

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
FINANCIAL REPORT
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TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	14
Statement of Activities (Exhibit 2)	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	16
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position (Exhibit 4)	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	19
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	20
Food Service Fund – Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	21
Grants Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 9)	22
NOTES TO THE FINANCIAL STATEMENTS	23
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Exhibit 10)	42
Schedule of the School District's Pension Contributions (Exhibit 11)	43
Schedule of the School District's Total OPEB Liability and Related Ratios (Exhibit 12)	44
Schedule of the School District's OPEB Contributions (Exhibit 13)	45
Note to the Required Supplementary Information	46
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 14)	47
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit 15)	48
General Fund	
Schedule of Estimated and Actual Revenues (Exhibit 16)	49
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 17)	50
Schedule of Changes in Unassigned Fund Balance (Exhibit 18)	51
Student Activities Funds	
Summary of Activity – Middle School (Exhibit 19)	52
Summary of Activity – High School (Exhibit 20)	53
INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT	55



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District as of and for the year ended June 30, 2020, 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, 2020, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund, Food Service, and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information on pages 3-13 and 42-45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational and economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hollis-Brookline Cooperative School District's basic financial statements. The combining and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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
March 31, 2021

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

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, 2020.

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

DISTRICT-WIDE STATEMENTS

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

district do financially during the 2019-20 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, 2020**

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Hollis-Brookline Cooperative School District

Statement of Net Position

Change in net position for fiscal year 2020 compared to fiscal year 2019

	2019	2020	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	4,125,444	3,746,756	(378,688)	-9.18%
Capital Assets	18,028,731	19,205,880	1,177,149	6.53%
Total Assets	22,154,175	22,952,636	798,461	3.60%
Deferred Outflow of Resources	4,197,457	3,623,156	(574,301)	-13.68%
Liabilities				
Long-term Liabilities Outstanding	23,399,702	23,379,677	(20,025)	-0.09%
Other Liabilities	434,797	397,337	(37,460)	-8.62%
Total Liabilities	23,834,499	23,777,014	(57,485)	-0.24%
Deferred Inflows of Resources	619,666	640,607	20,941	3.38%
Net Position				
Net Investment in Capital Assets	14,803,453	14,979,686	176,233	1.19%
Restricted	2,057,150	569,646	(1,487,504)	-72.31%
Unrestricted	(14,963,136)	(13,391,161)	1,571,975	-10.51%
Total Net Position	1,897,467	2,158,171	260,704	13.74%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

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

Change in fund revenues and expenses for fiscal year 2020 compared to fiscal year 2019

Revenues:	2019	2020	\$ Change	% Change
Program Revenues:				
Charges for Services	927,266	405,044	(522,222)	-56.32%
Operating Grants and Contributions	1,367,046	1,342,247	(24,799)	-1.81%
Capital Grants and Contributions	181,362	376,362	195,000	107.52%
General Revenues:				
Assessment	15,295,661	16,833,675	1,538,014	10.06%
Grants and Contributions	5,157,701	5,392,541	234,840	4.55%
Miscellaneous	196,824	52,720	(144,104)	-73.21%
Total Revenues	23,125,860	24,402,589	1,276,729	5.52%
Program Expenses:				
Instruction	11,553,516	11,339,744	(213,772)	-1.85%
Student Support	1,275,561	1,686,068	410,507	32.18%
Instructional Staff	561,590	564,122	2,532	0.45%
General Administration	77,135	122,769	45,634	59.16%
Executive Administration	806,808	878,364	71,556	8.87%
School Administration	1,016,173	981,761	(34,412)	-3.39%
Operation and Maintenance of Plant	1,247,542	1,265,456	17,914	1.44%
Student Transportation	1,095,096	929,200	(165,896)	-15.15%
Other	5,163,890	5,858,120	694,230	13.44%
Non-instructional Services	413,349	338,721	(74,628)	-18.05%
Facilities Acquisition and construction		54,923		
Interest on Long-Term Debt	184,569	183,876	(693)	-0.38%
Total Expenses	23,395,229	24,203,124	807,895	3.45%
Change in Net Position	(269,369)	199,465	468,834	-174.05%
Net Position - Beginning	2,166,836	1,958,706	(208,130)	-9.61%
Restatement				
Net Position - Ending	1,897,467	2,158,171	260,704	13.74%

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

School District Activities

Specific areas of variance are evidenced above in the change in net position.

Revenues:

In FY20 the district received \$1,276,729 more revenue than in FY19. In addition to the tax assessment revenue increase of \$1,538,014, the district's other major revenue sources show the following increases and decreases from FY19:

Increases in revenue from FY19 to FY20:

- Adequacy Aid grant (+\$ 234K)
 - Adequacy Aid is a state aid program, and is based on the average daily membership of resident students.

- Grants (including Title II and IDEA) (+\$ 23K)
 - 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 (+\$ 18K)
 - Non-resident students paying for tuition to either the Middle School or High School

- Building Aid (+\$ 10K)
 - School Building Aid is a program through which the State of New Hampshire provides financial assistance to local school districts for the construction or substantial renovation of educational facilities for grades K-12.

- Impact Fees (+4 K)
 - Impact fees are charges assessed by the local government to help pay for public facilities such as schools, and passed onto the school district as a source of revenue.

- Special Education aid (+\$ 1K)
 - 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

Decreases in revenue from FY19 to FY20: (Much of this decrease can be explained by the Covid-19 pandemic.)

- Miscellaneous Revenue (-\$ 88K)
 - Includes “pay to play” athletic fees, facility use fees, and vocational education reimbursements from the State of NH.
- Medicaid (-\$ 55K)
 - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.

Food Service Revenue

The district’s food service sales in FY20 decreased by over \$60K, due to the remote learning during the Covid-19 pandemic.

Expenditures:

Expenditures in FY20 were \$807,895 higher in FY20 than in FY19. The largest variances are explained below.

