

# HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

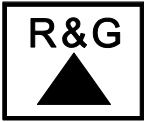
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District as of and for the year ended June 30, 2019, which collectively comprise the School District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District, as of June 30, 2019, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

*Change in Accounting Principle*

As discussed in Note I.B.5. to the financial statements, in the fiscal year ended June 30, 2019, the School District adopted new accounting guidance regarding the accounting and reporting for Fiduciary Activities. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB and pension information on pages 3-12 and 40-43 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hollis-Brookline Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Roberts & Heene, PLLC*

Concord, New Hampshire  
May 6, 2020

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

This section of the Hollis-Brookline School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2019. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MD&A is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**DISTRICT-WIDE STATEMENTS**

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

district do financially during the 2018-19 school year?” These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district’s current-year revenues and expenses regardless of when they were paid or received.

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

**FUND FINANCIAL STATEMENTS**

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

The district has two types of funds:

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

*Notes to the Basic Financial Statements*

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

**Government-Wide Financial Analysis**

**Hollis-Brookline Cooperative School District**

**Statement of Net Position**

Change in net position for fiscal year 2019 compared to fiscal year 2018

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Current and other assets	4,125,444	2,284,731	1,840,713	80.57%
Capital assets	18,028,731	18,458,456	(429,725)	-2.33%
<b>Total Assets</b>	<b>22,154,175</b>	<b>20,743,187</b>	<b>1,410,988</b>	<b>6.80%</b>
Deferred outflows of resources	4,197,457	3,511,758	685,699	19.53%
Long-term liabilities outstanding	23,399,702	21,367,956	2,031,746	9.51%
Other liability	434,797	309,799	124,998	40.35%
<b>Total liabilities</b>	<b>23,834,499</b>	<b>21,677,755</b>	<b>2,156,744</b>	<b>9.95%</b>
Deferred inflows of resources	619,666	410,354	209,312	51.01%
<b>Net Position:</b>				
Net investment in capital assets	14,803,453	14,868,455	(65,002)	-0.44%
Restricted	2,057,150	427,845	1,629,305	380.82%
Unrestricted	(14,963,136)	(13,129,464)	(1,833,672)	13.97%
<b>Total Net Position</b>	<b>1,897,467</b>	<b>2,166,836</b>	<b>(269,369)</b>	<b>-12.43%</b>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

**Hollis-Brookline Cooperative School District**

**Statement of Activities**

Change in fund revenue and expense for fiscal year 2019 compared to fiscal year 2018

<b>Revenues:</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	<b>%Change</b>
Program Revenues				
Charges for Services	927,266	441,171	486,095	110.2%
Operating Grants and Contributions	1,367,046	1,040,819	326,227	31.3%
Capital Grants and Contributions	181,362	173,362	8,000	4.6%
General Revenues:				
Assessment	15,295,661	14,288,861	1,006,800	7.0%
Grants and Contributions	5,157,701	5,309,640	(151,939)	-2.9%
Miscellaneous	196,824	305,414	(108,590)	-35.6%
<b>Total Revenues</b>	<b>23,125,860</b>	<b>21,559,267</b>	<b>1,566,593</b>	<b>7.3%</b>
<b>Program Expenses:</b>				
Instruction	11,553,516	10,965,670	587,846	5.4%
Student Support	1,275,561	1,295,663	(20,102)	-1.6%
Instructional Staff	561,590	558,404	3,186	0.6%
General Administration	77,135	121,021	(43,886)	-36.3%
Executive Administration	806,808	754,648	52,160	6.9%
School Administration	1,016,173	937,244	78,929	8.4%
Operation and Maintenance of Plant	1,247,542	1,255,459	(7,917)	-0.6%
Student Transportation	1,095,096	1,029,367	65,729	6.4%
Other	5,163,890	4,971,721	192,169	3.9%
Non-instructional Services	413,349	397,699	15,650	3.9%
Interest on Long-Term Debt	184,569	169,536	15,033	8.9%
<b>Total Expenses</b>	<b>23,395,229</b>	<b>22,456,432</b>	<b>938,797</b>	<b>4.2%</b>
Change in Net Position	(269,369)	(897,165)	627,796	70.0%
Net Position - Beginning	2,166,836	4,768,978	(2,602,142)	-54.6%
Restatement	-	(1,704,977)	-	
Net Position - Ending	<b>1,897,467</b>	<b>2,166,836</b>	<b>(269,369)</b>	<b>-14.2%</b>



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

**School District Activities**

Specific areas of variance are evidenced above in the change in net position. Some of the larger variances are explained below.

**Revenues:**

In FY19 the district received \$1,566,593 more revenue than in FY18. In addition to the tax assessment revenue increase of \$1,006,800, the district's other major revenue sources show the following increases and decreases from FY18:

- Special Education aid (+\$8.5K)
  - 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
- Building Aid (+\$8K)
  - School Building Aid is a program through which the State of New Hampshire provides financial assistance to local school districts for the construction or substantial renovation of educational facilities for grades K-12.
- Grants (including Title II and IDEA) (+\$18K)
  - Title II is a Dept. of Education grant program that provides supplemental funding to help support effective instruction.
  - IDEA = Individuals with Disabilities Education Act. These are federal funds based on the number of special education students.
- Tuition – Special Ed NEC Program (+\$26K)
  - Received from another district for services in HBMS
- Miscellaneous Revenue (+\$35K)
  - "Premium Holiday" for Workers' Compensation
- Medicaid (-\$ 71K)
  - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.
- Adequacy grant (-\$152K)
  - Adequacy Aid is a state aid program, and is based on the average daily membership (ADM) of resident students.

The district's food service sales in FY19 increased dramatically (\$454K in FY19 versus \$375K in FY18); likewise, the federal funds received for food service similarly increased (\$44K in FY19 versus \$33K in FY18).

The athletic pay-to-play fees collected by participants in sports in FY19 (\$64K) were lower than the fees collected in FY18 (\$66k).

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

**Expenditures:**

Expenditures in FY19 were \$938,797 higher in FY19 than in FY18. The largest increases come from the following categories:

- Salary increases and corresponding benefits
- Additional and replacement computer/telephone equipment
- Bus transportation: Regular Ed, Special Ed, Vocational and Athletic
- Additional technology support contracts
- Athletic stipends and additional programs
- Health Insurance (due to higher rates and new enrollments)
- Retirement benefit (due to additional retirements)

**General Fund Budgetary Highlights**

Hollis Brookline Cooperative School District  
General Fund Revenues FY19  
Budget v. Actuals  
(Without transfers)

<b><u>Revenue</u></b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
School District Assessment	15,295,661	15,295,661	-
Other Local	15,000	187,069	172,069
State	5,933,063	5,930,604	(2,459)
Federal	146,457	78,123	(68,334)
<b>Total Revenues</b>	<b>21,390,181</b>	<b>21,491,457</b>	<b>101,276</b>
Use of Fund Balance to reduce school district assessment & other funding	562,726		
<b>Total Revenues and Use of Fund Balance</b>	<b>21,952,907</b>		

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$101,276 more than budgeted, as detailed in the chart above.

