

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

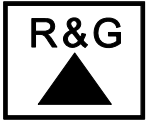
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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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, 2023, 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 of the Hollis-Brookline Cooperative School District as of June 30, 2023 and the respective changes in financial position thereof, and the budgetary comparisons 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. 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 statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 on 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, and pension and OPEB related schedules on pages 3-13 and 42-46 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. 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 22, 2024

Roberts & Ahearn, PLLC

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023.

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. 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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

during the 2022-2023 school year?” These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district’s current-year revenues and expenses regardless of when they were paid or received.

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

FUND FINANCIAL STATEMENTS

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

The district has two types of funds:

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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 2023 compared to fiscal year 2022

	2022	2023	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	4,928,179	4,238,867	(689,312)	-13.99%
Capital Assets	19,546,388	21,883,352	2,336,964	11.96%
Total Assets	24,474,567	26,122,219	1,647,652	6.73%
Deferred Outflow of Resources	4,744,733	4,447,074	(297,659)	-6.27%
Liabilities				
Long-term Liabilities Outstanding	20,455,781	26,540,997	6,085,216	29.75%
Other Liabilities	748,528	521,298	(227,230)	-30.36%
Total Liabilities	21,204,309	27,062,295	5,857,986	27.63%
Deferred Inflows of Resources	4,820,574	690,407	(4,130,167)	-85.68%
Net Position				
Net Investment in Capital Assets	16,636,421	17,026,992	390,571	2.35%
Restricted	469,768	519,771	50,003	10.64%
Unrestricted	(13,911,772)	(14,730,172)	(818,400)	5.88%
Total Net Position	3,194,417	2,816,591	(377,826)	-11.83%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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

Change in fund revenues and expenses for fiscal year 2023 compared to fiscal year 2022

Program Revenues:	2022	2023	\$ Change	% Change
Program Revenues:				
Charges for Services	321,568	910,205	588,637	183.05%
Operating Grants and Contributions	1,658,973	569,492	(1,089,481)	-65.67%
Capital Grants and Contributions	209,362	646,877	437,515	208.98%
General Revenues:				
Assessment	16,789,881	18,482,832	1,692,951	10.08%
Grants and Contributions	5,353,535	5,196,121	(157,414)	-2.94%
Miscellaneous	377,136	134,464	(242,672)	-64.35%
Total Revenues	24,710,455	25,939,991	1,229,536	4.98%
Program Expenses:				
Instruction	11,153,673	11,938,962	785,289	7.04%
Student Support	1,583,610	1,684,960	101,350	6.40%
Instructional Staff	769,276	807,815	38,539	5.01%
General Administration	91,243	85,294	(5,949)	-6.52%
Executive Administration	997,899	1,070,947	73,048	7.32%
School Administration	1,008,914	1,057,051	48,137	4.77%
Operation and Maintenance of Plant	1,475,810	1,874,006	398,196	26.98%
Student Transportation	993,714	1,315,528	321,814	32.38%
Other	4,717,138	5,844,494	1,127,356	23.90%
Non-instructional Services	464,789	508,769	43,980	9.46%
Facilities Acquisition and construction	22,904	13,226	(9,678)	-42.25%
Interest on Long-Term Debt	97,490	149,161	51,671	53.00%
Total Expenses	23,376,460	26,350,213	2,973,753	12.72%
Change in Net Position	1,333,995	(410,222)		
Net Position - Beginning	1,860,422	3,226,813	1,366,391	73.45%
Net Position - Ending	3,194,417	2,816,591	(377,826)	-11.83%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Revenues

As a total, revenue received was \$1,229,536 higher in FY 2023 than in FY 2022.

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

Increases in Revenue from FY 2022 to FY 2023

- Local Property Tax Assessments (+ \$1,692,951)
 - 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.
- New Hampshire Retirement System (+ \$135,221)
 - Legislation enacted in 2022 (HB 1221) required the State to reimburse 7.5% of local employer contributions made in fiscal year 2022.
- Tuition (+ \$ 6K)
 - Non-resident students paying for tuition to either the Middle School or High School.

Decreases in Revenue from FY 2022 to FY 2023

- Special Education aid (- \$210K)
 - 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 (- \$160K)
 - School cafeteria sales, as well as State of NH DOE reimbursements.
- Grants (including Title II, ESSER II and ESSER III, and IDEA) (- \$ 80K)
 - 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.
- Medicaid (- \$ 41K)
 - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

- Adequacy Aid grant (- \$ 157K)
 - Adequacy Aid is a state aid program, and is based on the average daily membership of resident students.

Expenditures

As a total, expenditures were \$2,973,753 higher in FY 2023 than in FY 2022. Below is a list of areas the district had significant increased expenses from prior year.

INCREASED EXPENSES

- Salary increases and corresponding benefits
- Special education tuition expenses
- Increase in employee professional development reimbursements
- Retirement benefits
- Snow removal
- Vocational School tuition (increased enrollment)
- Transportation expenses, particularly for vocational school
- Increase in liability insurance
- Heating oil rising costs
- Health Insurance (due to higher rates and changing enrollments)
- Principal and interest for the HVAC 15 year lease (first payment due in FY23)

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

General Fund Budgetary Highlights

Revenue Budget

General Fund

Revenue	FY23 Budget	Actual	Variance
School District Assessment	18,482,832	18,482,832	-
Other Local	77,500	141,033	63,533
State	5,873,675	5,864,904	(8,771)
Federal	70,000	36,246	(33,754)
Total Revenues	24,504,007	24,525,015	21,008
Use of Fund Balance to reduce school district assessment & other funding	1,509,436		
Total Revenues and Use of Fund Balance	26,013,443		

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$21,008 more than budgeted, as detailed in the chart above. School District Assessment accounts for 75% of the entire budget; this budget is based on what the district approves at its annual meeting, so the budget matches actual revenue received. The primary areas where revenue exceeded budget were an unexpected refund from the New Hampshire Retirement System; investment earnings; and a return of surplus from Primex.

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

- “Other Local” revenue sources include tuition, investment earnings, and impact fees.
- “State” revenue sources include the adequacy aid grant, school building aid, and special education aid, vocational tuition aid, and reimbursement of retirement contributions.
- “Federal” revenue sources include Medicaid funds.

