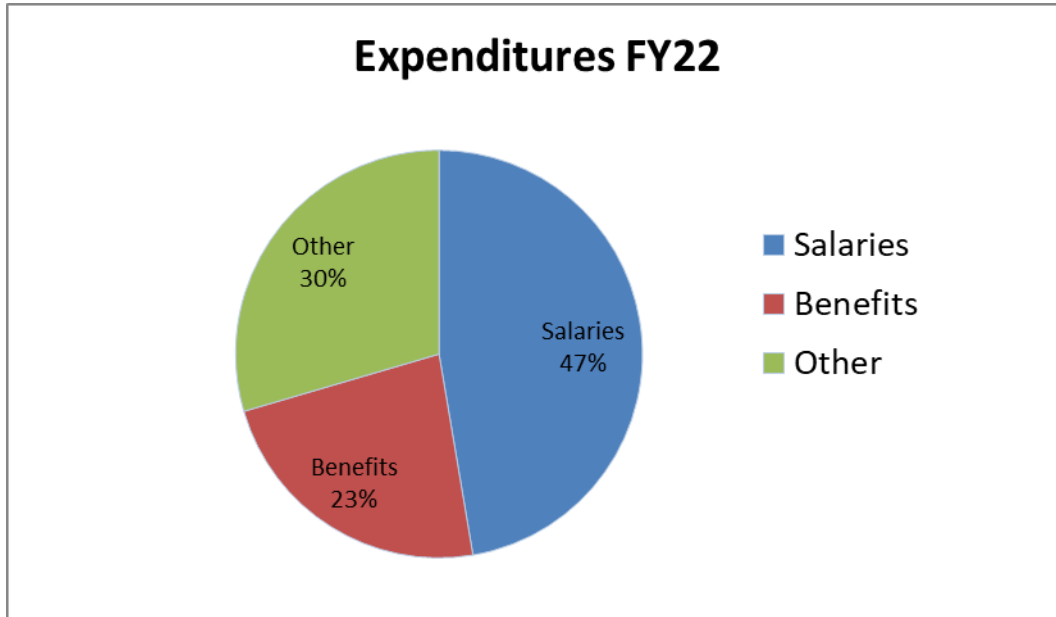
The general fund expenditures were under-budget, resulting in significant savings of \$1,402,130. Areas which contributed to these savings are as follows:

- Savings from unfilled positions and unpaid leaves, and corresponding lower employer paid benefits (taxes, retirement, insurance)
- Savings in special education tuition and services, due to students switching from residential programs to day programs, or moving out of our district
- Hiring savings, and corresponding lower employer paid benefits (taxes, retirement, insurance)
- Savings in unused teacher professional development stipends and reimbursements

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022

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 (FY21) expenditures: 49% salary, 28% other, 23% benefits.