- The school district assessments are determined by the town’s district meeting vote, so actual revenue equals budget.
- “Other Local” revenue includes vocational education revenue, impact fees, interest and tuition, all of which came in higher than budgeted. [Impact fees are charges assessed by the local government to help pay for public facilities, such as school facilities, and passed onto the school district as a source of revenue.] In addition to the revenue referenced above, the district also received eRate funds as a partial rebate for the installation of the wireless infrastructure and a “premium holiday” for workers’ compensation from the insurance carrier.
- “State” revenue includes the adequacy grant, building aid, enhanced education tax, and special education aid.
- “Federal” revenue includes Medicaid funds which came in lower than expected.

Hollis Brookline Cooperative School District  
General Fund Expenditures FY19  
Budget v. Actuals  
(Without transfers)

<b>Expenditures</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
Instruction	9,972,601	9,855,840	116,761
Student & Instructional Support	2,094,583	1,856,711	237,872
General, Executive & School Admin	2,054,013	1,882,964	171,049
Operation & Maintenance of Plant	1,274,582	1,118,151	156,431
Student Transportation	1,120,522	1,095,096	25,426
Other Support Services	4,816,415	4,902,523	(86,108)
Non-instructional Services	-	-	-
Debt Service	620,191	595,867	24,324
<b>Total Appropriation &amp; Expenditures</b>	<b>21,952,907</b>	<b>21,307,152</b>	<b>645,755</b>

The general fund expenditure surplus can be attributed to:

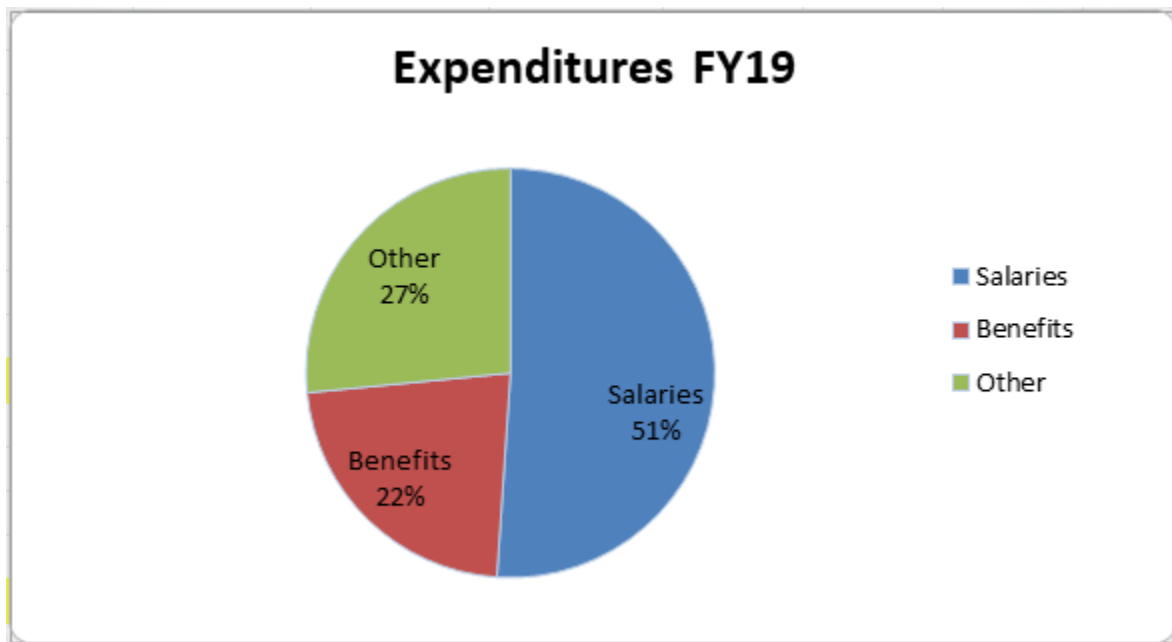
- Savings in special ed contracted services and out-of-district tuition
- Savings in unfilled positions
- Savings in teacher professional development stipends and reimbursements

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2019**

- Savings in snow removal costs
- Savings in special ed student transportation
- Turf field bond interested postponed to FY20's budget
- Note: The contingency fund of \$100,000 was untouched.

### **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 buildings, debt service, and general operational materials. The disbursement of cost has remained fairly consistent with prior fiscal year (FY18) expenditures (48% salary, 30% other, 22% benefits).



### **Capital Assets**

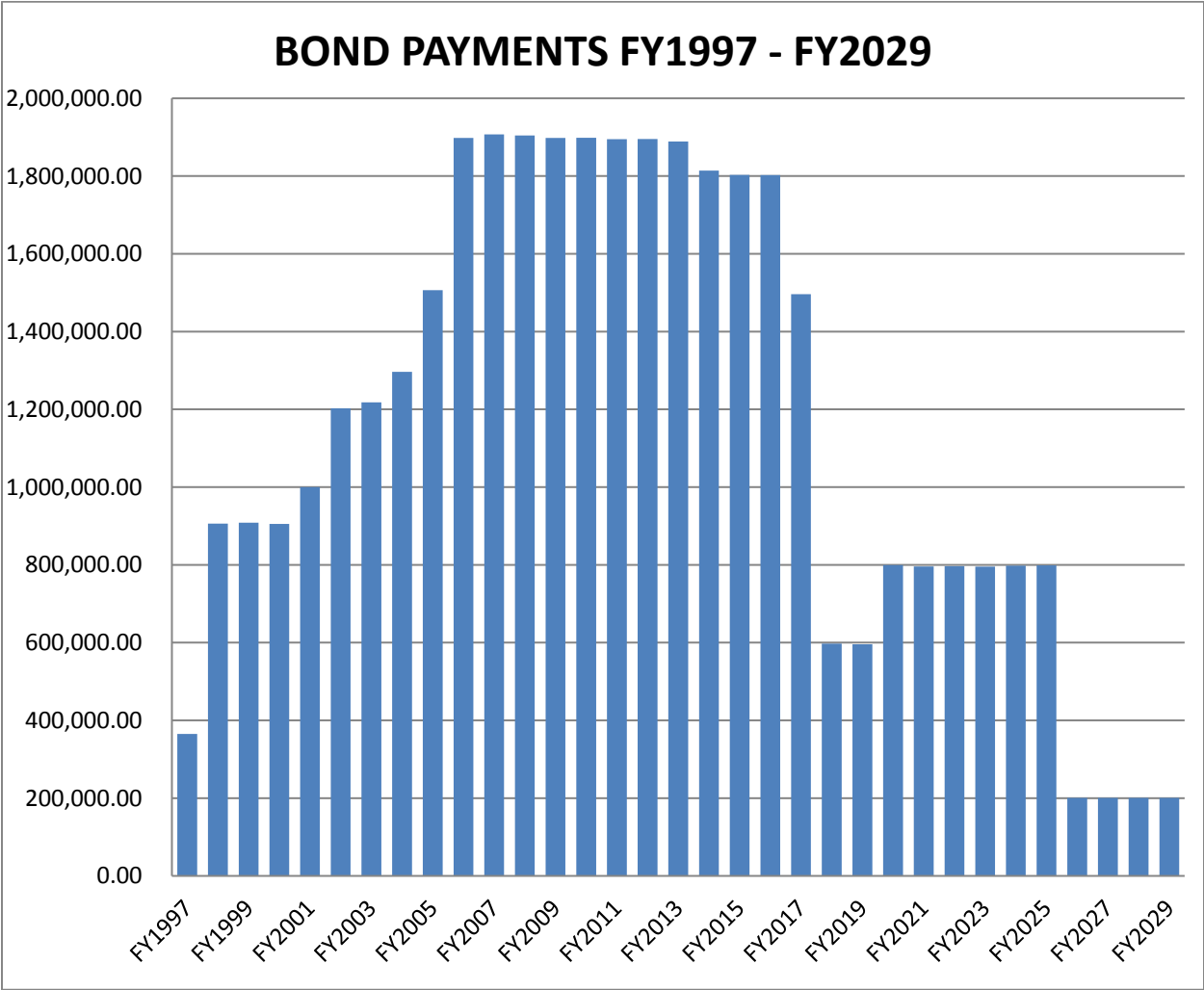
The Hollis Brookline Cooperative School District's investment in capital assets for its governmental activities as of June 30, 2019, totals \$17,940,529, net of accumulated depreciation. These assets include land improvements, buildings, machinery, vehicles and equipment.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
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**DEBT ADMINISTRATION**