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Expense Budget

General Fund

Expenditures	FY23 Budget	Actual	Variance
Instruction	11,463,711	10,319,337	1,144,374
Student & Instructional Support	2,378,065	2,371,892	6,173
General, Executive & School Admin	2,271,844	2,178,507	93,337
Operation & Maintenance of Plant	1,711,454	1,731,694	(20,240)
Student Transportation	1,227,320	1,315,528	(88,208)
Other Support Services	5,929,401	5,811,664	117,737
Debt Service	1,031,647	1,031,647	-
Facilities acquisition and construction	1	56,771	(56,770)
Total Appropriation & Expenditures	26,013,443	24,817,040	1,196,403

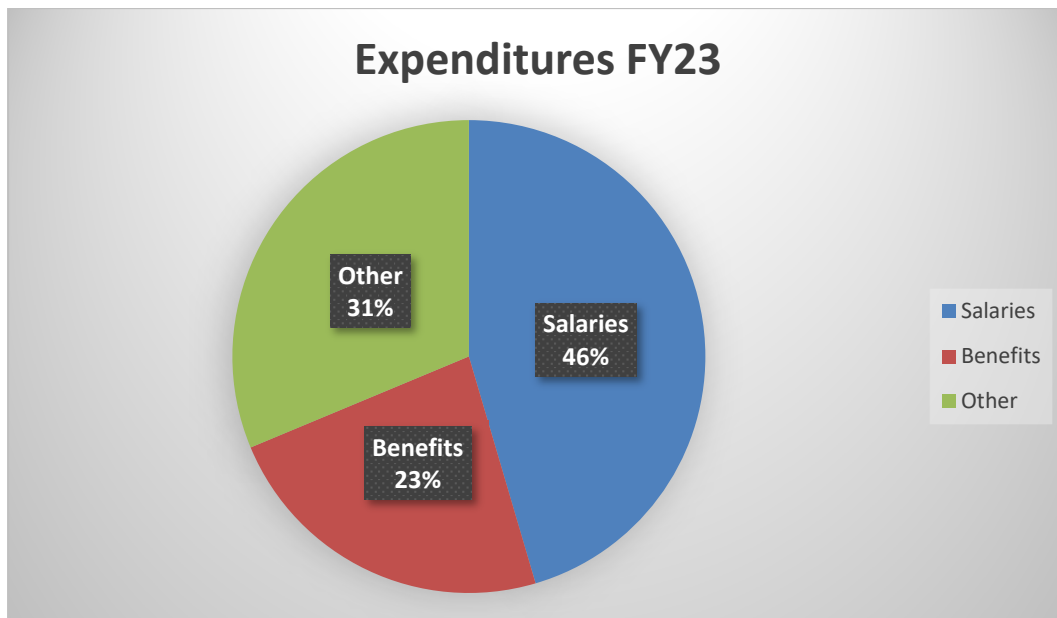
The general fund expenditures were under-budget, resulting in significant savings of \$1,196,403. Areas which contributed to these savings are as follows:

- Savings from unfilled positions and unpaid leaves, and corresponding lower employer paid benefits (taxes, retirement, insurance)
- ESY (extended school year) costs were lower than expected
- Savings in special education 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 resulting from unfilled coaching and extra-curricular stipends

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023

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 (FY22) expenditures: 47% salary, 30% other, 23% benefits.