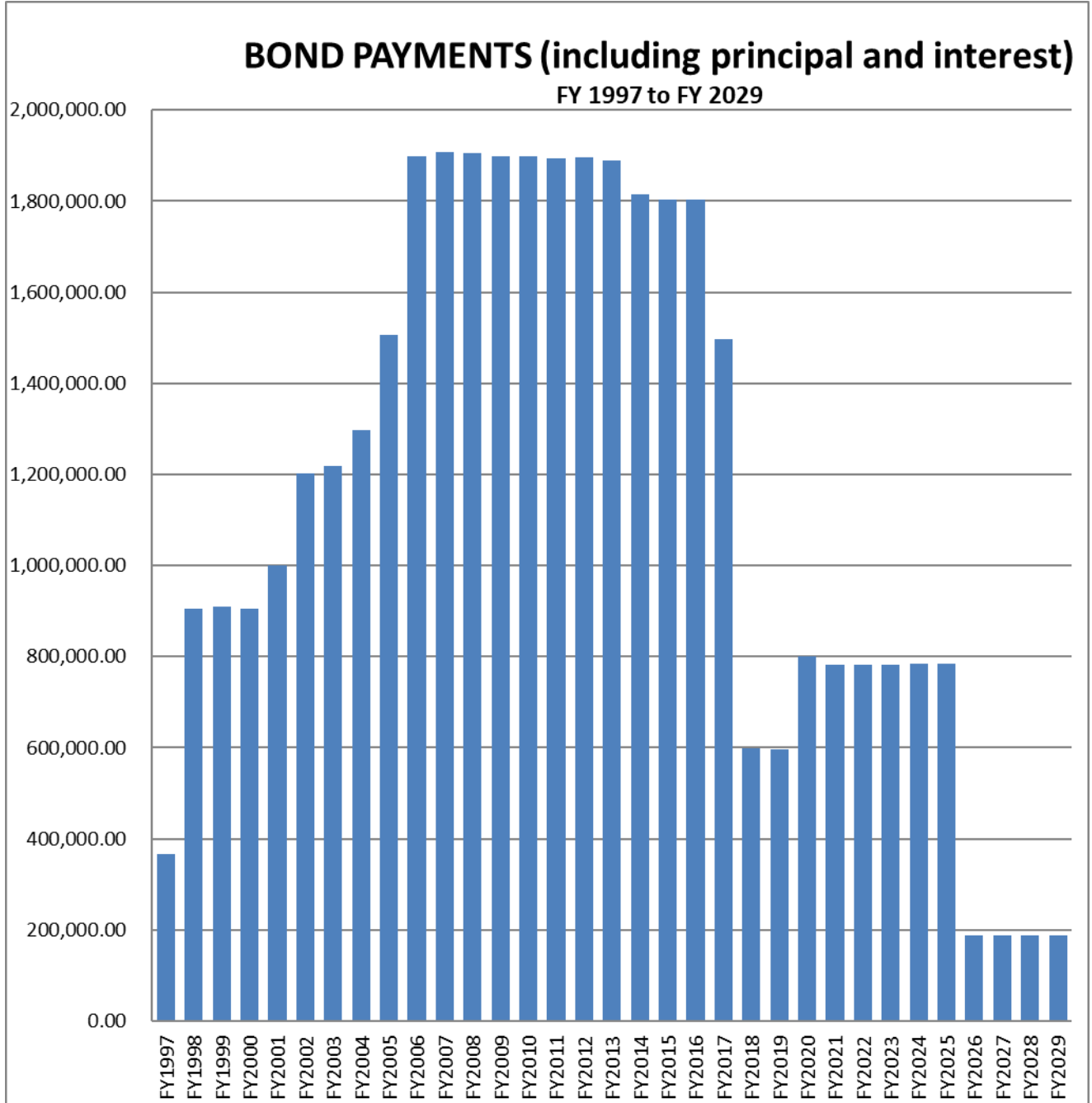
Capital Assets

The Hollis Brookline Cooperative School District's investment in capital assets for its governmental activities as of June 30, 2022, totals \$19,546,388. 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, 2022**

DEBT ADMINISTRATION

As of June 30, 2022, 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, 2022**

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.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
HOLLIS-BROKLINE COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,449,877
Intergovernmental receivables	1,421,875
Other receivables, net of allowance for uncollectibles	852
Inventory	16,621
Prepaid items	38,954
Capital assets, not being depreciated:	
Construction in progress	2,370,101
Capital assets, net of accumulated depreciation:	
Land improvements	506,956
Buildings and building improvements	16,407,433
Machinery, equipment and vehicles	261,898
Total assets	24,474,567
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	4,562,965
Deferred amounts related to OPEB	181,768
Total deferred outflows of resources	4,744,733
LIABILITIES	
Cash overdraft	482
Accounts payable	371,620
Accrued salaries and benefits	64,150
Intergovernmental payable	247,987
Accrued interest payable	53,376
Retainage payable	10,913
Noncurrent obligations:	
Due within one year:	
Bond and note outstanding	697,773
Capital lease payable	13,890
Compensated absences payable	6,100
Due in more than one year:	
Bond and note outstanding	2,198,304
Compensated absences payable	7,000
Termination benefits payable	440,458
Net pension liability	15,137,117
OPEB liability	1,955,139
Total liabilities	21,204,309
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	34,983
Deferred amounts related to pensions	4,544,679
Deferered amounts related to OPEB	240,912
Total deferred inflows of resources	4,820,574
NET POSITION	
Net investment in capital assets	16,636,421
Restricted for endowments:	
Nonexpendable	336,406
Expendable	133,362
Unrestricted	(13,911,772)
Total net position	\$ 3,194,417

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, 2022

	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 11,153,673	\$ 131,773	\$ 1,037,309	\$ -	\$ (9,984,591)
Support services:					
Student	1,583,610	-	-	-	(1,583,610)
Instructional staff	769,276	-	-	-	(769,276)
General administration	91,243	-	-	-	(91,243)
Executive administration	997,899	-	-	-	(997,899)
School administration	1,008,914	-	-	-	(1,008,914)
Operation and maintenance of plant	1,475,810	-	-	-	(1,475,810)
Student transportation	993,714	-	-	-	(993,714)
Other	4,717,138	-	-	-	(4,717,138)
Non-instructional services	464,789	189,795	621,664	-	346,670
Facilities acquisition and construction	22,904	-	-	209,362	186,458
Interest on long-term debt	97,490	-	-	-	(97,490)
Total primary government	<u>\$ 23,376,460</u>	<u>\$ 321,568</u>	<u>\$ 1,658,973</u>	<u>\$ 209,362</u>	<u>(21,186,557)</u>
General revenues:					
School district assessment					16,789,881
Grants and contributions not restricted to specific programs					5,353,535
Miscellaneous					377,136
Total general revenues					<u>22,520,552</u>
Change in net position					<u>1,333,995</u>
Net position, beginning					<u>1,860,422</u>
Net position, ending					<u>\$ 3,194,417</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, 2022

	General	Food Service	Grants	HVAC Installation	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,724,630	\$ 338,218	\$ -	\$ -	\$ 387,030	\$ 3,449,878
Receivables, net of allowance for uncollectibles:						
Accounts	852	-	-	-	-	852
Intergovernmental	567,152	217,455	167,499	-	469,768	1,421,874
Interfund receivable	167,878	-	-	-	-	167,878
Inventory	-	16,621	-	-	-	16,621
Prepaid items	28,374	-	6,890	-	3,690	38,954
Total assets	<u>\$ 3,488,886</u>	<u>\$ 572,294</u>	<u>\$ 174,389</u>	<u>\$ -</u>	<u>\$ 860,488</u>	<u>\$ 5,096,057</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 482	\$ 482
Accounts payable	161,036	495	1,801	207,354	934	371,620
Accrued salaries and benefits	59,631	1,818	1,500	-	1,201	64,150
Intergovernmental payable	244,777	-	3,210	-	-	247,987
Retainage payable	-	-	-	10,913	-	10,913
Interfund payable	-	-	167,878	-	-	167,878
Total liabilities	<u>465,444</u>	<u>2,313</u>	<u>174,389</u>	<u>218,267</u>	<u>2,617</u>	<u>863,030</u>
Deferred inflows of resources:						
Deferred revenue	-	34,983	-	-	-	34,983
Fund balances:						
Nonspendable	28,374	16,621	-	-	336,406	381,401
Restricted	-	-	-	-	133,362	133,362
Committed	596,773	518,377	-	-	388,585	1,503,735
Assigned	700,040	-	-	-	-	700,040
Unassigned	1,698,255	-	-	(218,267)	(482)	1,479,506
Total fund balances	<u>3,023,442</u>	<u>534,998</u>	<u>-</u>	<u>(218,267)</u>	<u>857,871</u>	<u>4,198,044</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,488,886</u>	<u>\$ 572,294</u>	<u>\$ 174,389</u>	<u>\$ -</u>	<u>\$ 860,488</u>	<u>\$ 5,096,057</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, 2022

