

HOLLIS SCHOOL DISTRICT

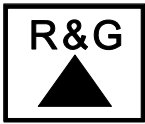
FINANCIAL REPORT

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

**HOLLIS SCHOOL DISTRICT
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Hollis 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 School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 School District, as of June 30, 2022, and the respective changes in financial position thereof, and budgetary comparisons of the General Fund and Grants Fund, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

We are required to communicate with 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 4 – 13 and 41 - 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hollis School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reported dated April 11, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

April 11, 2023

Roberts & Heine, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

This section of the Hollis School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2022. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MDA is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

The District administration is responsible for establishing an accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurance that these objectives are attained.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the district as a whole. The statement of net position includes all of the district's assets and liabilities, except for capital assets. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position. The district-wide statements present an aggregate view of the finances of the school district by answering the question, "How did the school district do financially during the 2021-22 school year?" These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district's current-year revenues and expenses regardless of when they were paid or received.

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

In the district-wide financial statements the district's activities are listed as governmental activities, which includes 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 SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2022**

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

**Hollis School District
Statement of Net Position**

Change in net position for fiscal year 2022 compared to fiscal year 2021:

	2021	2022	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	5,233,530	3,641,554	(1,591,976)	-30.42%
Capital Assets	4,673,215	6,211,444	1,538,229	32.92%
Total Assets	9,906,745	9,852,998	(53,747)	-0.54%
Deferred Outflow of Resources	4,455,477	2,984,917	(1,470,560)	-33.01%
Liabilities				
Long-term Liabilities Outstanding	19,850,723	14,649,032	(5,201,691)	-26.20%
Other Liabilities	907,157	723,702	(183,455)	-20.22%
Total Liabilities	20,757,880	15,372,734	(5,385,146)	-25.94%
Deferred Inflows of Resources	236,813	3,013,014	2,776,201	1172.32%
Net Position				
Net Investment in Capital Assets	2,078,560	2,363,271	284,711	13.70%
Restricted	2,013,784	174,801	(1,838,983)	-91.32%
Unrestricted	(10,724,815)	(8,085,905)	2,638,910	-24.61%
Total Net Position	(6,632,471)	(5,547,833)	1,084,638	-16.35%

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

**Hollis School District
Statement of Activities**

Change in fund revenue and expense for fiscal year 2022 compared to fiscal year 2021:

Revenues:	2021	2022	\$ Change	% Change
Program Revenues:				
Charges for Services	52,619	144,444	91,825	174.51%
Operating Grants and Contributions	805,565	899,584	94,019	11.67%
General Revenues:				
Assessment	10,995,202	10,552,844	(442,358)	-4.02%
Grants and Contributions	2,578,635	2,595,751	17,116	0.66%
Miscellaneous	64,257	101,828	37,571	58.47%
Total Revenues	14,496,278	14,294,451	(201,827)	-1.39%
Program Expenses:				
Instruction	5,232,060	5,768,821	536,761	10.26%
Student Support	839,225	751,568	(87,657)	-10.44%
Instructional Staff	405,820	411,678	5,858	1.44%
General Administration	600,792	662,660	61,868	10.30%
School Administration	627,377	641,626	14,249	2.27%
Operation and Maintenance of Plant	1,727,431	1,228,827	(498,604)	-28.86%
Student Transportation	438,047	401,162	(36,885)	-8.42%
Other	4,240,493	2,927,156	(1,313,337)	100.00%
Non-instructional Services	234,021	320,617	86,596	37.00%
Interest on Long-Term Debt	110,716	95,698	(15,018)	-13.56%
Total Expenses	14,455,982	13,209,813	(1,246,169)	-8.62%
Change in Net Position	40,296	1,084,638		
Net Position - Beginning	(6,672,767)	(6,632,471)	40,296	-0.60%
Restatement				
Net Position - Ending	(6,632,471)	(5,547,833)	1,084,638	-16.35%

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

Revenues:

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

Increases in revenue from FY 2021 to FY 2022

- Special Education aid (+ \$54K)
 - 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 (+ \$267K)
 - School cafeteria sales, as well as State of NH DOE reimbursements.
- Grants (including Title II, ESSER II and ESSER III, and IDEA) (+ \$ 49K)
 - 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 (+ \$ 1K)
 - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.
- Tuition (+ \$ 7K)
 - Non-resident students paying for tuition, as well as Preschool payments.
- Adequacy Aid grant (+ \$ 17K)
 - Adequacy Aid is a state aid program, and is based on the average daily membership (ADM) of resident students.
- 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.

Decreases in revenue from FY 2021 to FY 2022

- Local Property Tax Assessments (- \$442K)
 - The assessment revenue is based on what the district approves at its annual meeting.

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

Expenditures:

As a total, expenditures were \$1,246,169 lower in FY 2022 than in FY 2021. Besides a large reduction in costs related to NHRS pension balances, expense categories with other large variances are listed below.

SAVINGS

- Fewer Professional Development reimbursements
- Unfilled positions primarily in Spec. Ed and Maintenance
- Lower liability insurance
- Snow removal costs less than expected
- Fewer positions filled results in fewer employer benefits

INCREASED EXPENSES

- Salary increases and corresponding benefits
- Special Education legal services
- Contracted speech and language, and occupational therapy services
- Gasoline/diesel for buses and vans
- Heating oil and electricity, rising costs
- Additional and replacement computer equipment—planned per technology plan
- School resource officer
- Building repairs
- Employer retirement contributions due to NHRS rate increases

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

General Fund Budgetary Highlights

Revenue Budget

General Fund

Revenue	Budget	Actual	Variance
School District Assessment	10,552,844	10,552,844	-
Other Local	58,000	215,118	157,118
State	2,640,751	2,650,125	9,374
Federal	32,000	38,386	6,386
Total Revenues	13,283,595	13,456,473	172,878
Use of Fund Balance to reduce school district assessment & other funding	876,929		
Total Revenues and Use of Fund Balance	14,160,524		

Revenue recognized by the Hollis School District's general fund amounted to \$172,878 more than was budgeted, as detailed in the chart above. The Primary increase in general fund revenue came from the following sources:

- Special education aid, where the district received over \$54K more than budget.
- Medicaid, where the district received \$1K more than budget.
- Grants, where the district received \$48K more than budget.