SAVINGS

(FY20 Expenses lower than previous year)

(Largely resulting from the remote learning due to Covid 19 Pandemic)

- Transportation expenses for Vocation Education, Special Education, and Athletics dropped over \$340K
- Special Education Tuition expenses dropped over \$230K
- Athletic stipends due to coaching positions not being filled
- Special education contracted services
- Savings in salaries and benefits due to vacant/unfilled positions or positions replaced at a lower salary

INCREASED EXPENSES

- Salary increases and corresponding benefits
- Bus transportation Regular Ed
- Increased principal and interest payments due to the new turf field bond
- High School Robotics site improvement
- Health Insurance (due to higher rates and new enrollments)
- Retirement benefit (due to additional retirements)

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

General Fund Budgetary Highlights

Revenue Budget

Revenue	FY20 Budget	Actual	Variance
School District Assessment	16,834,172	16,833,675	(497)
Other Local	99,500	124,334	24,834
State	6,083,677	6,176,358	92,681
Federal	-	22,849	22,849
Total Revenues	23,017,349	23,157,216	139,867
Use of Fund Balance to reduce school district assessment & other funding	589,770		
Total Revenues and Use of Fund Balance	23,607,119		

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$139,867 more than budgeted, as detailed in the chart above. The primary increase in general fund revenue came from two sources:

- Special education aid, where the district received over \$90K more than budget.
- Medicaid, where the district received over \$22K more than budget.

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

Expense Budget

Expenditures	FY20 Budget	Actual	Budget less Actual
Instruction	10,523,016	9,810,904	712,112
Student & Instructional Support	2,466,782	2,236,236	230,546
General, Executive & School Admin	2,141,343	1,990,396	150,947
Operation & Maintenance of Plant	1,305,602	1,398,450	(92,848)
Student Transportation	989,708	929,200	60,508
Other Support Services	5,227,980	4,862,329	365,651
Debt Service	814,292	814,086	206
Facilities acquisition and construction	138,396	131,325	7,071
Total Appropriation & Expenditures	23,607,119	22,172,926	1,434,193

The general fund expenditure surplus can be attributed to the following, and again, much of this is due to the Covid-19 pandemic.

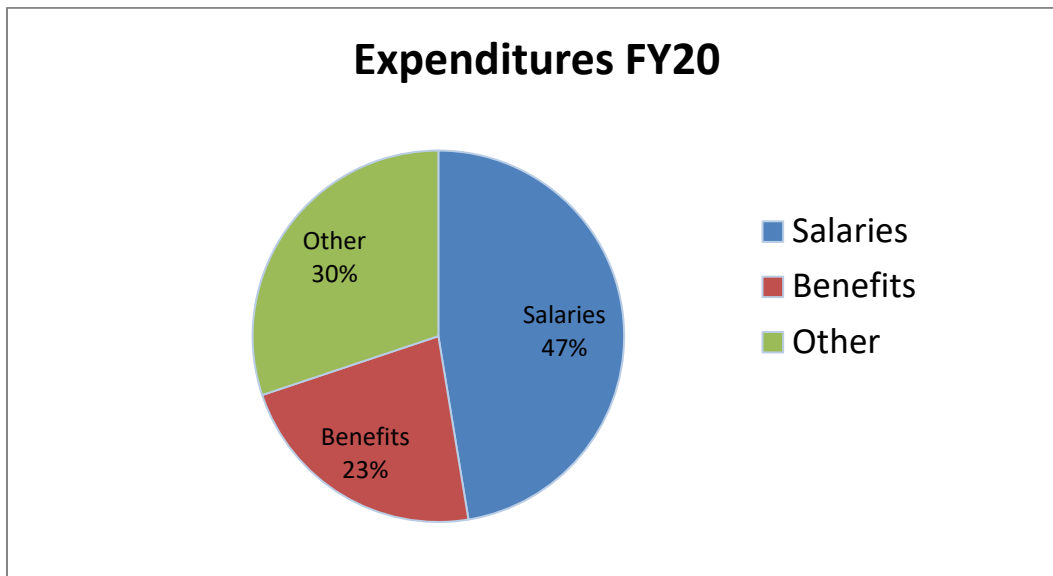
- Hiring positions at a lower salary
- Unfilled professional and support staff positions
- Fewer out of district services
- Enrollment decline in vocational school
- Savings in teacher professional development stipends and reimbursements
- Savings in snow removal costs
- Fewer special education services (psycho-ed, vision, and speech) than anticipated
- All transportation costs (regular ed, special ed, and vocational ed) lower than budget due to a Covid-19 agreement
- Benefits (insurance, retirement, taxes) were all under budget
- Note: The contingency fund of \$100,000 was not used.

The only expense category over-budget was operation & maintenance of plant, and this was primarily due to site improvements, including replacement of day tanks and tech ed upgrades.

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020

Break-down of Costs

Salaries and benefits make up 2/3 of the total district's expenses, which is illustrated in the chart below. "Other" expenses account for contracted services, transportation, operation & maintenance of buildings, debt service, and general operational materials. The disbursement of costs has remained fairly consistent with prior fiscal year (FY19) expenditures: 51% salary, 27% other, 22% benefits.