A significant portion of debt, for the 1996 construction of the high school, was retired in FY2017.

Currently, the District carries debt on two bonds. The 2004 renovation of the Hollis Brookline Middle School debt will expire in August 2024. The new high school turf athletic field bond was issued on 12/17/18, for \$1,600,000, with the first payment due in FY20. The bond will be paid in 10 equal payments, maturing on 8/15/2028 (FY29).



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
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**OTHER DISCUSSION**

The district's financial status is sound. Being that the majority of cost is associated with salary and benefits, the budget is rather predictable from year to year. The district adopted for the FY14 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures. This tool has greatly improved the financial position of the district to deal with unexpected costs that may arise during the course of operations. Were a situation to arise prior to the adoption of this mechanism, the district would have to rely on excess revenues or additional taxation.

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator at SAU #41, 4 Lund Lane, Hollis, NH 03049, by telephone at 603-324-5999, or via email at [kelly.seeley@sau41.org](mailto:kelly.seeley@sau41.org).

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,867,048
Intergovernmental receivables	1,215,302
Other receivables	8,940
Inventory	9,811
Prepaid items	24,343
Capital assets, not being depreciated:	
Construction in progress	88,202
Capital assets, net of accumulated depreciation:	
Land improvements	226,924
Buildings and building improvements	17,543,446
Machinery, equipment and vehicles	170,159
Total assets	22,154,175
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	4,030,003
Deferred amounts related to OPEB	167,454
Total deferred outflows of resources	4,197,457
<b>LIABILITIES</b>	
Accounts payable	178,943
Accrued salaries and benefits	71,649
Intergovernmental payable	89,448
Accrued interest payable	94,757
Noncurrent obligations:	
Due within one year:	
Bonds payable	623,406
Compensated absences payable	15,856
Due in more than one year:	
Bonds payable	4,186,594
Compensated absences payable	9,649
Termination benefits payable	467,155
Net pension liability	16,028,584
Other postemployment benefits liability	2,068,458
Total liabilities	23,834,499
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	28,287
Deferred amounts related to pensions	500,699
Deferred amounts related to OPEB	90,680
Total deferred inflows of resources	619,666
<b>NET POSITION</b>	
Net investment in capital assets	14,803,453
Restricted for endowments:	
Nonexpendable	323,280
Expendable	138,496
Restricted for other purposes	1,595,374
Unrestricted	(14,963,136)
Total net position	\$ 1,897,467

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



**EXHIBIT 2**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 11,553,516	\$ 471,169	\$ 1,353,027	\$ -	\$ (9,729,320)
Support services:					
Student	1,275,561	-	-	-	(1,275,561)
Instructional staff	561,590	-	-	-	(561,590)
General administration	77,135	-	-	-	(77,135)
Executive administration	806,808	-	-	-	(806,808)
School administration	1,016,173	-	-	-	(1,016,173)
Operation and maintenance of plant	1,247,542	2,018	-	181,362	(1,064,162)
Student transportation	1,095,096	-	-	-	(1,095,096)
Other	5,163,890	-	-	-	(5,163,890)
Non-instructional services	413,349	454,079	14,019	-	54,749
Interest on long-term debt	184,569	-	-	-	(184,569)
<b>Total governmental activities</b>	<b>\$ 23,395,229</b>	<b>\$ 927,266</b>	<b>\$ 1,367,046</b>	<b>\$ 181,362</b>	<b>(20,919,555)</b>
General revenues:					
School district assessment					15,295,661
Grants and contributions not restricted to specific programs					5,157,701
Miscellaneous					196,824
Total general revenues					20,650,186
Change in net position					(269,369)
Net position, beginning, as restated; see note III.D.					2,166,836
Net position, ending					\$ 1,897,467

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

**EXHIBIT 3**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General	Grants	Capital Project	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 822,885	\$ -	\$ 1,602,360	\$ -	\$ 441,803	\$ 2,867,048
Receivables, net of allowance for uncollectibles:						
Accounts	-	-	8,940	-	-	8,940
Intergovernmental	579,289	165,117	-	461,776	9,120	1,215,302
Interfund receivable	161,242	-	-	-	-	161,242
Inventory	-	-	-	-	9,811	9,811
Prepaid items	24,343	-	-	-	-	24,343
Total assets	<u>\$ 1,587,759</u>	<u>\$ 165,117</u>	<u>\$ 1,611,300</u>	<u>\$ 461,776</u>	<u>\$ 460,734</u>	<u>\$ 4,286,686</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 151,795	\$ 875	\$ 21,252	\$ -	\$ 5,021	\$ 178,943
Accrued salaries and benefits	67,976	-	-	-	3,673	71,649
Intergovernmental payable	86,302	3,000	-	-	146	89,448
Interfund payable	-	161,242	-	-	-	161,242
Total liabilities	<u>306,073</u>	<u>165,117</u>	<u>21,252</u>	<u>-</u>	<u>8,840</u>	<u>501,282</u>
Deferred inflows of resources:						
Deferred revenue	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,087</u>	<u>28,287</u>
Fund balances:						
Nonspendable	24,343	-	-	323,280	9,811	357,434
Restricted	-	-	1,590,048	138,496	-	1,728,544
Committed	571,177	-	-	-	413,996	985,173
Assigned	55,698	-	-	-	-	55,698
Unassigned	630,268	-	-	-	-	630,268
Total fund balances	<u>1,281,486</u>	<u>-</u>	<u>1,590,048</u>	<u>461,776</u>	<u>423,807</u>	<u>3,757,117</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,587,759</u>	<u>\$ 165,117</u>	<u>\$ 1,611,300</u>	<u>\$ 461,776</u>	<u>\$ 460,734</u>	<u>\$ 4,286,686</u>