Total fund balances of governmental funds (Exhibit 3)		\$ 4,198,044
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	\$ 38,064,351	
Less accumulated depreciation	<u>(18,517,963)</u>	19,546,388
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (167,878)	
Payables	<u>167,878</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(53,376)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond and note outstanding	\$ 2,896,077	
Capital lease payable	13,890	
Compensated absences payable	13,100	
Termination benefits payable	440,458	
Net pension liability	15,137,117	
OPEB liability	<u>1,955,139</u>	(20,455,781)
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	\$ 4,562,965	
Deferred outflows of resources related to OPEB	181,768	
Deferred inflows of resources related to pensions	(4,544,679)	
Deferred inflows of resources related to OPEB	<u>(240,912)</u>	(40,858)
Net position of governmental activities (Exhibit 1)		<u><u>\$ 3,194,417</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, 2022

	General	Food Service	Grants	HVAC Installation	Other Governmental Funds	Total Governmental Funds
REVENUES						
School district assessment	\$ 16,789,881	\$ -	\$ -	\$ -	\$ -	\$ 16,789,881
Other local	247,769	189,795	-	-	261,140	698,704
State	6,081,069	12,684	-	-	-	6,093,753
Federal	78,027	608,980	441,110	-	-	1,128,117
Total revenues	<u>23,196,746</u>	<u>811,459</u>	<u>441,110</u>	<u>-</u>	<u>261,140</u>	<u>24,710,455</u>
EXPENDITURES						
Current:						
Instruction	10,023,057	-	328,597	-	263,113	10,614,767
Support services:						
Student	1,582,992	-	400	-	218	1,583,610
Instructional staff	714,965	-	54,311	-	-	769,276
General administration	91,243	-	-	-	-	91,243
Executive administration	997,899	-	-	-	-	997,899
School administration	1,026,363	-	-	-	-	1,026,363
Operation and maintenance of plant	1,603,162	-	-	-	-	1,603,162
Student transportation	938,912	-	54,802	-	-	993,714
Other	5,357,111	-	3,000	-	-	5,360,111
Non-instructional services	-	465,723	-	-	-	465,723
Debt service:						
Principal	682,769	-	-	-	-	682,769
Interest	114,531	-	-	-	-	114,531
Facilities acquisition and construction	347,382	-	-	218,267	32,630	598,279
Total expenditures	<u>23,480,386</u>	<u>465,723</u>	<u>441,110</u>	<u>218,267</u>	<u>295,961</u>	<u>24,901,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(283,640)</u>	<u>345,736</u>	<u>-</u>	<u>(218,267)</u>	<u>(34,821)</u>	<u>(190,992)</u>
Other financing sources (uses):						
Transfers in	6,413	-	-	-	35,521	41,934
Transfers out	(34,766)	-	-	-	(7,168)	(41,934)
Total other financing sources and uses	<u>(28,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,353</u>	<u>-</u>
Net change in fund balances	(311,993)	345,736	-	(218,267)	(6,468)	(190,992)
Fund balances, beginning	3,335,435	189,262	-	-	864,339	4,389,036
Fund balances, ending	<u>\$ 3,023,442</u>	<u>\$ 534,998</u>	<u>\$ -</u>	<u>\$ (218,267)</u>	<u>\$ 857,871</u>	<u>\$ 4,198,044</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, 2022

Net change in fund balances of total governmental funds (Exhibit 5)	\$	(190,992)
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	\$	869,156
Depreciation expense		<u>(749,799)</u>
		119,357
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$	(41,934)
Transfers out		<u>41,934</u>
		-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Principal repayment of bond and note	\$	673,642
Principal repayment of capital lease		<u>13,188</u>
		686,830
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	\$	12,980
Decrease in compensated absences payable		4,292
Decrease in termination benefits payable		58,555
Decrease in OPEB related balances		<u>47,626</u>
		123,453
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	\$	2,085,461
Cost of benefits, net of employee contributions		<u>(1,490,114)</u>
		595,347
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>1,333,995</u></u>

