

# HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
FINANCIAL REPORT  
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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District, as of and for the year ended June 30, 2013, 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.

**Basis for Adverse Opinion on Governmental Activities**

Management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

### **Adverse Opinion**

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities of the Hollis-Brookline Cooperative School District, as of June 30, 2013, or the changes in financial position thereof for the year then ended.

### **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-8 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

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

The combining 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 and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 18, 2014

*Roberts & Arnone, PLLC*

**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2013**

This section of the Hollis Brookline Cooperative School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2013. 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

**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2013**

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 district do financially during the 2012-13 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, 2013**

**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.

**Hollis-Brookline Cooperative School District**

**Table 1 Statement of Net Position**

	<b>2012</b>	<b>2013</b>	<b>Increase (Decrease)</b>	<b>%Increase- (Decrease)</b>
<b>Current and other assets</b>	1,289,947	1,450,590	160,643	12%
<b>Capital assets</b>	21,928,970	21,431,146	-497,824	-2%
<b>Total Assets</b>	<u>23,218,917</u>	<u>22,881,736</u>	<u>-337,181</u>	<u>10%</u>
<b>Long-term liabilities outstanding</b>	8,920,108	7,902,273	-1,017,835	-11%
<b>Other liabilities</b>	807,195	978,546	171,351	21%
<b>Total Liabilities</b>	<u>9,727,303</u>	<u>8,880,819</u>	<u>-846,484</u>	<u>10%</u>
<b>Net Position:</b>				
<b>Net Investment in Capital Assets</b>	13,229,831	13,732,837	503,006	4%
<b>Restricted</b>	310,690	340,261	29,571	10%
<b>Unrestricted</b>	-48,907	-72,181	-23,274	48%
<b>Total Net Position</b>	<u><u>13,491,614</u></u>	<u><u>14,000,917</u></u>	<u><u>509,303</u></u>	<u><u>61%</u></u>

**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2013**

**Government-Wide Financial Analysis**

**Statement of Activities**

Change in net position for fiscal year 2013 compared to fiscal year 2012:

<b>Revenues:</b>	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	514,653	586,694	-72,041	-12.28%
Operating Grants and Contributions	583,086	802,352	-219,266	-27.33%
Capital Grants and Contributions	395,639	396,021	-382	-0.10%
General Revenues:				
Assessment	13,140,287	12,497,653	642,634	5.14%
Grants and contributions	5,054,489	5,073,132	-18,643	-0.37%
Miscellaneous	46,174	138,473	-92,299	-66.65%
<b>Total Revenues</b>	<u>19,734,328</u>	<u>19,494,325</u>	<u>240,003</u>	<u>1.23%</u>
<b>Program Expenses:</b>				
Instruction	9,445,818	9,439,084	6,734	0.07%
Student Support	1,081,531	1,087,091	-5,560	-0.51%
Instructional Staff	463,827	478,621	-14,794	-3.09%
General Administration	54,133	44,850	9,283	20.70%
Executive Administration	706,087	673,466	32,621	4.84%
School Administration	852,487	794,128	58,359	7.35%
Operation and Maintenance of Plant	1,138,035	1,067,742	70,293	6.58%
Student Transportation	811,909	800,679	11,230	1.40%
Other	3,241,143	3,149,327	91,816	2.92%
Non-instructional Services	521,174	503,110	18,064	3.59%
Facilities Acquisition and Construction	7,800	0	7,800	
Interest on Long-term Debt	901,081	905,925	-4,844	-0.53%
<b>Total Expenses</b>	<u>19,225,025</u>	<u>18,944,023</u>	<u>281,002</u>	<u>1.48%</u>
Change in Net Position	509,303	550,302	-40,999	
Net Position – Beginning	13,491,614	12,941,312		
Net Position – Ending	<u>14,000,917</u>	<u>13,491,614</u>		

The district's expenses are predominately salaries and benefits which I illustrated below. Specific areas of variance are evidenced above in the change in net position. Some larger variances are due to the following:

Revenues – Operating grants and contributions were down significantly as the previous year the student activities accounts moved from the high school local account to the district account at the SAU. This was



