

HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

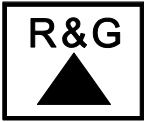
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
FINANCIAL REPORT
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JUNE 30, 2015**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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, 2015, and the respective changes in financial position thereof and budgetary comparison statements for the major funds, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

As discussed in Note I.B.5. to the financial statements, in fiscal year 2015, the School District adopted new accounting guidance regarding the accounting and reporting for pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8, and the other postemployment benefits schedule of funding progress, schedule of the School

District's proportionate share of the net pension liability, and the schedule of School District contributions on pages 36-38 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

May 12, 2016

Roberts & Heene, PLLC

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

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, 2015. 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, 2015**

district do financially during the 2014-15 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, 2015**

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

The School District implemented GASB Statement No. 68 this year. With the new reporting change, the School District is allocated its proportionate share of the New Hampshire Retirement System's net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. A restatement to record the effects of the new reporting guidance decreased beginning net position by \$10,434,371. Decisions regarding the allocations are made by the administrators of the NHRS, not by the School District's management, and are audited by the plan auditors.

Hollis-Brookline Cooperative School District

Statement of Net Position

Change in net position for fiscal year 2015 compared to fiscal year 2014:

| | 2014 | 2015 | Increase (Decrease) | % Increase (Decrease) |
|-----------------------------------|-------------------|-------------------|--------------------------------|----------------------------------|
| Current and other assets | 1,395,068 | 1,627,522 | 232,454 | 16.7% |
| Capital assets | 20,796,943 | 20,217,775 | (579,168) | -2.8% |
| Total Assets | 22,192,011 | 21,845,297 | (346,714) | -1.6% |
| Deferred outflows of resources | - | 1,694,333 | 1,694,333 | 1644333% |
| Long-term liabilities outstanding | 6,187,581 | 17,512,160 | 11,324,579 | 183.0% |
| Other liabilities | 1,850,993 | 875,228 | (975,765) | -52.7% |
| Total liabilities | 8,038,574 | 18,387,388 | 10,348,814 | 128.7% |
| Deferred inflows of resources | 15,446 | 1,416,632 | 1,401,186 | 9071.5% |
| Net Position: | | | | |
| Net investment in capital assets | 13,732,837 | 14,411,008 | 678,171 | 4.9% |
| Restricted | 384,243 | 384,497 | 254 | 0.1% |
| Unrestricted | 20,911 | (11,059,895) | (11,080,806) | -52990.3% |
| Total Net Position | 14,137,991 | 3,735,610 | (10,402,381) | -73.6% |

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Statement of Activities

Change in fund revenue and expense for fiscal year 2015 compared to fiscal year 2014:

| Revenues: | 2014 | 2015 | Change | % Change |
|---|-------------------|-------------------|------------------|-----------------|
| Program Revenues: | | | | |
| Charges for Services | 136,994 | 536,438 | (399,444) | -74% |
| Operating Grants and Contributions | 1,241,091 | 878,671 | 362,420 | 41% |
| Capital Grants and Contributions | 398,487 | 400,514 | (2,027) | -1% |
| General Revenues: | | | | |
| Assessment | 13,288,859 | 13,910,558 | (621,699) | -4% |
| Grants and Contributions | 5,266,229 | 5,266,861 | (632) | 0% |
| Miscellaneous | 329,087 | 179,158 | 149,929 | 84% |
| Total Revenues | 20,660,747 | 21,172,200 | (511,453) | -2% |
| Program Expenses: | | | | |
| Instruction | 10,220,098 | 10,257,906 | (37,808) | 0% |
| Student Support | 1,141,158 | 1,228,602 | (87,444) | -7% |
| Instructional Staff | 437,251 | 531,823 | (94,572) | -18% |
| General Administration | 64,446 | 61,514 | 2,932 | 5% |
| Executive Administration | 719,000 | 689,453 | 29,547 | 4% |
| School Administration | 832,837 | 874,424 | (41,587) | -5% |
| Operation and Maintenance of Plant | 1,145,341 | 1,178,032 | (32,691) | -3% |
| Student Transportation | 776,776 | 702,399 | 74,377 | 11% |
| Other | 3,785,008 | 3,657,969 | 127,039 | 3% |
| Non-instructional Services | 514,483 | 508,978 | 5,505 | 1% |
| Facilities Acquisition and Construction | | 71,180 | (71,180) | -100% |
| Interest on Long-term Debt | 887,275 | 868,627 | 18,648 | 2% |
| Total Expenses | 20,523,673 | 20,630,907 | (107,234) | -1% |
| Change in Net Position | 137,074 | 541,293 | (404,219) | -75% |
| Net Position - Beginning | 13,491,614 | 3,194,317 | 10,297,297 | 322% |
| Net Position - Ending | 13,628,688 | 3,735,610 | 9,893,078 | 265% |

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

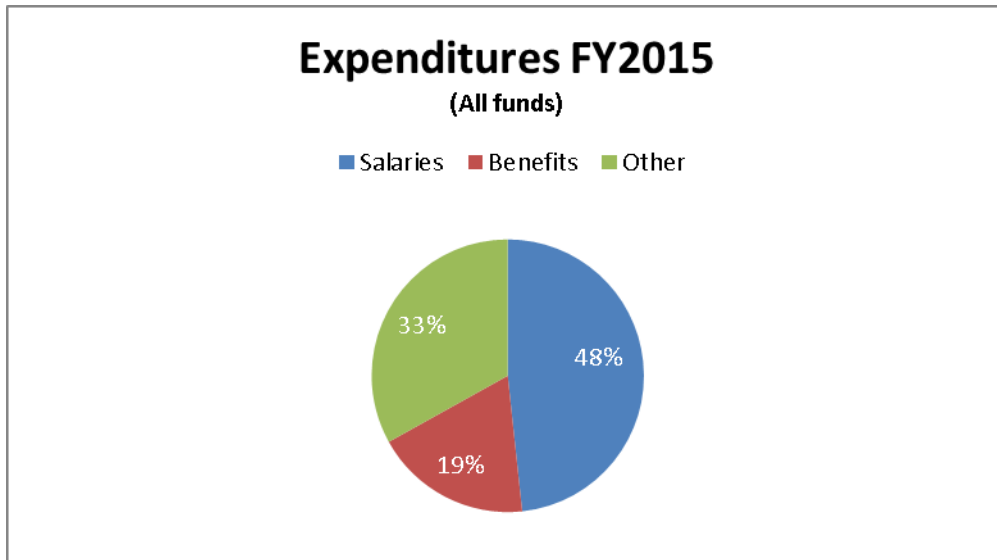
Revenues – The decrease under “Operating Grants and Contributions” was driven by less revenue in the IDEA grant. “Miscellaneous” revenues were down as compared to last year because of lower payments from the Local Government Center as a result of a mandated return of surplus funds to member districts. Lunch revenue from the food service program has dropped but the increases this year over last come from Catastrophic Aid and Medicaid payments.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2015**

Program Expenses – Increases in “Other” was driven by a decrease in professional services associated with lower grant expenses. Both the “Student Support” and “Instructional Staff” increases are tied to special needs students moving from the lower districts into the cooperative districts.