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

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

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

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

Expense Budget

General Fund

<u>Expenditures</u>	Budget	Actual	Variance
Instruction	5,879,240	5,506,620	372,620
Student & Instructional Support	1,286,119	1,137,881	148,238
General, Executive & School Admin	1,437,137	1,316,586	120,551
Operation & Maintenance of Plant	1,127,201	936,216	190,985
Student Transportation	487,590	380,166	107,424
Other Support Services	3,257,036	3,150,238	106,798
Site Improvements			-
Debt Service	686,201	686,201	-
Total Appropriation & Expenditures	14,160,524	13,113,908	1,046,616

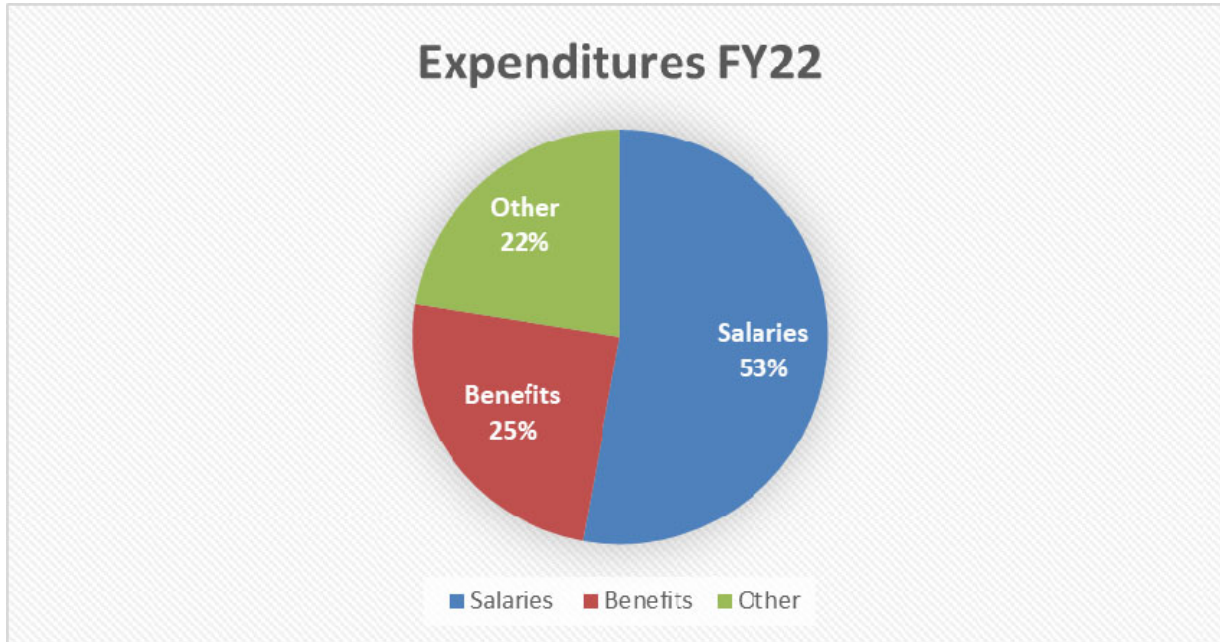
Expenditures recognized by the Hollis School District's general fund amounted to \$1,046,616 less than was budgeted, as detailed in the chart above. Areas which contributed to these savings are as follows:

- Savings in staff positions
- Savings in professional development
- Savings in regular ed and special ed transportation
- Savings in facilities accounts – primarily snowplowing
- The contingency fund of \$95,000.00 was untouched

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

Break-down of Costs

The district's expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials. The disbursement of cost has remained fairly consistent from the prior fiscal year (FY21) expenditures (53% salary, 25% other, 22% benefits).



Capital Assets

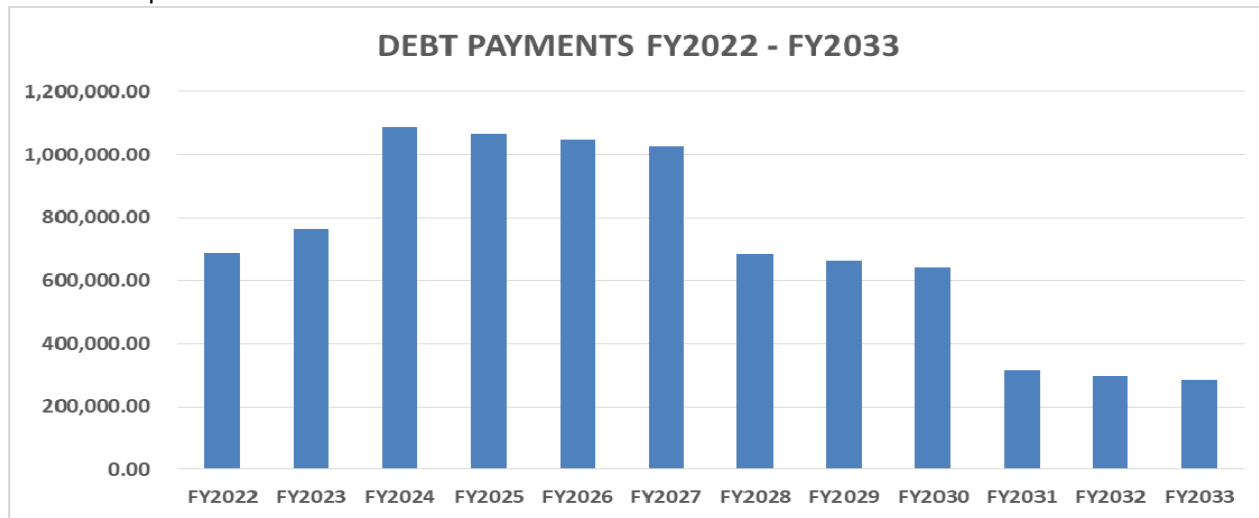
The Hollis School District's investment in capital assets for its governmental activities as of June 30, 2022, totals \$6,211,444, net of accumulated depreciation. These assets include land improvements, buildings, machinery, and equipment.