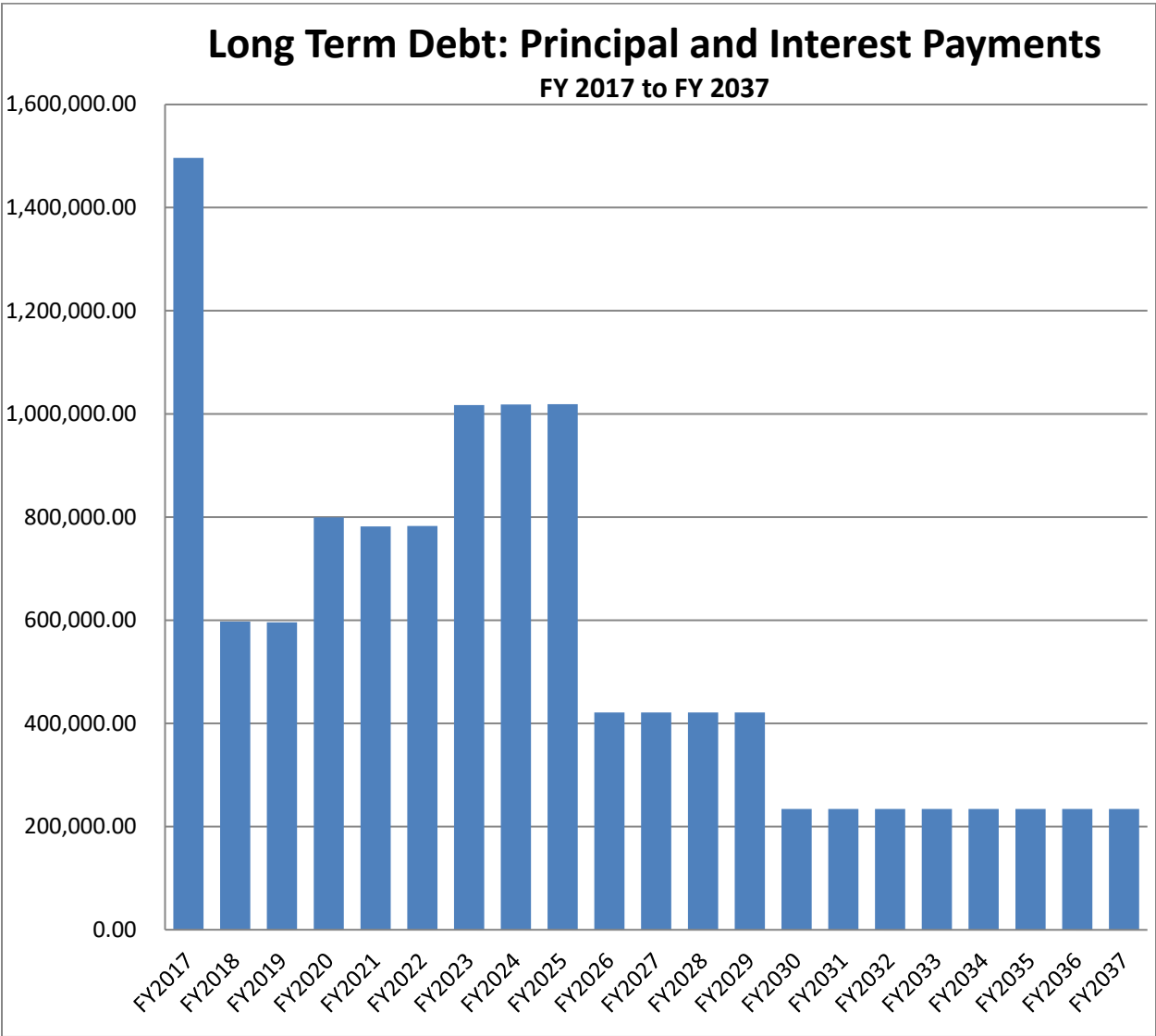
Capital Assets

The Hollis Brookline Cooperative School District's investment in capital assets for its governmental activities as of June 30, 2023, totals \$21,883,352. These assets include construction in progress, land improvements, buildings and building improvements, machinery, vehicles and equipment.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

DEBT ADMINISTRATION

As of June 30, 2023, the District carries debt on two bonds and one 15-year lease. The renovation of the Hollis Brookline Middle School 2004 bond for \$7,703,400 will expire in August 2024. The Hollis Brookline 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; it will mature in August 2028. And finally, the District has a 15-year lease for the High School HVAC system in the amount of \$2,886,491, which will be paid in full in August 2036.



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 2,672,612
Intergovernmental receivables	1,364,081
Other receivables, net of allowance for uncollectibles	157
Inventory	15,511
Prepaid items	186,506
Capital assets, not being depreciated:	
Construction in progress	2,916,804
Capital assets, net of accumulated depreciation:	
Land improvements	2,717,563
Buildings and building improvements	15,964,881
Machinery, equipment and vehicles	284,104
Total assets	<u>26,122,219</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	4,269,351
Deferred amounts related to OPEB	177,723
Total deferred outflows of resources	<u>4,447,074</u>
LIABILITIES	
Accounts payable	139,033
Accrued salaries and benefits	68,596
Intergovernmental payable	58,681
Accrued interest payable	110,988
Retainage payable	144,000
Noncurrent obligations:	
Due within one year:	
Bond and note outstanding	731,028
Capital lease payable	156,358
Compensated absences payable	9,722
Termination benefits payable	65,814
Due in more than one year:	
Bond and note outstanding	1,467,276
Capital lease payable	2,501,698
Compensated absences payable	6,881
Termination benefits payable	450,223
Net pension liability	19,288,136
OPEB liability	1,863,861
Total liabilities	<u>27,062,295</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	103,777
Deferred amounts related to pensions	402,685
Deferred amounts related to OPEB	183,945
Total deferred inflows of resources	<u>690,407</u>
NET POSITION	
Net investment in capital assets	17,026,992
Restricted for endowments:	
Nonexpendable	340,734
Expendable	172,537
Restricted for other purposes	6,500
Unrestricted	(14,730,172)
Total net position	<u>\$ 2,816,591</u>

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, 2023

	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	\$ 11,938,962	\$ 254,706	\$ 569,492	\$ 427,515	\$ (10,687,249)
Support services:					
Student	1,684,960	126,251	-	-	(1,558,709)
Instructional staff	807,815	-	-	-	(807,815)
General administration	85,294	-	-	-	(85,294)
Executive administration	1,070,947	-	-	-	(1,070,947)
School administration	1,057,051	-	-	-	(1,057,051)
Operation and maintenance of plant	1,874,006	-	-	219,362	(1,654,644)
Student transportation	1,315,528	-	-	-	(1,315,528)
Other	5,844,494	-	-	-	(5,844,494)
Non-instructional services	508,769	529,248	-	-	20,479
Facilities acquisition and construction	13,226	-	-	-	(13,226)
Interest on long-term debt	149,161	-	-	-	(149,161)
Total primary government	<u>\$ 26,350,213</u>	<u>\$ 910,205</u>	<u>\$ 569,492</u>	<u>\$ 646,877</u>	<u>(24,223,639)</u>
General revenues:					
School district assessment					18,482,832
Grants and contributions not restricted to specific programs					5,196,121
Miscellaneous					134,464
Total general revenues					<u>23,813,417</u>
Change in net position					(410,222)
Net position, beginning, as restated, see Note III.D.					3,226,813
Net position, ending					<u>\$ 2,816,591</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, 2023

	General	Food Service	Grants	HVAC Installation	Permanent	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,478,792	\$ 691,940	\$ -	\$ 156,674	\$ -	\$ 345,206	\$ 2,672,612
Receivables, net of allowance for uncollectibles:							
Accounts	-	-	-	-	-	157	157
Intergovernmental	740,842	15,799	93,545	-	513,271	624	1,364,081
Interfund receivable	90,545	-	-	-	-	-	90,545
Inventory	-	15,511	-	-	-	-	15,511
Prepaid items	186,506	-	-	-	-	-	186,506
Total assets	<u>\$ 2,496,685</u>	<u>\$ 723,250</u>	<u>\$ 93,545</u>	<u>\$ 156,674</u>	<u>\$ 513,271</u>	<u>\$ 345,987</u>	<u>\$ 4,329,412</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 125,511	\$ 936	\$ -	\$ 6,174	\$ -	\$ 6,412	\$ 139,033
Accrued salaries and benefits	65,488	2,737	-	-	-	371	68,596
Contracts payable	6,950	-	-	-	-	-	6,950
Intergovernmental payable	47,149	1,582	3,000	-	-	-	51,731
Retainage payable	-	-	-	144,000	-	-	144,000
Interfund payable	-	-	90,545	-	-	-	90,545
Total liabilities	<u>245,098</u>	<u>5,255</u>	<u>93,545</u>	<u>150,174</u>	<u>-</u>	<u>6,783</u>	<u>500,855</u>
Deferred inflows of resources:							
Deferred revenue	-	45,570	58,207	-	-	-	103,777
Fund balances:							
Nonspendable	186,505	15,511	-	-	340,734	-	542,750
Restricted	-	-	-	6,500	172,537	-	179,037
Committed	897,805	656,914	-	-	-	339,204	1,893,923
Assigned	362,978	-	-	-	-	-	362,978
Unassigned	804,299	-	(58,207)	-	-	-	746,092
Total fund balances	<u>2,251,587</u>	<u>672,425</u>	<u>(58,207)</u>	<u>6,500</u>	<u>513,271</u>	<u>339,204</u>	<u>3,724,780</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,496,685</u>	<u>\$ 723,250</u>	<u>\$ 93,545</u>	<u>\$ 156,674</u>	<u>\$ 513,271</u>	<u>\$ 345,987</u>	<u>\$ 4,329,412</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, 2023