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

**EXHIBIT 4**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Reconciliation of Total Governmental Fund Balances to the Statement of Net Position**  
**June 30, 2019**

Total fund balances of governmental funds (Exhibit 3)		\$ 3,757,117
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	\$ 34,361,313	
Less accumulated depreciation	<u>(16,332,582)</u>	18,028,731
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (161,242)	
Payables	<u>161,242</u>	-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(94,757)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$ 4,810,000	
Compensated absences payable	25,505	
Termination benefits payable	467,155	
Net pension liability	16,028,584	
Other postemployment benefits liability	<u>2,068,458</u>	(23,399,702)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 4,030,003	
Deferred outflows of resources related to OPEB	167,454	
Deferred inflows of resources related to pensions	(500,699)	
Deferred inflows of resources related to OPEB	<u>(90,680)</u>	
Net position of governmental activities (Exhibit 1)		<u>3,606,078</u> <u>\$ 1,897,467</u>

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

**EXHIBIT 5**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2019**

	General	Grants	Capital Project	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
School district assessment	\$ 15,295,661	\$ -	\$ -	\$ -	\$ -	\$ 15,295,661
Other local	194,077	-	5,325	32,414	1,260,416	1,492,232
State	5,930,604	39,462	-	-	3,334	5,973,400
Federal	78,123	231,254	-	-	55,190	364,567
Total revenues	<u>21,498,465</u>	<u>270,716</u>	<u>5,325</u>	<u>32,414</u>	<u>1,318,940</u>	<u>23,125,860</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	9,915,000	207,124	-	-	808,796	10,930,920
Support services:						
Student	1,274,573	1,160	-	-	-	1,275,733
Instructional staff	576,761	22,970	-	-	-	599,731
General administration	61,655	-	15,480	-	-	77,135
Executive administration	806,808	-	-	-	-	806,808
School administration	1,035,841	-	-	-	-	1,035,841
Business	-	-	-	-	-	-
Operation and maintenance of plant	1,214,832	39,462	-	-	-	1,254,294
Student transportation	1,095,096	-	-	-	-	1,095,096
Central	-	-	-	-	-	-
Other	4,902,523	-	-	-	-	4,902,523
Non-instructional services	-	-	-	-	412,877	412,877
Debt service:						
Principal	440,000	-	-	-	-	440,000
Interest	155,867	-	-	-	-	155,867
Facilities acquisition and construction	-	-	59,797	-	-	59,797
Total expenditures	<u>21,478,956</u>	<u>270,716</u>	<u>75,277</u>	<u>-</u>	<u>1,221,673</u>	<u>23,046,622</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,509</u>	<u>-</u>	<u>(69,952)</u>	<u>32,414</u>	<u>97,267</u>	<u>79,238</u>
Other financing sources (uses):						
Transfers in	5,858	-	-	-	1,015	6,873
Transfers out	-	-	-	(6,873)	-	(6,873)
Long-term debt issued	-	-	1,660,000	-	-	1,660,000
Total other financing sources and uses	<u>5,858</u>	<u>-</u>	<u>1,660,000</u>	<u>(6,873)</u>	<u>1,015</u>	<u>1,660,000</u>
Net change in fund balances	25,367	-	1,590,048	25,541	98,282	1,739,238
Fund balances, beginning	1,256,119	-	-	436,235	325,525	2,017,879
Fund balances, ending	<u>\$ 1,281,486</u>	<u>\$ -</u>	<u>\$ 1,590,048</u>	<u>\$ 461,776</u>	<u>\$ 423,807</u>	<u>\$ 3,757,117</u>

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

**EXHIBIT 6**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2019**

Net change in fund balances of total governmental funds (Exhibit 5)	\$	1,739,238
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 depreciation expense exceeded capital outlay in the current period.		
Capital outlay	\$	256,958
Depreciation expense		<u>(686,683)</u>
		(429,725)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$	(6,873)
Transfers out		<u>6,873</u>
		-
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but neither transaction has any effect on net position.		
Issuance of bonds	\$	(1,660,000)
Principal repayment of bonds		<u>440,000</u>
		(1,220,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$	(28,702)
Increase in compensated absences payable		(5,397)
Decrease in termination benefits payable		28,009
Net change in other postemployment benefit related balances		<u>410,891</u>
		404,801
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	\$	1,469,135
Cost of benefits, net of employee contributions		<u>(2,232,818)</u>
		(763,683)
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>(269,369)</u></u>

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

**EXHIBIT 7**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 15,295,661	\$ 15,295,661	\$ -
Other local	15,000	187,069	172,069
State	5,933,063	5,930,604	(2,459)
Federal	146,457	78,123	(68,334)
Total revenues	<u>21,390,181</u>	<u>21,491,457</u>	<u>101,276</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	9,972,601	9,855,840	116,761
Support services:			
Student	1,391,177	1,274,573	116,604
Instructional staff	703,406	582,138	121,268
General administration	170,800	48,756	122,044
Executive administration	806,808	806,808	-
School administration	1,076,405	1,027,400	49,005
Operation and maintenance of plant	1,274,582	1,118,151	156,431
Student transportation	1,120,522	1,095,096	25,426
Other	4,816,415	4,902,523	(86,108)
Debt service:			
Principal	440,000	440,000	-
Interest	180,191	155,867	24,324
Total expenditures	<u>21,952,907</u>	<u>21,307,152</u>	<u>645,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(562,726)</u>	<u>184,305</u>	<u>747,031</u>
Other financing sources (uses):			
Transfers in	-	5,858	5,858
Transfers out	(160,000)	(156,133)	3,867
Total other financing sources and uses	<u>(160,000)</u>	<u>(150,275)</u>	<u>9,725</u>
Net change in fund balance	<u>\$ (722,726)</u>	34,030	<u>\$ 756,756</u>
Decrease in nonspendable fund balance		512	
Increase in committed fund balance		(9,000)	
Unassigned fund balance, beginning		604,726	
Unassigned fund balance, ending		<u>\$ 630,268</u>	

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

**EXHIBIT 8**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
State	\$ -	\$ 39,462	\$ 39,462
Federal	260,000	231,254	(28,746)
Total revenues	<u>260,000</u>	<u>270,716</u>	<u>10,716</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	260,000	207,124	52,876
Support services:			
Student	-	1,160	(1,160)
Instructional staff	-	22,970	(22,970)
Operation and maintenance of plant	-	39,462	(39,462)
Total expenditures	<u>260,000</u>	<u>270,716</u>	<u>(10,716)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

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

## **NOTES TO THE FINANCIAL STATEMENTS**



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

**I. Summary of Significant Accounting Principles**

**I.A. Introduction**

The accounting and reporting framework and the more significant accounting principles and practices of the Hollis-Brookline Cooperative School District (the School District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2019.

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

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

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

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

*Government-Wide Financial Statements*

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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*Fund Financial Statements*

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

**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 bond principal and interest which are reported as expenditures in the year due.