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

Debt Administration

The Hollis School District currently has three leases/bonds. The HSTEP lease, for \$2.8 million is used to make both HPS and HUES more energy efficient. This lease was issued in 2018, and will expire in June of 2027. The H-SMART lease, Hollis Schools Modernization and Revitalization Tasks, for \$3,108,900 was originated in June of 2020 and will expire in October of 2029. The H-CAP Bond, Hollis Capital Advancement Projects, is a new bond voted on in 2022. This Bond was issued in July of 2022 in the amount of \$2,769,500 and will expire in August of 2033.

The debt expenditures for all three are as follows:



Other Discussion

The district's financial status is sound. Being that the majority of cost is associated to salary and benefits the budget is rather predictable from year to year. The district adopted in the FY15 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures of \$95,000 approved by the voters each year. This tool has greatly improved the financial position of the district to deal with unexpected costs that may arise during the course of operations. The district also takes advantage of the ability to retain up to 2.5% of available fund balance per RSA 198:5, also for emergency purposes. If the situation were to arise prior to the adoption of these mechanisms, the district would have 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 SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,760,717
Intergovernmental receivables	856,561
Other receivables	12,201
Inventory	8,170
Prepaid items	3,905
Capital assets, not being depreciated:	
Construction in progress	2,944,851
Capital assets, net of accumulated depreciation:	
Land improvements	136,519
Buildings and building improvements	2,966,301
Machinery, equipment and vehicles	163,773
Total assets	<u>9,852,998</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	2,863,291
Deferred amounts related to OPEB	121,626
Total deferred outflows of resources	<u>2,984,917</u>
LIABILITIES	
Accounts payable	23,439
Accrued salaries and benefits	425,043
Intergovernmental payable	241,261
Accrued interest payable	33,959
Noncurrent obligations:	
Due within one year:	
Capital leases payable	593,869
Termination benefits payable	131,857
Due in more than one year:	
Capital leases payable	3,390,637
Compensated absences payable	10,745
Termination benefits payable	244,524
Net pension liability	9,017,696
Other postemployment benefits liability	1,259,704
Total liabilities	<u>15,372,734</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	18,746
Deferred amounts related to pensions	2,797,278
Deferred amounts related to OPEB	196,990
Total deferred inflows of resources	<u>3,013,014</u>
NET POSITION	
Net investment in capital assets	2,363,271
Restricted for endowments:	
Nonexpendable	7,207
Expendable	2,857
Restricted for other purposes	164,737
Unrestricted	(8,085,905)
Total net position	<u><u>\$ (5,547,833)</u></u>

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

EXHIBIT 2
HOLLIS SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes In
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 5,768,821	\$ 108,929	\$ 333,983	\$ (5,325,909)
Support services:				
Student	751,568	-	-	(751,568)
Instructional staff	411,678	-	-	(411,678)
General administration	662,660	-	-	(662,660)
School administration	641,626	23,970	-	(617,656)
Operation and maintenance of plant	1,228,827	-	57,869	(1,170,958)
Student transportation	401,162	-	-	(401,162)
Other	2,927,156	-	-	(2,927,156)
Non-instructional services	320,617	11,545	507,732	198,660
Interest on long-term debt	95,698	-	-	(95,698)
Total primary government	<u>\$13,209,813</u>	<u>\$ 144,444</u>	<u>\$ 899,584</u>	<u>(12,165,785)</u>
General revenues:				
School district assessment				10,552,844
Grants and contributions not restricted to specific programs				2,595,751
Miscellaneous				101,828
Total general revenues				<u>13,250,423</u>
Change in net position				<u>1,084,638</u>
Net position, beginning				<u>(6,632,471)</u>
Net position, ending				<u>\$ (5,547,833)</u>

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

EXHIBIT 3
HOLLIS SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$2,479,819	\$ -	\$ 280,898	\$ 2,760,717
Receivables, net of allowance for uncollectibles:				
Accounts	12,201	-	-	12,201
Intergovernmental	593,008	105,292	158,261	856,561
Interfund receivable	100,077	-	-	100,077
Inventory	-	-	8,170	8,170
Prepaid items	3,905	-	-	3,905
Total assets	<u>\$3,189,010</u>	<u>\$105,292</u>	<u>\$ 447,329</u>	<u>\$ 3,741,631</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 23,014	\$ 425	\$ -	\$ 23,439
Accrued salaries and benefits	422,032	1,000	2,011	425,043
Intergovernmental payable	212,225	3,790	25,246	241,261
Interfund payable	-	100,077	-	100,077
Total liabilities	<u>657,271</u>	<u>105,292</u>	<u>27,257</u>	<u>789,820</u>
Deferred inflows of resources:				
Deferred revenue	<u>-</u>	<u>-</u>	<u>18,746</u>	<u>18,746</u>
Fund balances:				
Nonspendable	3,905	-	15,377	19,282
Restricted	164,737	-	2,857	167,594
Committed	593,510	-	383,092	976,602
Assigned	465,988	-	-	465,988
Unassigned	1,303,599	-	-	1,303,599
Total fund balances	<u>2,531,739</u>	<u>-</u>	<u>401,326</u>	<u>2,933,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$3,189,010</u>	<u>\$105,292</u>	<u>\$ 447,329</u>	<u>\$ 3,741,631</u>

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

EXHIBIT 4
HOLLIS SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
June 30, 2022