Total fund balances of governmental funds (Exhibit 3)		\$ 3,724,780
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	\$ 41,325,365	
Less accumulated depreciation	<u>(19,442,013)</u>	21,883,352
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (90,545)	
Payables	<u>90,545</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(110,988)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond and note outstanding	\$ 2,198,304	
Capital lease payable	2,658,056	
Compensated absences payable	16,603	
Termination benefits payable	516,037	
Net pension liability	19,288,136	
OPEB liability	<u>1,863,861</u>	(26,540,997)
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	\$ 4,269,351	
Deferred outflows of resources related to OPEB	177,723	
Deferred inflows of resources related to pensions	(402,685)	
Deferred inflows of resources related to OPEB	<u>(183,945)</u>	3,860,444
Net position of governmental activities (Exhibit 1)		<u><u>\$ 2,816,591</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, 2023

	General	Food Service	Grants	HVAC Installation	Permanent	Other Governmental Funds	Total Governmental Funds
REVENUES							
School district assessment	\$18,482,832	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,482,832
Other local	157,065	497,550	-	-	50,472	339,967	1,045,054
State	5,864,904	32,083	20,890	-	-	-	5,917,877
Federal	36,246	118,568	339,799	-	-	-	494,613
Total revenues	<u>24,541,047</u>	<u>648,201</u>	<u>360,689</u>	<u>-</u>	<u>50,472</u>	<u>339,967</u>	<u>25,940,376</u>
EXPENDITURES							
Current:							
Instruction	10,488,382	-	378,332	-	-	390,117	11,256,831
Support services:							
Student	1,677,331	-	7,629	-	-	-	1,684,960
Instructional staff	771,895	-	29,935	-	-	-	801,830
General administration	82,294	-	3,000	-	-	-	85,294
Executive administration	1,070,947	-	-	-	-	-	1,070,947
School administration	1,053,584	-	-	-	-	-	1,053,584
Operation and maintenance of plant	2,084,668	-	-	-	-	-	2,084,668
Student transportation	1,315,528	-	-	-	-	-	1,315,528
Other	5,686,055	-	-	-	-	-	5,686,055
Non-instructional services	-	510,774	-	-	-	-	510,774
Debt service:							
Principal	940,097	-	-	-	-	-	940,097
Interest	91,550	-	-	-	-	-	91,550
Facilities acquisition and construction	56,771	-	-	2,661,724	-	(482)	2,718,013
Total expenditures	<u>25,319,102</u>	<u>510,774</u>	<u>418,896</u>	<u>2,661,724</u>	<u>-</u>	<u>389,635</u>	<u>29,300,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(778,055)</u>	<u>137,427</u>	<u>(58,207)</u>	<u>(2,661,724)</u>	<u>50,472</u>	<u>(49,668)</u>	<u>(3,359,755)</u>
Other financing sources (uses):							
Transfers in	6,200	-	-	-	-	769	6,969
Transfers out	-	-	-	-	(6,969)	-	(6,969)
Capital lease inception	-	-	-	2,886,491	-	-	2,886,491
Total other financing sources and uses	<u>6,200</u>	<u>-</u>	<u>-</u>	<u>2,886,491</u>	<u>(6,969)</u>	<u>769</u>	<u>2,886,491</u>
Net change in fund balances	(771,855)	137,427	(58,207)	224,767	43,503	(48,899)	(473,264)
Fund balances, beginning, as restated, see Note III.D.	3,023,442	534,998	-	(218,267)	469,768	388,103	4,198,044
Fund balances, ending	<u>\$ 2,251,587</u>	<u>\$ 672,425</u>	<u>\$ (58,207)</u>	<u>\$ 6,500</u>	<u>\$ 513,271</u>	<u>\$ 339,204</u>	<u>\$ 3,724,780</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, 2023

Net change in fund balances of total governmental funds (Exhibit 5)		\$ (473,264)
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	\$ 3,223,022	
Depreciation expense	(918,454)	
		2,304,568
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (6,969)	
Transfers out	6,969	
		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Inception of capital lease	\$ (2,886,491)	
Principal repayment of bond and note	697,773	
Principal repayment of capital lease	242,325	
		(1,946,393)
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.		
Increase in accrued interest expense	\$ (57,612)	
Increase in compensated absences payable	(3,503)	
Increase in termination benefits payable	(75,579)	
Decrease in OPEB related balances	144,200	
		7,506
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	\$ 2,019,108	
Cost of benefits, net of employee contributions	(2,321,747)	
		(302,639)
Change in net position of governmental activities (Exhibit 2)		\$ (410,222)