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

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

*Governmental Funds*

The School District reports the following major governmental funds:

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

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

*Capital Project Fund* – Reports as a special revenue fund and accounts for expenditures related to the turf field project funded by a bond issue during the year.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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JUNE 30, 2019**

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

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

**I.B.5. *Change in Accounting Principle***

During the fiscal year, the School District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*. This results in a change in the measurement and presentation of the student activities fund, which is now reported as a special revenue fund. The prior year's equity was restated as shown in Note III.D. to reflect this change.

**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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

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

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

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

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

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

Deferred inflows of resources in the governmental fund financial statements represent donated commodities that are held in inventory to be used in the subsequent year. Deferred outflows and inflows of resources in the governmental activities consist of resources related to pensions and other postemployment benefits that will be recognized in a subsequent period.

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
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**I.C.6. *Compensated Absences***

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

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

**I.C.8. *Equity***

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

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

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid items; the balance of the School District's inventory, which cannot be spent because of its form; and the principal amount of endowments held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment for school purposes held by the Town of Hollis Trustees of Trust Funds, and the Capital Project Fund. These amounts can only be spent for instruction in accordance with the legal restrictions established by the donors, or for capital project expenditures by the terms of the bond issue, respectively.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

- Committed, which represents the athletic expendable trust fund; amounts voted at the 2019 School District Meeting to be transferred to the Expendable Trust Funds; and balances of revenues from grants to be used for instruction.
- Assigned, which represents encumbrances for instruction and support services assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents the remaining General Fund balance not reported as nonspendable, restricted, committed or assigned.

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

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

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds except the 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 2019, \$462,726 of the fund balance from the fiscal year 2018 was so used, and another \$260,000 was voted from surplus.

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 21,497,315
Adjustment:	
Perspective difference:	
Expendable trust fund activity	7,008
Per Exhibit 5 (GAAP basis)	<u>\$ 21,504,323</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 21,463,285
Adjustments:	
Basis difference:	
Encumbrances, beginning	152,203
Encumbrances, ending	(55,698)
Perspective difference:	
Expendable trust fund activity	75,299
Transfers to expendable trust fund	(156,133)
Per Exhibit 5 (GAAP basis)	<u>\$ 21,478,956</u>

For the Grants Fund, there are no differences between the budgetary basis and GAAP. A project length budget is adopted for the Capital Project Fund. The Permanent Fund is not budgeted.

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

**III.A. Assets**

**III.A.1. Receivables**

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

*Changes in Capital Assets*

This table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deductions	Balance, ending
At cost:				
Not being depreciated:				
Construction in progress	\$ -	\$ 88,202	\$ -	\$ 88,202
Being depreciated:				
Land improvements	862,243	-	-	862,243
Buildings and building improvements	32,950,863	78,500	-	33,029,363
Machinery, equipment and vehicles	303,549	90,256	(12,300)	381,505
Total capital assets being depreciated	34,116,655	168,756	(12,300)	34,273,111
Total all capital assets	34,116,655	256,958	(12,300)	34,361,313
Less accumulated depreciation:				
Land improvements	(592,888)	(42,431)	-	(635,319)
Buildings and building improvements	(14,862,882)	(623,035)	-	(15,485,917)
Machinery, equipment and vehicles	(202,429)	(21,217)	12,300	(211,346)
Total accumulated depreciation	(15,658,199)	(686,683)	12,300	(16,332,582)
Net book value, capital assets being depreciated	18,458,456	(517,927)	-	17,940,529
Net book value, all capital assets	\$ 18,458,456	\$ (429,725)	\$ -	\$ 18,028,731

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 650,725
Support services:	
Operation and maintenance of plant	35,085
Non-instructional services	873
Total depreciation expense	\$ 686,683



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

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

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2019	Current Portion
General obligation bonds payable:						
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	\$ 3,150,000	\$ 465,000
Artificial turf field	\$ 1,660,000	2019	2029	3.8	1,660,000	158,406
					<u>4,810,000</u>	<u>623,406</u>
Compensated absences payable:						
Vested sick leave					13,452	3,803
Accrued vacation leave					12,053	12,053
					<u>25,505</u>	<u>15,856</u>
Termination benefits payable					467,155	-
Net pension liability					16,028,584	-
Other postemployment benefits liability					2,068,458	-
					<u>\$ 23,399,702</u>	<u>\$ 639,262</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2019:

	General Obligation Bonds Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ 3,590,000	\$ 20,108	\$ 495,164	\$ 14,868,758	\$ 2,393,926	\$ 21,367,956
Additions	1,660,000	5,397	-	1,159,826	-	2,825,223
Reductions	(440,000)	-	(28,009)	-	(325,468)	(793,477)
Balance, ending	<u>\$ 4,810,000</u>	<u>\$ 25,505</u>	<u>\$ 467,155</u>	<u>\$ 16,028,584</u>	<u>\$ 2,068,458</u>	<u>\$ 23,399,702</u>

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*Debt Service Requirements to Maturity*

The annual debt service requirements to maturity for bonded debt as of year-end are as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 623,406	\$ 186,310	\$ 809,716
2021	627,623	179,531	807,154
2022	658,276	149,608	807,884
2023	688,989	117,770	806,759
2024	724,922	84,338	809,260
2025-2029	1,486,784	121,136	1,607,920
Totals	<u>\$ 4,810,000</u>	<u>\$ 838,693</u>	<u>\$ 5,648,693</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 \$161,242 due to the General Fund represents an overdraft of pooled cash by the Grants Fund.

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

Transfers within the reporting entity were for the purpose of distributing income earned on Permanent Funds in the amounts of \$5,858 to the General Fund and \$1,015 to the Miscellaneous Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
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**III.D. Equity Restatement**

The beginning net position of the Governmental Activities was restated as follows:

	Governmental Activities	Student Activities Fund
To record OPEB liability from NHRS medical subsidy	\$ (1,824,143)	\$ -
To reclassify student activities fund as special revenue fund	119,166	119,166
Net position/fund balance, as previously reported	3,871,813	-
Net position/fund balance, as restated	<u>\$ 2,166,836</u>	<u>\$ 119,166</u>

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

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

	General	Capital Projects	Permanent	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Endowment	\$ -	\$ -	\$ 323,280	\$ -	\$ 323,280
Inventory	-	-	-	9,811	9,811
Prepaid items	24,343	-	-	-	24,343
Total nonspendable	<u>24,343</u>	<u>-</u>	<u>323,280</u>	<u>9,811</u>	<u>357,434</u>
Restricted for:					
Instruction	-	-	138,496	-	138,496
Capital outlay	-	1,590,048	-	-	1,590,048
Total restricted	<u>-</u>	<u>1,590,048</u>	<u>138,496</u>	<u>-</u>	<u>1,728,544</u>
Committed for:					
Instruction	-	-	-	280,721	280,721
Non-instructional services	-	-	-	133,275	133,275
Capital outlay	571,177	-	-	-	571,177
Total committed	<u>571,177</u>	<u>-</u>	<u>-</u>	<u>413,996</u>	<u>985,173</u>
Assigned to:					
Instruction	16,433	-	-	-	16,433
Support services	39,265	-	-	-	39,265
Total assigned	<u>55,698</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,698</u>
Unassigned	630,268	-	-	-	630,268
Total fund balances	<u>\$ 1,281,486</u>	<u>\$ 1,590,048</u>	<u>\$ 461,776</u>	<u>\$ 423,807</u>	<u>\$ 3,757,117</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.