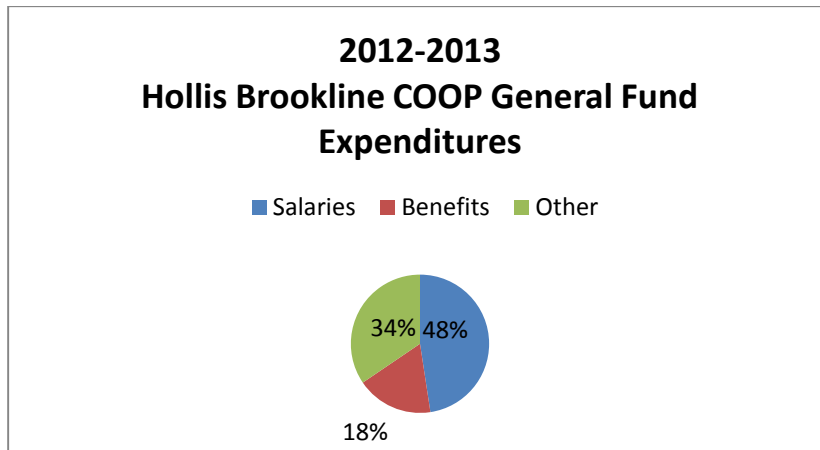
**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2013**

a one-time transfer to centralize student activity accounting for non-agency accounts at the SAU. Similarly, under "Miscellaneous" this account realized a reduction as in 2012 the balance of the "Pay-to-Participate" fees were transferred out of the local school accounts.

Program Expenses – "General Administration" had a \$9,283 increase which is primarily associated to increase legal expenses as a result of contract negotiations. For the area of "Executive Administration" the increase was associated to a reallocation of the SAU office costs per the RSA; the change driver was enrollment which accounts of 50% of the SAU allocation formula. Under "School Administration" the observed increase was caused by the switch to a supported VoIP phone system at the middle school and salary changes within both schools. Increased snow removal, oil cost for heat, and water system repairs primarily drove the increase for "Operation and Maintenance of Plant". Finally, the benefits change impact came from significant contribution changes to the employer component of NHRS.

**Hollis Brookline School District Activities**

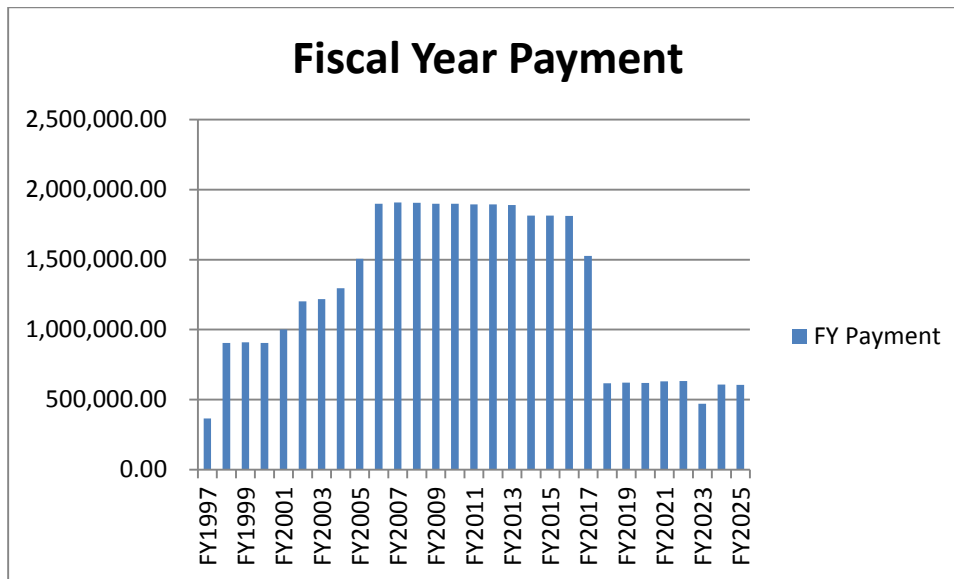
The district's expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials.



**HOLLIS BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2013**

**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 FY2018.



**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. With the recent shift to lower cost health insurance plans the district has flattened the cost curve related to health insurance increases.

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, PO Box 1588, 4 Lund Lane, Hollis, NH 03049, by telephone at 603-324-5999, or via email at [eric.horton@sau41.org](mailto:eric.horton@sau41.org).