Total fund balances of governmental funds (Exhibit 3)			\$ 2,933,065
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	\$12,806,079		
Less accumulated depreciation	(6,594,635)		
		6,211,444	
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.			
Receivables	\$ (100,077)		
Payables	100,077		
		-	
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable		(33,959)	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.			
Capital leases outstanding	\$ 3,984,506		
Compensated absences payable	10,745		
Termination benefits payable	376,381		
Net pension liability	9,017,696		
Other postemployment benefits liability	1,259,704		
		(14,649,032)	
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	\$ 2,863,291		
Deferred outflows of resources related to OPEB	121,626		
Deferred inflows of resources related to pensions	(2,797,278)		
Deferred inflows of resources related to OPEB	(196,990)		
		(9,351)	
Net position of governmental activities (Exhibit 1)			<u><u>\$(5,547,833)</u></u>

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

EXHIBIT 5
HOLLIS SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$10,552,844	\$ -	\$ -	\$10,552,844
Other local	216,141	28,937	31,220	276,298
State	2,650,125	-	11,907	2,662,032
Federal	38,386	269,066	495,825	803,277
Total revenues	<u>13,457,496</u>	<u>298,003</u>	<u>538,952</u>	<u>14,294,451</u>
EXPENDITURES				
Current:				
Instruction	5,519,267	230,733	16,232	5,766,232
Support services:				
Student	751,568	-	-	751,568
Instructional staff	395,107	13,293	-	408,400
General administration	658,794	3,834	30	662,658
School administration	641,141	-	-	641,141
Operation and maintenance of plant	2,848,502	28,846	-	2,877,348
Student transportation	380,166	20,996	-	401,162
Other	3,189,583	301	-	3,189,884
Non-instructional services	-	-	320,774	320,774
Debt service:				
Principal	586,244	-	-	586,244
Interest	99,957	-	-	99,957
Total expenditures	<u>15,070,329</u>	<u>298,003</u>	<u>337,036</u>	<u>15,705,368</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,612,833)</u>	<u>-</u>	<u>201,916</u>	<u>(1,410,917)</u>
Other financing sources (uses):				
Transfers in	175	-	-	175
Transfers out	-	-	(175)	(175)
Total other financing sources and uses	<u>175</u>	<u>-</u>	<u>(175)</u>	<u>-</u>
Net change in fund balances	(1,612,658)	-	201,741	(1,410,917)
Fund balances, beginning	4,144,397	-	199,585	4,343,982
Fund balances, ending	<u>\$ 2,531,739</u>	<u>\$ -</u>	<u>\$ 401,326</u>	<u>\$ 2,933,065</u>

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

EXHIBIT 6
HOLLIS SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net change in fund balances of total governmental funds (Exhibit 5)			\$(1,410,917)
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	\$1,850,920		
Depreciation expense	<u>(312,691)</u>		
		1,538,229	
Transfers in and out between governmental funds are eliminated on the operating statement.			
Transfers in	\$ (175)		
Transfers out	<u>175</u>		
		-	
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.			
Principal repayment of capital leases			586,244
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest expense	\$ 4,259		
Decrease in compensated absences payable	854		
Decrease in termination benefits payable	103,241		
Decrease in other postemployment benefits liability	238,104		
Change in OPEB related balances	<u>(164,566)</u>		
		181,892	
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.			
School District pension contributions	\$1,198,029		
Cost of benefits, net of employee contributions	<u>(1,008,839)</u>		
		189,190	
Change in net position of governmental activities (Exhibit 2)			<u><u>\$ 1,084,638</u></u>

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

EXHIBIT 7
HOLLIS SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 10,552,844	\$10,552,844	\$ -
Other local	58,000	215,118	157,118
State	2,640,751	2,650,125	9,374
Federal	32,000	38,386	6,386
Total revenues	<u>13,283,595</u>	<u>13,456,473</u>	<u>172,878</u>
EXPENDITURES			
Current:			
Instruction	5,879,240	5,506,620	372,620
Support services:			
Student	860,624	751,568	109,056
Instructional staff	425,495	386,313	39,182
General administration	745,072	668,096	76,976
School administration	692,065	648,490	43,575
Operation and maintenance of plant	1,086,507	896,571	189,936
Student transportation	487,590	380,166	107,424
Other	3,297,730	3,189,883	107,847
Debt service:			
Principal	586,244	586,244	-
Interest	99,957	99,957	-
Total expenditures	<u>14,160,524</u>	<u>13,113,908</u>	<u>1,046,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876,929)</u>	<u>342,565</u>	<u>1,219,494</u>
Other financing sources (uses):			
Transfers in	-	175	175
Transfers out	(168,970)	(168,970)	-
Total other financing sources and uses	<u>(168,970)</u>	<u>(168,795)</u>	<u>175</u>
Net change in fund balance	<u>\$ (1,045,899)</u>	173,770	<u>\$ 1,219,669</u>
Increase in nonspendable fund balance		(780)	
Unassigned fund balance, beginning		1,160,609	
Unassigned fund balance, ending		<u>\$ 1,303,599</u>	

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

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local	\$ -	\$ 28,937	\$ 28,937
Federal	170,000	269,066	99,066
Total revenues	170,000	298,003	128,003
EXPENDITURES			
Current:			
Instruction	170,000	230,733	(60,733)
Support services:			
Instructional staff	-	13,293	(13,293)
General administration	-	3,834	(3,834)
Operation and maintenance of plant	-	28,846	(28,846)
Student transportation	-	20,996	(20,996)
Other	-	301	(301)
Total expenditures	170,000	298,003	(128,003)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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

NOTES TO THE FINANCIAL STATEMENTS

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

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Hollis School District (the School District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2022.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Hollis School District is a municipal corporation governed by a school board consisting of five 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; and (2) operating grants and contributions, which finance annual operating activities including restricted investment income. These revenues are subject to externally imposed restrictions to these program uses. The school district assessment from the town, unrestricted state aid, and revenue from other sources not properly included with program revenues are reported as general revenues.

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

Fund Financial Statements

Fund financial statements are provided for governmental funds. Major individual, governmental funds are reported in separate columns with composite columns for 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 town, tuition, investment income and federal and state grants. In general, other revenues are recognized when cash is received.

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

Governmental Funds

The School District reports the following major governmental funds:

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

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

The school district also reports four nonmajor funds: food service, student activities, other special revenue, and permanent funds.

