

# HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

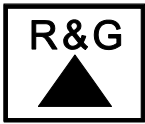
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	3
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	10
Statement of Activities (Exhibit 2)	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	12
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position (Exhibit 4)	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	15
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	16
Grants Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	17
Fiduciary Funds – Statement of Fiduciary Net Position (Exhibit 9)	18
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	19
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Other Postemployment Benefits – Schedule of Funding Progress (Exhibit 10)	36
Schedule of the School District's Proportionate Share of the Net Pension Liability (Exhibit 11)	37
Schedule of the School District's Pension Contributions (Exhibit 12)	38
Note to the Required Supplementary Information	39
<b>COMBINING AND INDIVIDUAL FUND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 13)	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 14)	41
General Fund	
Schedule of Estimated and Actual Revenues (Exhibit 15)	42
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 16)	43
Schedule of Changes in Unassigned Fund Balance (Exhibit 17)	44
Student Activities Funds	
Combining Schedule of Changes in Assets and Liabilities (Exhibit 18)	45
Summary of Activity – Hollis-Brookline Middle School (Exhibit 19)	46
<b>INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT</b>	47



# 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, 2016, 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, 2016, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress and pension information on pages 3-9 and 32-35 be

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

*Other Information*

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

April 17, 2017

*Roberts & Greene, PLLC*

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016**

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, 2016. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MDA is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**DISTRICT-WIDE STATEMENTS**

The district-wide statements report information about the district as a whole. The statement of net position includes all of the district's assets and liabilities, except for capital assets. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position. The district-wide statements present and 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, 2016**

district do financially during the 2015-16 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 includes most of the district's basic service, such as regular and special education, transportation, and administration. Property taxes and state revenue finance most of the activities.

**FUND FINANCIAL STATEMENTS**

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

The district has two types of funds:

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016**

**Notes to the Basic Financial Statements**

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

**Government-Wide Financial Analysis**

**Hollis-Brookline Cooperative School District**

**Statement of Net Position**

Change in net position for fiscal year 2016 compared to fiscal year 2015:

	2015	2016	Increase (Decrease)	% Increase (Decrease)
Current and other assets	1,627,522	1,542,694	(84,828)	-5.21%
Capital assets	20,217,775	19,581,907	(635,868)	-3.15%
<b>Total Assets</b>	<b>21,845,297</b>	<b>21,124,601</b>	<b>(720,696)</b>	<b>-3.30%</b>
Deferred outflows of resources	1,694,333	1,935,506	241,173	14.23%
Long-term liabilities outstanding	17,512,160	17,455,543	(56,617)	-0.32%
Other liability	875,228	654,780	(220,448)	-25.19%
<b>Total liabilities</b>	<b>18,387,388</b>	<b>18,110,323</b>	<b>(277,065)</b>	<b>-1.51%</b>
Deferred inflows of resources	1,416,632	590,485	(826,147)	-58.32%
<b>Net Position:</b>				
Net investment in capital assets	14,411,008	14,735,463	324,455	2.25%
Restricted	384,497	407,078	22,581	5.87%
Unrestricted	(11,059,895)	(10,783,242)	276,653	-2.50%
<b>Total Net Position</b>	<b>3,735,610</b>	<b>4,359,299</b>	<b>623,689</b>	<b>16.70%</b>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016  
Statement of Activities**

Change in fund revenue and expense for fiscal year 2015 compared to fiscal year 2016:

<b>Revenues:</b>	<b>2015</b>	<b>2016</b>	<b>Change</b>	<b>%Change</b>
Program Revenues				
Charges for Services	536,438	538,755	2,317	0.4%
Operating Grants and Contributions	878,671	1,120,143	241,472	27.5%
Capital Grants and Contributions	400,514	404,512	3,998	1.0%
General Revenues:				
Assessment	13,910,558	13,804,794	(105,764)	-0.8%
Grants and Contributions	5,266,861	5,215,224	(51,637)	-1.0%
Miscellaneous	179,158	123,326	(55,832)	-31.2%
<b>Total Revenues</b>	<b>21,172,200</b>	<b>21,206,754</b>	<b>34,554</b>	<b>0.2%</b>
<b>Program Expenses:</b>				
Instruction	10,257,906	10,178,341	(79,565)	-0.8%
Student Support	1,228,602	1,272,819	44,217	3.6%
Instructional Staff	531,823	455,948	(75,875)	-14.3%
General Administration	61,514	60,131	(1,383)	-2.2%
Executive Administration	689,453	723,439	33,986	4.9%
School Administration	874,424	939,079	64,655	7.4%
Business	-	562	562	100.0%
Operation and Maintenance of Plant	1,178,032	1,111,594	(66,438)	-5.6%
Student Transportation	702,399	817,995	115,596	16.5%
Other	3,657,969	3,904,121	246,152	6.7%
Non-instructional Services	508,978	412,909	(96,069)	-18.9%
Facilities Acquisition and Construction	71,180	(21,644)	(92,824)	-130.4%
Interest on Long-Term Debt	868,627	727,771	(140,856)	-16.2%
<b>Total Expenses</b>	<b>20,630,907</b>	<b>20,583,065</b>	<b>(47,842)</b>	<b>-0.2%</b>
Change in Net Position	541,293	623,689	82,396	15.2%
Net Position - Beginning	3,194,317	3,735,610	541,293	16.9%
Net Position - Ending	3,735,610	4,359,299	623,689	16.7%

**School District Activities**

Specific areas of variance are evidenced above in the change in net position. Some of the larger variances are due to the following:

**Revenues:** In FY16 the district received revenue greater than in FY15 in primarily three areas: approximately \$105,000 in catastrophic aid, approximately \$80,000 in grant revenue and approximately \$37,000 in Medicaid revenue. Revenue was lower in FY16 than in FY15 in three areas: the tax assessment (\$105,764), the combination of the state adequacy grant and education tax revenue (\$51,637) and in a one-time local grant for lighting (\$55,832).