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2013**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 900,987
Investments	7,809
Intergovernmental receivables	488,529
Other receivables	15,938
Inventory	6,838
Prepaid items	30,489
Capital assets, net of accumulated depreciation:	
Land improvements	295,312
Buildings and building improvements	21,018,604
Machinery, equipment and vehicles	117,230
Total assets	22,881,736
<b>LIABILITIES</b>	
Accounts payable	314,087
Accrued salaries and benefits	64,611
Intergovernmental payable	68,745
Accrued interest payable	515,347
Unearned revenue	15,756
Noncurrent obligations:	
Due within one year:	
Bonds	943,143
Compensated absences	22,659
Termination benefits	18,081
Due in more than one year:	
Bonds	6,755,166
Termination benefits	163,224
Total liabilities	8,880,819
<b>NET POSITION</b>	
Net investment in capital assets	13,732,837
Restricted for special purposes	340,261
Unrestricted	(72,181)
Total net position	\$ 14,000,917

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, 2013**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction	\$ 9,445,818	\$ 99,014	\$ 514,172	\$ -	\$ (8,832,632)
Support services:					
Student	1,081,531	-	-	-	(1,081,531)
Instructional staff	463,827	-	-	-	(463,827)
General administration	54,133	-	-	-	(54,133)
Executive administration	706,087	-	-	-	(706,087)
School administration	852,487	-	-	-	(852,487)
Operation and maintenance of plant	1,138,035	-	-	-	(1,138,035)
Student transportation	811,909	-	-	-	(811,909)
Other	3,241,143	-	12,178	-	(3,228,965)
Non-instructional services	521,174	415,639	56,736	-	(48,799)
Facilities acquisition and construction	7,800	-	-	-	(7,800)
Interest on long-term debt	901,081	-	-	395,639	(505,442)
Total governmental activities	<u>\$ 19,225,025</u>	<u>\$ 514,653</u>	<u>\$ 583,086</u>	<u>\$ 395,639</u>	<u>(17,731,647)</u>
General revenues:					
School district assessment					13,140,287
Grants and contributions not restricted to specific programs					5,054,489
Miscellaneous					46,174
Total general revenues					<u>18,240,950</u>
Change in net position					509,303
Net position, beginning					<u>13,491,614</u>
Net position, ending					<u>\$ 14,000,917</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, 2013**

	General	Food Service	Permanent	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 593,450	\$ 176,424	\$ -	\$ 131,113	\$ 900,987
Investments	7,809	-	-	-	7,809
Receivables, net of allowance for uncollectibles:					
Accounts	258	-	-	15,680	15,938
Intergovernmental	96,254	7,590	340,261	44,424	488,529
Interfund receivable	36,957	-	-	-	36,957
Inventory	-	6,838	-	-	6,838
Prepaid items	29,769	-	-	720	30,489
Total assets	<u>\$ 764,497</u>	<u>\$ 190,852</u>	<u>\$ 340,261</u>	<u>\$ 191,937</u>	<u>\$ 1,487,547</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 303,819	\$ 2,563	\$ -	\$ 7,705	\$ 314,087
Accrued salaries and benefits	64,611	-	-	-	64,611
Intergovernmental payable	65,903	-	-	2,842	68,745
Interfund payable	-	-	-	36,957	36,957
Deferred revenue	-	15,756	-	-	15,756
Total liabilities	<u>434,333</u>	<u>18,319</u>	<u>-</u>	<u>47,504</u>	<u>500,156</u>
Fund balances:					
Nonspendable	29,769	6,838	234,425	-	271,032
Restricted	-	-	105,836	-	105,836
Committed	86,000	165,695	-	144,433	396,128
Assigned	42,025	-	-	-	42,025
Unassigned	172,370	-	-	-	172,370
Total fund balances	<u>330,164</u>	<u>172,533</u>	<u>340,261</u>	<u>144,433</u>	<u>987,391</u>
Total liabilities and fund balances	<u>\$ 764,497</u>	<u>\$ 190,852</u>	<u>\$ 340,261</u>	<u>\$ 191,937</u>	<u>\$ 1,487,547</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, 2013**