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

Workers' compensation contributions paid in fiscal year 2019 to be recorded as an insurance expenditure/expense totaled \$36,175, and property/liability contributions totaled \$62,601. The School District also paid \$11,622 for unemployment compensation coverage. There were no unpaid contributions for the year.

#### **IV.B. Retirement Pensions**

##### *General Information about the Pension Plan*

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 17.36% for teachers and 11.38% 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 2017, 2018, and 2019 were \$1,343,016, \$1,547,264, and \$1,469,135, 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, 2019, the School District reported a liability of \$16,028,584 for its proportionate share of the net pension liability. The net pension liability is based upon a June 30, 2017 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2018. The roll-forward of the total pension liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefits payments, refunds, and administrative expenses for the plan year. The School District's proportion of the net pension liability was based on a projection of the School

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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, 2019, the School District’s reported proportion was 0.3329%, which was an increase of 0.0306% from its proportion reported as of June 30, 2018.

For the year ended June 30, 2019, the School District recognized pension expense of \$2,232,818. At June 30, 2019, 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	\$ 1,323,674	\$ -
Net differences between projected and actual earnings on pension plan investments	-	370,915
Changes in assumptions	1,109,257	-
Differences between expected and actual experience	127,937	129,784
School District contributions subsequent to the measurement date	1,469,135	-
	\$ 4,030,003	\$ 500,699

The School District reported \$1,469,135 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, 2020.

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

Year Ended June 30,	
2020	\$ 1,096,224
2021	825,694
2022	(23,696)
2023	161,947
	\$ 2,060,169

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*Actuarial Assumptions*

The total pension liability in the June 30, 2018 actuarial valuation was determined using the actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

The actuarial assumptions used in the June 30, 2017 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

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

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of net pension liability	\$ 21,326,163	\$ 16,028,584	\$ 11,589,052

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

**IV.C. 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.

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**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 of the NHRS Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at [www.nhrs.org](http://www.nhrs.org).

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

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

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

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

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

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>Family</u>
AB5(07)-RX10/20/30	\$895.40	\$1,790.80
BC3T10(07)-RX10/20/45	\$962.20	\$1,924.39
ABS0S20/40/1KDED(07)-RX10/20/45	\$682.47	\$1,364.95

Currently, there are 209 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, 2019, 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 \$2,068,458 consists of \$614,991 for the implicit rate subsidy determined by an actuarial valuation as of July 1, 2017 and \$1,453,467 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2017, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

*This note continues on the following page.*



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
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*Actuarial Assumptions*

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

Implicit rate subsidy:																	
Discount rate:	3.87%, compounded annually, for the measurement as of June 30, 2019 and 3.58%, compounded annually, for the measurement as of June 30, 2018.																
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.																
Health care cost trend rates:	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Year</th> <th style="text-align: left;">Trend</th> </tr> </thead> <tbody> <tr><td>1</td><td>8.00%</td></tr> <tr><td>2</td><td>7.50%</td></tr> <tr><td>3</td><td>7.00%</td></tr> <tr><td>4</td><td>6.50%</td></tr> <tr><td>5</td><td>6.00%</td></tr> <tr><td>6</td><td>5.50%</td></tr> <tr><td>Ultimate</td><td>3.80%</td></tr> </tbody> </table>	Year	Trend	1	8.00%	2	7.50%	3	7.00%	4	6.50%	5	6.00%	6	5.50%	Ultimate	3.80%
Year	Trend																
1	8.00%																
2	7.50%																
3	7.00%																
4	6.50%																
5	6.00%																
6	5.50%																
Ultimate	3.80%																
Mortality rates:	<p>Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvements using Scale MP-2015</p> <p>Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with a generational mortality improvement using Scale MP-2015</p>																
Inflation:	2.6%, based on the 2017 Social Security Trustee's Report																
Medical insurance subsidy:																	
Payroll growth:	3.25%																
Discount rate:	3.62%																
Inflation:	2.50%																
Investment rate of return:	7.25%, net of investment expense, including inflation																
Mortality:	RP-2014 Healthy Annuitant and Employee Generational Mortality Tables with credibility adjustments and adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study																
Healthcare cost trend rates:	N/A, benefits are fixed stipends																

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*Discount Rate*

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

*Healthcare Trend Rates*

Healthcare trend assumption begins at current levels and grades down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 6 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 health 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 trend rates. The following presents the total OPEB liability calculated using the current discount rate, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher.

Implicit Rate Subsidy:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Decrease (4.5%)
School District's total OPEB liability	\$ 654,243	\$ 614,991	\$ 577,961

Medical Insurance Subsidy:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Decrease (8.25%)
School District's total OPEB liability	\$ 1,512,775	\$ 1,453,467	\$ 1,287,335

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%).

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Decrease (9.00%)
School District's total OPEB liability	\$ 549,375	\$ 614,991	\$ 691,766

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
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*OPEB Expense and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2019 the School District recognized OPEB expense of \$93,719. At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ -	\$ 79,306
Net differences between projected and actual earnings on pension plan investments	-	4,618
Changes in assumptions	11,363	6,756
Differences between expected and actual experience	8,532	-
School District contributions subsequent to the measurement date	<u>147,559</u>	<u>-</u>
	<u>\$ 167,454</u>	<u>\$ 90,680</u>

The School District reported \$147,559 as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in fiscal year 2020. 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:

<u>Year Ending June 30,</u>	
2020	\$ (71,621)
2021	(847)
2022	(847)
2023	1,179
2024	1,351
	<u>\$ (70,785)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

For the Year 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 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
2014	0.2762%	\$ 11,888,422	\$ 7,994,706	148.70%	59.82%
2015	0.2912%	\$ 10,930,760	\$ 8,469,299	129.06%	66.32%
2016	0.2973%	\$ 11,777,417	\$ 8,622,422	136.59%	65.47%
2017	0.3017%	\$ 16,040,564	\$ 8,842,517	181.40%	58.30%
2018	0.3023%	\$ 14,868,758	\$ 9,241,057	160.90%	62.66%
2019	0.3329%	\$ 16,028,584	\$ 9,776,399	163.95%	64.77%

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

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

For the Year 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
2014	\$ 1,106,584	\$ (1,106,584)	\$ -	\$ 7,994,706	13.84%
2015	\$ 1,164,714	\$ (1,164,714)	\$ -	\$ 8,469,299	13.75%
2016	\$ 1,310,915	\$ (1,310,915)	\$ -	\$ 8,622,422	15.20%
2017	\$ 1,343,016	\$ (1,343,016)	\$ -	\$ 8,842,517	15.19%
2018	\$ 1,547,264	\$ (1,547,264)	\$ -	\$ 9,241,057	16.74%
2019	\$ 1,469,135	\$ (1,469,135)	\$ -	\$ 9,776,399	15.03%