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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 16,789,881	\$ 16,789,881	\$ -
Other local	104,500	246,837	142,337
State	6,007,897	6,081,069	73,172
Federal	31,500	78,027	46,527
Total revenues	<u>22,933,778</u>	<u>23,195,814</u>	<u>262,036</u>
EXPENDITURES			
Current:			
Instruction	10,994,992	10,176,171	818,821
Support services:			
Student	1,673,902	1,800,521	(126,619)
Instructional staff	730,502	677,965	52,537
General administration	85,250	113,344	(28,094)
Executive administration	997,899	998,199	(300)
School administration	1,113,679	1,021,776	91,903
Operation and maintenance of plant	1,481,328	1,558,628	(77,300)
Student transportation	1,287,910	938,912	348,998
Other	5,680,896	5,358,711	322,185
Debt service:			
Principal	682,769	682,769	-
Interest	114,530	114,531	(1)
Total expenditures	<u>24,843,657</u>	<u>23,441,527</u>	<u>1,402,130</u>
Deficiency of revenues under expenditures	<u>(1,909,879)</u>	<u>(245,713)</u>	<u>1,664,166</u>
Other financing sources (uses):			
Transfers in	-	41,179	41,179
Transfers out	(165,000)	(149,766)	15,234
Total other financing sources and uses	<u>(165,000)</u>	<u>(108,587)</u>	<u>56,413</u>
Net change in fund balance	<u>\$ (2,074,879)</u>	<u>(354,300)</u>	<u>\$ 1,720,579</u>
Decrease in nonspendable fund balance		21,915	
Increase in committed fund balance		(60,000)	
Unassigned fund balance, beginning		<u>2,090,640</u>	
Unassigned fund balance, ending		<u>\$ 1,698,255</u>	

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

EXHIBIT 8
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Food Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local	\$ 150,000	\$ 189,795	\$ 39,795
State	10,000	12,684	2,684
Federal	240,000	608,980	368,980
Total revenues	<u>400,000</u>	<u>811,459</u>	<u>411,459</u>
EXPENDITURES			
Non-instructional services	<u>400,000</u>	<u>465,723</u>	<u>(65,723)</u>
Net change in fund balance	<u>\$ -</u>	345,736	<u>\$ 345,736</u>
Fund balance, beginning		<u>189,262</u>	
Fund balance, ending		<u>\$ 534,998</u>	

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

EXHIBIT 9
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, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal	\$ 260,000	\$ 441,110	\$ 181,110
EXPENDITURES			
Current:			
Instruction	260,000	328,597	(68,597)
Support services:			
Student	-	400	(400)
Instructional staff	-	54,311	(54,311)
Transportation	-	54,802	(54,802)
Other	-	3,000	(3,000)
Total expenditures	<u>260,000</u>	<u>441,110</u>	<u>(123,308)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ 57,802</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, 2022**

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, 2022.

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, 2022**

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.

Food Service Fund – Reports as a special revenue fund and accounts for the revenues and expenditures of the School District's food service operations.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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

HVAC Installation – Reports as a capital project fund and is used to account for financial transactions related to the HVAC installation at the Hollis-Brookline High School.

The School District also reports five nonmajor funds: the student activities, athletic revolving, the miscellaneous special revenue, turf field capital project, and permanent funds.

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 other than those required to be held by the Town of Hollis Trustees of Trust Funds, 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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 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 also 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

Support staff employees are entitled to a portion of their sick and vacation leave upon termination. The sick leave benefit is only eligible for those employees hired on or before June 30, 2016.

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.

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.
- 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. These amounts can only be spent for instruction in accordance with the restrictions established by the donors.
- Committed, which represents the athletic expendable trust fund; amounts voted at the 2022 School District Meeting to be transferred to the Expendable Trust Fund; and unexpended grant receipts to be used for instruction.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

- 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, and the deficit balances in the HVAC Installation and Turf Field Capital Project Funds.

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 HVAC Installation Fund. 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 2022, \$1,909,879 of the fund balance from the fiscal year 2021 was so used, and \$165,000 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.

The notes continue on the following page.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 23,236,993
Adjustment:	
Perspective difference:	
Expendable trust fund earnings	932
Per Exhibit 5 (GAAP basis)	<u>\$ 23,237,925</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 23,591,293
Adjustments:	
Basis difference:	
Encumbrances, beginning	626,393
Encumbrances, ending	(700,040)
Perspective difference:	
Expendable trust fund expenditures	112,506
Transfers to expendable trust fund	(80,234)
Per Exhibit 5 (GAAP basis)	<u>\$ 23,549,918</u>

For the Food Service and Grants Funds, there are no differences between the budgetary basis and GAAP. A project length budget was adopted for the HVAC Installation Fund.

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
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III.A.2. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Construction in progress	\$ 2,092,355	\$ 277,746	2,370,101
Being depreciated:			
Land improvements	1,100,917	152,353	1,253,270
Buildings and building improvements	33,435,607	417,450	33,853,057
Machinery, equipment and vehicles	566,316	21,607	587,923
Total capital assets being depreciated	35,102,840	591,410	35,694,250
Total all capital assets	37,195,195	869,156	38,064,351
Less accumulated depreciation:			
Land improvements	(710,862)	(35,452)	(746,314)
Buildings and building improvements	(16,774,787)	(670,837)	(17,445,624)
Machinery, equipment and vehicles	(282,515)	(43,510)	(326,025)
Total accumulated depreciation	(17,768,164)	(749,799)	(18,517,963)
Net book value, capital assets being depreciated	17,334,676	(158,389)	17,176,287
Net book value, all capital assets	\$ 19,427,031	\$ 119,357	\$ 19,546,388

Depreciation Expense

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

Instruction	\$ 632,938
Support services:	
Operation and maintenance of plant	105,559
Non-instructional services	1,203
Facilities acquisition and construction	10,099
Total depreciation expense	\$ 749,799

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III.B. Long-Term Liabilities