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Total fund balances of governmental funds (Exhibit 3)	\$	987,391
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	\$	33,853,515
Less accumulated depreciation		<u>(12,422,369)</u>
		21,431,146
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(36,957)
Payables		<u>36,957</u>
		-
Interest on long-term debt is not accrued in governmental funds.		
		(515,347)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds	\$	7,698,309
Compensated absences		22,659
Termination benefits		<u>181,305</u>
		(7,902,273)
Net position of governmental activities (Exhibit 1)	\$	<u><u>14,000,917</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, 2013**

	General	Food Service	Permanent	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
School district assessment	\$ 13,140,287	\$ -	\$ -	\$ -	\$ 13,140,287
Other local	90,496	415,638	36,576	54,693	597,403
State	5,611,617	3,602	-	-	5,615,219
Federal	98,017	53,134	-	230,268	381,419
Total revenues	<u>18,940,417</u>	<u>472,374</u>	<u>36,576</u>	<u>284,961</u>	<u>19,734,328</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	8,556,571	-	-	292,812	8,849,383
Support services:					
Student	1,081,531	-	-	-	1,081,531
Instructional staff	463,471	-	-	-	463,471
General administration	54,133	-	-	-	54,133
Executive administration	706,087	-	-	-	706,087
School administration	851,363	-	-	-	851,363
Operation and maintenance of plant	1,247,819	-	-	-	1,247,819
Student transportation	811,909	-	-	-	811,909
Other	3,228,805	-	-	12,338	3,241,143
Non-instructional services	-	528,486	-	-	528,486
Debt service:					
Principal	1,000,829	-	-	-	1,000,829
Interest	886,616	-	-	-	886,616
Facilities acquisition and construction	7,800	-	-	-	7,800
Total expenditures	<u>18,896,934</u>	<u>528,486</u>	<u>-</u>	<u>305,150</u>	<u>19,730,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,483</u>	<u>(56,112)</u>	<u>36,576</u>	<u>(20,189)</u>	<u>3,758</u>
Other financing sources (uses):					
Transfers in	5,971	-	-	1,034	7,005
Transfers out	-	-	(7,005)	-	(7,005)
Total other financing sources and uses	<u>5,971</u>	<u>-</u>	<u>(7,005)</u>	<u>1,034</u>	<u>-</u>
Net change in fund balances	49,454	(56,112)	29,571	(19,155)	3,758
Fund balances, beginning	280,710	228,645	310,690	163,588	983,633
Fund balances, ending	<u>\$ 330,164</u>	<u>\$ 172,533</u>	<u>\$ 340,261</u>	<u>\$ 144,433</u>	<u>\$ 987,391</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, 2013**

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Net change in fund balances of total governmental funds (Exhibit 5)	\$	3,758
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>		
Capital outlay	\$	170,960
Depreciation expense		<u>(668,784)</u>
		(497,824)
<p>Transfers in and out between governmental funds are eliminated on the operating statement.</p>		
Transfers in	\$	(7,005)
Transfers out		<u>7,005</u>
		-
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.</p>		
Principal repayment of bonds		1,000,830
<p>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.</p>		
Increase in accrued interest expense	\$	(14,466)
Increase in compensated absences		(4,271)
Decrease in termination benefits		<u>21,276</u>
		2,539
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>509,303</u></u>

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

**EXHIBIT 7**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2013**

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 159,246
<b>LIABILITIES</b>	
Due to student groups	<u>159,246</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**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, 2013.

**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 five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School District's financial statements do not include any component units.

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

*Government-Wide Financial Statements*

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report tuition, fees, and other charges for the School District's services; (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, 2013**

*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, except that the School District has not reported its annual cost for postemployment benefits other than pensions (OPEB) or its net OPEB obligation liability, if any, as required by GASB Statement No. 45.

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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

*Food Service Fund* – Reports as a special revenue fund and accounts for the food service program.

*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: grants and other special revenue.

*Fiduciary Funds*

The School District reports the following type of fiduciary fund:

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

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

**I.C.1. Cash and Investments**

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

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

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

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

Prepaid items are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Prepaids 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. 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.5. 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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**I.C.6. 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.7. 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 assets.

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 can not be spent because of its form; and the principal amount of endowment held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment for school purposes 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 contributors.
- Committed, which represents the athletic expendable trust; an amount voted at the 2013 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.