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

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

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

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

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:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	50-115
Machinery, equipment and vehicles	15-20

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

Although certain revenues and expenses or expenditures are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of equity 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 to be used in the subsequent year, meals prepaid by students, and reimbursements received for repair work not yet completed. In addition to this amount, deferred outflows and inflows of resources in the Statement of Net Position consist of resources related to pensions and other postemployment benefits that will be recognized in subsequent periods.

I.C.5. Long-Term Debt

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

I.C.6. Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. Sick leave 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.

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

Compensated absences are reported as accrued in the government-wide financial statements. 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 who are over the age of 55 but not yet at retirement age, and who have taught in the School District for a minimum of fifteen years are eligible for early retirement, which is considered voluntary termination. Teachers who elect to retire early receive an early retirement benefit, consisting of a payment of 25% of the teacher's last annual salary. 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 held by the Town of Hollis Trustees of Trust Funds for School District purposes.
- Restricted for other purposes, which consists of the balance of funds held in escrow for the HSMART energy efficiency capital improvements.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid items; the balance of inventory, which can not be spent because of its form; and the principal amount of endowment held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment for school purposes, which can only be spent for instruction in accordance with the legal restrictions established by the donors, and the balance of funds held in escrow for the HSMART energy efficiency capital project, which can only be spent for this project.

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

- Committed, which represents the balance of the Expendable Trust Funds established by School District Meeting to be used for building maintenance; amounts voted by the 2022 School District Meeting to be transferred to the Expendable Trust Fund; and the balances of Special Revenue Funds.
- Assigned, which represents encumbrances for 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.

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 governmental funds except the Permanent Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2022, \$876,929 of the fund balance from fiscal year 2021 was so used, and \$168,970 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 balances 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, debt service and facilities acquisition and construction. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Education.

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

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$13,456,648
Adjustments:	
Perspective difference:	
Interest earned on capital lease escrow funds	215
Expendable trust fund income	808
Per Exhibit 5 (GAAP basis)	<u>\$13,457,671</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$13,282,878
Adjustments:	
Basis difference:	
Encumbrances, beginning	489,599
Encumbrances, ending	(465,988)
Expenditures from capital lease proceeds	1,837,974
Perspective difference:	
Expendable trust fund expenditures	94,836
Transfer to expendable trust fund	(168,970)
Per Exhibit 5 (GAAP basis)	<u>\$15,070,329</u>

For the Grants Fund, there is no difference between the budgetary basis and GAAP.

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. Receivables

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

Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

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

III.A.2. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Construction in progress	\$ 1,123,445	\$1,821,406	\$ 2,944,851
Being depreciated:			
Land improvements	319,769	-	319,769
Buildings and building improvements	9,166,536	29,514	9,196,050
Machinery, equipment and vehicles	345,409	-	345,409
Total capital assets being depreciated	9,831,714	29,514	9,861,228
Total all capital assets	10,955,159	1,850,920	12,806,079
Less accumulated depreciation:			
Land improvements	(163,940)	(19,310)	(183,250)
Buildings and building improvements	(5,953,111)	(276,638)	(6,229,749)
Machinery, equipment and vehicles	(164,893)	(16,743)	(181,636)
Total accumulated depreciation	(6,281,944)	(312,691)	(6,594,635)
Net book value, capital assets being depreciated	3,549,770	(283,177)	3,266,593
Net book value, all capital assets	\$ 4,673,215	\$1,538,229	\$ 6,211,444

Depreciation Expense

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

Instruction	\$108,219
Support services:	
Instructional staff	3,316
Executive administration	2
Operation and maintenance of plant	201,154
Total depreciation expense	<u>\$312,691</u>

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

III.B. Long-Term Liabilities

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2022	Current Portion
Capital leases payable:						
Energy conservation equipment (HSTEP)	\$2,800,000	2017	2027	2.769	\$ 1,497,386	\$282,979
Energy conservation equipment (HSMART)	\$3,108,900	2020	2030	1.82	2,487,120	310,890
					<u>3,984,506</u>	<u>593,869</u>
Compensated absences payable:						
Vested sick leave					6,952	-
Accrued vacation leave					3,793	-
					<u>10,745</u>	<u>-</u>
Termination benefits payable					376,381	131,857
Net pension liability					9,017,696	-
Other postemployment benefits liability					1,259,704	-
					<u>\$14,649,032</u>	<u>\$725,726</u>

Changes in Long-Term Liabilities

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

	Capital Leases Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$4,570,750	\$ 11,599	\$ 479,622	\$13,290,944	\$ 1,497,808	\$19,850,723
Reductions	(586,244)	(854)	(103,241)	(4,273,248)	(238,104)	(5,201,691)
Balance, ending	<u>\$3,984,506</u>	<u>\$ 10,745</u>	<u>\$ 376,381</u>	<u>\$ 9,017,696</u>	<u>\$ 1,259,704</u>	<u>\$14,649,032</u>

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

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the capital leases outstanding as of year-end are as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 593,869	\$ 86,674	\$ 680,543
2024	601,704	73,180	674,884
2025	609,757	59,469	669,226
2026	618,032	45,536	663,568
2027	628,474	29,436	657,910
2028-2030	932,670	33,949	966,619
Totals	<u>\$ 3,984,506</u>	<u>\$ 328,244</u>	<u>\$ 4,312,750</u>

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

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.” The interfund amount of \$100,077 due to the General Fund from the Grants Fund represents an overdraft of pooled cash.

III.C.2. *Transfers*

Transfers within the reporting entity were for the purpose of distributing income earned in the Permanent Fund in the amount of \$175 to the General Fund, and adding \$168,970 to the Expendable Trust Fund from the General Fund. The latter transfer is not reported in the basic financial statements because the Expendable Trust Fund is reported within the General Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities column.