General obligation bonds and notes 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 Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2022	Current Portion
General obligation bond and note payable:						
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	\$ 1,690,000	\$ 535,000
Artificial turf field	\$ 1,711,780	2019	2029	3.8	1,206,077	162,773
					<u>2,896,077</u>	<u>697,773</u>
Capital lease payable:						
Vans	\$ 53,992	2020	2023	5.3	13,890	13,890
Compensated absences payable:						
Vested sick leave					7,750	750
Accrued vacation leave					5,350	5,350
					<u>13,100</u>	<u>6,100</u>
Termination benefits payable					440,458	-
Net pension liability					15,137,117	-
Other postemployment benefits liability					1,955,139	-
					<u>\$ 20,455,781</u>	<u>\$ 717,763</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2022:

	General Obligation Bond & Note Payable	Capital Lease Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ 3,569,719	\$ 27,078	\$ 17,392	\$ 499,013	\$ 22,079,478	\$ 2,223,146	\$ 28,415,826
Reductions	(673,642)	(13,188)	(4,292)	(58,555)	(6,942,361)	(268,007)	(7,960,045)
Balance, ending	<u>\$ 2,896,077</u>	<u>\$ 13,890</u>	<u>\$ 13,100</u>	<u>\$ 440,458</u>	<u>\$ 15,137,117</u>	<u>\$ 1,955,139</u>	<u>\$ 20,455,781</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 June 30,	Principal	Interest	Total
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	176,190	21,511	197,701
2028-2029	359,001	22,073	381,074
Totals	<u>\$ 2,896,077</u>	<u>\$ 323,244</u>	<u>\$ 3,219,321</u>

The final lease payment of \$13,890 principal and \$738 interest is due in 2023.

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 \$167,878 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 funds for which appropriations were made and distributing income earned on Permanent Funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns. The following reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Nonmajor Funds	Total
Transfers out:			
General fund	\$ -	\$ 34,766	\$ 34,766
Nonmajor funds	6,413	755	7,168
	<u>\$ 6,413</u>	<u>\$ 35,521</u>	<u>\$ 41,934</u>

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The transfer from the General Fund to the Nonmajor Fund represents a voted appropriation. The amounts transferred from the Nonmajor Funds to the General and Nonmajor Funds represents the distribution of income earned in the Permanent Funds.

III.D. Components of Fund Equity

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

	General Fund	Food Service Fund	Grants	HVAC Installation	Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Endowment	\$ -	\$ -	\$ -	\$ -	\$ 336,406	\$ 336,406
Inventory	-	16,621	-	-	-	16,621
Prepaid items	28,374	-	-	-	-	28,374
Total nonspendable	<u>28,374</u>	<u>16,621</u>	<u>-</u>	<u>-</u>	<u>336,406</u>	<u>381,401</u>
Restricted for:						
Instruction	-	-	-	-	133,362	133,362
Committed for:						
Non-instructional services	-	518,377	-	-	125,598	643,975
Capital outlay	596,773	-	-	-	262,987	859,760
Total committed	<u>596,773</u>	<u>518,377</u>	<u>-</u>	<u>-</u>	<u>388,585</u>	<u>1,503,735</u>
Assigned to:						
Instruction	222,495	-	-	-	-	222,495
Support services	447,545	-	-	-	-	447,545
Capital outlay	30,000	-	-	-	-	30,000
Total assigned	<u>700,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,040</u>
Unassigned	1,698,255	-	-	(218,267)	(482)	1,479,506
Total fund balances	<u>\$ 3,023,442</u>	<u>\$ 534,998</u>	<u>\$ -</u>	<u>\$ (218,267)</u>	<u>\$ 857,871</u>	<u>\$ 4,198,044</u>

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 2022 to be recorded as an insurance expenditure/expense totaled \$25,252, and property/liability contributions totaled \$50,173. The School

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District also paid \$2,739 for unemployment compensation coverage. There were no unpaid contributions for the year. The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

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 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 21.02% for teachers and 14.06% 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 2020, 2021, and 2022 were \$1,522,353, \$1,729,218, and \$1,940,216 respectively. The amounts were paid on a monthly basis as due.

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

At June 30, 2022, the School District reported a liability of \$15,137,117 for its proportionate share of the net pension liability. The net pension liability is based on a June 30, 2020 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2021. The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 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, 2021 (the date used for the 2022 valuation), the School District's reported proportion was 0.3415%, which was a decrease of 0.0037% from its proportion as of June 30, 2020.

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For the year ended June 30, 2022, the School District recognized pension expense of \$1,490,114. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 472,656	\$ 152,699
Net differences between projected and actual earnings on pension plan investments	-	4,233,505
Changes of assumptions	1,580,987	-
Differences between expected and actual experience	423,861	158,475
School District contributions subsequent to the measurement date	<u>2,085,461</u>	<u>-</u>
	<u>\$ 4,562,965</u>	<u>\$ 4,544,679</u>

The School District reported \$2,085,461 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.

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 Ended June 30,	
<u>2023</u>	\$ (60,197)
2024	(221,880)
2025	(374,354)
2026	<u>(1,410,744)</u>
	<u>\$ (2,067,175)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, 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

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Remaining Amortization Period	18 years, beginning July 1, 2021 (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, 2021 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.

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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School District's proportionate share of net pension liability	\$ 21,647,810	\$ 15,137,117	\$ 9,706,137

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.

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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.”