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**I.C.8 *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 fund balance that is not nonspendable, restricted, committed, or assigned, to balance the budget. In the fiscal year 2013, \$99,151 of the fund balance from the fiscal year 2012 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 balances and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

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

**Excess of Expenditures Over Appropriations**

The Grants Fund had an excess of expenditures over appropriations of \$29,372 for the fiscal year ended June 30, 2013. Overexpenditures were due to the receipt and expenditure of unanticipated funds.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**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.

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

*Changes in Capital Assets*

The following table provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deductions	Balance, ending
Governmental activities:				
At cost:				
Not being depreciated:				
Construction in progress	\$ 11,940	\$ -	\$ (11,940)	\$ -
Being depreciated:				
Land improvements	755,325	65,555	-	820,880
Buildings and building improvements	32,719,849	77,083	-	32,796,932
Machinery, equipment and vehicles	195,441	40,262	-	235,703
Total capital assets being depreciated	<u>33,670,615</u>	<u>182,900</u>	<u>-</u>	<u>33,853,515</u>
Total all capital assets	<u>33,682,555</u>	<u>182,900</u>	<u>(11,940)</u>	<u>33,853,515</u>
Less accumulated depreciation:				
Land improvements	(485,499)	(40,069)	-	(525,568)
Buildings and building improvements	(11,166,143)	(612,185)	-	(11,778,328)
Machinery, equipment and vehicles	(101,943)	(16,530)	-	(118,473)
Total accumulated depreciation	<u>(11,753,585)</u>	<u>(668,784)</u>	<u>-</u>	<u>(12,422,369)</u>
Net book value, capital assets being depreciated	<u>21,917,030</u>	<u>(485,884)</u>	<u>-</u>	<u>21,431,146</u>
Net book value, all capital assets	<u>\$ 21,928,970</u>	<u>\$ (485,884)</u>	<u>(11,940)</u>	<u>\$ 21,431,146</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 645,124
Support services:	
Operation and maintenance of plant	19,441
Non-instructional services	4,219
Total depreciation expense	<u>\$ 668,784</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. Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2013	Current Portion
General obligation bonds payable:						
High school addition	\$ 8,100,000	1997	2017	6.0	\$ 944,940	\$ 256,078
High school addition	\$ 2,700,000	1997	2017	6.0	810,000	185,000
High school classroom addition	\$ 3,200,000	2001	2016	5.2	448,369	157,065
Middle school renovations	\$ 7,703,400	2005	2025	3.0-5.0	5,495,000	345,000
					<u>7,698,309</u>	<u>943,143</u>
Compensated absences payable:						
Vested sick leave					17,845	17,845
Accrued vacation leave					4,814	4,814
					<u>22,659</u>	<u>22,659</u>
Termination benefits payable					181,305	18,081
					<u>\$ 7,902,273</u>	<u>\$ 983,883</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2013:

	General Obligation Bonds Payable	Compensated Absences Payable	Termination Benefits Payable	Total
Balance, beginning	\$ 8,699,139	\$ 18,388	\$ 202,581	\$ 8,920,108
Additions	-	4,271	-	4,271
Reductions	(1,000,830)	-	(21,276)	(1,022,106)
Balance, ending	<u>\$ 7,698,309</u>	<u>\$ 22,659</u>	<u>\$ 181,305</u>	<u>\$ 7,902,273</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

*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
2014	\$ 943,143	\$ 878,250	\$ 1,821,393
2015	948,399	872,024	1,820,423
2016	960,323	859,725	1,820,048
2017	836,444	676,980	1,513,424
2018	420,000	187,625	607,625
2019-2023	2,435,000	600,100	3,035,100
2024-2025	1,155,000	58,375	1,213,375
Totals	<u>\$ 7,698,309</u>	<u>\$ 4,133,079</u>	<u>\$ 11,831,388</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 \$36,957 due to the General Fund from the Grants Fund represents an overdraft of pooled cash.