**HOLLIS SCHOOL DISTRICT
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III.D. Components of Fund Equity

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

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Endowment	\$ -	\$ 7,207	\$ 7,207
Inventory	-	8,170	8,170
Prepaid items	3,905	-	3,905
Total nonspendable	<u>3,905</u>	<u>15,377</u>	<u>19,282</u>
Restricted for:			
Instruction	-	2,857	2,857
Capital outlay	164,737	-	164,737
Total restricted	<u>164,737</u>	<u>2,857</u>	<u>167,594</u>
Committed for:			
Instruction	-	5,688	5,688
Non-instructional services	-	377,404	377,404
Capital outlay	593,510	-	593,510
Total committed	<u>593,510</u>	<u>383,092</u>	<u>976,602</u>
Assigned to support services	465,988	-	465,988
Unassigned	1,303,599	-	1,303,599
Total fund balances	<u><u>\$2,531,739</u></u>	<u><u>\$401,326</u></u>	<u><u>\$ 2,933,065</u></u>

IV. Other Information

IV.A. Risk Management

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the N.H. Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

The Primex programs are pooled risk management programs under N.H. RSA 5-B and RSA 281-A. The plan year runs from July 1 through June 30. Primex maintains statutory amounts for workers' compensation and unemployment compensation coverage, and property and liability coverages in various amounts. Workers' compensation contributions paid in fiscal year 2022 to be recorded as an insurance expenditure/expense totaled \$20,376, property/liability contributions totaled \$54,486, and unemployment compensation contributions totaled \$666. There were no unpaid contributions for the year.

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The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 21.02% for teachers and 14.06% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2020, 2021, and 2022 were \$927,865, \$1,028,910, and \$1,198,029 respectively. The amounts were paid on a monthly basis as due.

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

At June 30, 2022, the School District reported a liability of \$9,017,696 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2021, the School District's proportion was 0.2035%, which was a decrease of 0.0043% from its proportion measured as of June 30, 2020.

**HOLLIS SCHOOL DISTRICT
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For the year ended June 30, 2022, the School District recognized pension expense of \$1,008,839. At June 30, 2022, 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	\$ 452,222	\$ 180,826
Net differences between projected and actual earnings on pension plan investments	-	2,522,043
Changes in assumptions	941,847	-
Differences between expected and actual experience	252,509	94,409
School District contributions subsequent to the measurement date	1,216,713	-
	<u>\$ 2,863,291</u>	<u>\$2,797,278</u>

The School District reported \$1,216,713 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, 2023.

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 Ending June 30,	
2023	\$ (27,633)
2024	(77,081)
2025	(185,469)
2026	(860,517)
	<u><u>\$(1,150,700)</u></u>

**HOLLIS SCHOOL DISTRICT
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Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee Generational Mortality Tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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	\$12,896,337	\$ 9,017,696	\$ 5,782,276

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

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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IV.C. 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.

IV.D. 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 on 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 RSA 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.”

The Hollis School District offers postemployment medical benefits to District retirees and their covered dependents. The 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

**HOLLIS SCHOOL DISTRICT
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Medical coverage continues to the spouse after the death of the retiree, provided the spouse makes the required contributions. Dental and life insurance benefits are not offered to retirees. The current medical premium rates are as follow:

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>2-Person</u>	<u>Family</u>
AB10IPED(07L)-RX10/20/45/3K(L)	\$1,082.94	\$1,975.01	\$2,666.26
ABS0S20/40/1KDED(07L)-RX10/20/45/5K(L)	\$ 768.11	\$1,536.23	\$2,073.91

Currently, there are 117 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2022, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is 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.

Total OPEB Liability

The School District's total OPEB liability of \$1,259,704 consists of \$423,659 for the implicit rate subsidy, determined by an actuarial valuation as of July 1, 2021, and \$836,045 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2022, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

**HOLLIS SCHOOL DISTRICT
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Actuarial Assumptions

The OPEB liability for the implicit rate subsidy was determined using the following actuarial assumptions and inputs:

Discount Rate:	3.54%, net of investment expenses, including inflation
Actuarial Cost Method:	Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding
Healthcare Cost Trend Rates:	
Year 1	7.50%
Year 2	6.90%
Year 3	6.30%
Year 4	5.70%
Ultimate	3.90%
Mortality Rates:	
Pre-Retirement:	PubG-2010 headcount-weighted Employee Generational Mortality Tables, projected with fully generational mortality improvement using scale MP-2019
Post-Retirement:	101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree Generational Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019
Inflation:	2.40%

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

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.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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Healthcare Cost Trend Rates

Healthcare cost trend rate assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after Year 5 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075. The principal components of healthcare cost trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability calculated using the current discount rates, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or higher:

Implicit Rate Subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(2.54%)	(3.54%)	(4.54%)
School District's total OPEB liability	\$ 450,278	\$423,659	\$398,325
Medical Insurance Subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(5.75%)	(6.75%)	(7.75%)
School District's total OPEB liability	\$ 908,847	\$836,045	\$772,703

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 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%):

		Current	
	1%	Healthcare	1%
	Decrease	Cost	Increase
	(6.50%)	Trend	(8.50%)
		Rate	
		(7.50%)	
School District's total OPEB liability	\$381,441	\$423,659	\$472,932

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the School District recognized a credit against OPEB expense of \$164,566. At year-end, the Town 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
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 135
Net differences between projected and actual earnings on OPEB plan investments	-	10,444
Changes in assumptions	30,499	36,502
Differences between expected and actual experience	-	149,909
School District contributions subsequent to the measurement date	91,127	-
	<u>\$121,626</u>	<u>\$196,990</u>

The School District reported \$91,127 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 OPEB liability in fiscal year 2023. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ending June 30,	
2023	\$ (39,265)
2024	(38,872)
2025	(36,887)
2026	(31,501)
2027	(19,966)
	<u>\$ (166,491)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 9
HOLLIS 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 Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.2035%	\$9,017,696	\$6,320,689	142.67%	72.22%
2021	0.2078%	\$13,290,944	\$6,032,466	220.32%	58.72%
2020	0.1990%	\$9,577,267	\$5,926,735	161.59%	65.59%
2019	0.1920%	\$9,243,721	\$5,675,459	162.87%	64.77%
2018	0.1806%	\$8,883,787	\$5,304,525	164.48%	62.66%
2017	0.1755%	\$9,331,863	\$5,264,473	177.26%	58.30%
2016	0.1671%	\$6,619,026	\$5,007,750	132.18%	65.47%
2015	0.1681%	\$6,309,847	\$4,746,986	132.92%	66.32%
2014	0.1616%	\$6,953,868	\$4,617,915	150.58%	59.82%