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)	\$1,026.01	\$2,052.03	\$2,770.24
ABSOS20/40/1KDED(07L)-RX10/20/45/5K(L)	\$798.07	\$1,596.14	\$2,154.79
BC3T15IPDED(07)L-RX10/20/45/3K(L)	\$1,082.97	\$2,165.95	\$2,924.03

Currently, there are 152 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, 2022, 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

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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, 2021 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 \$1,955,139 consists of \$553,481 for the implicit rate subsidy determined by an actuarial valuation as of July 1, 2021 and \$1,401,658 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2020, 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:	3.54%, 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	
Healthcare Cost Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.50%
	2	6.90%
	3	6.30%
	4	5.70%
	Ultimate	3.90%
Mortality Rates:	Pre-Retirement: PubG-2010 headcount-weighted Employee General Mortality Tables, projected with fully generational mortality improvements using scale MP-2019	
	Post-Retirement: 101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree General Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019	
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.

The assumptions used for the medical insurance subsidy were the same as those used to calculate the pension liability, as previously noted, in Note IV.B.

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% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
School District's total OPEB liability	\$ 588,258	\$ 553,481	\$ 520,382

Medical Subsidy:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School District's total OPEB liability	\$ 1,523,713	\$ 1,401,658	\$ 1,295,463

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The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 3.54%, 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% Decrease (5.90%)	Current Healthcare Cost Trend Rate (6.90%)	1% Increase (7.90%)
School District's total OPEB liability	\$ 498,327	\$ 553,481	\$ 617,852

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$135,485. At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 17,509
Changes of assumptions	36,523	43,805
Differences between expected and actual experience	-	179,598
School District contributions subsequent to the measurement date	<u>145,245</u>	<u>-</u>
	<u>\$ 181,768</u>	<u>\$ 240,912</u>

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The School District reported \$145,245 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 2023. 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 Ending June 30,	
2023	\$ (48,180)
2024	(47,600)
2025	(45,351)
2026	(39,350)
2027	(23,908)
	<u>\$ (204,389)</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 10
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 Ended June 30,	School District's Proportion of Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered- Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Net Position as a Percentage of the Total Pension Liability
2022	0.3415%	\$ 15,137,117	\$ 10,268,172	147.42%	72.22%
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 11
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's Pension Contributions
New Hampshire Retirement System

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$ 1,940,216	\$ (1,940,216)	\$ -	\$ 10,268,172	18.90%
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 12
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:						
Service cost	\$ 51,235	\$ 47,504	\$ 46,402	\$ 39,691	\$ 38,504	\$ 97,923
Interest	122,120	130,458	133,551	22,959	21,779	16,277
Plan net investment income	(37,463)	(1,401)	(6,434)	-	-	-
Administrative expense	601	596	924	-	-	-
Changes of assumptions and differences between expected and actual experience	(95,194)	(27,367)	(26,576)	14,879	(10,676)	(23,535)
Changes in proportion of medical subsidy	(111,300)	202,734	40,803	(370,676)	1,824,143	-
Benefit payments	(198,006)	(197,786)	(188,720)	(32,321)	(30,541)	(22,198)
Net change in total OPEB liability	(268,007)	154,738	(50)	(325,468)	1,843,209	68,467
Total OPEB liability, beginning	2,223,146	2,068,408	2,068,458	2,393,926	550,717	482,250
Total OPEB liability, ending	<u>\$ 1,955,139</u>	<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	\$ 10,268,172	\$ 10,084,846	\$ 10,365,663	\$ 9,776,399	\$ 10,343,728	\$ 9,958,961
Total OPEB liability as a percentage of covered payroll	19.04%	22.04%	19.95%	21.16%	23.14%	5.53%
School District's proportion of net OPEB liability for the medical insurance subsidy	0.3500%	0.3526%	0.3248%	0.3175%	0.3989%	-

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

EXHIBIT 13
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's OPEB Contributions

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 135,485	\$ 143,453	\$ 136,239	\$ 64,274	\$ 58,255	\$ 73,913
Contributions in relation to the actuarially determined contribution	(114,729)	(116,421)	(103,609)	(32,321)	(30,541)	(23,559)
Contribution deficiency	<u>\$ 20,756</u>	<u>\$ 27,032</u>	<u>\$ 32,630</u>	<u>\$ 31,953</u>	<u>\$ 27,714</u>	<u>\$ 50,354</u>
Covered-employee payroll	\$10,268,172	\$10,084,846	\$10,365,663	\$9,776,399	\$10,343,728	\$9,958,961
Contributions as a percentage of covered-employee payroll	1.32%	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, 2022**

The Pension and OPEB Schedules are meant to present related information for ten years. Because this is the eighth year that the School District has presented the pension information, and the fifth year that the School District has presented the OPEB information under the current measurement standard, only nine and six 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 14
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total
	Student Activities	Athletic Revolving	Miscellaneous	Turf Field		
ASSETS						
Cash and cash equivalents	\$ 38,598	\$ 87,000	\$ 261,432	\$ -	\$ -	\$ 387,030
Intergovernmental receivables	-	-	-	-	469,768	469,768
Prepaid items	-	-	3,690	-	-	3,690
Total assets	<u>\$ 38,598</u>	<u>\$ 87,000</u>	<u>\$ 265,122</u>	<u>\$ -</u>	<u>\$ 469,768</u>	<u>\$ 860,488</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Cash overdraft	\$ -	\$ -	\$ -	\$ 482	\$ -	\$ 482
Accounts payable	-	-	934	-	-	934
Accrued salaries and benefits	-	-	1,201	-	-	1,201
Total liabilities	<u>-</u>	<u>-</u>	<u>2,135</u>	<u>482</u>	<u>-</u>	<u>2,617</u>
Fund balances:						
Nonspendable	-	-	-	-	336,406	336,406
Restricted	-	-	-	-	133,362	133,362
Committed	38,598	87,000	262,987	-	-	388,585
Unassigned	-	-	-	(482)	-	(482)
Total fund balances	<u>38,598</u>	<u>87,000</u>	<u>262,987</u>	<u>(482)</u>	<u>469,768</u>	<u>857,871</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,598</u>	<u>\$ 87,000</u>	<u>\$ 265,122</u>	<u>\$ -</u>	<u>\$ 469,768</u>	<u>\$ 860,488</u>