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, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 18,482,832	\$18,482,832	\$ -
Other local	77,500	141,033	63,533
State	5,873,675	5,864,904	(8,771)
Federal	70,000	36,246	(33,754)
Total revenues	<u>24,504,007</u>	<u>24,525,015</u>	<u>21,008</u>
EXPENDITURES			
Current:			
Instruction	11,463,711	10,319,337	1,144,374
Support services:			
Student	1,744,819	1,599,997	144,822
Instructional staff	633,246	771,895	(138,649)
General administration	88,800	52,601	36,199
Executive administration	1,070,947	1,071,800	(853)
School administration	1,112,097	1,054,106	57,991
Operation and maintenance of plant	1,711,454	1,731,694	(20,240)
Student transportation	1,227,320	1,315,528	(88,208)
Other	5,929,401	5,811,664	117,737
Debt service:			
Principal	940,097	940,097	-
Interest	91,550	91,550	-
Facilities acquisition and construction	1	56,771	(56,770)
Total expenditures	<u>26,013,443</u>	<u>24,817,040</u>	<u>1,196,403</u>
Deficiency of revenues under expenditures	<u>(1,509,436)</u>	<u>(292,025)</u>	<u>1,217,411</u>
Other financing sources (uses):			
Transfers in	-	6,200	6,200
Transfers out	(225,000)	(225,000)	-
Total other financing sources and uses	<u>(225,000)</u>	<u>(218,800)</u>	<u>6,200</u>
Net change in fund balance	<u>\$ (1,734,436)</u>	(510,825)	<u>\$ 1,223,611</u>
Increase in nonspendable fund balance		(158,131)	
Increase in committed fund balance		(225,000)	
Unassigned fund balance, beginning		1,698,255	
Unassigned fund balance, ending		<u>\$ 804,299</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, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local	\$ 250,000	\$ 497,550	\$ 247,550
State	10,000	32,083	22,083
Federal	140,000	118,568	(21,432)
Total revenues	<u>400,000</u>	<u>648,201</u>	<u>248,201</u>
EXPENDITURES			
Current:			
Non-instructional services	<u>400,000</u>	<u>510,774</u>	<u>(110,774)</u>
Net change in fund balance	<u>\$ -</u>	<u>137,427</u>	<u>\$ 137,427</u>
Fund balance, beginning		534,998	
Fund balance, ending		<u>\$ 672,425</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, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State	\$ -	\$ 20,890	\$ 20,890
Federal	260,000	339,799	79,799
Total revenues	<u>260,000</u>	<u>360,689</u>	<u>100,689</u>
EXPENDITURES			
Current:			
Instruction	260,000	378,332	(118,332)
Support services:			
Student	-	7,629	(7,629)
Instructional staff	-	29,935	(29,935)
General administration	-	3,000	(3,000)
Total expenditures	<u>260,000</u>	<u>418,896</u>	<u>(158,896)</u>
Net change in fund balance	<u>\$ -</u>	<u>(58,207)</u>	<u>\$ (58,207)</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ (58,207)</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, 2023**

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, 2023.

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, 2023**

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, 2023**

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

HVAC Installation Fund – 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.

Permanent Fund – Used to account for financial assets held by the trustees of trust funds, from which only income, and not principal, is used for supporting the District’s purposes.

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

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

I.C.1. Cash and Investments

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

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

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

I.C.2. Inventory and Prepaid Items

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

I.C.6. *Compensated Absences*

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. Sick leave also accrues to full-time, permanent employees to specified maximums. Support staff employees are entitled to a portion of their sick and vacation leave upon termination. 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 endowments, which consists of the expendable and nonexpendable portions of endowments of the School District held by the Town of Hollis Trustees of Trust Funds for school district purposes.
- Restricted for other purposes, which consists of the unspent portion of lease proceeds which can only be used for the HVAC installation project at the high school, or the related debt service.
- 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 and the balance of inventory, which cannot be spent because of their 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

- Restricted, which represents the expendable portion of the endowment held by the Town of Hollis Trustees of Trust Funds, which can only be spent for instruction in accordance with the restrictions established by the donors; and the balance of the lease proceeds related to the HVAC installation project at the high school.
- Committed, which represents the athletic expendable trust fund; amounts voted at the 2023 School District Meeting to be transferred to the Expendable Trust Fund; and unexpended grant receipts to be used for instruction.
- Assigned, which represents encumbrances for instruction and support services assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents the remaining General Fund balance not reported as nonspendable, restricted, committed or assigned; and the deficit balance of the Grants Fund.

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 and Permanent Funds. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In fiscal year 2023, \$1,509,436 of the fund balance from the fiscal year 2022 was so used, and \$225,000 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, facilities acquisition and construction, and debt service. Management can

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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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.

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 24,531,215
Adjustment:	
Perspective difference:	
Expendable trust fund earnings	16,032
Per Exhibit 5 (GAAP basis)	<u>\$ 24,547,247</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 25,042,040
Adjustments:	
Basis difference:	
Encumbrances, beginning	700,040
Encumbrances, ending	(362,978)
Perspective difference:	
Expendable trust fund expenditures	165,000
Transfers to expendable trust fund	(225,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 25,319,102</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. The Permanent Fund was not formally budgeted.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables

Significant receivables consist of reimbursements and intergovernmental amounts arising from medicaid, grants, refunds, and reimbursements from other school districts for shared services. Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

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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	Deductions	Balance, ending
At cost:				
Not being depreciated:				
Construction in progress	\$ 2,370,101	\$ 2,713,468	\$ (2,166,765)	\$ 2,916,804
Being depreciated:				
Land improvements	1,253,270	2,402,070	-	3,655,340
Buildings and building improvements	33,853,057	234,249	-	34,087,306
Machinery, equipment and vehicles	641,915	40,000	(16,000)	665,915
Total capital assets being depreciated	35,694,250	2,676,319	(16,000)	38,408,561
Total all capital assets	38,064,351	5,389,787	(2,182,765)	41,325,365
Less accumulated depreciation:				
Land improvements	(746,314)	(191,463)	-	(937,777)
Buildings and building improvements	(17,445,624)	(676,801)	-	(18,122,425)
Machinery, equipment and vehicles	(347,621)	(50,190)	16,000	(381,811)
Total accumulated depreciation	(18,517,963)	(918,454)	16,000	(19,442,013)
Net book value, capital assets being depreciated	17,176,287	1,757,865	-	18,966,548
Net book value, all capital assets	\$ 19,546,388	\$ 4,471,333	\$ (2,166,765)	\$ 21,883,352

Depreciation Expense

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

Instruction	\$ 631,722
Support services:	
Instructional staff	9,985
Executive administration	3,249
Operation and maintenance of plant	259,037
Non-instructional services	13,588
Facilities acquisition and construction	873
Total depreciation expense	\$ 918,454

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III.B. Long-Term Liabilities

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

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2023	Current Portion
General obligation bond and note payable:						
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	\$ 1,155,000	\$ 565,000
Artificial turf field	\$ 1,711,780	2019	2029	3.8	1,043,304	166,028
					<u>2,198,304</u>	<u>731,028</u>
Capital lease payable:						
HVAC	\$ 2,886,491	2023	2037	2.93	2,658,056	156,358
Compensated absences payable:						
Vested sick leave					6,881	-
Accrued vacation leave					9,722	9,722
					<u>16,603</u>	<u>9,722</u>
Termination benefits payable					516,037	65,814
Net pension liability					19,288,136	-
Other postemployment benefits liability					1,863,861	-
					<u>\$ 26,540,997</u>	<u>\$ 962,922</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2023:

	General Obligation Bond & Note Payable	Capital Lease Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ 2,896,077	\$ 13,890	\$ 13,100	\$ 440,458	\$ 15,137,117	\$ 1,955,139	\$ 20,455,781
Additions	-	2,886,491	3,503	75,579	4,151,019	-	7,116,592
Reductions	(697,773)	(242,325)	-	-	-	(91,278)	(1,031,376)
Balance, ending	<u>\$ 2,198,304</u>	<u>\$ 2,658,056</u>	<u>\$ 16,603</u>	<u>\$ 516,037</u>	<u>\$ 19,288,136</u>	<u>\$ 1,863,861</u>	<u>\$ 26,540,997</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
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	179,714	14,610	194,324
2029	179,287	7,463	186,750
Totals	<u>\$ 2,198,304</u>	<u>\$ 205,474</u>	<u>\$ 2,403,778</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 156,358	\$ 77,748	\$ 234,106
2025	160,932	73,175	234,107
2026	165,639	68,467	234,106
2027	170,484	63,622	234,106
2028	175,471	58,636	234,107
2029-2033	957,410	213,121	1,170,531
2034-2037	871,762	64,666	936,428
Totals	<u>\$ 2,658,056</u>	<u>\$ 619,435</u>	<u>\$ 3,277,491</u>

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

III.C.1. Receivables and Payables

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.” There is \$90,545 due to the General Fund from the Grants Fund which represents an overdraft of pooled cash.

III.C.2. Transfers

There were transfers within the reporting entity for the purpose of distributing income earned on Permanent Funds in the amounts of \$6,200 to the General Fund and \$769 to the Miscellaneous Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

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III.D. Restatement of Net Position/Fund Balance

The beginning equity at July 1, 2022 was restated as follows:

	Governmental Activities	Permanent Fund	Nonmajor Funds
To report as a major fund	\$ -	\$ 469,768	\$ (469,768)
To correct capital assets balance	32,396	-	-
Net position/fund balance, as previously reported	3,194,417	-	857,871
Net position/fund balance, as restated	<u>\$ 3,226,813</u>	<u>\$ 469,768</u>	<u>\$ 388,103</u>

III.E. Components of Fund Equity

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

	General Fund	Food Service Fund	Grants Fund	HVAC Installation Fund	Permanent Fund	Nonmajor Funds
Nonspendable:						
Endowment	\$ -	\$ -	\$ -	\$ -	\$ 340,734	\$ -
Inventory	-	15,511	-	-	-	-
Prepaid items	186,505	-	-	-	-	-
Total nonspendable	<u>186,505</u>	<u>15,511</u>	<u>-</u>	<u>-</u>	<u>340,734</u>	<u>-</u>
Restricted for:						
Instruction	-	-	-	-	172,537	-
Capital outlay	-	-	-	6,500	-	-
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,500</u>	<u>172,537</u>	<u>-</u>
Committed for:						
Non-instructional services	-	656,914	-	-	-	339,204
Capital outlay	897,805	-	-	-	-	-
Total committed	<u>897,805</u>	<u>656,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339,204</u>
Assigned to:						
Instruction	53,450	-	-	-	-	-
Support services	182,319	-	-	-	-	-
Capital outlay	127,209	-	-	-	-	-
Total assigned	<u>362,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unassigned	804,299	-	(58,207)	-	-	-
Total fund balances	<u>\$ 2,251,587</u>	<u>\$ 672,425</u>	<u>\$ (58,207)</u>	<u>\$ 6,500</u>	<u>\$ 513,271</u>	<u>\$ 339,204</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

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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.

Contributions paid in fiscal year 2023 to be recorded as an insurance expenditure/expense totaled \$38,594 for workers' compensation and \$72,195 for property/liability. The School District also paid \$9,778 for unemployment compensation coverage. There were no unpaid contributions for the year.

IV.B. Retirement Pensions

General Information about the Pension Plan

The New Hampshire Retirement System (NHRS) is a multiple-employer, cost-sharing, contributory public employee defined benefit plan qualified under section 401(a) of the Internal Revenue Code, and funded through a trust which is exempt from tax under Internal Revenue Code section 501(a). The NHRS provides service, disability, death and vested retirement benefits for employees and their beneficiaries. The New Hampshire Legislature establishes the provisions for benefits and contributions. The NHRS issues a separate financial report that is available at www.nhrs.org 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 2021, 2022, and 2023 were \$1,729,218, \$1,940,216, and \$2,019,108, 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, 2023, the School District reported a liability of \$19,288,136 for its proportionate share of the net pension liability. The net pension liability is based on a June 30, 2021 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2022. The roll-forward of the total pension liability from June 30, 2021 to June 30, 2022 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, 2022 (the

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date used for the 2023 valuation), the School District’s reported proportion was 0.3363%, which was a decrease of 0.0052% from its proportion as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$2,321,747. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 131,268	\$ 328,641
Net differences between projected and actual earnings on pension plan investments	730,996	-
Changes of assumptions	1,025,975	-
Differences between expected and actual experience	362,004	74,044
School District contributions subsequent to the measurement date	2,019,108	-
	\$ 4,269,351	\$ 402,685

The School District reported \$2,019,108 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, 2024.

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,		
2024	\$	737,168
2025		585,957
2026		(434,761)
2027		959,194
	\$	1,847,558

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Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, 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, Close
Remaining Amortization Period	Multiple periods of 18-20 years
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Municipal Bond Rate	3.69% per year
Salary Increases	5.4% average, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation
Mortality Rate	Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each member classification (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2022 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 to June 30, 2019.

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	\$ 25,879,816	\$ 19,288,136	\$ 13,807,765

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

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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. 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

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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>
ABSOS20/40/1KDED(07L)-RX10/20/45	\$829.99	\$1,659.98	\$2,240.97
AB10IPDED-RX10/20/45	\$1,067.05	\$2,134.10	\$2,881.04
BC3T15IPDED(07)L-RX10/20/45/3K(L)	\$1,126.29	\$2,252.58	\$3,040.98

Currently, there are 161 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, 2023, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2022 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 161 active employees and retirees.