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

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

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:			
Service cost	\$ 39,691	\$ 38,504	\$ 97,923
Interest	22,959	21,779	16,277
Changes of assumptions and differences between expected and actual experience	14,879	(10,676)	(23,535)
Benefit payments	(32,321)	(30,541)	(22,198)
Change in proportion of medical subsidy	(370,676)	1,824,143	-
Net change in total OPEB liability	(325,468)	1,843,209	68,467
Total OPEB liability, beginning	2,393,926	550,717	482,250
Total OPEB liability, ending	<u>\$ 2,068,458</u>	<u>\$ 2,393,926</u>	<u>\$ 550,717</u>
Covered payroll	\$ 9,776,399	\$ 10,343,728	\$ 9,958,961
Total OPEB liability as a percentage of covered payroll	21.16%	23.14%	5.53%

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

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

	Fiscal Year <u>2019</u>	Fiscal Year <u>2018</u>	Fiscal Year <u>2017</u>
Actuarially determined contribution	\$ 64,274	\$ 58,255	\$ 73,913
Contributions in relation to the actuarially determined contribution	<u>(32,321)</u>	<u>(30,541)</u>	<u>(23,559)</u>
Contribution deficiency	\$ 31,953	\$ 27,714	\$ 50,354
Covered-employee payroll	\$ 9,776,399	\$ 10,343,728	\$ 9,958,961
Contributions as a percentage of covered-employee payroll	0.66%	0.56%	0.74%

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



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2019**

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

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2019**

	Special Revenue Funds			
	Food Service	Student Activities	Miscellaneous	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 157,165	\$ 78,424	\$ 206,214	\$ 441,803
Intergovernmental receivable	9,120	-	-	9,120
Inventory	9,811	-	-	9,811
Total assets	<u>\$ 176,096</u>	<u>\$ 78,424</u>	<u>\$ 206,214</u>	<u>\$ 460,734</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,104	\$ -	\$ 3,917	\$ 5,021
Accrued salaries and benefits	3,673	-	-	3,673
Intergovernmental payable	146	-	-	146
Total liabilities	<u>4,923</u>	<u>-</u>	<u>3,917</u>	<u>8,840</u>
Deferred inflows of resources:				
Deferred revenue	<u>28,087</u>	<u>-</u>	<u>-</u>	<u>28,087</u>
Fund balances:				
Nonspendable	9,811	-	-	9,811
Restricted	-	-	-	-
Committed	<u>133,275</u>	<u>78,424</u>	<u>202,297</u>	<u>413,996</u>
Total fund balances	<u>143,086</u>	<u>78,424</u>	<u>202,297</u>	<u>423,807</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 176,096</u>	<u>\$ 78,424</u>	<u>\$ 206,214</u>	<u>\$ 460,734</u>

**EXHIBIT 14**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2019**

	Special Revenue Funds			
	Food Service	Student Activities	Miscellaneous	Total
<b>REVENUES</b>				
Local	\$ 454,165	\$ 438,109	\$ 368,142	\$ 1,260,416
State	3,334	-	-	3,334
Federal	55,190	-	-	55,190
Total revenues	<u>512,689</u>	<u>438,109</u>	<u>368,142</u>	<u>1,318,940</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	478,851	329,945	808,796
Non-instructional services	412,877	-	-	412,877
Total expenditures	<u>412,877</u>	<u>478,851</u>	<u>329,945</u>	<u>1,221,673</u>
Excess (deficiency) of revenues over (under) expenditures	99,812	(40,742)	38,197	97,267
Other financing sources:				
Transfers in	-	-	1,015	1,015
Net change in fund balances	99,812	(40,742)	39,212	98,282
Fund balances, beginning	43,274	119,166	163,085	325,525
Fund balances, ending	<u>\$ 143,086</u>	<u>\$ 78,424</u>	<u>\$ 202,297</u>	<u>\$ 423,807</u>

**EXHIBIT 15**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 15,295,661	\$ 15,295,661	\$ -
Other local sources:			
Tuition	5,000	33,320	28,320
Investment earnings	5,000	15,265	10,265
Impact fees	-	20,374	20,374
Indirect costs	-	64,036	64,036
Rentals	-	2,018	2,018
Miscellaneous	5,000	52,056	47,056
Total from other local sources	<u>15,000</u>	<u>187,069</u>	<u>172,069</u>
State sources:			
Adequacy aid (grant)	3,017,046	3,017,046	-
Adequacy aid (tax)	2,140,655	2,140,655	-
School building aid	181,362	181,362	-
Catastrophic aid	594,000	586,177	(7,823)
Vocational tuition aid	-	5,364	5,364
Total from state sources	<u>5,933,063</u>	<u>5,930,604</u>	<u>(2,459)</u>
Federal sources:			
Medicaid	146,457	78,123	(68,334)
Other financing sources:			
Transfers in	-	5,858	5,858
Total revenues and other financing sources	21,390,181	<u>\$ 21,497,315</u>	<u>\$ 107,134</u>
Use of fund balance	<u>722,726</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 22,112,907</u>		

**EXHIBIT 16**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 15	\$ 5,783,779	\$ 5,751,056	\$ -	\$ 32,738
Special programs	399	3,399,805	3,307,396	7,500	85,308
Vocational programs	9,910	40,840	31,997	8,933	9,820
Other	-	748,177	759,282	-	(11,105)
Total instruction	<u>10,324</u>	<u>9,972,601</u>	<u>9,849,731</u>	<u>16,433</u>	<u>116,761</u>
Support services:					
Student	-	1,391,177	1,274,573	-	116,604
Instructional staff	8,900	703,406	576,761	14,277	121,268
General administration	28,309	170,800	61,655	15,410	122,044
Executive administration	-	806,808	806,808	-	-
School administration	8,441	1,076,405	1,035,841	-	49,005
Operation and maintenance of plant	96,229	1,274,582	1,204,802	9,578	156,431
Student transportation	-	1,120,522	1,095,096	-	25,426
Other	-	4,816,415	4,902,523	-	(86,108)
Total support services	<u>141,879</u>	<u>11,360,115</u>	<u>10,958,059</u>	<u>39,265</u>	<u>504,670</u>
Debt service:					
Principal	-	440,000	440,000	-	-
Interest	-	180,191	155,867	-	24,324
Total debt service	<u>-</u>	<u>620,191</u>	<u>595,867</u>	<u>-</u>	<u>24,324</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>160,000</u>	<u>156,133</u>	<u>-</u>	<u>3,867</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 152,203</u>	<u>\$ 22,112,907</u>	<u>\$ 21,559,790</u>	<u>\$ 55,698</u>	<u>\$ 649,622</u>

**EXHIBIT 17**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2019**

Unassigned fund balance, beginning	\$	604,726
Changes:		
Fund balance used to reduce school district assessment		(462,726)
Fund balance appropriated		(260,000)
Budget summary:		
Revenue surplus (Exhibit 15)	\$	107,134
Unexpended balance of appropriations (Exhibit 16)		<u>649,622</u>
Budget surplus		756,756
Decrease in nonspendable fund balance		512
Increase in committed fund balance		<u>(9,000)</u>
Unassigned fund balance, ending	\$	<u><u>630,268</u></u>