EXHIBIT 15
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, 2022

	Special Revenue Funds			Capital Project Fund	Permanent Fund	Total
	Student Activities	Athletic Revolving	Miscellaneous	Turf Field		
REVENUES						
Local	\$ 97,160	\$ 95,095	\$ 118,837	\$ -	\$ (49,952)	\$ 261,140
EXPENDITURES						
Current:						
Instruction	84,921	42,861	135,331	-	-	263,113
Support services:						
Student	-	-	218	-	-	218
Facilities acquisition and construction	-	-	-	32,630	-	32,630
Total expenditures	84,921	42,861	135,549	32,630	-	295,961
Excess (deficiency) of revenues over (under) expenditures	12,239	52,234	(16,712)	(32,630)	(49,952)	(34,821)
Other financing sources:						
Transfers in	-	34,766	755	-	-	35,521
Transfers out	-	-	-	-	(7,168)	(7,168)
Total other financing sources and uses	-	34,766	755	-	(7,168)	28,353
Net change in fund balances	12,239	87,000	(15,957)	(32,630)	(57,120)	(6,468)
Fund balances, beginning	26,359	-	278,944	32,148	526,888	864,339
Fund balances, ending	\$ 38,598	\$ 87,000	\$ 262,987	\$ (482)	\$ 469,768	\$ 857,871

EXHIBIT 16
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 16,789,881	\$ 16,789,881	\$ -
Other local sources:			
Tuition	25,000	34,936	9,936
Investment earnings	4,500	2,641	(1,859)
Impact fees	-	25,944	25,944
Rentals	-	1,742	1,742
Refund of prior year expenditures	75,000	180,729	105,729
Miscellaneous	-	845	845
Total from other local sources	<u>104,500</u>	<u>246,837</u>	<u>142,337</u>
State sources:			
Adequacy aid (grant)	5,353,535	5,353,535	-
School building aid	209,362	209,362	-
Catastrophic aid	440,000	512,190	72,190
Vocational tuition aid	5,000	5,982	982
Total from state sources	<u>6,007,897</u>	<u>6,081,069</u>	<u>73,172</u>
Federal sources:			
Medicaid	<u>31,500</u>	<u>78,027</u>	<u>46,527</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>41,179</u>	<u>41,179</u>
Total revenues and other financing sources	22,933,778	<u>\$ 23,236,993</u>	<u>\$ 303,215</u>
Use of fund balance	<u>2,074,879</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 25,008,657</u>		

EXHIBIT 17
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 from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 13,332	\$ 6,242,015	\$ 6,173,925	\$ 127,105	\$ (45,683)
Special programs	-	3,825,703	2,971,077	76,477	778,149
Vocational programs	22,526	28,000	61,344	11,604	(22,422)
Other	33,523	899,274	816,711	7,309	108,777
Total instruction	<u>69,381</u>	<u>10,994,992</u>	<u>10,023,057</u>	<u>222,495</u>	<u>818,821</u>
Support services:					
Student	-	1,673,902	1,582,992	217,529	(126,619)
Instructional staff	37,000	730,502	714,965	-	52,537
General administration	7,592	85,250	91,243	29,693	(28,094)
Executive administration	-	997,899	997,899	300	(300)
School administration	4,587	1,113,679	1,026,363	-	91,903
Operation and maintenance of plant	507,833	1,481,328	1,838,038	228,423	(77,300)
Student transportation	-	1,287,910	938,912	-	348,998
Other	-	5,680,896	5,357,111	1,600	322,185
Total support services	<u>557,012</u>	<u>13,051,366</u>	<u>12,547,523</u>	<u>477,545</u>	<u>583,310</u>
Debt service:					
Principal	-	682,769	682,769	-	-
Interest	-	114,530	114,531	-	(1)
Total debt service	<u>-</u>	<u>797,299</u>	<u>797,300</u>	<u>-</u>	<u>(1)</u>
Other financing uses:					
Transfers out	-	165,000	149,766	-	15,234
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 626,393</u>	<u>\$ 25,008,657</u>	<u>\$ 23,517,646</u>	<u>\$ 700,040</u>	<u>\$ 1,417,364</u>

EXHIBIT 18
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, 2022

Unassigned fund balance, beginning		\$ 2,090,640
Changes:		
Fund balance used to reduce school district assessment		(1,909,879)
Fund balance appropriated		(165,000)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 303,215	
Unexpended balance of appropriations (Exhibit 16)	<u>1,417,364</u>	
Budget surplus		1,720,579
Decrease in nonspendable fund balance		21,915
Increase in committed fund balance		<u>(60,000)</u>
Unassigned fund balance, ending		<u><u>\$ 1,698,255</u></u>

EXHIBIT 19
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Middle School Student Activities Fund
Summary of Activity
For the Fiscal Year Ended June 30, 2022