Capital Assets

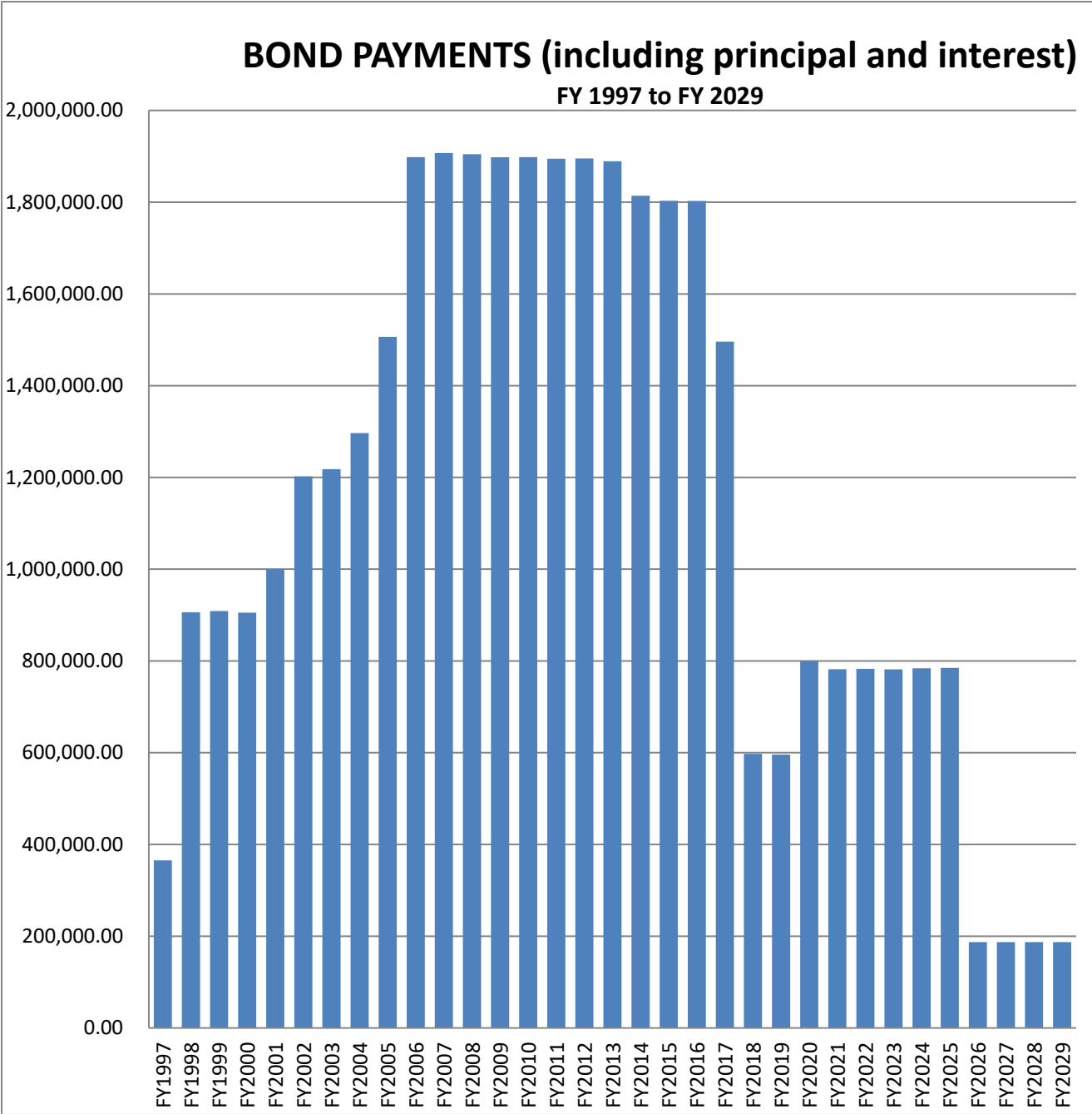
The Hollis Brookline Cooperative School District's investment in capital assets for its governmental activities as of June 30, 2020, totals \$17,638,604, net of accumulated depreciation. These assets include land improvements, buildings, machinery, vehicles and equipment.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

DEBT ADMINISTRATION

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

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



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2020**

OTHER DISCUSSION

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

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

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
HOLLIS-BROKLINE COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 2,446,305
Intergovernmental receivables	1,077,028
Other receivables	150,574
Inventory	23,064
Prepaid items	49,785
Capital assets, not being depreciated:	
Construction in progress	1,567,276
Capital assets, net of accumulated depreciation:	
Land improvements	283,909
Buildings and building improvements	17,137,776
Machinery, equipment and vehicles	216,919
Total assets	22,952,636
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	3,403,488
Deferred amounts related to OPEB	219,668
Total deferred outflows of resources	3,623,156
LIABILITIES	
Accounts payable	215,604
Accrued salaries and benefits	36,127
Intergovernmental payable	43,261
Accrued interest payable	102,345
Noncurrent obligations:	
Due within one year:	
Bonds and notes outstanding	627,623
Capital lease payable	12,522
Compensated absences payable	6,366
Due in more than one year:	
Bonds and notes outstanding	3,558,971
Capital leases payable	27,078
Compensated absences payable	10,789
Termination benefits payable	619,448
Net pension liability	16,448,472
OPEB liability	2,068,408
Total liabilities	23,777,014
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	47,576
Deferred amounts related to pensions	488,049
Deferred amounts related to OPEB	104,982
Total deferred inflows of resources	640,607
NET POSITION	
Net investment in capital assets	14,979,686
Restricted for endowments:	
Nonexpendable	323,920
Expendable	143,499
Restricted for other purposes	102,227
Unrestricted	(13,391,161)
Total net position	\$ 2,158,171

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, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction	\$ 11,339,744	\$ 65,332	\$ 1,282,989	\$ -	\$ (9,991,423)
Support services:					
Student	1,686,068	-	-	-	(1,686,068)
Instructional staff	564,122	-	-	-	(564,122)
General administration	122,769	-	-	-	(122,769)
Executive administration	878,364	-	-	-	(878,364)
School administration	981,761	-	-	-	(981,761)
Operation and maintenance of plant	1,265,456	15,650	-	191,362	(1,058,444)
Student transportation	929,200	-	-	-	(929,200)
Other	5,858,120	-	-	-	(5,858,120)
Non-instructional services	338,721	324,062	59,258	-	44,599
Facilities acquisition and construction	54,923	-	-	185,000	130,077
Interest on long-term debt	183,876	-	-	-	(183,876)
Total primary government	<u>\$ 24,203,124</u>	<u>\$ 405,044</u>	<u>\$ 1,342,247</u>	<u>\$ 376,362</u>	<u>(22,079,471)</u>
General revenues:					
School district assessment					16,833,675
Grants and contributions not restricted to specific programs					5,392,541
Miscellaneous					52,720
Total general revenues					<u>22,278,936</u>
Change in net position					199,465
Net position, beginning, as restated, see Note III.D.					1,958,706
Net position, ending					<u>\$ 2,158,171</u>