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016**

**Expenditures:** Expenditures higher in FY16 than in FY15 included special education programming and transportation costs and employee benefits. Because of these high costs, the district implemented a budget freeze which resulted in lower expenditures in FY16 over FY15 across the board. Because of the milder than usual winter, the district also enjoyed savings in heating and snow removal costs. Lastly, one-time FY15 costs, such as the NEASC and sports track improvements, contributed to lower expenditures in FY16 as compared to FY15.

**General Fund Budgetary Highlights**

**Revenues**

Revenue recognized by the Hollis Brookline Cooperative School District's general fund amounted to \$132,031 more than budgeted, as detailed below. This is primarily due to the LGC contribution holiday refund that was not included in the FY16 budget.

**Hollis Brookline Cooperative School District General Fund Revenues FY16 - Budget vs Actuals  
(without transfers)**

<u>Revenue</u>	Original		
	Budget	Actual	Variance
School District Assessment	\$ 13,804,794	\$ 13,804,794	\$ -
Other Local	\$ 53,740	\$ 240,242	\$ 186,502
State	\$ 6,244,879	\$ 6,205,183	\$ (39,696)
Federal	\$ 210,670	\$ 195,895	\$ (14,775)
<b>Total Revenues</b>	<b>\$ 20,314,083</b>	<b>\$ 20,446,114</b>	<b>\$ 132,031</b>
Use of Fund Balance to Reduce School District Assessment & Other Funding	\$ 399,407		
<b>Total Revenues and Use of Fund Balance</b>	<b>\$ 20,713,490</b>		

**Expenditures**

The general fund surplus can be attributed to:

- Hiring savings
- Savings in purchased supplies and services in response to budget freeze
- Savings in snow plowing, electrical and heating oil
- Savings in the regular education transportation contract and fuel
- The contingency fund of \$100,000 was untouched

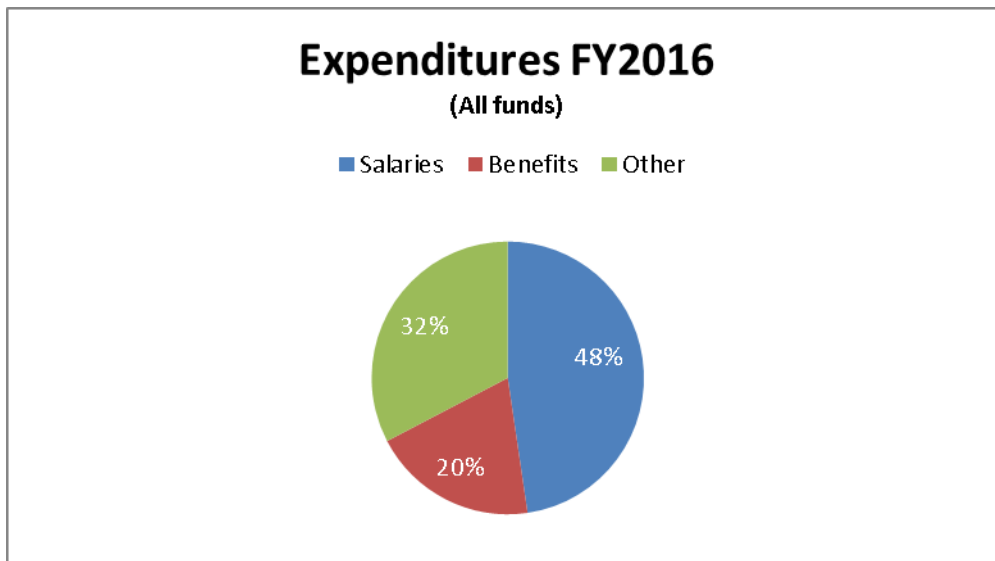
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016**

**Hollis Brookline Cooperative School District General Fund Expenditures FY16 - Budget vs Actuals  
(without transfers)**

<u>Expenditures</u>	Original		
	Budget	Actual	Variance
Instruction	\$ 9,355,560	\$ 9,182,697	\$ 172,863
Student & Instructional Support	\$ 1,692,617	\$ 1,703,321	\$ (10,704)
General, Executive & School Administration	\$ 1,820,490	\$ 1,699,867	\$ 120,623
Operation & Maintenance of Plant	\$ 1,129,944	\$ 1,056,606	\$ 73,338
Student Transportation	\$ 860,328	\$ 817,995	\$ 42,333
Other Support Services	\$ 4,051,943	\$ 4,049,948	\$ 1,995
Debt Service	\$ 1,802,608	\$ 1,802,708	\$ (100)
<b>Total Appropriations &amp; Expenditures</b>	<b>\$ 20,713,490</b>	<b>\$ 20,313,142</b>	<b>\$ 400,348</b>