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Band Club	\$ 646	\$ 128	\$ 158	\$ 616
Books and Equipment	32	-	32	-
Field Trips	(1,304)	18,801	13,455	4,042
Mountain Bike Club	797	-	589	208
Music Club	500	-	-	500
Ski Program	1,860	6,220	4,866	3,214
Student Council	499	570	730	339
Tri-County League - Athletics	-	169	169	-
U-Knighted For All	1,710	-	-	1,710
Wood Working	-	650	497	153
Yearbook	473	-	-	473
Interest	-	2	-	2
Service Charges	-	-	15	(15)
Total	<u>\$ 5,213</u>	<u>\$ 26,540</u>	<u>\$ 20,511</u>	<u>\$ 11,242</u>

EXHIBIT 20
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
High School Student Activities Fund
Summary of Activity
For the Fiscal Year Ended June 30, 2022

	Balance, beginning	Additions	Deductions	Balance, ending
Art Club	\$ 2	\$ -	\$ 2	\$ -
Chess Club	175	-	-	175
Class of 2022	2,436	41,642	38,977	5,101
Class of 2023	-	2,245	339	1,906
Class of 2024	24	910	442	492
Class of 2025	-	2,181	605	1,576
Climbing Club	-	234	-	234
Coca Cola Sales	1,580	2,872	4,452	-
Field Trips	-	1,930	1,930	-
French Club	279	-	-	279
Gay Straight Alliance	179	-	-	179
Green Group	594	-	-	594
Girl Up	-	1,800	1,800	-
HB The Change	4,917	-	4,423	494
Homefront Group	381	-	-	381
Interest Income	-	7	-	7
Journalism Honor Society	-	218	215	3
Latin Club	5	-	-	5
National Honor Society	2,867	2,190	2,164	2,893
National Honor Society - Art	45	2	-	47
PF All State	(1,360)	5,364	4,004	-
PF Guitar Night	36	-	36	-
PF Trips	(1,710)	2,070	224	136
PF Tri-M	95	307	402	-
Photography	2,022	-	-	2,022
Red Cross Club	111	80	23	168
Scholarships	-	1,000	1,000	-
Science Olympiad	(175)	175	-	-
Ski and Snowboard Club	1,579	-	-	1,579
Spanish Club	3,302	380	936	2,746
Student Council	1,781	-	238	1,543
10 Percent Fund	1,820	-	821	999
Thespian Society	161	2,134	1,377	918
Yearbook	-	2,879	-	2,879
	<u>\$ 21,146</u>	<u>\$ 70,620</u>	<u>\$ 64,410</u>	<u>\$ 27,356</u>

SINGLE AUDIT RELATED INFORMATION

EXHIBIT 21
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Assistance Listing Number	Pass Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the State of New Hampshire Department of Education			
CHILD NUTRITION CLUSTER			
School Breakfast Program	10.553	N/A	\$ 96,339
National School Lunch Program	10.555	N/A	512,641
CLUSTER TOTAL			<u>608,980</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the State of New Hampshire Department of Education			
SPECIAL EDUCATION CLUSTER			
Special Education - Grants to States:			
IDEA	84.027/84.173	2021186	25,089
ARP IDEA	84.027/84.173	20220872	54,802
IDEA	84.027/84.173	20220602	242,910
CLUSTER TOTAL			<u>322,801</u>
Supporting Effective Instruction State Grants:			
Title IIA - FY19	84.367	20190067	5,374
Title IIA - FY20	84.367	20200067	12,512
Title IIA - FY21	84.367	20211176	2,300
PROGRAM TOTAL			<u>20,186</u>
Student Support and Academic Enrichment Program:			
Title IV, Part A	84.424	20211229	5,209
Title IV, Part A	84.424	20220344	3,741
PROGRAM TOTAL			<u>8,950</u>
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	20211530	26,830
COVID-19 Elementary and Secondary School Emergency Relief (ESSERII)	84.425U	20220604	53,590
PROGRAM TOTAL			<u>80,420</u>
GRAND TOTAL			<u>\$ 1,041,337</u>

The notes to the schedule of expenditures of federal awards are 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, 2022**

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, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to, and does not, present the financial position or changes in net position of the 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 the Uniform Guidance, 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.

4. Indirect Cost Rate

The Hollis-Brookline Cooperative School District has not elected to use the 10-percent de minimis indirect cost allowed under the Uniform Guidance.



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, 2022, 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 April 15, 2023.

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*.

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.

April 15, 2023

Roberts & Heune, 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 the Major Federal Program

Opinion on the 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 Hollis-Brookline Cooperative School District's major federal program for the year ended June 30, 2022. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material

noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

over compliance. Given these limitations during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

April 15, 2023

Roberts & Greene, PLLC

EXHIBIT 22
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

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 the major program.
2. There were no significant deficiencies identified in the internal control over the major program that were not considered to be material weaknesses.
3. The auditor’s report issued on compliance for the major program contained an unmodified opinion.
4. The audit finding required to be reported in accordance with the Uniform Guidance is described in Section III of this schedule.
5. The program tested as a major program was 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

EXHIBIT 22(continued)
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

U.S. Department of Agriculture passed through the State of New Hampshire Department of Education: Child Nutrition Cluster

2022-001 **Criteria:** Sections 210.14(b) and 210.19(a) of the Cost Principles of the Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) require that the School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures.

Condition: The Food Service Fund net cash resources were in excess of the maximum allowable amount by \$378,660.

Cause: The School District participated in the Seamless Summer Option program causing a larger than normal increase in the food service fund balance.

Effect: The School District is not in compliance with this requirement.

Recommendation: We recommend that the School District develop and implement a spend-down plan to decrease the net cash resources to an amount below the maximum allowed.

Management’s Response: The School District agrees with the finding.