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

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

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2022	\$1,198,028	(\$1,198,028)	\$ -	\$6,320,689	18.95%
2021	\$1,028,910	(\$1,028,910)	\$ -	\$6,032,466	17.06%
2020	\$927,865	(\$927,865)	\$ -	\$5,926,735	15.66%
2019	\$955,639	(\$955,639)	\$ -	\$5,675,459	16.84%
2018	\$904,724	(\$904,724)	\$ -	\$5,304,525	17.06%
2017	\$805,251	(\$805,251)	\$ -	\$5,264,473	15.30%
2016	\$763,928	(\$763,928)	\$ -	\$5,007,750	15.25%
2015	\$661,569	(\$661,569)	\$ -	\$4,746,986	13.94%
2014	\$638,417	(\$638,417)	\$ -	\$4,617,915	13.82%

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

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

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:						
Service cost	\$ 34,210	\$ 34,780	\$ 33,902	\$ 28,121	\$ 29,803	\$ 73,913
Interest	76,495	82,002	85,358	20,228	16,792	10,696
Net investment income	22,346	845	(3,788)	-	-	-
Administrative expense	(358)	(359)	(290)	-	-	-
Changes of assumptions						
and differences between expected and actual experience	(194,028)	(14,928)	(63,924)	12,087	(9,306)	(15,466)
Benefit payments	(111,317)	(119,286)	(100,999)	(24,028)	(16,341)	(23,559)
Change in proportion of medical subsidy	(65,452)	141,071	34,366	(260,840)	1,106,964	-
Net change in total OPEB liability	(238,104)	124,125	(15,375)	(224,432)	1,127,912	45,584
Total OPEB liability, beginning	1,497,808	1,373,683	1,389,058	1,613,490	485,578	439,994
Total OPEB liability, ending	<u>\$ 1,259,704</u>	<u>\$1,497,808</u>	<u>\$1,373,683</u>	<u>\$1,389,058</u>	<u>\$1,613,490</u>	<u>\$ 485,578</u>
Covered payroll	\$6,320,689	\$6,712,369	\$6,712,369	\$5,675,459	\$5,995,655	\$5,860,009
Total OPEB liability as a percentage of covered payroll	19.93%	22.31%	20.46%	24.47%	26.91%	8.29%
School District's proportion of OPEB liability for the medical subsidy	0.2088%	0.2125%	0.1912%	0.1848%	0.2421%	n/a

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

EXHIBIT 12
HOLLIS SCHOOL DISTRICT
Schedule of the School District's OPEB Contributions

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 106,530	\$ 119,084	\$ 108,594	\$ 48,714	\$ 60,393	\$ 73,913
Contributions in relation to the actuarially determined contribution	(90,203)	(99,265)	(98,997)	(24,028)	(25,110)	(23,559)
Contribution deficiency	<u>\$ 16,327</u>	<u>\$ 19,819</u>	<u>\$ 9,597</u>	<u>\$ 24,686</u>	<u>\$ 35,283</u>	<u>\$ 50,354</u>
Covered-employee payroll	\$6,320,689	\$6,712,369	\$6,712,369	\$5,675,459	\$5,995,655	\$5,860,009
Contributions as a percentage of covered-employee payroll	1.69%	1.77%	1.62%	0.86%	1.01%	1.26%

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

**HOLLIS SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
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The Pension and OPEB schedules are meant to present information for ten years. Because this is the eighth year that the School District has presented the pension information, and the fifth year for the OPEB information under the current measurement standard, only nine years and six years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 13
HOLLIS SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022

	Special Revenue Funds			Permanent	
	Food Service	Student Activities	Other	Fund	Total
ASSETS					
Cash and cash equivalents	\$160,347	\$ 5,688	\$114,863	\$ -	\$280,898
Intergovernmental receivables	148,197	-	-	10,064	158,261
Inventory	8,170	-	-	-	8,170
Total assets	<u>\$316,714</u>	<u>\$ 5,688</u>	<u>\$114,863</u>	<u>\$ 10,064</u>	<u>\$447,329</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accrued salaries and benefits	\$ 2,011	\$ -	\$ -	\$ -	\$ 2,011
Intergovernmental payable	25,246	-	-	-	25,246
Total liabilities	<u>27,257</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,257</u>
Deferred inflows of resources:					
Deferred revenue	<u>18,746</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,746</u>
Fund balances:					
Nonspendable	8,170	-	-	7,207	15,377
Restricted	-	-	-	2,857	2,857
Committed	262,541	5,688	114,863	-	383,092
Total fund balances	<u>270,711</u>	<u>5,688</u>	<u>114,863</u>	<u>10,064</u>	<u>401,326</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$316,714</u>	<u>\$ 5,688</u>	<u>\$114,863</u>	<u>\$ 10,064</u>	<u>\$447,329</u>

EXHIBIT 14
HOLLIS SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds			Permanent	
	Food Service	Student Activities	Other	Fund	Total
REVENUES					
Local	\$ 11,545	\$10,022	\$ 10,672	\$ (1,019)	\$ 31,220
State	11,907	-	-	-	11,907
Federal	495,825	-	-	-	495,825
Total revenues	<u>519,277</u>	<u>10,022</u>	<u>10,672</u>	<u>(1,019)</u>	<u>538,952</u>
EXPENDITURES					
Current:					
Instruction	-	8,802	7,430	-	16,232
Support services:					
General administration	-	-	-	30	30
Non-instructional services	<u>320,774</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,774</u>
Total expenditures	<u>320,774</u>	<u>8,802</u>	<u>7,430</u>	<u>30</u>	<u>337,036</u>
Excess (deficiency) of revenues over (under) expenditures	198,503	1,220	3,242	(1,049)	201,916
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>(175)</u>
Net change in fund balances	198,503	1,220	3,242	(1,224)	201,741
Fund balances, beginning	<u>72,208</u>	<u>4,468</u>	<u>111,621</u>	<u>11,288</u>	<u>199,585</u>
Fund balances, ending	<u>\$270,711</u>	<u>\$ 5,688</u>	<u>\$114,863</u>	<u>\$ 10,064</u>	<u>\$401,326</u>