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

Transfers within the reporting entity are for the purpose of distribution of income earned on Permanent Funds in the amount of \$5,971 to the General Fund and \$1,034 to the Other Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**III.D. Fund Equity**

***Components of Fund Equity***

The components of fund balance, as described in Note I.C.7, are classified for the following purposes:

	General	Food Service	Permanent	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Endowment	\$ -	\$ -	\$ 234,425	\$ -	\$ 234,425
Inventory	-	6,838	-	-	6,838
Prepays	29,769	-	-	-	29,769
Total nonspendable	<u>29,769</u>	<u>6,838</u>	<u>234,425</u>	<u>-</u>	<u>271,032</u>
Restricted for Instruction	<u>-</u>	<u>-</u>	<u>105,836</u>	<u>-</u>	<u>105,836</u>
Committed for:					
Instruction	86,000	-	-	144,433	230,433
Non-instructional services	-	165,695	-	-	165,695
Total committed	<u>86,000</u>	<u>165,695</u>	<u>-</u>	<u>144,433</u>	<u>396,128</u>
Assigned to:					
Instruction	1,483	-	-	-	1,483
Support services	40,542	-	-	-	40,542
Total assigned	<u>42,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,025</u>
Unassigned	<u>172,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,370</u>
Total fund balances	<u>\$ 330,164</u>	<u>\$ 172,533</u>	<u>\$ 340,261</u>	<u>\$ 144,433</u>	<u>\$ 987,391</u>

**IV. Other Information**

**IV.A. Risk Management**

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

***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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

Contributions paid for fiscal year 2013 to be recorded as an insurance expenditure/expense totaled \$64,930. There were no unpaid contributions for the year ended June 30, 2013. The School District also paid \$40,623 for workers' compensation and \$23,715 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**

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 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 11.30% for teachers and 8.80% for other employees. Employer contributions from the School District during the fiscal years 2011, 2012 and 2013 were \$652,331, \$861,123 and \$849,136, respectively. The amounts are paid on a monthly basis as due.

**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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 8**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2013**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
School district assessment	\$ 13,140,287	\$ 13,140,287	\$ 13,140,287	\$ -
Other local	15,000	15,000	90,496	75,496
State	5,571,153	5,571,153	5,611,617	40,464
Federal	65,000	65,000	98,017	33,017
Total revenues	<u>18,791,440</u>	<u>18,791,440</u>	<u>18,940,417</u>	<u>148,977</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	8,266,132	8,470,190	8,482,042	(11,852)
Support services:				
Student	1,188,946	1,049,722	1,081,981	(32,259)
Instructional staff	472,211	457,538	462,810	(5,272)
General administration	50,334	43,824	54,090	(10,266)
Executive administration	706,087	706,087	706,087	-
School administration	843,508	858,471	850,473	7,998
Operation and maintenance of plant	1,159,604	1,178,346	1,150,472	27,874
Student transportation	833,714	772,481	811,909	(39,428)
Other	3,374,524	3,358,401	3,228,805	129,596
Debt service:				
Principal	1,010,829	1,010,829	1,000,829	10,000
Interest	885,551	885,551	886,616	(1,065)
Facilities acquisition and construction	-	-	7,800	(7,800)
Total expenditures	<u>18,791,440</u>	<u>18,791,440</u>	<u>18,723,914</u>	<u>67,526</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>216,503</u>	<u>216,503</u>
Other financing sources (uses):				
Transfers in	-	-	5,971	5,971
Transfers out	(99,151)	(99,151)	(99,151)	-
Total other financing sources and uses	<u>(99,151)</u>	<u>(99,151)</u>	<u>(93,180)</u>	<u>5,971</u>
Net change in fund balance	<u>\$ (99,151)</u>	<u>\$ (99,151)</u>	123,323	<u>\$ 222,474</u>
Decrease in nonspendable fund balance			4,896	
Decrease in committed fund balance			44,151	
Unassigned fund balance, beginning			-	
Unassigned fund balance, ending			<u>\$ 172,370</u>	

The notes to the required supplementary information are an integral part of this statement.



**EXHIBIT 9**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Food Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2013**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Local:			
Sales	\$ 456,219	\$ 415,639	\$ (40,580)
State:			
Lunch reimbursement	3,354	3,602	248
Federal:			
Lunch reimbursement	39,541	37,037	(2,504)
USDA commodities	-	16,097	16,097
Total revenues	<u>499,114</u>	<u>472,374</u>	<u>(26,740)</u>
<b>EXPENDITURES</b>			
Current:			
Non-instructional services	<u>499,114</u>	<u>528,486</u>	<u>(29,372)</u>
Net change in fund balance	<u>\$ -</u>	<u>(56,112)</u>	<u>\$ (56,112)</u>
Fund balance, beginning		<u>228,645</u>	
Fund balance, ending		<u>\$ 172,533</u>	