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

EXHIBIT 3
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020

	General	Food Service Fund	Grants Fund	Capital Project Fund	Permanent Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,894,565	\$ 208,535	\$ -	\$ 141,616	\$ -	\$ 201,589	\$ 2,446,305
Receivables, net of allowance for uncollectibles:							
Accounts	547	-	-	-	-	150,027	150,574
Intergovernmental	496,017	5,681	107,911	-	467,419	-	1,077,028
Interfund receivable	44,108	-	-	-	-	-	44,108
Inventory	-	23,064	-	-	-	-	23,064
Prepaid items	49,785	-	-	-	-	-	49,785
Total assets	<u>\$ 2,485,022</u>	<u>\$ 237,280</u>	<u>\$ 107,911</u>	<u>\$ 141,616</u>	<u>\$ 467,419</u>	<u>\$ 351,616</u>	<u>\$ 3,790,864</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 111,423	\$ 431	\$ 60,803	\$ 39,389	\$ -	\$ 3,558	\$ 215,604
Accrued salaries and benefits	36,127	-	-	-	-	-	36,127
Intergovernmental payable	39,592	669	3,000	-	-	-	43,261
Interfund payable	-	-	44,108	-	-	-	44,108
Total liabilities	<u>187,142</u>	<u>1,100</u>	<u>107,911</u>	<u>39,389</u>	<u>-</u>	<u>3,558</u>	<u>339,100</u>
Deferred inflows of resources:							
Deferred revenue	-	47,576	-	-	-	-	47,576
Fund balances:							
Nonspendable	49,785	23,064	-	-	323,920	-	396,769
Restricted	-	-	-	102,227	143,499	-	245,726
Committed	612,275	165,540	-	-	-	348,058	1,125,873
Assigned	226,253	-	-	-	-	-	226,253
Unassigned	1,409,567	-	-	-	-	-	1,409,567
Total fund balances	<u>2,297,880</u>	<u>188,604</u>	<u>-</u>	<u>102,227</u>	<u>467,419</u>	<u>348,058</u>	<u>3,404,188</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,485,022</u>	<u>\$ 237,280</u>	<u>\$ 107,911</u>	<u>\$ 141,616</u>	<u>\$ 467,419</u>	<u>\$ 351,616</u>	<u>\$ 3,790,864</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, 2020

Total fund balances of governmental funds (Exhibit 3)		\$ 3,404,188
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	\$ 36,256,168	
Less accumulated depreciation	<u>(17,050,288)</u>	19,205,880
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (44,108)	
Payables	<u>44,108</u>	-
Interest on long-term debt is not accrued in governmental funds.		
		(102,345)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds and notes payable	\$ 4,186,594	
Capital lease outstanding	39,600	
Compensated absences payable	17,155	
Termination benefits payable	619,448	
Net pension liability	16,448,472	
OPEB liability	<u>2,068,408</u>	(23,379,677)
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	\$ 3,403,488	
Deferred outflows of resources related to OPEB	219,668	
Deferred inflows of resources related to pensions	(488,049)	
Deferred inflows of resources related to OPEB	<u>(104,982)</u>	
		<u>3,030,125</u>
Net position of governmental activities (Exhibit 1)		<u><u>\$ 2,158,171</u></u>

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

EXHIBIT 5
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Food Service Fund	Grants Fund	Capital Project Fund	Permanent Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
School district assessment	\$ 16,833,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,833,675
Other local	129,373	324,153	-	4,178	14,426	544,282	1,016,412
State	6,176,358	4,255	-	-	-	-	6,180,613
Federal	22,849	55,003	294,037	-	-	-	371,889
Total revenues	<u>23,162,255</u>	<u>383,411</u>	<u>294,037</u>	<u>4,178</u>	<u>14,426</u>	<u>544,282</u>	<u>24,402,589</u>
EXPENDITURES							
Current:							
Instruction	9,867,551	-	284,817	-	-	477,216	10,629,584
Support services:							
Student	1,680,593	-	5,970	-	-	-	1,686,563
Instructional staff	560,872	-	3,250	-	-	-	564,122
General administration	132,588	-	-	-	-	-	132,588
Executive administration	878,364	-	-	-	-	-	878,364
School administration	983,370	-	-	-	-	-	983,370
Operation and maintenance of plant	1,313,667	-	-	-	-	-	1,313,667
Student transportation	929,200	-	-	-	-	-	929,200
Other	4,862,329	-	-	-	-	-	4,862,329
Non-instructional services	-	337,893	-	-	-	1,026	338,919
Debt service:							
Principal	637,798	-	-	-	-	-	637,798
Interest	176,288	-	-	-	-	-	176,288
Facilities acquisition and construction	184,719	-	-	1,491,999	-	-	1,676,718
Total expenditures	<u>22,207,339</u>	<u>337,893</u>	<u>294,037</u>	<u>1,491,999</u>	<u>-</u>	<u>478,242</u>	<u>24,809,511</u>
Excess (deficiency) of revenues over (under) expenditures	<u>954,916</u>	<u>45,518</u>	<u>-</u>	<u>(1,487,821)</u>	<u>14,426</u>	<u>66,040</u>	<u>(406,921)</u>
Other financing sources (uses):							
Transfers in	7,486	-	-	-	-	1,297	8,783
Transfers out	-	-	-	-	(8,783)	-	(8,783)
Capital lease inception	53,992	-	-	-	-	-	53,992
Total other financing sources and uses	<u>61,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,783)</u>	<u>1,297</u>	<u>53,992</u>
Net change in fund balances	1,016,394	45,518	-	(1,487,821)	5,643	67,337	(352,929)
Fund balances, beginning	1,281,486	143,086	-	1,590,048	461,776	280,721	3,757,117
Fund balances, ending	<u>\$ 2,297,880</u>	<u>\$ 188,604</u>	<u>\$ -</u>	<u>\$ 102,227</u>	<u>\$ 467,419</u>	<u>\$ 348,058</u>	<u>\$ 3,404,188</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, 2020

Net change in fund balances of total governmental funds (Exhibit 5) \$ (352,929)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Capitalized capital outlay	\$ 1,827,626	
Depreciation expense	(711,716)	
		1,115,910

Transfers in and out between governmental funds are eliminated on the operating statement.