**Break-down of Costs**

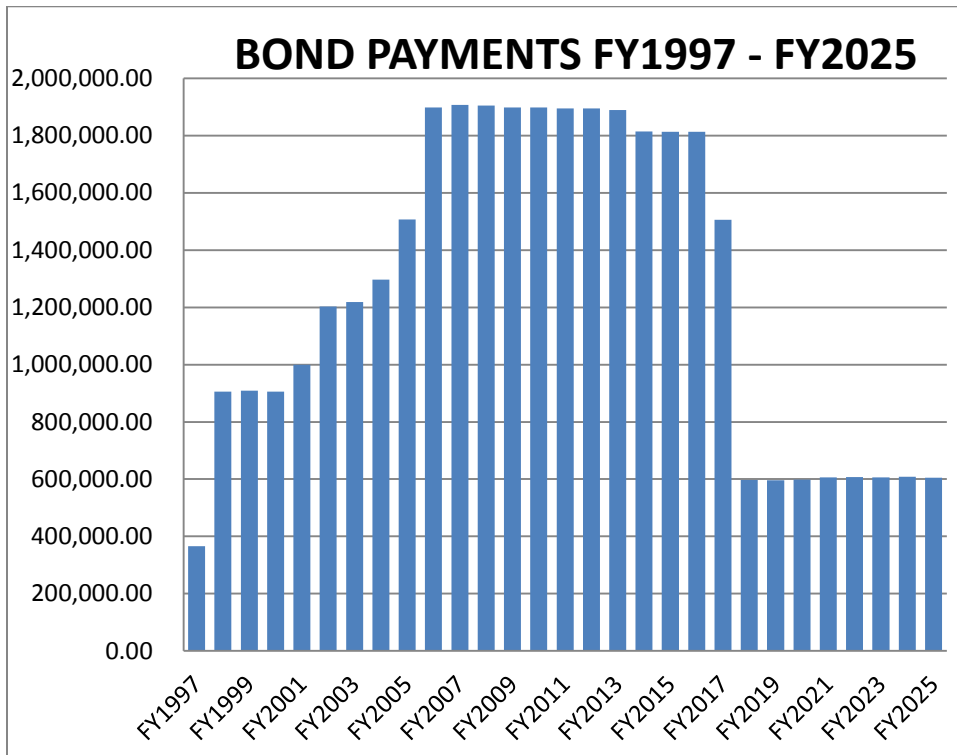
The district's expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials. The disbursement of cost has remained fairly consistent with prior fiscal year expenditures (48% salary, 33% other, 19% benefits).



**DEBT ADMINISTRATION**

The School Administrative Unit carries debt on the renovation of the Hollis Brookline Middle School as well as the construction of the High School. A significant portion of debt is scheduled to retire in FY2017.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2016**



**OTHER DISCUSSION**

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

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

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2016**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 593,360
Investments	7,835
Intergovernmental receivables	924,508
Other receivables	450
Inventory	7,283
Prepaid items	9,258
Capital assets, net of accumulated depreciation:	
Land improvements	238,503
Buildings and building improvements	19,234,714
Machinery, equipment and vehicles	108,690
Total assets	21,124,601
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	1,935,506
<b>LIABILITIES</b>	
Accounts payable	123,511
Accrued salaries and benefits	88,874
Intergovernmental payable	11,351
Accrued interest payable	431,044
Noncurrent obligations:	
Due within one year:	
Bonds outstanding	836,444
Compensated absences payable	5,764
Termination benefits payable	58,045
Due in more than one year:	
Bonds outstanding	4,010,000
Compensated absences payable	17,961
Termination benefits payable	342,987
Other postemployment benefits payable	406,925
Net pension liability	11,777,417
Total liabilities	18,110,323
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	17,276
Amounts related to pensions	573,209
	590,485
<b>NET POSITION</b>	
Net investment in capital assets	14,735,463
Restricted for endowments:	
Nonexpendable	263,383
Expendable	143,695
Unrestricted	(10,783,242)
Total net position	\$ 4,359,299

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, 2016**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction	\$ 10,178,341	\$ 164,287	\$ 1,064,424	\$ -
Support services:				
Student	1,272,819	30,513	-	-
Instructional staff	455,948	-	5,927	-
General administration	60,131	-	-	-
Executive administration	723,439	-	-	-
School administration	917,435	-	-	-
Operation and maintenance of plant	1,111,594	-	-	-
Student transportation	817,995	-	-	-
Other	3,904,683	-	-	-
Non-instructional services	412,909	343,955	49,792	-
Interest on long-term debt	727,771	-	-	404,512
Total primary government	<u>\$ 20,583,065</u>	<u>\$ 538,755</u>	<u>\$ 1,120,143</u>	<u>\$ 404,512</u>
General revenues:				
School district assessment				13,804,794
Grants and contributions not restricted to specific programs				5,215,224
Miscellaneous				<u>123,326</u>
Total general revenues				<u>19,143,344</u>
Change in net position				623,689
Net position, beginning				<u>3,735,610</u>
Net position, ending				<u>\$ 4,359,299</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, 2016**

	General	Grants	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 413,249	\$ -	\$ -	\$ 180,111	\$ 593,360
Investments	7,835	-	-	-	7,835
Receivables, net of allowance for uncollectibles:					
Accounts	-	-	-	450	450
Intergovernmental	214,261	279,107	407,078	24,062	924,508
Interfund receivable	316,382	-	-	-	316,382
Inventory	-	-	-	7,283	7,283
Prepaid items	9,258	-	-	-	9,258
Total assets	<u>\$ 960,985</u>	<u>\$ 279,107</u>	<u>\$ 407,078</u>	<u>\$ 211,906</u>	<u>\$ 1,859,076</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 116,102	\$ -	\$ -	\$ 7,409	\$ 123,511
Accrued salaries and benefits	88,874	-	-	-	88,874
Intergovernmental payable	4,770	6,558	-	23	11,351
Interfund payable	-	272,549	-	43,833	316,382
Total liabilities	<u>209,746</u>	<u>279,107</u>	<u>-</u>	<u>51,265</u>	<u>540,118</u>
Deferred inflows of resources:					
Deferred revenue	<u>225</u>	<u>-</u>	<u>-</u>	<u>17,051</u>	<u>17,276</u>
Fund balances:					
Nonspendable	9,258	-	263,383	7,283	279,924
Restricted	-	-	143,695	-	143,695
Committed	236,951	-	-	141,950	378,901
Assigned	10,264	-	-	-	10,264
Unassigned	494,541	-	-	(5,643)	488,898
Total fund balances	<u>751,014</u>	<u>-</u>	<u>407,078</u>	<u>143,590</u>	<u>1,301,682</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 960,985</u>	<u>\$ 279,107</u>	<u>\$ 407,078</u>	<u>\$ 211,906</u>	<u>\$ 1,859,076</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, 2016**