Hollis Brookline School District Activities

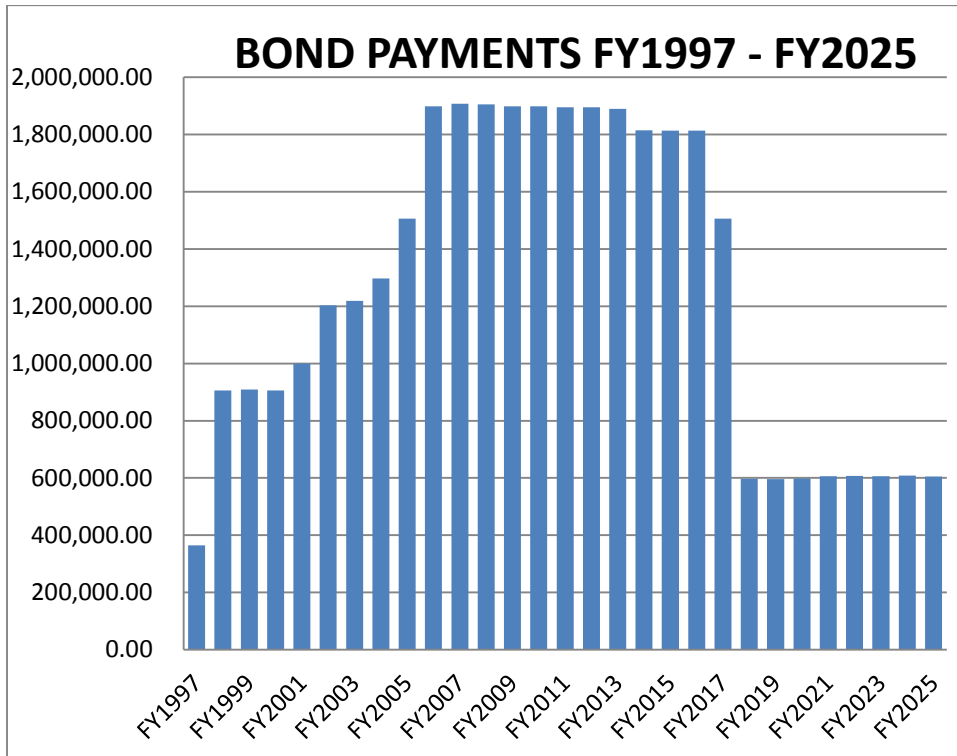
The district’s expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials. The disbursement of cost has remained fairly consistent with prior fiscal year expenditures (45% salary, 36% 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, 2015**



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.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Statement of Net Position
June 30, 2015

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 199,029 |
| Investments | 7,811 |
| Intergovernmental receivables | 1,374,062 |
| Other receivables | 1,250 |
| Inventory | 8,033 |
| Prepaid items | 37,337 |
| Capital assets, not being depreciated: | |
| Construction in progress | 28,706 |
| Capital assets, net of accumulated depreciation: | |
| Land improvements | 224,903 |
| Buildings and building improvements | 19,849,826 |
| Machinery, equipment and vehicles | 114,340 |
| Total assets | 21,845,297 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions | 1,694,333 |
| LIABILITIES | |
| Accounts payable | 227,218 |
| Accrued salaries and benefits | 68,280 |
| Intergovernmental payable | 34,072 |
| Accrued interest payable | 545,658 |
| Noncurrent obligations: | |
| Due within one year: | |
| Bonds | 960,323 |
| Compensated absences | 21,954 |
| Termination benefits | 79,506 |
| Due in more than one year: | |
| Bonds | 4,846,444 |
| Termination benefits | 341,156 |
| Other postemployment benefits | 332,017 |
| Net pension | 10,930,760 |
| Total liabilities | 18,387,388 |
| DEFERRED INFLOWS OF RESOURCES | |
| Unearned revenue | 18,032 |
| Pensions | 1,398,600 |
| Total deferred inflows of resources | 1,416,632 |
| NET POSITION | |
| Net investment in capital assets | 14,411,008 |
| Restricted for endowments: | |
| Nonexpendable | 260,902 |
| Expendable | 123,595 |
| Unrestricted | (11,059,895) |
| Total net position | \$ 3,735,610 |

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, 2015

| | 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 | \$ 10,257,906 | \$ 165,634 | \$ 823,315 | \$ - | \$ (9,268,957) |
| Support services: | | | | | |
| Student | 1,228,602 | - | - | - | (1,228,602) |
| Instructional staff | 531,823 | - | 9,112 | - | (522,711) |
| General administration | 61,514 | - | - | - | (61,514) |
| Executive administration | 689,453 | - | - | - | (689,453) |
| School administration | 874,424 | - | - | - | (874,424) |
| Operation and maintenance of plant | 1,178,032 | - | - | - | (1,178,032) |
| Student transportation | 702,399 | - | - | - | (702,399) |
| Other | 3,657,969 | - | - | - | (3,657,969) |
| Non-instructional services | 508,978 | 370,804 | 46,244 | - | (91,930) |
| Facilities acquisition and construction | 71,180 | - | - | - | (71,180) |
| Interest on long-term debt | 868,627 | - | - | 400,514 | (468,113) |
| Total governmental activities | <u>\$ 20,630,907</u> | <u>\$ 536,438</u> | <u>\$ 878,671</u> | <u>\$ 400,514</u> | <u>(18,815,284)</u> |
| General revenues: | | | | | |
| School district assessment | | | | | 13,910,558 |
| Grants and contributions not restricted to specific programs | | | | | 5,266,861 |
| Miscellaneous | | | | | 179,158 |
| Total general revenues | | | | | <u>19,356,577</u> |
| Change in net position | | | | | 541,293 |
| Net position, beginning, as restated, see Note III.E. | | | | | 3,194,317 |
| Net position, ending | | | | | <u>\$ 3,735,610</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, 2015