The notes to the required supplementary information are an integral part of this statement.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013**

**Reconciliation of Budgetary Basis to GAAP**

General Fund

Expenditures and other financing uses:	
Per Exhibit 8 (budgetary basis)	\$ 18,823,065
Adjustments:	
Basis difference:	
Encumbrances, beginning	146,894
Encumbrances, ending	(42,025)
Perspective difference:	
Expendable trust fund activity	68,151
Transfer to expendable trust fund	(99,151)
Per Exhibit 5 (GAAP basis)	<u>\$ 18,896,934</u>

For the Food Service Fund, there is no difference between the budgetary basis and GAAP. The Permanent Fund is not budgeted.

**INDIVIDUAL AND COMBINING FUND SCHEDULES**

**EXHIBIT 10**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2013**

	Special Revenue Funds		
	Grants	Other	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 131,113	\$ 131,113
Receivables:			
Accounts	-	15,680	15,680
Intergovernmental	44,424	-	44,424
Prepaid items	720	-	720
Total assets	<u>\$ 45,144</u>	<u>\$ 146,793</u>	<u>\$ 191,937</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	5,345	2,360	7,705
Intergovernmental payable	2,842	-	2,842
Interfund payable	36,957	-	36,957
Total liabilities	<u>45,144</u>	<u>2,360</u>	<u>47,504</u>
Fund balances:			
Committed	-	144,433	144,433
Total liabilities and fund balances	<u>\$ 45,144</u>	<u>\$ 146,793</u>	<u>\$ 191,937</u>

**EXHIBIT 11**  
**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, 2013**

	Special Revenue Funds		
	Grants	Other	Total
<b>REVENUES</b>			
Local	\$ -	\$ 54,693	\$ 54,693
Federal	230,268	-	230,268
Total revenues	<u>230,268</u>	<u>54,693</u>	<u>284,961</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	218,090	74,722	292,812
Support services	12,178	160	12,338
Total expenditures	<u>230,268</u>	<u>74,882</u>	<u>305,150</u>
Deficiency of revenues under expenditures	-	(20,189)	(20,189)
Other financing sources:			
Transfers in	-	1,034	1,034
Net change in fund balances	-	(19,155)	(19,155)
Fund balances, beginning	-	163,588	163,588
Fund balances, ending	<u>\$ -</u>	<u>\$ 144,433</u>	<u>\$ 144,433</u>

**EXHIBIT 12**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2013**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 13,140,287	\$ 13,140,287	\$ -
Other local sources:			
Tuition	-	60	60
Investment earnings	5,000	3,941	(1,059)
Impact fees	-	27,664	27,664
Rentals	-	1,238	1,238
Athletics	-	44,261	44,261
Miscellaneous	10,000	13,332	3,332
Total other local sources	<u>15,000</u>	<u>90,496</u>	<u>75,496</u>
State sources:			
Adequacy aid (grant)	2,918,544	2,918,544	-
Adequacy aid (tax)	2,135,945	2,135,945	-
School building aid	395,639	395,639	-
Catastrophic aid	121,025	157,168	36,143
Vocational tuition aid	-	4,321	4,321
Total state sources	<u>5,571,153</u>	<u>5,611,617</u>	<u>40,464</u>
Federal sources:			
Medicaid	65,000	98,017	33,017
Other financing sources:			
Transfers in	-	5,971	5,971
Total revenues and other financing sources	18,791,440	<u>\$ 18,946,388</u>	<u>\$ 154,948</u>
Use of fund balance to reduce school district assessment	<u>99,151</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 18,890,591</u>		