Total fund balances of governmental funds (Exhibit 3)	\$	1,301,682
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$	34,003,733
Less accumulated depreciation		<u>(14,421,826)</u>
		19,581,907
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(316,382)
Payables		<u>316,382</u>
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(431,044)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$	4,846,444
Compensated absences payable		23,725
Termination benefits payable		401,032
Other postemployment benefits payable		406,925
Net pension liability		<u>11,777,417</u>
		(17,455,543)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$	1,935,506
Deferred inflows of resources related to pensions		<u>(573,209)</u>
		1,362,297
Net position of governmental activities (Exhibit 1)	\$	<u><u>4,359,299</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, 2016**

	General	Grants	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
School district assessment	\$ 13,804,794	\$ -	\$ -	\$ -	\$ 13,804,794
Other local	240,381	-	28,432	393,268	662,081
State	6,205,183	-	-	3,234	6,208,417
Federal	195,895	289,009	-	46,558	531,462
Total revenues	<u>20,446,253</u>	<u>289,009</u>	<u>28,432</u>	<u>443,060</u>	<u>21,206,754</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	9,256,885	259,728	-	48,545	9,565,158
Support services:					
Student	1,272,819	-	-	-	1,272,819
Instructional staff	426,667	29,281	-	-	455,948
General administration	60,131	-	-	-	60,131
Executive administration	723,439	-	-	-	723,439
School administration	916,368	-	-	-	916,368
Operation and maintenance of plant	1,089,102	-	-	-	1,089,102
Student transportation	817,995	-	-	-	817,995
Other	4,071,117	-	-	-	4,071,117
Non-instructional services	-	-	-	410,207	410,207
Debt service:					
Principal	960,324	-	-	-	960,324
Interest	842,384	-	-	-	842,384
Total expenditures	<u>20,437,231</u>	<u>289,009</u>	<u>-</u>	<u>458,752</u>	<u>21,184,992</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,022</u>	<u>-</u>	<u>28,432</u>	<u>(15,692)</u>	<u>21,762</u>
Other financing sources (uses):					
Transfers in	4,987	-	-	864	5,851
Transfers out	-	-	(5,851)	-	(5,851)
Total other financing sources and uses	<u>4,987</u>	<u>-</u>	<u>(5,851)</u>	<u>864</u>	<u>-</u>
Net change in fund balances	14,009	-	22,581	(14,828)	21,762
Fund balances, beginning	737,005	-	384,497	158,418	1,279,920
Fund balances, ending	<u>\$ 751,014</u>	<u>\$ -</u>	<u>\$ 407,078</u>	<u>\$ 143,590</u>	<u>\$ 1,301,682</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, 2016**

Net change in fund balances of total governmental funds (Exhibit 5)		\$	21,762
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.			
Capital outlay		\$	31,994
Depreciation expense			<u>(667,862)</u>
			(635,868)
Transfers in and out between governmental funds are eliminated on the operating statement.			
Transfers in		\$	(5,851)
Transfers out			<u>5,851</u>
			-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.			
Principal repayment of bonds			960,323
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.			
Decrease in accrued interest expense payable		\$	114,614
Increase in compensated absences payable			(1,771)
Decrease in termination benefits payable			19,630
Increase in other postemployment benefits payable			<u>(74,908)</u>
			57,565
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		\$	1,310,915
Cost of benefits, net of employee contributions			<u>(1,091,008)</u>
			219,907
Change in net position of governmental activities (Exhibit 2)		\$	<u><u>623,689</u></u>

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

**EXHIBIT 7**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 13,804,794	\$ 13,804,794	\$ -
Other local	53,740	240,242	186,502
State	6,244,879	6,205,183	(39,696)
Federal	210,670	195,895	(14,775)
Total revenues	<u>20,314,083</u>	<u>20,446,114</u>	<u>132,031</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	9,355,560	9,182,697	172,863
Support services:			
Student	1,299,192	1,272,948	26,244
Instructional staff	393,425	430,373	(36,948)
General administration	137,879	61,072	76,807
Executive administration	723,439	723,439	-
School administration	959,172	915,356	43,816
Operation and maintenance of plant	1,129,944	1,056,606	73,338
Student transportation	860,328	817,995	42,333
Other	4,051,943	4,049,948	1,995
Debt service:			
Principal	960,224	960,324	(100)
Interest	842,384	842,384	-
Total expenditures	<u>20,713,490</u>	<u>20,313,142</u>	<u>400,348</u>
Excess (deficiency) of revenues over (under) expenditures	(399,407)	132,972	532,379
Other financing sources (uses):			
Transfers in	-	4,987	4,987
Transfers out	(82,539)	(76,479)	6,060
Total other financing sources and uses	<u>(82,539)</u>	<u>(71,492)</u>	<u>11,047</u>
Net change in fund balance	<u>\$ (481,946)</u>	61,480	<u>\$ 543,426</u>
Decrease in nonspendable fund balance		26,348	
Increase in committed fund balance		(104,461)	
Unassigned fund balance, beginning		511,174	
Unassigned fund balance, ending		<u>\$ 494,541</u>	