| | General | Grants | Permanent | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------|-------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 11,670 | \$ - | \$ - | \$ 187,359 | \$ 199,029 |
| Investments | 7,811 | - | - | - | 7,811 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Accounts | 800 | - | - | 450 | 1,250 |
| Intergovernmental | 796,046 | 186,965 | 384,497 | 6,554 | 1,374,062 |
| Interfund receivable | 201,332 | - | - | - | 201,332 |
| Inventory | - | - | - | 8,033 | 8,033 |
| Prepaid items | 35,606 | 1,731 | - | - | 37,337 |
| Total assets | <u>\$ 1,053,265</u> | <u>\$ 188,696</u> | <u>\$ 384,497</u> | <u>\$ 202,396</u> | <u>\$ 1,828,854</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 220,494 | \$ - | \$ - | \$ 6,724 | \$ 227,218 |
| Accrued salaries and benefits | 68,280 | - | - | - | 68,280 |
| Intergovernmental payable | 27,286 | 5,211 | - | 1,575 | 34,072 |
| Interfund payable | - | 183,485 | - | 17,847 | 201,332 |
| Total liabilities | <u>316,060</u> | <u>188,696</u> | <u>-</u> | <u>26,146</u> | <u>530,902</u> |
| Deferred inflows of resources: | | | | | |
| Deferred revenue | <u>200</u> | <u>-</u> | <u>-</u> | <u>17,832</u> | <u>18,032</u> |
| Fund balances: | | | | | |
| Nonspendable | 35,606 | - | 260,902 | 8,033 | 304,541 |
| Restricted | - | - | 123,595 | - | 123,595 |
| Committed | 127,528 | - | - | 150,385 | 277,913 |
| Assigned | 62,697 | - | - | - | 62,697 |
| Unassigned | 511,174 | - | - | - | 511,174 |
| Total fund balances | <u>737,005</u> | <u>-</u> | <u>384,497</u> | <u>158,418</u> | <u>1,279,920</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 1,053,265</u> | <u>\$ 188,696</u> | <u>\$ 384,497</u> | <u>\$ 202,396</u> | <u>\$ 1,828,854</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, 2015

| | | |
|--|----|-------------------------|
| Total fund balances of governmental funds (Exhibit 3) | \$ | 1,279,920 |
| 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 | \$ | 33,971,739 |
| Less accumulated depreciation | | <u>(13,753,964)</u> |
| | | 20,217,775 |
| Interfund receivables and payables between governmental funds are eliminated on the statement of net position. | | |
| Receivables | \$ | (201,332) |
| Payables | | <u>201,332</u> |
| | | - |
| Interest on long-term debt is not accrued in governmental funds. | | |
| Accrued interest payable | | (545,658) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Bonds | \$ | 5,806,767 |
| Compensated absences | | 21,954 |
| Termination benefits | | 420,662 |
| Other postemployment benefits | | 332,017 |
| Net pension liability | | <u>10,930,760</u> |
| | | (17,512,160) |
| 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 | \$ | 1,694,333 |
| Deferred inflows of resources related to pensions | | <u>(1,398,600)</u> |
| | | 295,733 |
| Net position of governmental activities (Exhibit 1) | \$ | <u><u>3,735,610</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, 2015

| | General | Grants | Permanent | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|----------------|-------------------|--------------------------------|--------------------------------|
| REVENUES | | | | | |
| School district assessment | \$ 13,910,558 | \$ - | \$ - | \$ - | \$ 13,910,558 |
| Other local | 228,672 | - | 6,965 | 479,959 | 715,596 |
| State | 6,150,766 | - | - | 3,004 | 6,153,770 |
| Federal | 158,748 | 190,288 | - | 43,240 | 392,276 |
| Total revenues | <u>20,448,744</u> | <u>190,288</u> | <u>6,965</u> | <u>526,203</u> | <u>21,172,200</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Instruction | 9,190,667 | 181,176 | - | 56,958 | 9,428,801 |
| Support services: | | | | | |
| Student | 1,228,602 | - | - | - | 1,228,602 |
| Instructional staff | 522,711 | 9,112 | - | - | 531,823 |
| General administration | 61,514 | - | - | - | 61,514 |
| Executive administration | 689,453 | - | - | - | 689,453 |
| School administration | 875,459 | - | - | - | 875,459 |
| Operation and maintenance of plant | 1,156,959 | - | - | 58,518 | 1,215,477 |
| Student transportation | 702,399 | - | - | - | 702,399 |
| Other | 3,792,597 | - | - | - | 3,792,597 |
| Non-instructional services | - | - | - | 507,484 | 507,484 |
| Debt service: | | | | | |
| Principal | 948,399 | - | - | - | 948,399 |
| Interest | 854,682 | - | - | - | 854,682 |
| Facilities acquisition and construction | 99,886 | - | - | - | 99,886 |
| Total expenditures | <u>20,123,328</u> | <u>190,288</u> | <u>-</u> | <u>622,960</u> | <u>20,936,576</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>325,416</u> | <u>-</u> | <u>6,965</u> | <u>(96,757)</u> | <u>235,624</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | 5,720 | - | - | 991 | 6,711 |
| Transfers out | - | - | (6,711) | - | (6,711) |
| Total other financing sources and uses | <u>5,720</u> | <u>-</u> | <u>(6,711)</u> | <u>991</u> | <u>-</u> |
| Net change in fund balances | 331,136 | - | 254 | (95,766) | 235,624 |
| Fund balances, beginning | 405,869 | - | 384,243 | 254,184 | 1,044,296 |
| Fund balances, ending | <u>\$ 737,005</u> | <u>\$ -</u> | <u>\$ 384,497</u> | <u>\$ 158,418</u> | <u>\$ 1,279,920</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, 2015

| | | |
|---|------------------|-------------------|
| Net change in fund balances of total governmental funds (Exhibit 5) | | \$ 235,624 |
| 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 capitalized capital outlay in the current period. | | |
| Capitalized capital outlay | \$ 87,224 | |
| Depreciation expense | <u>(666,392)</u> | (579,168) |
| Transfers in and out between governmental funds are eliminated on the operating statement. | | |
| Transfers in | \$ (6,711) | |
| Transfers out | <u>6,711</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 | | 948,399 |
| 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 | \$ (13,945) | |
| Increase in compensated absences | (3,201) | |
| Increase in termination benefits | (183,015) | |
| Increase in other postemployment benefits payable | <u>(172,048)</u> | (372,209) |
| 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 | \$ 1,164,714 | |
| Cost of benefits, net of employee contributions | <u>(856,067)</u> | 308,647 |
| Change in net position of governmental activities (Exhibit 2) | | <u>\$ 541,293</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, 2015