Transfers in	\$ (8,783)	
Transfers out	8,783	
		-

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Inception of capital lease	\$ (53,992)	
Principal repayment of bonds and notes	623,406	
Principal repayment of capital lease	14,392	
		583,806

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	\$ (7,588)	
Decrease in compensated absences payable	8,350	
Increase in termination benefits payable	(152,293)	
Decrease in OPEB related balances	37,962	
		(113,569)

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	\$ 1,522,353	
Cost of benefits, net of employee contributions	(2,556,106)	
		(1,033,753)

Change in net position of governmental activities (Exhibit 2)		\$ 199,465
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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, 2020

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
School district assessment	\$ 16,834,172	\$ 16,834,172	\$ 16,833,675	\$ (497)
Other local	99,500	99,500	124,334	24,834
State	6,083,677	6,083,677	6,176,358	92,681
Federal	-	-	22,849	22,849
Total revenues	<u>23,017,349</u>	<u>23,017,349</u>	<u>23,157,216</u>	<u>139,867</u>
EXPENDITURES				
Current:				
Instruction	10,617,278	10,523,016	9,810,903	712,113
Support services:				
Student	1,456,720	1,799,085	1,680,593	118,492
Instructional staff	661,707	667,697	555,643	112,054
General administration	170,559	170,159	117,302	52,857
Executive administration	878,364	878,364	878,364	-
School administration	1,075,529	1,092,820	994,730	98,090
Operation and maintenance of plant	1,307,369	1,305,602	1,398,450	(92,848)
Student transportation	1,273,553	989,708	929,200	60,508
Other	5,227,980	5,227,980	4,862,329	365,651
Debt service:				
Principal	621,860	637,798	637,798	-
Interest	177,804	176,494	176,288	206
Facilities acquisition and construction	138,396	138,396	131,325	7,071
Total expenditures	<u>23,607,119</u>	<u>23,607,119</u>	<u>22,172,925</u>	<u>1,434,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(589,770)</u>	<u>(589,770)</u>	<u>984,291</u>	<u>1,574,061</u>
Other financing sources (uses):				
Transfers in	-	-	7,486	7,486
Transfers out	(167,000)	(167,000)	(164,036)	2,964
Total other financing sources and uses	<u>(167,000)</u>	<u>(167,000)</u>	<u>(156,550)</u>	<u>10,450</u>
Net change in fund balance	<u>\$ (756,770)</u>	<u>\$ (756,770)</u>	827,741	<u>\$ 1,584,511</u>
Increase in nonspendable fund balance			(25,442)	
Increase in committed fund balance			(23,000)	
Unassigned fund balance, beginning			630,268	
Unassigned fund balance, ending			<u>\$ 1,409,567</u>	

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

EXHIBIT 8
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Food Service Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local	\$ 353,000	\$ 324,153	\$ (28,847)
State	3,000	4,255	1,255
Federal	38,000	55,003	17,003
Total revenues	<u>394,000</u>	<u>383,411</u>	<u>(10,589)</u>
EXPENDITURES			
Current:			
Non-instructional services	<u>394,000</u>	<u>337,893</u>	<u>56,107</u>
Net change in fund balance	<u>\$ -</u>	<u>45,518</u>	<u>\$ 45,518</u>
Fund balance, beginning		<u>143,086</u>	
Fund balance, ending		<u>\$ 188,604</u>	

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

EXHIBIT 9
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal	\$ 260,000	\$ 294,037	\$ 34,037
EXPENDITURES			
Current:			
Instruction	260,000	284,817	(24,817)
Support services:			
Student	-	5,970	(5,970)
Instructional staff	-	3,250	(3,250)
Total expenditures	<u>260,000</u>	<u>294,037</u>	<u>(34,037)</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

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

NOTES TO THE FINANCIAL STATEMENTS

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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, 2020.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

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

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

Government-Wide Financial Statements

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Fund Financial Statements

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

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

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

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

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Capital Project Fund – Accounts for expenditures related to the turf field project funded by a bond issue during the year.

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

The School District also reports two nonmajor funds: the student activities and the miscellaneous special revenue fund.

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

I.C.1. *Cash and Investments*

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

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

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED
 JUNE 30, 2020**

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
JUNE 30, 2020**

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 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, 2020**

- 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 Capital Project and Permanent Funds. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2020, \$489,770 of the fund balance from the fiscal year 2019 was so used, and \$267,000 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, 2020**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 23,164,702
Adjustments:	
Basis difference:	
Capital lease inception	53,992
Perspective difference:	
Expendable trust fund earnings	5,039
Per Exhibit 5 (GAAP basis)	<u>\$ 23,223,733</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 22,336,961
Adjustments:	
Basis difference:	
Encumbrances, beginning	55,698
Encumbrances, ending	(226,253)
Capital lease inception	53,992
Perspective difference:	
Expendable trust fund expenditures	150,977
Transfers to expendable trust fund	(164,036)
Per Exhibit 5 (GAAP basis)	<u>\$ 22,207,339</u>

For the Food Service and Grants Fund, there are no differences between the budgetary basis and GAAP. A project length budget was 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, 2020**

III.A.2. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Balance, ending
At cost:			
Not being depreciated:			
Construction in progress	\$ 88,202	\$ 1,479,074	1,567,276
Being depreciated:			
Land improvements	862,243	97,672	959,915
Buildings and building improvements	33,096,592	168,878	33,265,470
Machinery, equipment and vehicles	381,505	82,002	463,507
Total capital assets being depreciated	34,340,340	348,552	34,688,892
Total all capital assets	34,428,542	1,827,626	36,256,168
Less accumulated depreciation:			
Land improvements	(635,319)	(40,687)	(676,006)
Buildings and building improvements	(15,491,251)	(636,443)	(16,127,694)
Machinery, equipment and vehicles	(212,002)	(34,586)	(246,588)
Total accumulated depreciation	(16,338,572)	(711,716)	(17,050,288)
Net book value, capital assets being depreciated	18,001,768	(363,164)	17,638,604
Net book value, all capital assets	\$ 18,089,970	\$ 1,115,910	\$ 19,205,880