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

**EXHIBIT 8**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2016**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Federal:			
IDEA grants	\$ 335,511	\$ 289,009	\$ (46,502)
<b>EXPENDITURES</b>			
Current:			
Instruction	335,511	259,728	75,783
Support services:			
Instructional staff	-	29,281	(29,281)
Total expenditures	335,511	289,009	46,502
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning	-	-	-
Fund balance, ending	-	-	-

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

**EXHIBIT 9**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2016**

---

---

	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 159,360
<b>LIABILITIES</b>	
Due to student groups	<u>159,360</u>
<b>NET POSITION</b>	<u><u>\$ -</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, 2016**

**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, 2016.

**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 finance 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, 2016**

*Fund Financial Statements*

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

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized when grantor eligibility requirements are met. Fiduciary fund financial statements also report using this same basis of accounting. The agency funds are custodial in nature and do not measure results of operations.

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

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

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

*Governmental Funds*

The School District reports the following major governmental funds:

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

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



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

*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: food service and miscellaneous special revenue.

*Fiduciary Funds*

The School District reports the following type of fiduciary fund:

*Agency Fund* – Account for fiduciary assets held by the School District in a custodial capacity as an agent on behalf of others. The School District’s agency funds are used to account for student activities in the schools.

**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.

Investments are stated at fair value based on quoted market prices.

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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2016**

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.

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 fair 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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

inflows of resources in the governmental activities consist of resources related to pensions that will be recognized in a subsequent period.

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

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

**I.C.6. *Compensated Absences***

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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. This amount can only be spent for instruction in accordance with the legal restrictions established by the donors.
- Committed, which represents the athletic expendable trust fund; an amount voted at the 2016 School District Meeting to be transferred to the Expendable Trust Fund; 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; and the deficit fund balance in the Food Service Fund.

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

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

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds except the Permanent Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2016, \$481,946 of the fund balance from the fiscal year 2015 was used.

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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.

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

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 20,451,101
Adjustments:	
Perspective difference:	
Expendable trust fund activity	139
Per Exhibit 5 (GAAP basis)	<u>\$ 20,451,240</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 20,389,621
Adjustments:	
Basis difference:	
Encumbrances, beginning	62,697
Encumbrances, ending	(10,264)
Perspective difference:	
Expendable trust fund activity	(4,823)
Per Exhibit 5 (GAAP basis)	<u>\$ 20,437,231</u>

For the Grants Fund, there is no difference between the budgetary basis and GAAP. 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, 2016**

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

*Changes in Capital Assets*

This table provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Governmental activities:				
At cost:				
Not being depreciated:				
Construction in progress	\$ 28,706	\$ 21,644	\$ (50,350)	\$ -
Being depreciated:				
Land improvements	820,880	50,350	-	871,230
Buildings and building improvements	32,855,450	-	-	32,855,450
Machinery, equipment and vehicles	266,703	10,350	-	277,053
Total capital assets being depreciated	<u>33,943,033</u>	<u>60,700</u>	<u>-</u>	<u>34,003,733</u>
Total all capital assets	<u>33,971,739</u>	<u>82,344</u>	<u>(50,350)</u>	<u>34,003,733</u>
Less accumulated depreciation:				
Land improvements	(595,977)	(36,750)	-	(632,727)
Buildings and building improvements	(13,005,624)	(615,112)	-	(13,620,736)
Machinery, equipment and vehicles	(152,363)	(16,000)	-	(168,363)
Total accumulated depreciation	<u>(13,753,964)</u>	<u>(667,862)</u>	<u>-</u>	<u>(14,421,826)</u>
Net book value, capital assets being depreciated	20,189,069	(607,162)	-	19,581,907
Net book value, all capital assets	<u>\$ 20,217,775</u>	<u>\$ (585,518)</u>	<u>\$ (50,350)</u>	<u>\$ 19,581,907</u>

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 643,413
Support services:	
Operation and maintenance	22,410
Non-instructional services	2,039
Total depreciation expense	<u>\$ 667,862</u>

**III.B. Long-Term Debt**

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2016	Current Portion
General obligation bonds payable:						
High school addition	\$ 8,100,000	1997	2017	6.0	\$ 216,444	\$ 216,444
High school addition	\$ 2,700,000	1997	2017	6.0	220,000	220,000
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	4,410,000	400,000
					<u>4,846,444</u>	<u>836,444</u>
Compensated absences payable:						
Vested sick leave					17,961	-
Accrued vacation leave					5,764	5,764
					<u>23,725</u>	<u>5,764</u>
Termination benefits payable					401,032	58,045
Other postemployment benefits payable					406,925	-
Net pension liability					11,777,417	-
					<u>\$ 17,455,543</u>	<u>\$ 900,253</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2016:

	General Obligation Bonds Payable	Compensated Absences Payable	Termination Benefits Payable	Other Postemployment Benefits Payable	Net Pension Liability	Total
Balance, beginning	\$ 5,806,767	\$ 21,954	\$ 420,662	\$ 332,017	\$ 10,930,760	\$ 17,512,160
Additions	-	1,771	-	74,908	846,657	923,336
Reductions	(960,323)	-	(19,630)	-	-	(979,953)
Balance, ending	<u>\$ 4,846,444</u>	<u>\$ 23,725</u>	<u>\$ 401,032</u>	<u>\$ 406,925</u>	<u>\$ 11,777,417</u>	<u>\$ 17,455,543</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

*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
2017	\$ 836,444	\$ 676,980	\$ 1,513,424
2018	420,000	187,625	607,625
2019	440,000	166,125	606,125
2020	465,000	144,081	609,081
2021	485,000	121,519	606,519
2022-2025	2,200,000	226,750	2,426,750
Totals	<u>\$ 4,846,444</u>	<u>\$ 1,523,080</u>	<u>\$ 6,369,524</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 \$316,382 due to the General Fund represents an overdraft of pooled cash from the Grants Fund (\$272,549), and reimbursement from the Food Service Fund (\$43,833) for expenditures paid by the General Fund.