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---------------------|---------------------|-------------------|------------------------------------|
| REVENUES | | | | |
| School district assessment | \$ 13,910,558 | \$ 13,910,558 | \$ 13,910,558 | \$ - |
| Other local | 33,757 | 33,757 | 228,672 | 194,915 |
| State | 6,102,025 | 6,102,025 | 6,150,766 | 48,741 |
| Federal | 90,000 | 90,000 | 158,748 | 68,748 |
| Total revenues | <u>20,136,340</u> | <u>20,136,340</u> | <u>20,448,744</u> | <u>312,404</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Instruction | 9,371,317 | 9,069,728 | 9,134,037 | (64,309) |
| Support services: | | | | |
| Student | 1,107,928 | 1,230,025 | 1,228,602 | 1,423 |
| Instructional staff | 388,765 | 535,158 | 525,663 | 9,495 |
| General administration | 136,143 | 144,406 | 61,514 | 82,892 |
| Executive administration | 689,453 | 694,529 | 689,453 | 5,076 |
| School administration | 930,224 | 862,513 | 875,771 | (13,258) |
| Operation and maintenance of plant | 1,075,463 | 1,161,530 | 1,189,442 | (27,912) |
| Student transportation | 866,010 | 728,938 | 702,399 | 26,539 |
| Other | 3,891,093 | 3,922,369 | 3,813,766 | 108,603 |
| Debt service: | | | | |
| Principal | 948,399 | 948,399 | 948,399 | - |
| Interest | 864,682 | 854,682 | 854,682 | - |
| Facilities acquisition and construction | - | 117,200 | 99,886 | 17,314 |
| Total expenditures | <u>20,269,477</u> | <u>20,269,477</u> | <u>20,123,614</u> | <u>145,863</u> |
| Excess (deficiency) of revenues over (under) expenditures | (133,137) | (133,137) | 325,130 | 458,267 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 5,720 | 5,720 |
| Transfers out | (90,000) | (90,000) | (90,000) | - |
| Total other financing sources and uses | <u>(90,000)</u> | <u>(90,000)</u> | <u>(84,280)</u> | <u>5,720</u> |
| Net change in fund balance | <u>\$ (223,137)</u> | <u>\$ (223,137)</u> | 240,850 | <u>\$ 463,987</u> |
| Increase in nonspendable fund balance | | | (23,036) | |
| Decrease in committed fund balance | | | 7,461 | |
| Unassigned fund balance, beginning | | | <u>285,899</u> | |
| Unassigned fund balance, ending | | | <u>\$ 511,174</u> | |

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

EXHIBIT 8
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2015

| | Original and Final Budget | Actual | Variance Positive (Negative) |
|----------------------------|---------------------------------|------------|------------------------------------|
| REVENUES | | | |
| Federal: | | | |
| IDEA Grants | \$ 335,511 | \$ 190,288 | \$ (145,223) |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | 335,511 | 181,176 | 154,335 |
| Support services: | | | |
| Instructional Staff | - | 9,112 | (9,112) |
| Total expenditures | 335,511 | 190,288 | 145,223 |
| 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, 2015

| | <u>Agency</u> |
|---------------------------|----------------|
| ASSETS | |
| Cash and cash equivalents | \$ 147,157 |
| Accounts receivable | <u>8,039</u> |
| Total assets | 155,196 |
| | |
| LIABILITIES | |
| Due to student groups | <u>155,196</u> |
| | |
| NET POSITION | <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, 2015**

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, 2015.

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, 2015**

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, 2015**

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

The School District adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, for the year ended June 30, 2015. This resulted in the inclusion of pension related liability and deferred inflows and outflows of resources in governmental activities. The prior year’s net position was restated as shown in Note III.E.

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
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 JUNE 30, 2015**

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, 2015**

inflows of resources in the Statement of Net Position 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

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NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2015**

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 2015 School District Meeting to be transferred to the Expendable Trust Fund; balances of revenues from grants to be used for instruction; and balances of revenues from charges for services to be used for non-instructional services (food service).
- 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

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 2015, \$223,137 of the fund balance from the fiscal year 2014 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
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administration, operation and maintenance of plant, student transportation, other support services, non-instructional services, debt service and facilities acquisition and construction. Management can transfer appropriations among budget line items as necessary, but the total expenditures cannot legally exceed the total appropriations unless permission is received from the Commissioner of Education.

Reconciliation of Budgetary Basis to GAAP

General Fund

| | |
|--|----------------------|
| Expenditures and other financing uses: | |
| Per Exhibit 7 (budgetary basis) | \$ 20,213,614 |
| Adjustments: | |
| Basis difference: | |
| Encumbrances, beginning | 12,381 |
| Encumbrances, ending | (62,697) |
| Perspective difference: | |
| Transfer to expendable trust fund | (90,000) |
| Expendable trust fund activity | 50,030 |
| Per Exhibit 5 (GAAP basis) | <u>\$ 20,123,328</u> |

For the Food Service 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, 2015**

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>Balance, ending</u> |
|--|-------------------------------|---------------------|----------------------------|
| Governmental activities: | | | |
| At cost: | | | |
| Not being depreciated: | | | |
| Construction in progress | \$ - | \$ 28,706 | \$ 28,706 |
| Being depreciated: | | | |
| Land improvements | 820,880 | - | 820,880 |
| Buildings and building improvements | 32,796,932 | 58,518 | 32,855,450 |
| Machinery, equipment and vehicles | 266,703 | - | 266,703 |
| Total capital assets being depreciated | <u>33,884,515</u> | <u>58,518</u> | <u>33,943,033</u> |
| Total all capital assets | <u>33,884,515</u> | <u>87,224</u> | <u>33,971,739</u> |
| Less accumulated depreciation: | | | |
| Land improvements | (561,096) | (34,881) | (595,977) |
| Buildings and building improvements | (12,390,513) | (615,111) | (13,005,624) |
| Machinery, equipment and vehicles | <u>(135,963)</u> | <u>(16,400)</u> | <u>(152,363)</u> |
| Total accumulated depreciation | <u>(13,087,572)</u> | <u>(666,392)</u> | <u>(13,753,964)</u> |
| Net book value, capital assets being depreciated | <u>20,796,943</u> | <u>(607,874)</u> | <u>20,189,069</u> |
| Net book value, all capital assets | <u>\$ 20,796,943</u> | <u>\$ (579,168)</u> | <u>\$ 20,217,775</u> |

Depreciation Expense

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

| | |
|------------------------------------|-------------------|
| Governmental activities: | |
| Instruction | \$ 643,370 |
| Support services: | |
| Operation and maintenance of plant | 19,893 |
| Non-instructional services | 3,129 |
| Total depreciation expense | <u>\$ 666,392</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, 2015