Total OPEB Liability

The School District's total OPEB liability of \$1,863,861 consists of \$555,025 for the implicit rate subsidy determined by an actuarial valuation as of July 1, 2022 and \$1,308,836 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2021, 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: 3.65%, 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.

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Amortization Method:

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 improvement using scale MP-2019.

Inflation: 2.5% per year, based on current economic data, analyses from economists and other experts, and professional judgement.

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.

This note continues on the following page.

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Sensitivity of Total OPEB Liability to Changes in Rates

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 (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
School District's total OPEB liability	<u>\$ 590,000</u>	<u>\$ 555,025</u>	<u>\$ 521,786</u>
 Medical Subsidy:	 1% Decrease (5.75%)	 Current Discount Rate (6.75%)	 1% Increase (7.75%)
School District's total OPEB liability	<u>\$ 1,420,964</u>	<u>\$1,308,836</u>	<u>\$1,211,180</u>

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 7.50%, 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 (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
School District's total OPEB liability	<u>\$ 495,527</u>	<u>\$ 555,025</u>	<u>\$ 624,807</u>

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$49,573. At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	\$ 3,577	\$ -
Changes of assumptions	24,088	41,443
Differences between expected and actual experience	-	142,502
School District contributions subsequent to the measurement date	150,058	-
	\$ 177,723	\$ 183,945

The School District reported \$150,058 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,	
2024	\$ (48,123)
2025	(45,641)
2026	(38,985)
2027	(22,780)
2028	(751)
	\$ (156,280)

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
2023	0.3363%	\$ 19,288,136	\$ 10,727,079	179.81%	65.12%
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
2023	\$ 2,019,108	\$ (2,019,108)	\$ -	\$ 10,727,079	18.82%
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 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:							
Service cost	\$ 32,918	\$ 51,235	\$ 47,504	\$ 46,402	\$ 39,691	\$ 38,504	\$ 97,923
Interest	120,135	122,120	130,458	133,551	22,959	21,779	16,277
Plan net investment income	9,765	(37,463)	(1,401)	(6,434)	-	-	-
Administrative expense	(811)	601	596	924	-	-	-
Changes of assumptions							
and differences between expected and actual experience	(48,465)	(95,194)	(27,367)	(26,576)	14,879	(10,676)	(23,535)
Changes in proportion of medical subsidy	(9,971)	(111,300)	202,734	40,803	(370,676)	1,824,143	-
Benefit payments	<u>(194,849)</u>	<u>(198,006)</u>	<u>(197,786)</u>	<u>(188,720)</u>	<u>(32,321)</u>	<u>(30,541)</u>	<u>(22,198)</u>
Net change in total OPEB liability	(91,278)	(268,007)	154,738	(50)	(325,468)	1,843,209	68,467
Total OPEB liability, beginning	<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>	<u>482,250</u>
Total OPEB liability, ending	<u>\$ 1,863,861</u>	<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	\$10,727,079	\$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	17.38%	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	0.3464%	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 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 168,078	\$ 135,485	\$ 143,453	\$ 136,239	\$ 64,274	\$ 58,255	\$ 73,913
Contributions in relation to the actuarially determined contribution	(198,774)	(114,729)	(116,421)	(103,609)	(32,321)	(30,541)	(23,559)
Contribution (excess) deficiency	<u>\$ (30,696)</u>	<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	\$10,727,079	\$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	1.57%	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, 2023**

The OPEB Schedules are meant to present related information for ten years. Because this is the sixth year that the School District has presented the OPEB information under the current measurement standard, only seven years 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, 2023

	Special Revenue Funds			
	Student Activities	Athletic Revolving	Miscellaneous	Total
ASSETS				
Cash and cash equivalents	\$ 34,710	\$ 77,310	\$ 233,186	\$ 345,206
Accounts receivable	-	-	157	157
Intergovernmental receivables	-	-	624	624
Total assets	<u>\$ 34,710</u>	<u>\$ 77,310</u>	<u>\$ 233,967</u>	<u>\$ 345,987</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 5,203	\$ 1,209	\$ 6,412
Accrued salaries and benefits	-	-	371	371
Total liabilities	<u>-</u>	<u>5,203</u>	<u>1,580</u>	<u>6,783</u>
Fund balances:				
Committed	34,710	72,107	232,387	339,204
Total liabilities and fund balances	<u>\$ 34,710</u>	<u>\$ 77,310</u>	<u>\$ 233,967</u>	<u>\$ 345,987</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, 2023

	Special Revenue Funds			Capital Project Fund	Total
	Student Activities	Athletic Revolving	Miscellaneous	Turf Field	
REVENUES					
Local	\$ 126,518	\$ 88,342	\$ 125,107	\$ -	\$ 339,967
EXPENDITURES					
Current:					
Instruction	130,406	103,235	156,476	-	390,117
Facilities acquisition and construction	-	-	-	(482)	(482)
Total expenditures	130,406	103,235	156,476	(482)	389,635
Excess (deficiency) of revenues over (under) expenditures	(3,888)	(14,893)	(31,369)	482	(49,668)
Other financing sources:					
Transfers in	-	-	769	-	769
Net change in fund balances	(3,888)	(14,893)	(30,600)	482	(48,899)
Fund balances, beginning	38,598	87,000	262,987	(482)	388,103
Fund balances, ending	\$ 34,710	\$ 72,107	\$ 232,387	\$ -	\$ 339,204