Depreciation Expense

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

Instruction	\$ 656,157
Support services:	
Operation and maintenance of plant	54,686
Non-instructional services	873
Total depreciation expense	\$ 711,716

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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, 2020	Current Portion
General obligation bonds and notes payable:						
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	\$ 2,685,000	\$ 485,000
Artificial turf field	\$ 1,660,000	2019	2029	3.8	1,501,594	142,623
					<u>4,186,594</u>	<u>627,623</u>
Capital lease payable:						
Vans	\$ 53,992	2020	2023	5.3	39,600	12,522
Compensated absences payable:						
Vested sick leave					10,789	-
Accrued vacation leave					6,366	6,366
					<u>17,155</u>	<u>6,366</u>
Termination benefits payable					619,448	-
Net pension liability					16,448,472	-
Other postemployment benefits liability					2,068,408	-
					<u>\$ 23,379,677</u>	<u>\$ 646,511</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2020:

	General Obligation Bonds & Notes Payable	Capital Lease Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ 4,810,000	\$ -	\$ 25,505	\$ 467,155	\$ 16,028,584	\$ 2,068,458	\$ 23,399,702
Additions	-	53,992	-	152,293	419,888	-	626,173
Reductions	(623,406)	(14,392)	(8,350)	-	-	(50)	(646,198)
Balance, ending	<u>\$ 4,186,594</u>	<u>\$ 39,600</u>	<u>\$ 17,155</u>	<u>\$ 619,448</u>	<u>\$ 16,448,472</u>	<u>\$ 2,068,408</u>	<u>\$ 23,379,677</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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
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	755,988	49,396	805,384
2026-2029	730,796	71,740	802,536
Totals	<u>\$ 4,186,594</u>	<u>\$ 652,383</u>	<u>\$ 4,838,977</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 12,522	\$ 2,106	\$ 14,628
2022	13,188	1,440	14,628
2023	13,890	738	14,628
Totals	<u>\$ 39,600</u>	<u>\$ 4,284</u>	<u>\$ 43,884</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 \$44,108 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 \$7,486 to the General Fund and \$1,297 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
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

III.D. Equity Restatement

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

To record additional capital assets and related depreciation	\$ 61,239
Net position, as previously reported	1,897,467
Net position, as restated	<u>\$ 1,958,706</u>

III.E. Components of Fund Equity

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

	General Fund	Food Service Fund	Capital Project Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:						
Endowment	\$ -	\$ -	\$ -	\$ 323,920	\$ -	\$ 323,920
Inventory	-	23,064	-	-	-	23,064
Prepaid items	49,785	-	-	-	-	49,785
Total nonspendable	<u>49,785</u>	<u>23,064</u>	<u>-</u>	<u>323,920</u>	<u>-</u>	<u>396,769</u>
Restricted for:						
Instruction	-	-	-	143,499	-	143,499
Capital outlay	-	-	102,227	-	-	102,227
Total restricted	<u>-</u>	<u>-</u>	<u>102,227</u>	<u>143,499</u>	<u>-</u>	<u>245,726</u>
Committed for:						
Instruction	-	-	-	-	348,058	348,058
Non-instructional services	-	165,540	-	-	-	165,540
Capital outlay	612,275	-	-	-	-	612,275
Total committed	<u>612,275</u>	<u>165,540</u>	<u>-</u>	<u>-</u>	<u>348,058</u>	<u>1,125,873</u>
Assigned to:						
Instruction	20,322	-	-	-	-	20,322
Support services	205,333	-	-	-	-	205,333
Capital outlay	598	-	-	-	-	598
Total assigned	<u>226,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>226,253</u>
Unassigned	1,409,567	-	-	-	-	1,409,567
Total fund balances	<u>\$ 2,297,880</u>	<u>\$ 188,604</u>	<u>\$ 102,227</u>	<u>\$ 467,419</u>	<u>\$ 348,058</u>	<u>\$ 3,404,188</u>

IV. Other Information

IV.A. Risk Management

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the N.H. Public Risk Management Exchange (Primex), which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities. The Primex programs are pooled risk management programs under N.H. RSA 5-B and RSA 281-A. The

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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 2020 to be recorded as an insurance expenditure/expense totaled \$39,793, and property/liability contributions totaled \$59,836. 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 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 17.80% for teachers and 11.17% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2018, 2019, and 2020 were \$1,547,264, \$1,469,135, and \$1,522,353, 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, 2020, the School District reported a liability of \$16,448,472 for its proportionate share of the net pension liability. The net pension liability is based on a June 30, 2018 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2019. The roll-forward of the total pension liability from June 30, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefits payments, refunds, and administrative expenses for the plan year. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2020, the

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

School District's reported proportion was 0.3418%, which was an increase of 0.0089% from its proportion reported as of June 30, 2019.

For the year ended June 30, 2020, the School District recognized pension expense of \$2,556,106. At June 30, 2020, 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	\$ 1,200,024	\$ -
Net differences between projected and actual earnings on pension plan investments	-	134,360
Changes of assumptions	590,165	-
Differences between expected and actual experience	90,946	353,689
School District contributions subsequent to the measurement date	1,522,353	-
	\$ 3,403,488	\$ 488,049

The School District reported \$1,522,353 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, 2021.

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,	
2021	\$ 945,491
2022	74,605
2023	267,302
2024	105,688
	\$ 1,393,086

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	21 years, beginning July 1, 2018
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.5% per year
Wage Inflation	3.25% per year
Municipal Bond Rate	3.13% per year
Salary Increases	5.6% average, including inflation
Investment Rate of Return	7.25% net of pension plan investment expense, including inflation

The actuarial assumptions used in the June 30, 2018 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	\$ 22,025,181	\$ 16,448,472	\$ 11,839,365

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

IV.C. Other Postemployment Benefits

Plan Description

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

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

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>2-Person</u>	<u>Family</u>
AB10IPED(07)-RX10/20/45	\$724.11	\$1,861.85	\$2,513.50
ABS0S20/40/1KDED(07)-RX10/20/45	\$724.11	\$1,448.21	\$1,955.08

Currently, there are 189 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2020, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree’s household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants. As of the June 30, 2019 measurement date, participants of the postretirement plan that met eligibility requirements were comprised of 164 active employees and retirees.