**EXHIBIT 18**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Middle School**  
**For the Fiscal Year Ended June 30, 2019**

	Balance, beginning	Additions	Deductions	Balance, ending
Art Club	\$ 4,449	\$ 2,019	\$ 4,188	\$ 2,280
Band Club	287	450	190	547
Books and Equipment	768	406	-	1,174
Climbing Club	915	-	-	915
Coffee Cart	-	620	284	336
CPR First Aid	1,341	3,452	3,294	1,499
Field Trips	6,960	39,117	46,107	(30)
History Club	50	-	-	50
Library Activities	370	694	606	458
Mountain Bike Club	967	-	170	797
Music Club	594	780	874	500
Ski Program	846	4,500	4,381	965
Student Council	3,021	1,585	2,482	2,124
Tri-County League - Athletics	-	74	74	-
U-Knighted For All	721	457	-	1,178
Yearbook	595	145	266	474
Uncategorized	(148)	448	336	(36)
Miscellaneous	-	13	-	13
Interest	40	30	-	70
Service Charges	-	-	2	(2)
<b>Total</b>	<b>\$ 21,776</b>	<b>\$ 54,790</b>	<b>\$ 63,254</b>	<b>\$ 13,312</b>



**EXHIBIT 19**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2019**

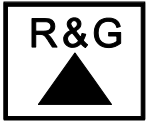
	Balance, beginning	Additions	Deductions	Balance, ending
Amnesty International	\$ 214	\$ -	\$ -	\$ 214
AP Testing	1,114	250	1,364	-
Art Club	2	-	-	2
Athletic Donations	(3,223)	3,223	-	-
Athletic Dues	(8,039)	8,039	-	-
Athletic General	(1,508)	1,508	-	-
Athletic Officials	8,039	-	8,039	-
Cav Block Program	97	-	97	-
Chemistry Club	249	-	-	249
Chess Club	175	-	-	175
Chronicle	306	-	306	-
Class Gift Fund	4,863	-	-	4,863
Class Closed Funds	-	1,951	1,460	491
Class of 2009	120	1,040	1,160	-
Class of 2010	15	-	15	-
Class of 2011	3,230	-	3,230	-
Class of 2012	2,439	-	2,439	-
Class of 2013	8,962	-	8,962	-
Class of 2014	1,433	-	1,433	-
Class of 2015	4,080	-	4,080	-
Class of 2016	(1,448)	1,460	12	-
Class of 2017	2,401	-	-	2,401
Class of 2018	407	1,458	1,091	774
Class of 2019	9,120	42,437	49,223	2,334
Class of 2020	5,022	4,838	3,402	6,458
Class of 2021	1,126	188	131	1,183
Class of 2022	-	200	43	157
Coca Cola Sales	(13,496)	24,737	9,155	2,086
Community of Caring	(583)	668	85	-
Culinary Club	29	-	-	29
Dance Team	761	-	-	761
Debate Team	624	90	120	594
DI Team	80	-	-	80
Emergency Fund	125	-	125	-
ESY	236	-	236	-
Field Trips	3,493	5,193	6,381	2,305
Food and Dining	(2,039)	2,039	-	-
French Club	279	-	-	279
Gay Straight Alliance	179	-	-	179
Green Group	466	137	94	509
Guidance Office	(2,922)	8,288	5,366	-
Hall of Fame	62	-	-	62
HB The Change	2,844	5,525	7,869	500
HBBF	180	-	-	180

**EXHIBIT 19 (continued)**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2019**

	Balance, beginning	Additions	Deductions	Balance, ending
Homefront Group	\$ -	\$ 179	\$ -	\$ 179
Impact Testing	3,970	-	3,970	-
Interact	2,352	-	19	2,333
Interest Inc	374	68	235	207
Latin Club	5	-	-	5
Life of an Athlete	736	-	95	641
Math Team	(1,214)	1,314	100	-
Miscellaneous	(1,343)	1,587	244	-
National Honor Society	800	2,726	2,655	871
National Honor Society - Art	-	165	163	2
NHS Academic Assistance Fund	1,673	-	-	1,673
Outing Club	241	-	-	241
Parking Permits	503	7,523	8,026	-
Peer Outreach	60	-	60	-
Petty Cash	1,317	-	1,317	-
PF All State	(1,939)	8,100	6,684	(523)
PF Building Use	1,338	1,474	2,812	-
PF Concerts	1,605	6,386	7,962	29
PF Guitar Night	2,366	7,043	6,792	2,617
PF Improv	529	98	624	3
PF Musical	1,450	19,278	20,371	357
PF Theater	(150)	6,441	5,293	998
PF Trips	9,181	108,128	121,707	(4,398)
PF Tri-M	(471)	2,613	2,382	(240)
Photography	1,837	2,039	2,039	1,837
Physics Bridge Building	577	-	-	577
Postage	(341)	367	26	-
Poster Printer	115	28	143	-
PSAT Testing	-	927	927	-
Quiz Bowl	161	102	92	171
Red Cross Club	92	1,065	559	598
SADD	204	-	-	204
SAT Prep	11,594	26,057	37,651	-
Scholarships	121	2,155	2,279	(3)
School Store (Life Skills)	470	2,772	2,350	892
Science Olympiad	227	-	162	65
Ski and Snowboard Club	2,054	1,345	1,840	1,559
SOPE	(19)	19	-	-
Spanish Club	4,174	560	560	4,174
Sports Petty Cash	8,691	461	8,772	380
Sports Bowling	20	-	20	-
Sports Boys Basketball	1,160	-	1,160	-
Sports Soccer	756	-	758	(2)
Sports Cross Country	1,676	960	1,519	1,117

**EXHIBIT 19 (continued)**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2019**

	Balance, beginning	Additions	Deductions	Balance, ending
Sports Football	\$ 420	\$ -	\$ 420	\$ -
Sports Girls Basketball	29	-	29	-
Sports Girls Tennis	905	-	905	-
Sports Girls Lacrosse	(150)	150	-	-
Sports Girls Soccer	170	-	170	-
Sports Gymnastics	1,056	-	1,056	-
Sports Ice Hockey	125	-	125	-
Sports Ski Team	1,190	-	1,190	-
Sports Softball	35	-	35	-
Sports Spirit Squad	(605)	605	-	-
Sports Track	(136)	136	-	-
Sports Unified Athletics	140	-	140	-
Sports Volleyball	1,112	-	1,112	-
Sports Wrestling	579	4,450	5,029	-
Student Council	2,428	1,093	1,466	2,055
Sunshine Fund	(85)	85	-	-
10 Percent Fund	5,154	1,592	1,765	4,981
Thespian Society	(67)	2,670	2,578	25
Uncategorized	(14,247)	14,246	438	(439)
Uncleared Checks	9,707	-	-	9,707
US First Robotics	(554)	29,608	29,054	-
Video Club	200	-	-	200
Yearbook	2,564	3,435	845	5,154
	<u>\$ 97,390</u>	<u>\$ 383,319</u>	<u>\$ 415,597</u>	<u>\$ 65,112</u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

May 6, 2020

*Roberts & Greene, PLLC*