Long-term debt currently outstanding is as follows:

| | Original Amount | Issue Date | Maturity Date | Interest Rate % | Outstanding at June 30, 2015 | Current Portion |
|---------------------------------------|--------------------|---------------|------------------|--------------------|------------------------------------|---------------------|
| General obligation bonds payable: | | | | | | |
| High school addition | \$ 8,100,000 | 1997 | 2017 | 6.0 | \$ 446,033 | \$ 229,589 |
| High school addition | \$ 2,700,000 | 1997 | 2017 | 6.0 | 430,000 | 210,000 |
| High school classroom addition | \$ 3,200,000 | 2001 | 2016 | 5.2 | 140,734 | 140,734 |
| Middle school renovations | \$ 7,703,400 | 2005 | 2025 | 3.0-5.0 | 4,790,000 | 380,000 |
| | | | | | <u>5,806,767</u> | <u>960,323</u> |
| Compensated absences payable: | | | | | | |
| Vested sick leave | | | | | 17,693 | 17,693 |
| Accrued vacation leave | | | | | 4,261 | 4,261 |
| | | | | | <u>21,954</u> | <u>21,954</u> |
| Termination benefits payable | | | | | 420,662 | 79,506 |
| Other postemployment benefits payable | | | | | 332,017 | - |
| Net pension liability | | | | | 10,930,760 | - |
| | | | | | <u>\$ 17,512,160</u> | <u>\$ 1,061,783</u> |

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2015:

| | General Obligation Bonds Payable | Compensated Absences Payable | Termination Benefits Payable | Other Postemployment Benefits Payable | Net Pension Liability | Total |
|--------------------|---|------------------------------------|------------------------------------|--|-----------------------------|----------------------|
| Balance, beginning | \$ 6,755,166 | \$ 18,753 | \$ 237,647 | \$ 159,969 | \$ - | \$ 7,171,535 |
| Additions | - | 3,201 | 183,015 | 172,048 | 10,930,760 | 11,289,024 |
| Reductions | (948,399) | - | - | - | - | (948,399) |
| Balance, ending | <u>\$ 5,806,767</u> | <u>\$ 21,954</u> | <u>\$ 420,662</u> | <u>\$ 332,017</u> | <u>\$ 10,930,760</u> | <u>\$ 17,512,160</u> |

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2015**

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 |
|--------------------------------|---------------------|---------------------|---------------------|
| 2016 | \$ 960,323 | \$ 859,725 | \$ 1,820,048 |
| 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 |
| 2021-2025 | 2,685,000 | 348,269 | 3,033,269 |
| Totals | <u>\$ 5,806,767</u> | <u>\$ 2,382,805</u> | <u>\$ 8,189,572</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 \$201,332 due to the General Fund represents an overdraft of pooled cash from the Grants Fund (\$183,485), and reimbursement from the Food Service Fund (\$17,847) for general 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 \$5,720 to the General Fund and \$991 to the Other Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

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III.D. Fund Equity

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: | | | | |
| Endowment | \$ - | \$ 260,902 | \$ - | \$ 260,902 |
| Inventory | - | - | 8,033 | 8,033 |
| Prepaid items | 35,606 | - | - | 35,606 |
| Total nonspendable | <u>35,606</u> | <u>260,902</u> | <u>8,033</u> | <u>304,541</u> |
| Restricted for instruction | - | 123,595 | - | 123,595 |
| Committed for: | | | | |
| Instruction | 44,989 | - | 140,318 | 185,307 |
| Non-instructional services | - | - | 10,067 | 10,067 |
| Capital outlay | 82,539 | - | - | 82,539 |
| Total committed | <u>127,528</u> | <u>-</u> | <u>150,385</u> | <u>277,913</u> |
| Assigned to: | | | | |
| Instruction | 4,802 | - | - | 4,802 |
| Support services | 57,895 | - | - | 57,895 |
| Total assigned | <u>62,697</u> | <u>-</u> | <u>-</u> | <u>62,697</u> |
| Unassigned | 511,174 | - | - | 511,174 |
| Total fund balances | <u>\$ 737,005</u> | <u>\$ 384,497</u> | <u>\$ 158,418</u> | <u>\$ 1,279,920</u> |

III.E. Restatement of Beginning Equity

Equity balance at July 1, 2014 was restated to reflect the following adjustment:

| | |
|---|----------------------------|
| To record the net pension liability for implementation of GASB Statement No. 68 | Governmental Activities |
| Net position, as previously reported | \$ (10,943,674) |
| Net position, as restated | <u>14,137,991</u> |
| | <u>\$ 3,194,317</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

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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.

Local Government Center 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 2015 to be recorded as an insurance expenditure/expense totaled \$51,746. There were no unpaid contributions for the year ended June 30, 2015. The School District also paid \$51,692 for workers' compensation and \$21,841 for unemployment compensation for the fiscal 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.

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 14.16% for teachers and 10.77% 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 2013, 2014 and 2015 were \$849,136, \$1,106,093 and \$1,164,714, respectively. The amounts are paid on a monthly basis as due.

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

At June 30, 2015, the School District reported a liability of \$10,930,760 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the School District's proportion was 0.2912%, which was an increase of 0.015% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the School District recognized pension expense of \$856,067. At June 30, 2015, 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 | \$ 529,619 | \$ - |
| Net differences between projected and actual earnings on pension plan investments | - | 1,398,600 |
| School District contributions subsequent to the measurement date | 1,164,714 | - |
| | \$ 1,694,333 | \$ 1,398,600 |

The School District reported \$1,164,714 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, | |
|---------------------------|--------------|
| 2015 | \$ (234,705) |
| 2016 | (234,705) |
| 2017 | (234,705) |
| 2018 | (234,705) |
| 2019 | 69,839 |
| | \$ (868,981) |

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Actuarial Assumptions

The total pension liability in the June 30, 2014 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 |

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.

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|---------------------------|--|---------------------------|
| School District's proportionate share of net pension liability | \$ 14,397,590 | \$ 10,930,760 | \$ 8,005,970 |

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 Post-employment 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

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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, 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 201 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, 2015, 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, 2013, which indicated that the total liability for other postemployment benefits is \$1,738,417.

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.

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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> |
|--------------------------------------|---------------|-----------------|
| BC3T5RDR(07) –R\$2/15M\$1 | 928.01 | 1,856.02 |
| BC3T10(07)-RX10/20/30 | 892.63 | 1,785.26 |
| BC3T15IPDED(07)-RX10/20/45 | 834.44 | 1,668.88 |
| MTB05(07)-R\$3/5M\$1 | 865.31 | 1,730.62 |
| MTB05(07)-RX10/20/30 | 828.80 | 1,657.60 |
| MTB10IPDED(07)-RX10/20/45 | 789.23 | 1,578.46 |
| MTBSOS20/40/1KDED(07)- RX10/20/45 | 608.22 | 1,216.44 |
| LUMENOS25000(07) | 621.11 | 1,242.22 |
| <u>Medicare Plans</u> | | |
| MC3(07)-R\$100M\$1 | 565.35 | |
| MC3(07)-RX10/20/30 | 552.29 | |
| MC3(07)-RX10/20/45 | 537.06 | |
| MCNRX(07) | 214.78 | |

The following methods and assumptions were used:

- Valuation Date: July 1, 2013
- 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
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| | | |
|--------------------------------|-------------|--------------|
| 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>7/1/2014- 6/30/2015</u> |
| 1. Annual Required Contribution (ARC) | \$ 230,042 |
| 2. Interest on net OPEB Obligation | 6,399 |
| 3. Adjustment to ARC | <u>(9,252)</u> |
| 4. Annual OPEB Cost (Expense) | \$ 227,189 |
| 5. Contribution made | <u>(55,141)</u> |
| 6. Increase in net OPEB Obligation | 172,048 |
| 7. Net OPEB Obligation - beginning of year | <u>159,969</u> |
| 8. Net OPEB Obligation - end of year | <u><u>\$ 332,017</u></u> |

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

| | | | | |
|------------------------|--|------------------------|---------------------|-----------------------|
| Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation | Covered Payroll | OPEB Cost % of Pay |
| <u>\$ 227,189</u> | <u>24.3%</u> | <u>\$ 332,017</u> | <u>\$ 8,835,191</u> | <u>18.20%</u> |

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Other Postemployment Benefits
Schedule of Funding Progress
For the Fiscal Year Ended June 30, 2015

| 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 | \$ - | \$ 1,738,417 | \$ 1,738,417 | 0.00% | \$ 8,835,191 | 19.68% |

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
For the Fiscal Year Ended June 30, 2015

| | Fiscal Year 2015 | Fiscal Year 2014 |
|---|------------------------|------------------------|
| School District's proportion of the net pension liability | 0.2912% | 0.2762% |
| School District's proportionate share of the net pension liability | \$ 10,930,760 | \$ 11,888,422 |
| School District's covered employee payroll | \$ 8,469,299 | \$ 7,994,706 |
| School District's proportionate share of the net pension liability as a percentage of covered-employee payroll | 129.06% | 148.70% |
| Plan fiduciary net position as a percentage of the total pension liability | 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 School District Contributions
New Hampshire Retirement System
For the Fiscal Year Ended June 30, 2015

| | Fiscal Year 2015 | Fiscal Year 2014 |
|--|------------------------|------------------------|
| Contractually required contribution | \$ 1,164,714 | \$ 1,106,584 |
| Contributions in relation to the contractually required contribution | \$ (1,164,714) | \$ (1,106,584) |
| Contribution deficiency | \$ - | \$ - |
| School District's covered-employee payroll | \$ 8,469,299 | \$ 7,994,706 |
| Contributions as a percentage of covered-employee payroll | 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
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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 Contributions are meant to present related information for ten years. Because this is the second year that the School District has reported the OPEB schedule, and the first year that the School District has adopted GASB Statement No. 68 and presented this information, only three and two years, respectively, 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, 2015

| | Special Revenue Funds | | |
|--|-----------------------|-------------------|-------------------|
| | Food Service | Other | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 39,721 | \$ 147,638 | \$ 187,359 |
| Receivables: | | | |
| Accounts | - | 450 | 450 |
| Intergovernmental | 6,554 | - | 6,554 |
| Inventory | 8,033 | - | 8,033 |
| Total assets | <u>\$ 54,308</u> | <u>\$ 148,088</u> | <u>\$ 202,396</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 529 | \$ 6,195 | \$ 6,724 |
| Intergovernmental payable | - | 1,575 | 1,575 |
| Interfund payable | 17,847 | - | 17,847 |
| Total liabilities | <u>18,376</u> | <u>7,770</u> | <u>26,146</u> |
| Deferred inflows of resources: | | | |
| Deferred revenue | <u>17,832</u> | <u>-</u> | <u>17,832</u> |
| Fund balances: | | | |
| Nonspendable | 8,033 | | 8,033 |
| Committed | 10,067 | 140,318 | 150,385 |
| Total fund balances | <u>18,100</u> | <u>140,318</u> | <u>158,418</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 54,308</u> | <u>\$ 148,088</u> | <u>\$ 202,396</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, 2015

| | Special Revenue Funds | | |
|---|-----------------------|-------------------|-------------------|
| | Food Service | Other | Total |
| REVENUES | | | |
| Local | \$ 370,804 | \$ 109,155 | \$ 479,959 |
| State | 3,004 | - | 3,004 |
| Federal | 43,240 | - | 43,240 |
| Total revenues | <u>417,048</u> | <u>109,155</u> | <u>526,203</u> |
| EXPENDITURES | | | |
| Current: | | | |
| Instruction | - | 56,958 | 56,958 |
| Support services | - | 58,518 | 58,518 |
| Non-instructional services | 507,484 | - | 507,484 |
| Total expenditures | <u>507,484</u> | <u>115,476</u> | <u>622,960</u> |
| Deficiency of revenues under expenditures | (90,436) | (6,321) | (96,757) |
| Other financing sources: | | | |
| Transfers in | - | 991 | 991 |
| Net change in fund balances | (90,436) | (5,330) | (95,766) |
| Fund balances, beginning | 108,536 | 145,648 | 254,184 |
| Fund balances, ending | <u>\$ 18,100</u> | <u>\$ 140,318</u> | <u>\$ 158,418</u> |

EXHIBIT 15
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues
For the Fiscal Year Ended June 30, 2015

| | Estimated | Actual | Variance Positive (Negative) |
|--|----------------------|----------------------|------------------------------------|
| School district assessment: | | | |
| Current appropriation | \$ 13,910,558 | \$ 13,910,558 | \$ - |
| Other local sources: | | | |
| Investment earnings | 4,550 | 3,742 | (808) |
| Impact fees | - | 23,967 | 23,967 |
| Rentals | - | 2,940 | 2,940 |
| Athletics | - | 56,479 | 56,479 |
| Refund of prior year expenditures | - | 141,544 | 141,544 |
| Miscellaneous | 29,207 | - | (29,207) |
| Total from other local sources | <u>33,757</u> | <u>228,672</u> | <u>194,915</u> |
| State sources: | | | |
| Adequacy aid (grant) | 3,044,832 | 3,044,832 | - |
| Adequacy aid (tax) | 2,222,029 | 2,222,029 | - |
| School building aid | 400,514 | 400,514 | - |
| Catastrophic aid | 430,000 | 474,432 | 44,432 |
| Vocational tuition aid | 4,650 | 8,959 | 4,309 |
| Total from state sources | <u>6,102,025</u> | <u>6,150,766</u> | <u>48,741</u> |
| Federal sources: | | | |
| Medicaid | 90,000 | 158,748 | 68,748 |
| Other financing sources: | | | |
| Transfers in | - | 5,720 | 5,720 |
| Total revenues and other financing sources | 20,136,340 | <u>\$ 20,454,464</u> | <u>\$ 318,124</u> |
| Use of fund balance to reduce school district assessment | <u>223,137</u> | | |
| Total revenues, other financing sources and use of fund balance | <u>\$ 20,359,477</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, 2015