Total OPEB Liability

The School District’s total OPEB liability of \$2,068,408 consists of \$644,291 for the implicit rate subsidy determined by an actuarial valuation as of July 1, 2019 and \$1,424,117 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

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

Discount Rate:	2.21%, net of investment expenses, including inflation
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Health Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.00%
	2	6.55%
	3	6.10%
	4	5.65%
	5	5.20%
	Ultimate	4.00%

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

Inflation: 2.4%

Discount Rate

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

Healthcare Cost Trend Rates

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

Sensitivity of Total OPEB Liability

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

Implicit Rate Subsidy:	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
School District's total OPEB liability	<u>\$ 685,165</u>	<u>\$ 644,291</u>	<u>\$ 605,042</u>
Medical Subsidy:	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's total OPEB liability	<u>\$ 1,544,672</u>	<u>\$ 1,424,117</u>	<u>\$ 1,319,363</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
School District's total OPEB liability	\$ 576,102	\$ 644,291	\$ 724,108

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the School District recognized OPEB expense of \$1,850,027. At year-end, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 3,591	\$ -
Net differences between projected and actual earnings on pension plan investments	-	1,600
Changes of assumptions	-	4,885
Differences between expected and actual experience	52,192	98,497
School District contributions subsequent to the measurement date	163,885	-
	<u>\$ 219,668</u>	<u>\$ 104,982</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

The School District reported \$163,885 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 2021. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ending June 30,		
2021		\$ (10,671)
2022		(11,785)
2023		(9,727)
2024		(9,545)
2025		(7,471)
		\$ (49,199)

IV.D. Contingent Liabilities

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the Year Ended June 30,	School District's Proportion of Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered- Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Net Position as a Percentage of the Total Pension Liability
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%
2020	0.3418%	\$ 16,448,472	\$ 9,903,761	166.08%	65.59%

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

EXHIBIT 11
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of the School District's Pension Contributions
New Hampshire Retirement System

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
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%
2020	\$ 1,522,353	\$ (1,522,353)	\$ -	\$ 9,903,761	15.37%

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

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

EXHIBIT 13
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 14
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds		
	Student Activities	Miscellaneous	Total
ASSETS			
Cash and cash equivalents	\$ 43,105	\$ 158,484	\$ 201,589
Accounts receivable	-	150,027	150,027
Total assets	<u>\$ 43,105</u>	<u>\$ 308,511</u>	<u>\$ 351,616</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 3,558	\$ 3,558
Fund balances:			
Committed	<u>43,105</u>	<u>304,953</u>	<u>348,058</u>
Total liabilities and fund balances	<u>\$ 43,105</u>	<u>\$ 308,511</u>	<u>\$ 351,616</u>

EXHIBIT 15
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds		
	Student Activities	Miscellaneous	Total
REVENUES			
Local	\$ 165,829	\$ 378,453	\$ 544,282
EXPENDITURES			
Current:			
Instruction	201,148	276,068	477,216
Non-instructional services	-	1,026	1,026
Total expenditures	201,148	277,094	478,242
Excess (deficiency) of revenues over (under) expenditures	(35,319)	101,359	66,040
Other financing sources:			
Transfers in	-	1,297	1,297
Net change in fund balances	(35,319)	102,656	67,337
Fund balances, beginning	78,424	202,297	280,721
Fund balances, ending	\$ 43,105	\$ 304,953	\$ 348,058

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

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 16,834,172	\$ 16,833,675	\$ (497)
Other local sources:			
Tuition	10,000	24,941	14,941
Investment earnings	4,500	10,845	6,345
Impact fees	-	24,131	24,131
Rentals	-	650	650
Athletics	-	40,391	40,391
Services provided to others	-	15,000	15,000
Miscellaneous	85,000	8,376	(76,624)
Total from other local sources	<u>99,500</u>	<u>124,334</u>	<u>24,834</u>
State sources:			
Adequacy aid (grant)	3,312,014	3,313,868	1,854
Adequacy aid (tax)	2,078,673	2,078,673	-
School building aid	191,362	191,362	-
Catastrophic aid	496,264	587,202	90,938
Vocational tuition aid	5,364	5,253	(111)
Total from state sources	<u>6,083,677</u>	<u>6,176,358</u>	<u>92,681</u>
Federal sources:			
Medicaid	-	22,849	22,849
Other financing sources:			
Transfers in	-	7,486	7,486
Total revenues and other financing sources	23,017,349	<u>\$ 23,164,702</u>	<u>\$ 147,353</u>
Use of fund balance	<u>756,770</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 23,774,119</u>		

EXHIBIT 17
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 5,973,418	\$ 5,714,655	\$ 6,703	\$ 252,060
Special programs	7,500	3,678,506	3,394,826	182	290,998
Vocational programs	8,933	40,000	31,890	5,065	11,978
Other	-	831,092	665,643	8,372	157,077
Total instruction	<u>16,433</u>	<u>10,523,016</u>	<u>9,807,014</u>	<u>20,322</u>	<u>712,113</u>
Support services:					
Student	-	1,799,085	1,680,593	-	118,492
Instructional staff	14,277	667,697	560,872	9,048	112,054
General administration	15,410	170,159	132,588	124	52,857
Executive administration	-	878,364	878,364	-	-
School administration	-	1,092,820	983,370	11,360	98,090
Operation and maintenance of plant	9,578	1,305,602	1,223,227	184,801	(92,848)
Student transportation	-	989,708	929,200	-	60,508
Other	-	5,227,980	4,862,329	-	365,651
Total support services	<u>39,265</u>	<u>12,131,415</u>	<u>11,250,543</u>	<u>205,333</u>	<u>714,804</u>
Debt service:					
Principal	-	637,798	637,798	-	-
Interest	-	176,494	176,288	-	206
Total debt service	<u>-</u>	<u>814,292</u>	<u>814,086</u>	<u>-</u>	<u>206</u>
Facilities acquisition and construction	<u>-</u>	<u>138,396</u>	<u>130,727</u>	<u>598</u>	<u>7,071</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>167,000</u>	<u>164,036</u>	<u>-</u>	<u>2,964</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 55,698</u>	<u>\$ 23,774,119</u>	<u>\$ 22,166,406</u>	<u>\$ 226,253</u>	<u>\$ 1,437,158</u>