EXHIBIT 15
HOLLIS SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 10,552,844	\$ 10,552,844	\$ -
Other local sources:			
Tuition	-	76,006	76,006
Investment earnings	5,000	2,035	(2,965)
Rentals	25,000	23,970	(1,030)
Miscellaneous	28,000	113,107	85,107
Total from other local sources	58,000	215,118	157,118
State sources:			
Adequacy aid (grant)	1,216,850	1,216,850	-
Adequacy aid (tax)	1,378,901	1,378,901	-
Catastrophic aid	45,000	54,374	9,374
Total from state sources	2,640,751	2,650,125	9,374
Federal sources:			
Medicaid	32,000	38,386	6,386
Other financing sources:			
Transfers in	-	175	175
Total revenues and other financing sources	13,283,595	\$ 13,456,648	\$ 173,053
Use of fund balance	1,045,899		
Total revenues, other financing sources and use of fund balance	\$ 14,329,494		

EXHIBIT 16
HOLLIS SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 4,281,701	\$ 4,091,344	\$ -	\$ 190,357
Special programs	12,647	1,597,539	1,427,923	-	182,263
Total instruction	12,647	5,879,240	5,519,267	-	372,620
Support services:					
Student	-	860,624	751,568	-	109,056
Instructional staff	10,418	425,495	395,107	1,624	39,182
General administration	2,500	745,072	658,794	11,802	76,976
School administration	-	692,065	641,141	7,349	43,575
Operation and maintenance of plant	464,034	1,086,507	915,692	444,913	189,936
Student transportation	-	487,590	380,166	-	107,424
Other	-	3,297,730	3,189,583	300	107,847
Total support services	476,952	7,595,083	6,932,051	465,988	673,996
Debt service:					
Principal	-	586,244	586,244	-	-
Interest	-	99,957	99,957	-	-
Total debt service	-	686,201	686,201	-	-
Other financing uses:					
Transfers out	-	168,970	168,970	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 489,599	\$ 14,329,494	\$13,306,489	\$ 465,988	\$ 1,046,616

EXHIBIT 17
HOLLIS SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2022

Unassigned fund balance, beginning		\$ 1,160,609
Changes:		
Fund balance used to reduce school district assessment		(876,929)
Fund balance appropriated		(168,970)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 173,053	
Unexpended balance of appropriations (Exhibit 16)	<u>1,046,616</u>	
Budget surplus		1,219,669
Increase in nonspendable fund balance		<u>(780)</u>
Unassigned fund balance, ending		<u><u>\$ 1,303,599</u></u>

SINGLE AUDIT RELATED INFORMATION

EXHIBIT 18
HOLLIS SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE	Assistance Listing Number	Pass Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
CHILD NUTRITION CLUSTER			
Passed Through the State of New Hampshire Department of Education			
School Breakfast Program	10.553	N/A	\$ 139,360
National School Lunch Program	10.555	N/A	356,465
CLUSTER TOTAL			<u>495,825</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the State of New Hampshire Department of Education			
SPECIAL EDUCATION CLUSTER			
Special Education - Grants to States:			
IDEA	84.027	111852	28,937
IDEA	84.027	202602	154,974
IDEA Preschool	84.173	111851	987
IDEA Preschool	84.173	202601	6,285
ARA IDEA	84.173	220871	20,996
CLUSTER TOTAL			<u>212,179</u>
Supporting Effective Instruction State Grants:			
Title II - A	84.367	20190066	2,920
Title II - A	84.367	20200066	6,832
Title II - A	84.367	211159	1,575
PROGRAM TOTAL			<u>11,327</u>
Title IV	84.424	20200313	10,192
Title IV	84.424	211159	3,834
PROGRAM TOTAL			<u>14,026</u>
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	211529	8,890
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425U	220359	51,581
PROGRAM TOTAL			<u>60,471</u>
GRAND TOTAL			<u>\$ 793,828</u>

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

HOLLIS SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Hollis School District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to, and does not, present the financial position or changes in net position of the Hollis School District.

2. Summary of Significant Accounting Policies

Expenditures on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

3. Commodities

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

4. Indirect Cost Rate

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



Roberts & Greene, PLLC

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

To the Members of the School Board
Hollis School District
Hollis, New Hampshire

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Hollis School District's basic financial statements, and have issued our report thereon dated April 11, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Hollis School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hollis School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hollis-Brookline Cooperative School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express

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

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

April 11, 2023

Roberts & Greene, PLLC



Roberts & Greene, PLLC

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

To the Members of the School Board
Hollis School District
Hollis, New Hampshire

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Hollis School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Hollis School District's major federal program for the year ended June 30, 2022. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hollis School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of

assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal program as a whole.

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

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

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

Other Matters

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

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

Report on Internal Control over Compliance

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

significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

April 11, 2023

Roberts & Heene, PLLC

EXHIBIT 19
HOLLIS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Section II – Financial Statement Findings

NONE

EXHIBIT 19 (continued)
HOLLIS SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section III – Federal Award Findings and Questioned Costs

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

- 2022-001** **Criteria:** Section 210.14(b) and 210.19(a) of the Cost Principles of the Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) require that the School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures.
- Condition:** The School District Food Service Fund net cash resources were in excess of the maximum allowable amount by \$174,479.
- Cause:** The School District participated in the Seamless Summer Option program causing a larger than normal increase in the food service fund balance.
- Effect:** The School District is not in compliance with the noted sections of the Uniform Guidance.
- Recommendation:** We recommend that the School District develop and complete a plan to decrease the net cash resources to an amount below the maximum allowed.
- Management's Response:** The School District agrees with the finding.