| | Encumbered from Prior Year | | Appropriations | Expenditures | Encumbered to Subsequent Year | Variance Positive (Negative) |
|--|-------------------------------------|----------------------|----------------------|------------------|--|------------------------------------|
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular programs | \$ 2,551 | \$ 5,321,662 | \$ 5,289,346 | \$ - | \$ 34,867 | |
| Special programs | 4,595 | 3,062,600 | 3,094,047 | 4,802 | (31,654) | |
| Vocational programs | - | 132,950 | 177,662 | - | (44,712) | |
| Other | 4,256 | 552,516 | 579,582 | - | (22,810) | |
| Total instruction | <u>11,402</u> | <u>9,069,728</u> | <u>9,140,637</u> | <u>4,802</u> | <u>(64,309)</u> | |
| Support services: | | | | | | |
| Student | - | 1,230,025 | 1,228,602 | - | 1,423 | |
| Instructional staff | - | 535,158 | 522,711 | 2,952 | 9,495 | |
| General administration | - | 144,406 | 61,514 | - | 82,892 | |
| Executive administration | - | 694,529 | 689,453 | - | 5,076 | |
| School administration | 700 | 862,513 | 875,459 | 1,012 | (13,258) | |
| Operation and maintenance of plant | 279 | 1,161,530 | 1,156,959 | 32,762 | (27,912) | |
| Student transportation | - | 728,938 | 702,399 | - | 26,539 | |
| Other | - | 3,922,369 | 3,792,597 | 21,169 | 108,603 | |
| Total support services | <u>979</u> | <u>9,279,468</u> | <u>9,029,694</u> | <u>57,895</u> | <u>192,858</u> | |
| Debt service: | | | | | | |
| Principal | - | 948,399 | 948,399 | - | - | |
| Interest | - | 854,682 | 854,682 | - | - | |
| Total debt service | <u>-</u> | <u>1,803,081</u> | <u>1,803,081</u> | <u>-</u> | <u>-</u> | |
| Facilities acquisition and construction | <u>-</u> | <u>117,200</u> | <u>99,886</u> | <u>-</u> | <u>17,314</u> | |
| Other financing uses: | | | | | | |
| Transfers out | <u>-</u> | <u>90,000</u> | <u>90,000</u> | <u>-</u> | <u>-</u> | |
| Total encumbrances, appropriations, expenditures and other financing uses | <u>\$ 12,381</u> | <u>\$ 20,359,477</u> | <u>\$ 20,163,298</u> | <u>\$ 62,697</u> | <u>\$ 145,863</u> | |

EXHIBIT 17
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance
For the Fiscal Year Ended June 30, 2015

| | | |
|--|----------------|--------------------------|
| Unassigned fund balance, beginning | | \$ 285,899 |
| Changes: | | |
| Fund balance used to reduce school district assessment | | (223,137) |
| Budget summary: | | |
| Revenue surplus (Exhibit 15) | \$ 318,124 | |
| Unexpended balance of appropriations (Exhibit 16) | <u>145,863</u> | |
| Budget surplus | | 463,987 |
| Decrease in committed fund balance | | <u>7,461</u> |
| Unassigned fund balance, ending | | <u><u>\$ 511,174</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, 2015

| | Balance, beginning | Additions | Deductions | Balance, ending |
|------------------------------|-----------------------|-------------------|-------------------|--------------------|
| Assets: | | | | |
| Cash and cash equivalents | | | | |
| High School | \$ 93,259 | \$ 427,778 | \$ 411,124 | \$ 109,913 |
| Middle School | 31,818 | 216,831 | 211,405 | 37,244 |
| Intergovernmental receivable | 19,615 | 8,039 | 19,615 | 8,039 |
| Total assets | <u>\$ 144,692</u> | <u>\$ 652,648</u> | <u>\$ 642,144</u> | <u>\$ 155,196</u> |
| Liabilities: | | | | |
| Due to student groups | <u>\$ 144,692</u> | <u>\$ 652,648</u> | <u>\$ 642,144</u> | <u>\$ 155,196</u> |

EXHIBIT 19
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - Middle School
For the Fiscal Year Ended June 30, 2015

| | <u>Balance, beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, ending</u> |
|-------------------------|-------------------------------|-------------------|-------------------|----------------------------|
| Art Club | \$ 2,014 | \$ 3,331 | \$ 715 | \$ 4,630 |
| Band/Music Club | 221 | 75 | 275 | 21 |
| Books/Equipment | 148 | 166 | 50 | 264 |
| Cheerleading Club | 326 | - | - | 326 |
| Climbing Wall Club | 176 | 2,060 | 1,013 | 1,223 |
| Cola | - | 983 | 817 | 166 |
| CPR First Aid | 3,133 | 1,917 | 1,693 | 3,357 |
| Culture Club | 370 | - | 370 | - |
| Drama Club | 2,171 | 1,429 | 1,224 | 2,376 |
| Field Trips | 6,081 | 31,767 | 31,072 | 6,776 |
| Generations Club | 1,954 | - | 700 | 1,254 |
| History Club | 141 | 545 | 300 | 386 |
| Library Club | 390 | 1,259 | 1,229 | 420 |
| Mountain Biking Club | - | 707 | 681 | 26 |
| Music Club | 1,079 | 5,822 | 5,943 | 958 |
| Officials | - | 5,064 | 5,064 | - |
| Rachel's Challenge Club | 270 | - | 56 | 214 |
| Ski Club | 1,803 | 2,885 | 3,550 | 1,138 |
| Student Athletics Fund | (336) | 17,032 | 16,696 | - |
| Student Council Club | 2,825 | 3,724 | 4,176 | 2,373 |
| Washington, D.C. | 4,045 | 132,157 | 129,583 | 6,619 |
| Yearbook Club | 5,007 | 5,908 | 6,198 | 4,717 |
| Total | <u>\$ 31,818</u> | <u>\$ 216,831</u> | <u>\$ 211,405</u> | <u>\$ 37,244</u> |

EXHIBIT 20
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - High School
For the Fiscal Year Ended June 30, 2015