EXHIBIT 18
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2020

Unassigned fund balance, beginning		\$ 630,268
Changes:		
Fund balance used to reduce school district assessment		(489,770)
Fund balance appropriated		(267,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 147,353	
Unexpended balance of appropriations (Exhibit 17)	<u>1,437,158</u>	
Budget surplus		1,584,511
Increase in nonspendable fund balance		(25,442)
Increase in committed fund balance		<u>(23,000)</u>
Unassigned fund balance, ending		<u><u>\$ 1,409,567</u></u>

EXHIBIT 19
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Fund
Summary of Activity - Middle School
For the Fiscal Year Ended June 30, 2020

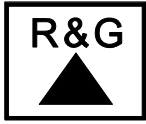
	Balance, beginning	Additions	Deductions	Balance, ending
Art Club	\$ 2,280	\$ -	\$ 2,280	\$ -
Band Club	546	200	100	646
Books and Equipment	1,174	32	1,174	32
Climbing Club	915	-	-	915
Coffee Cart	336	-	336	-
CPR First Aid	1,499	-	1,499	-
Field Trips	(30)	19,511	22,041	(2,560)
History Club	50	-	50	-
Library Activities	457	-	457	-
Mountain Bike Club	797	-	-	797
Music Club	500	-	-	500
Ski Program	965	4,900	4,005	1,860
Student Council	2,124	71	632	1,563
U-Knighted For All	1,178	653	59	1,772
Yearbook	474	-	-	474
Uncategorized	(34)	29	-	(5)
Miscellaneous	13	540	540	13
Interest	70	14	83	1
Service Charges	(2)	-	-	(2)
Total	<u>\$ 13,312</u>	<u>\$ 25,950</u>	<u>\$ 33,256</u>	<u>\$ 6,006</u>

EXHIBIT 20
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Fund
Summary of Activity - High School
For the Fiscal Year Ended June 30, 2020

	Balance, beginning	Additions	Deductions	Balance, ending
Amnesty International	\$ 214	\$ -	\$ 214	\$ -
Art Club	2	-	-	2
Chemistry Club	249	-	-	249
Chess Club	175	-	-	175
Class Gift Fund	4,863	-	2,218	2,645
Class Closed Funds	491	3,174	3,665	-
Class of 2017	2,401	-	2,401	-
Class of 2018	774	-	774	-
Class of 2019	2,334	485	4,020	(1,201)
Class of 2020	6,458	18,443	12,575	12,326
Class of 2021	1,183	4,774	3,020	2,937
Class of 2022	157	264	55	366
Class of 2023	-	-	55	(55)
Coca Cola Sales	2,086	3,652	5,738	-
Culinary Club	29	-	29	-
Dance Team	761	-	-	761
Debate Team	594	90	684	-
DI Team	80	-	80	-
Field Trips	2,305	2,758	5,063	-
French Club	279	-	-	279
Gay Straight Alliance	179	-	-	179
Green Group	509	85	-	594
Hall of Fame	62	-	62	-
HB The Change	500	-	500	-
HBBF	180	-	180	-
Homefront Group	179	232	30	381
Interact	2,333	-	-	2,333
Interest Inc	207	58	258	7
Journalism Honor Society	-	175	190	(15)
Latin Club	5	-	-	5
Life of an Athlete	641	-	642	(1)
National Honor Society	871	3,215	2,689	1,397
National Honor Society - Art	2	-	-	2
NHS Academic Assistance Fun	1,673	-	160	1,513
Outing Club	241	-	240	1
PF All State	(523)	6,609	7,465	(1,379)
PF Concerts	29	3,809	4,213	(375)
PF Guitar Night	2,617	-	2,653	(36)
PF Improv	3	15	18	-
PF Musical	357	-	5,068	(4,711)
PF Theater	998	-	998	-

EXHIBIT 20 (continued)
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Fund
Summary of Activity - High School
For the Fiscal Year Ended June 30, 2020

	Balance, beginning	Additions	Deductions	Balance, ending
PF Trips	(4,398)	84,290	81,602	(1,710)
PF Tri-M	(240)	412	272	(100)
Photography	1,837	200	15	2,022
Physics Bridge Building	577	-	-	577
Quiz Bowl	171	630	801	-
Red Cross Club	598	545	1,020	123
SADD	204	-	204	-
Scholarships	(3)	1,313	1,638	(328)
School Store (Life Skills)	892	86	978	-
Science Olympiad	65	80	320	(175)
Ski and Snowboard Club	1,559	1,372	1,352	1,579
Spanish Club	4,174	70	-	4,244
Sports Petty Cash	380	-	455	(75)
Sports Soccer	(2)	-	170	(172)
Sports Cross Country	1,117	1,200	2,317	-
Student Council	2,055	513	921	1,647
10 Percent Fund	4,981	232	5,213	-
Thespian Society	25	327	808	(456)
Uncategorized	(439)	-	5	(444)
Uncleared Checks	9,707	-	-	9,707
Video Club	200	-	200	-
Yearbook	5,154	771	3,644	2,281
	<u>\$ 65,112</u>	<u>\$ 139,879</u>	<u>\$ 167,892</u>	<u>\$ 37,099</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, 2020, 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, and therefore, material weaknesses may exist that have not been identified. However, as discussed below, we identified a certain other matter that we consider important to communicate.

Employee Reimbursements

We noted a reimbursement over \$1,000 to a staff member for the purchase of books. Because supplies such as books can be returned to a vendor for refund, this creates an opportunity for fraud. We recommend that the School District purchase supplies directly whenever possible to limit such opportunities.

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

March 31, 2021

Roberts & Greene, PLLC