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

Transfers within the reporting entity are for the purpose of distribution of income earned on Permanent Funds in the amounts of \$4,987 to the General Fund and \$864 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, 2016**

**III.D. Components of Fund Equity**

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

	General Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Endowments	\$ -	\$ 263,383	\$ -	\$ 263,383
Inventory	-	-	7,283	7,283
Prepaid items	9,258	-	-	9,258
Total nonspendable	<u>9,258</u>	<u>263,383</u>	<u>7,283</u>	<u>279,924</u>
Restricted for Instruction	<u>-</u>	<u>143,695</u>	<u>-</u>	<u>143,695</u>
Committed for:				
Instruction	49,951	-	141,950	191,901
Capital outlay	187,000	-	-	187,000
Total committed	<u>236,951</u>	<u>-</u>	<u>141,950</u>	<u>378,901</u>
Assigned to instruction	<u>10,264</u>	<u>-</u>	<u>-</u>	<u>10,264</u>
Unassigned	494,541	-	(5,643)	488,898
Total fund balances	<u>\$ 751,014</u>	<u>\$ 407,078</u>	<u>\$ 143,590</u>	<u>\$ 1,301,682</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 Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

***Property-Liability Trust, Inc. (the Trust)*** – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the School District shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The Trust maintains a self-insured retention above which it purchases reinsurance and excess insurance.

Contributions paid for fiscal year 2016 to be recorded as an insurance expenditure/expense totaled \$58,840. There were no unpaid contributions for the year ended June 30, 2016. The School District also paid \$51,766 for workers’ compensation for the year. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 15.67% 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 2014, 2015 and 2016 were \$1,106,093, \$1,164,714 and \$1,310,915 respectively. The amounts are paid on a monthly basis as due.

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

At June 30, 2016, the School District reported a liability of \$11,777,417 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2015, the School District's proportion was 0.2973%, which was an increase of 0.0061% from its proportion measured as of June 30, 2014.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

For the year ended June 30, 2016, the School District recognized pension expense of \$1,091,008. At June 30, 2016, 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	\$ 624,591	\$ -
Differences between expected and actual experience	-	258,444
Net differences between projected and actual earnings on pension plan investments	-	314,765
School District contributions subsequent to the measurement date	1,310,915	-
	\$ 1,935,506	\$ 573,209

The School District reported \$1,310,915 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, 2016.

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,	
2016	\$ (64,030)
2017	(64,030)
2018	(64,030)
2019	247,823
2020	(4,351)
	\$ 51,382

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.75%
Salary increases	5.8% average, including inflation
Investment rate of return	7.75% per year

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

Mortality rates were based on the RP-2000 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 7.75%, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75%) or one percentage point higher (8.75%) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District’s proportionate share of net pension liability	\$ 15,503,439	\$ 11,777,417	\$ 8,600,962

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

**IV.C. Contingent Liabilities**

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

**IV.D. Other Postemployment Benefits**

*Plan Description*

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.”

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

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, GASB 45 requires the School District to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

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

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

Medical coverage continues to the spouse after the death of the retiree provided the spouse makes the required contributions.

Currently, there are 221 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, 2016, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

The School District has obtained a valuation report as of July 1, 2015, which indicated that the total liability for other postemployment benefits is \$406,925.

The School District's annual other postemployment benefit (OPEB) cost (expense) for its plan is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

The following is a brief description of the retiree medical plan:

- Participant Contributions: Retired employees contribute 100% of the total premium cost.
- Continuation of Coverage to Spouse After Death of Retiree: Surviving spouse may continue coverage for lifetime by paying the required medical premium rates.
- Life Insurance Benefit: None
- Medical Premiums Rates: The total monthly costs by plan are shown below:

<u>Non-Medicare Plans</u>	<u>Single</u>	<u>2-Person</u>
BC3T15IPDED(7)-RX10/20/45	834.24	1,668.55
BC3T10(07)-RX10/20/30	892.45	1,784.90
BC3T10(07)-RX10/20/45	867.79	1,735.59
MTB05(07)-R\$3/5M\$1	865.13	1,730.27
MTB05(07)-RX10/20/30	823.63	1,657.27
MTB10IPDED(07)-RX10/20/45	789.07	1,578.14
MTBSOS20/40/1KDED(07)- RX10/20/45	608.10	1,216.20
BC3T5RDR-R3/15/1	927.82	1,855.64
 <u>Medicare Plans</u>		
MC3(07)-R\$100M\$1	565.23	
MC3(07)-RX10/20/30	552.18	
MC3(07)-RX10/20/45	536.95	
MENRX(07)	214.73	

The following methods and assumptions were used:

- Valuation Date: July 1, 2015
- Discount Rate: 4.00% pay-as-you-go
- Amortization Method: Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

Health Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.00%
	2	6.50%
	3	6.00%
	4	5.50%
	5	5.00%
	Ultimate	5.00%

Mortality Table: RP-2000 Combined Mortality Table, projected to 2021, using Scale AA

Actuarial Cost Method: Projected Unit Credit. The costs of each employee's postemployment benefits are allocated on a pro rata basis from the employee's date of hire to the date the employee is fully eligible for benefits.