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, 2023

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 18,482,832	\$ 18,482,832	\$ -
Other local sources:			
Tuition	35,000	41,257	6,257
Investment earnings	2,500	62,483	59,983
Impact fees	-	25,968	25,968
Refund of prior year expenditures	40,000	11,049	(28,951)
Miscellaneous	-	276	276
Total from other local sources	<u>77,500</u>	<u>141,033</u>	<u>63,533</u>
State sources:			
Adequacy aid (grant)	5,196,120	5,196,121	1
School building aid	219,362	219,362	-
Catastrophic aid	314,185	301,595	(12,590)
Vocational tuition aid	5,000	8,818	3,818
Reimbursement of retirement contributions	139,008	139,008	-
Total from state sources	<u>5,873,675</u>	<u>5,864,904</u>	<u>(8,771)</u>
Federal sources:			
Medicaid	70,000	36,246	(33,754)
Other financing sources:			
Transfers in	-	6,200	6,200
Total revenues and other financing sources	24,504,007	<u>\$ 24,531,215</u>	<u>\$ 27,208</u>
Use of fund balance	<u>1,734,436</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 26,238,443</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	\$ 127,105	\$ 6,541,057	\$ 6,409,586	\$ 10,935	\$ 247,641
Special programs	76,477	3,985,115	3,149,625	42,515	869,452
Vocational programs	11,604	53,000	78,020	-	(13,416)
Other	7,309	884,539	851,151	-	40,697
Total instruction	<u>222,495</u>	<u>11,463,711</u>	<u>10,488,382</u>	<u>53,450</u>	<u>1,144,374</u>
Support services:					
Student	217,529	1,744,819	1,677,331	140,195	144,822
Instructional staff	-	633,246	771,895	-	(138,649)
General administration	29,693	88,800	82,294	-	36,199
Executive administration	300	1,070,947	1,070,947	1,153	(853)
School administration	-	1,112,097	1,053,584	522	57,991
Operation and maintenance of plant	228,423	1,711,454	1,919,668	40,449	(20,240)
Student transportation	-	1,227,320	1,315,528	-	(88,208)
Other	1,600	5,929,401	5,686,055	127,209	117,737
Total support services	<u>477,545</u>	<u>13,518,084</u>	<u>13,577,302</u>	<u>309,528</u>	<u>108,799</u>
Debt service:					
Principal	-	940,097	940,097	-	-
Interest	-	91,550	91,550	-	-
Total debt service	<u>-</u>	<u>1,031,647</u>	<u>1,031,647</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction	<u>-</u>	<u>1</u>	<u>56,771</u>	<u>-</u>	<u>(56,770)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 700,040</u>	<u>\$ 26,238,443</u>	<u>\$ 25,379,102</u>	<u>\$ 362,978</u>	<u>\$ 1,196,403</u>

EXHIBIT 18
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2023

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Unassigned fund balance, beginning	\$ 1,698,255
Changes:	
Fund balance used to reduce school district assessment	(1,509,436)
Fund balance appropriated	(225,000)
Budget summary:	
Revenue surplus (Exhibit 16)	\$ 27,208
Unexpended balance of appropriations (Exhibit 17)	<u>1,196,403</u>
Budget surplus	1,223,611
Increase in nonspendable fund balance	(158,131)
Increase in committed fund balance	<u>(225,000)</u>
Unassigned fund balance, ending	<u><u>\$ 804,299</u></u>

EXHIBIT 19
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Middle School Student Activities Fund
Summary of Activity
For the Fiscal Year Ended June 30, 2023

	Balance, beginning	Additions	Deductions	Balance, ending
Band Club	\$ 616	\$ 208	\$ 431	\$ 393
Field Trips	4,042	39,472	40,168	3,346
Mountain Bike Club	208	-	145	63
Music Club	500	-	471	29
Ski Program	3,214	11,605	11,065	3,754
Student Council	339	2,089	1,954	474
Tri-County League - Athletics	-	217	217	-
U-Knighted For All	1,710	-	-	1,710
Wood Working	153	-	-	153
Yearbook	473	158	-	631
Interest	2	70	72	-
Service Charges	(15)	60	45	-
Total	<u>\$ 11,242</u>	<u>\$ 53,879</u>	<u>\$ 54,568</u>	<u>\$ 10,553</u>

EXHIBIT 20
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
High School Student Activities Fund
Summary of Activity
For the Fiscal Year Ended June 30, 2023

	Balance, beginning	Additions	Deductions	Balance, ending
Chess Club	175	\$ -	\$ -	175
Class of 2022	5,101	-	5,101	-
Class of 2023	1,906	42,459	42,764	1,601
Class of 2024	492	4,945	1,733	3,704
Class of 2025	1,576	601	-	2,177
Class of 2026	-	400	46	354
Climbing Club	234	-	-	234
CWA Coommunity Wellness	-	300	-	300
Field Trips	-	4,330	4,172	158
French Club	279	-	-	279
Gay Straight Alliance	179	-	-	179
Girl Up	-	890	62	828
Green Group	594	169	124	639
HB The Change	494	260	754	-
Her Story	-	411	-	411
Homefront Group	381	-	-	381
Interest Income	7	197	204	-
Journalism Honor Society	3	-	-	3
Latin Club	5	-	-	5
National Honor Society	2,893	4,004	6,897	-
National Honor Society - Art	47	-	-	47
PF All State	-	5,326	5,326	-
PF Trips	136	-	-	136
PF Tri-M	-	749	283	466
Photography	2,022	-	-	2,022
Red Cross Club	168	241	147	262
Scholarships	-	1,000	1,000	-
Science Olympiad	-	98	-	98
Ski and Snowboard Club	1,579	-	-	1,579
Spanish Club	2,746	868	746	2,868
Student Council	1,543	-	336	1,207
10 Percent Fund	999	938	1,677	260
Thespian Society	918	1,857	1,576	1,199
Yearbook	2,879	2,594	2,889	2,584
	<u>\$ 27,356</u>	<u>\$ 72,637</u>	<u>\$ 75,837</u>	<u>\$ 24,156</u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of 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, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

We did identify the following instances of noncompliance with laws or regulations:

Food Service Fund Resource Management

Sections 210.14(b) and 210.19(a) of the Cost Principles of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) require 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. We noted that the Food Service Fund's net cash resources exceeded the maximum allowable amount by \$519,192. We recommend that the School District develop and complete a spend-down plan to reduce the Food Service Fund's net cash resources below the maximum allowable amount.

Voted Transfers to Capital Reserve Funds from Unassigned Fund Balance

Warrant Articles #5 and #6 approved by School District Meeting on March 15, 2022 appropriated amounts to specific capital reserve funds from unassigned fund balance available as of June 30, 2022. New Hampshire RSA 35:11 requires that any amounts voted from surplus be transferred within ten days of the determination of surplus following the close of the fiscal year. We noted that the transfers were not made until May 31, 2023. This was the result of the School District not being aware of the separate requirements related to votes from surplus.

This communication is intended solely for the information and use of management, the School Board, and others within the Hollis-Brookline Cooperative School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 22, 2024

Roberts & Greene, PLLC

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