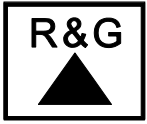
| | <u>Balance,</u> <u>beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance,</u> <u>ending</u> |
|-----------------------|-------------------------------------|------------------|-------------------|----------------------------------|
| 10 Percent Fund | \$ 2,139 | \$ 1,373 | \$ 886 | \$ 2,626 |
| Amnesty International | 214 | - | - | 214 |
| AP Testing | - | 34,966 | 34,966 | - |
| Art Club | 2 | - | - | 2 |
| Athletic Donations | - | 3,214 | 2,612 | 602 |
| Athletic Dues | - | 22,946 | 22,946 | - |
| Athletic Officials | 217 | 12,576 | 12,793 | - |
| Athletics General | 389 | - | 389 | - |
| CavBlock Program | 325 | - | 228 | 97 |
| Chemistry Club | 290 | 475 | 351 | 414 |
| Chronicle | 353 | 205 | 252 | 306 |
| Class Gift Fund | 4,823 | 40 | - | 4,863 |
| Class of 2008 | - | 1,025 | - | 1,025 |
| Class of 2009 | 371 | - | - | 371 |
| Class of 2010 | 15 | - | - | 15 |
| Class of 2011 | 3,229 | - | - | 3,229 |
| Class of 2012 | 2,439 | - | - | 2,439 |
| Class of 2013 | 10,962 | - | 2,000 | 8,962 |
| Class of 2014 | 2,308 | - | - | 2,308 |
| Class of 2015 | 4,456 | 55,356 | 54,381 | 5,431 |
| Class of 2016 | 3,718 | 6,407 | 2,356 | 7,769 |
| Class of 2017 | 168 | 1,722 | 627 | 1,263 |
| Class of 2018 | - | 1,202 | 254 | 948 |
| Coke Sales | - | 9,673 | 9,673 | - |
| Culinary Club | 29 | - | - | 29 |
| Dance Team | 761 | - | - | 761 |
| Debate Team | 177 | 2,088 | 2,265 | - |
| DI Team | 80 | - | - | 80 |
| Emergency Fund | 125 | - | - | 125 |
| ESY | - | 418 | - | 418 |
| Field Trips | 436 | 12,067 | 11,985 | 518 |
| French Club | 279 | 272 | 272 | 279 |
| Gay Straight Alliance | 127 | - | - | 127 |
| Green Group | 10 | - | - | 10 |
| Guidance | - | 1,198 | 1,198 | - |
| Hall of Fame | 62 | - | - | 62 |
| Home Front Heroes | 20 | 188 | - | 208 |
| HB The Change | - | 51 | - | 51 |
| Interact | 2,353 | - | - | 2,353 |
| Latin Club | 5 | - | - | 5 |

EXHIBIT 20 (continued)
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - High School
For the Fiscal Year Ended June 30, 2015

| | <u>Balance,</u> <u>beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance,</u> <u>ending</u> |
|-------------------------|-------------------------------------|------------------|-------------------|----------------------------------|
| Life of an Athlete | \$ 1,908 | \$ 5,508 | \$ 5,470 | \$ 1,946 |
| Math Hot Line | 384 | - | 384 | - |
| Math Team | 54 | - | - | 54 |
| Miscellaneous | - | 2,778 | 2,778 | - |
| National Honor Society | 1,989 | 2,896 | 4,075 | 810 |
| NEASC | - | 3,972 | 3,972 | - |
| Outing Club | 101 | 140 | - | 241 |
| Parking Permits | - | 7,360 | 7,360 | - |
| Peer Outreach | 60 | - | - | 60 |
| Petty Cash | 24 | 982 | 1,937 | (931) |
| PF - All State Comp. | - | 5,660 | 5,660 | - |
| PF - Building Use | - | 2,118 | 3,129 | (1,011) |
| PF - Concerts | 742 | 6,915 | 7,438 | 219 |
| PF - Guitar Night | - | 5,185 | 1,960 | 3,225 |
| PF - Improv | 23 | 1,827 | 1,718 | 132 |
| PF - Musical | 3,061 | 13,037 | 15,394 | 704 |
| PF - Theatre | 410 | 6,270 | 6,667 | 13 |
| PF - Tri M | 306 | 86 | 371 | 21 |
| PF - Trips | 4,474 | 37,424 | 40,523 | 1,375 |
| Photo | - | 1,942 | 1,165 | 777 |
| Physics - Bridge Bldg. | 507 | - | - | 507 |
| Postage | (813) | 945 | 841 | (709) |
| Poster Printer | - | 101 | - | 101 |
| Quiz Bowl | 161 | - | - | 161 |
| Red Cross Club | 3,936 | 666 | 3,930 | 672 |
| SADD | 204 | - | - | 204 |
| SALT | 2,158 | - | 2,158 | - |
| SAT Prep | - | 13,975 | 13,975 | - |
| Scholarships | 170 | 3,479 | 3,649 | - |
| School Store | 212 | - | - | 212 |
| Science Olympiad | 1,144 | - | 125 | 1,019 |
| Ski & Snowboard Club | 756 | 1,936 | 1,442 | 1,250 |
| SOPE | 57 | - | - | 57 |
| Spanish Club | 1,964 | 703 | 233 | 2,434 |
| Sports Bowling | 136 | 4,210 | 3,662 | 684 |
| Sports Boys' Basketball | 350 | - | - | 350 |
| Sports Boys' Soccer | 1,000 | 4,588 | 4,610 | 978 |
| Sports Cross Country | 710 | 1,383 | 1,690 | 403 |
| Sports Field Hockey | 955 | - | - | 955 |
| Sports Football | - | 10 | 10 | - |

EXHIBIT 20 (continued)
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - High School
For the Fiscal Year Ended June 30, 2015

| | <u>Balance, beginning</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance, ending</u> |
|--------------------------|-------------------------------|-------------------|-------------------|----------------------------|
| Sports Girls' Basketball | \$ 28 | \$ - | \$ - | \$ 28 |
| Sports Girls' Soccer | 170 | - | - | 170 |
| Sports Girls' Tennis | 108 | 495 | 84 | 519 |
| Sports Gymnastics | 166 | - | - | 166 |
| Sports Ice Hockey | 1,430 | 15,374 | 16,804 | - |
| Sports Ski Team | 3,594 | 3,520 | 1,018 | 6,096 |
| Sports Softball | 35 | - | - | 35 |
| Sports Spirit Squad | 1,988 | 954 | 812 | 2,130 |
| Sports Swim Team | 1,000 | 4,327 | 5,054 | 273 |
| Sports Track | 42 | 440 | 460 | 22 |
| Sports Unified Athletics | - | 2,140 | 2,000 | 140 |
| Sports Volleyball | 1,185 | 1,235 | 1,715 | 705 |
| Sports Wrestling | 3,033 | 13,496 | 16,529 | - |
| Student Athletic Fund | - | 45,580 | 45,580 | - |
| Student Council | (859) | 4,211 | 1,126 | 2,226 |
| Uncleared Checks | 9,938 | 4,381 | 4,391 | 9,928 |
| US First | 11,030 | 29,456 | 23,961 | 16,525 |
| Video Club | 200 | - | - | 200 |
| Yearbook | 11,761 | 6,650 | 4,445 | 13,966 |
| Total | <u>\$ 112,874</u> | <u>\$ 435,817</u> | <u>\$ 430,739</u> | <u>\$ 117,952</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, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

May 12, 2016

Roberts & Greene, PLLC