Annual OPEB Cost and Net OPEB Obligation	<u>7/1/2015- 6/30/2016</u>
1. Annual Required Contribution (ARC)	\$ 92,134
2. Interest on Net OPEB Obligation	13,281
3. Adjustment to ARC	<u>(19,203)</u>
4. Annual OPEB Cost (Expense)	\$ 86,212
5. Contribution made	<u>(11,304)</u>
6. Increase in Net OPEB Obligation	74,908
7. Net OPEB Obligation - beginning of year	<u>332,017</u>
8. Net OPEB Obligation - end of year	<u><u>\$ 406,925</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2015 and 2016 are as follow:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost % of Pay
6/30/2014	\$ 217,533	26.5%	\$ 159,969	\$ 7,994,706	2.72%
6/30/2015	227,189	24.3%	332,017	8,835,191	2.57%
6/30/2016	86,212	13.1%	406,925	9,110,989	0.95%

**REQUIRED SUPPLEMENTARY INFORMATION**



**EXHIBIT 10**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll (AAL)
7/1/2013	\$ -	\$ 1,608,283	\$ 1,608,283	0.00%	\$ 9,689,451	16.60%
7/1/2014	\$ -	\$ 1,738,417	\$ 1,738,417	0.00%	\$ 10,063,596	17.27%
7/1/2015	\$ -	\$ 831,545	\$ 831,545	0.00%	\$ 9,999,494	8.32%

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 Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
School District's proportion of the net pension liability	0.2973%	0.2912%	0.2762%
School District's proportionate share of the net pension liability	\$ 11,777,417	\$ 10,930,760	\$ 11,888,422
School District's covered-employee payroll	\$ 8,622,422	\$ 8,469,299	\$ 7,994,706
School District's proportionate share of the net pension liability as a percentage of covered-employee payroll	136.59%	129.06%	148.70%
Plan fiduciary net position as a percentage of the total pension liability	65.47%	66.32%	59.82%

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

**EXHIBIT 12**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of the School District's Pension Contributions**  
**New Hampshire Retirement System**

	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
Contractually required contribution	\$ 1,310,915	\$ 1,164,714	\$ 1,106,584
Contributions in relation to the contractually required contribution	\$ (1,310,915)	\$ (1,164,714)	\$ (1,106,584)
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$ 8,622,422	\$ 8,469,299	\$ 7,994,706
Contributions as a percentage of covered-employee payroll	15.20%	13.75%	13.84%

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, 2016**

The Schedule of Funding Progress, the Schedule of the School District's Proportionate Share of the Net Pension Liability and the Schedule of School District's Pension Contributions are meant to present related information for ten years. Because this is the third year that the School District has presented its OPEB information, and second year that the School District has presented the pension schedules, only three years are reported. An additional year's information will be added each year until there are ten years presented.

**INDIVIDUAL AND COMBINING FUND SCHEDULES**

**EXHIBIT 13**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**For the Fiscal Year Ended June 30, 2016**

	Special Revenue Funds		
	Food Service	Miscellaneous	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 31,602	\$ 148,509	\$ 180,111
Receivables:			
Accounts	-	450	450
Intergovernmental	24,062	-	24,062
Inventory	7,283	-	7,283
Total assets	<u>\$ 62,947</u>	<u>\$ 148,959</u>	<u>\$ 211,906</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 400	\$ 7,009	\$ 7,409
Intergovernmental payable	23	-	23
Interfund payable	43,833	-	43,833
Total liabilities	<u>44,256</u>	<u>7,009</u>	<u>51,265</u>
Deferred inflows of resources:			
Deferred revenue	<u>17,051</u>	<u>-</u>	<u>17,051</u>
Fund balances:			
Nonspendable	7,283	-	7,283
Committed	-	141,950	141,950
Unassigned	(5,643)	-	(5,643)
Total fund balances	<u>1,640</u>	<u>141,950</u>	<u>143,590</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,947</u>	<u>\$ 148,959</u>	<u>\$ 211,906</u>

**EXHIBIT 14**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2016**

	Special Revenue Funds		
	Food Service	Miscellaneous	Total
<b>REVENUES</b>			
Local	\$ 343,955	\$ 49,313	\$ 393,268
State	3,234	-	3,234
Federal	46,558	-	46,558
Total revenues	<u>393,747</u>	<u>49,313</u>	<u>443,060</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	-	48,545	48,545
Non-instructional services	410,207	-	410,207
Total expenditures	<u>410,207</u>	<u>48,545</u>	<u>458,752</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,460)</u>	<u>768</u>	<u>(15,692)</u>
Other financing sources:			
Transfers in	-	864	864
Net change in fund balances	(16,460)	1,632	(14,828)
Fund balances, beginning	18,100	140,318	158,418
Fund balances, ending	<u>\$ 1,640</u>	<u>\$ 141,950</u>	<u>\$ 143,590</u>

**EXHIBIT 15**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2016**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 13,804,794	\$ 13,804,794	\$ -
Other local sources:			
Tuition	-	6,472	6,472
Investment earnings	3,740	1,402	(2,338)
Impact fees	-	20,282	20,282
Rentals	-	3,494	3,494
Athletics	-	59,875	59,875
Insurance surplus	-	139,015	139,015
Miscellaneous	50,000	9,702	(40,298)
Total from other local sources	<u>53,740</u>	<u>240,242</u>	<u>186,502</u>
State sources:			
Adequacy aid (grant)	3,058,957	3,062,518	3,561
Adequacy aid (tax)	2,152,706	2,152,706	-
School building aid	405,216	404,512	(704)
Catastrophic aid	620,000	579,520	(40,480)
Vocational tuition aid	8,000	5,927	(2,073)
Total from state sources	<u>6,244,879</u>	<u>6,205,183</u>	<u>(39,696)</u>
Federal sources:			
Medicaid	<u>210,670</u>	<u>195,895</u>	<u>(14,775)</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>4,987</u>	<u>4,987</u>
Total revenues and other financing sources	20,314,083	<u>\$ 20,451,101</u>	<u>\$ 137,018</u>
Use of fund balance to reduce school district assessment	<u>481,946</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 20,796,029</u>		



**EXHIBIT 16**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2016**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>Instruction:</b>					
Regular programs	\$ -	\$ 5,409,575	\$ 5,231,183	\$ 200	\$ 178,192
Special programs	4,802	3,231,786	3,295,914	1,370	(60,696)
Vocational programs	-	133,007	129,934	-	3,073
Other	-	581,192	528,198	700	52,294
Total instruction	<u>4,802</u>	<u>9,355,560</u>	<u>9,185,229</u>	<u>2,270</u>	<u>172,863</u>
<b>Support services:</b>					
Student	-	1,299,192	1,272,819	129	26,244
Instructional staff	2,952	393,425	426,667	6,658	(36,948)
General administration	-	137,879	60,131	941	76,807
Executive administration	-	723,439	723,439	-	-
School administration	1,012	959,172	916,368	-	43,816
Operation and maintenance of plant	32,762	1,129,944	1,089,102	266	73,338
Student transportation	-	860,328	817,995	-	42,333
Other	21,169	4,051,943	4,071,117	-	1,995
Total support services	<u>57,895</u>	<u>9,555,322</u>	<u>9,377,638</u>	<u>7,994</u>	<u>227,585</u>
<b>Debt service:</b>					
Principal	-	960,224	960,324	-	(100)
Interest	-	842,384	842,384	-	-
Total debt service	<u>-</u>	<u>1,802,608</u>	<u>1,802,708</u>	<u>-</u>	<u>(100)</u>
<b>Other financing uses:</b>					
Transfers out	-	82,539	76,479	-	6,060
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 62,697</u>	<u>\$ 20,796,029</u>	<u>\$ 20,442,054</u>	<u>\$ 10,264</u>	<u>\$ 406,408</u>

**EXHIBIT 17**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2016**

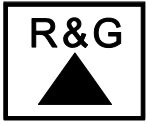
Unassigned fund balance, beginning		\$ 511,174
Changes:		
Fund balance used to reduce school district assessment		(481,946)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 137,018	
Unexpended balance of appropriations (Exhibit 16)	<u>406,408</u>	
Budget surplus		543,426
Decrease in nonspendable fund balance		26,348
Increase in committed fund balance		<u>(104,461)</u>
Unassigned fund balance, ending		<u><u>\$ 494,541</u></u>

**EXHIBIT 18**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2016**

	Balance, beginning	Additions	Deductions	Balance, ending
Assets:				
Cash and cash equivalents				
High School	\$ 109,913	\$ 474,297	\$ 465,784	\$ 118,426
Middle School	37,244	149,389	145,699	40,934
Intergovernmental receivable	8,039	-	8,039	-
Total assets	<u>\$ 155,196</u>	<u>\$ 623,686</u>	<u>\$ 619,522</u>	<u>\$ 159,360</u>
Liabilities:				
Due to student groups	<u>\$ 155,196</u>	<u>\$ 623,686</u>	<u>\$ 619,522</u>	<u>\$ 159,360</u>

**EXHIBIT 19**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Hollis-Brookline Middle School**  
**For the Fiscal Year Ended June 30, 2016**

	Balance, beginning	Additions	Deductions	Balance, ending
Art Club	\$ 4,630	\$ 7,354	\$ 7,905	\$ 4,079
Band Club	21	189	132	78
Books/Equipment	264	329	370	223
Cheerleading	326	326	326	326
Climbing Wall Club	1,223	3,463	4,045	641
Cola	166	858	1,017	7
CPR First Aide	3,357	6,784	7,088	3,053
Drama Club	2,376	7,135	6,073	3,438
Field Trips	6,776	47,756	43,177	11,355
Garden Club	-	795	-	795
Generations Club	1,254	1,454	1,454	1,254
History Club	386	570	386	570
Library Club	420	1,677	1,802	295
Mountain Biking Club	26	1,046	495	577
Music Club	958	4,037	3,933	1,062
Rachel's Challenge	214	214	214	214
Robotics Club	-	3,707	2,843	864
Ski Club	1,138	4,938	4,538	1,538
Students Athletics Fund	-	15,441	15,441	-
Student Council	2,373	4,827	5,093	2,107
U-Knighted For All	-	567	-	567
Washington, D.C.	6,619	26,035	27,733	4,921
Yearbook	4,717	9,887	11,634	2,970
Total	<u>\$ 37,244</u>	<u>\$ 149,389</u>	<u>\$ 145,699</u>	<u>\$ 40,934</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, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

However, we identified the following other matter that we wish to communicate:

### **High School Student Activities Fund**

Because of the fiduciary nature of student activities funds, it is important that strong controls be in place to safeguard assets held on behalf of students. The School District was unable to provide a summary of activity that agreed to the reconciled cash balance at June 30. We recommend that on a more frequent basis, the summary of activity be prepared and agreed to the reconciled cash balance, and any discrepancies be investigated and corrected.

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.

April 17, 2017

*Roberts & Greene, PLLC*