**EXHIBIT 13**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2013**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>Instruction:</b>					
Regular programs	\$ 833	\$ 5,174,676	\$ 5,140,057	\$ 92	\$ 35,360
Special programs	206	2,679,951	2,648,110	241	31,806
Vocational programs	6,822	140,942	197,337	-	(49,573)
Other	-	474,621	502,916	1,150	(29,445)
Total instruction	<u>7,861</u>	<u>8,470,190</u>	<u>8,488,420</u>	<u>1,483</u>	<u>(11,852)</u>
<b>Support services:</b>					
Student	-	1,049,722	1,081,531	450	(32,259)
Instructional staff	5,859	457,538	463,471	5,198	(5,272)
General administration	43	43,824	54,133	-	(10,266)
Executive administration	-	706,087	706,087	-	-
School administration	1,629	858,471	851,363	739	7,998
Operation and maintenance of plant	131,502	1,178,346	1,247,819	34,155	27,874
Student transportation	-	772,481	811,909	-	(39,428)
Other	-	3,358,401	3,228,805	-	129,596
Total support services	<u>139,033</u>	<u>8,424,870</u>	<u>8,445,118</u>	<u>40,542</u>	<u>78,243</u>
<b>Debt service:</b>					
Principal	-	1,010,829	1,000,829	-	10,000
Interest	-	885,551	886,616	-	(1,065)
Total debt service	<u>-</u>	<u>1,896,380</u>	<u>1,887,445</u>	<u>-</u>	<u>8,935</u>
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>7,800</u>	<u>-</u>	<u>(7,800)</u>
<b>Other financing uses:</b>					
Transfers out	<u>-</u>	<u>99,151</u>	<u>99,151</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 146,894</u>	<u>\$ 18,890,591</u>	<u>\$ 18,927,934</u>	<u>\$ 42,025</u>	<u>\$ 67,526</u>

**EXHIBIT 14**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2013**

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Unassigned fund balance, beginning		\$ -
Changes:		
Fund balance used to reduce school district assessment		(99,151)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 154,948	
Unexpended balance of appropriations (Exhibit 13)	<u>67,526</u>	
Budget surplus		222,474
Decrease in nonspendable fund balance		4,896
Decrease in committed fund balance		<u>44,151</u>
Unassigned fund balance, ending		<u><u>\$ 172,370</u></u>



**EXHIBIT 15**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2013**

	Balance, beginning	Additions	Deductions	Balance, ending
<b>Assets:</b>				
Cash and cash equivalents:				
High school	\$ 109,096	\$ 482,434	\$ 467,756	\$ 123,774
Middle school	33,047	206,645	204,220	35,472
Total assets	<u>\$ 142,143</u>	<u>\$ 689,079</u>	<u>\$ 671,976</u>	<u>\$ 159,246</u>
<b>Liabilities:</b>				
Due to student groups	<u>\$ 142,143</u>	<u>\$ 689,079</u>	<u>\$ 671,976</u>	<u>\$ 159,246</u>

**EXHIBIT 16**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Middle School**  
**For the Fiscal Year Ended June 30, 2013**

	Balance, beginning	Additions	Deductions	Balance, ending
Band	\$ 2,445	\$ 6,430	\$ 6,039	\$ 2,836
Books/equipment	203	355	458	100
Building Donation Fund	-	3,022	3,022	-
Cheerleading	326	-	-	326
Cola	-	1,320	979	341
CPR First Aid	2,543	2,044	1,770	2,817
Culture Club	370	-	-	370
Drama Club	704	1,580	1,263	1,021
Field Trips	9,519	31,885	36,178	5,226
Generations	3,008	-	100	2,908
History Club	241	-	100	141
Library Activities	38	144	26	156
Officials	-	7,755	6,764	991
Rachel's Challenge	704	-	210	494
Ski Club	2,286	660	977	1,969
Student Council	102	2,529	2,123	508
Team 3	-	545	429	116
Team 4	-	420	104	316
Washington, D.C.	2,248	143,130	136,653	8,725
Yearbook	8,310	4,826	7,025	6,111
Total	<u>\$ 33,047</u>	<u>\$ 206,645</u>	<u>\$ 204,220</u>	<u>\$ 35,472</u>

**EXHIBIT 17**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2013**

	Balance, beginning	Additions	Deductions	Balance, ending
10 Percent Fund	\$ -	\$ 1,388	\$ -	\$ 1,388
Amnesty International	214	-	-	214
AP Testing	-	29,362	29,362	-
Art Club	2	-	-	2
Athletic Donations	-	4,401	4,401	-
Athletic Dues	-	10,851	10,851	-
Athletics Officials	-	43,560	43,560	-
Athletics General	-	175	119	56
CavBlock Program	-	750	-	750
Chemistry Club	129	380	222	287
Chronicle	3	-	-	3
Class Gift Fund	6,296	-	-	6,296
Class of 2008	-	1,025	1,025	-
Class of 2009	371	-	-	371
Class of 2010	15	-	-	15
Class of 2011	12,579	-	-	12,579
Class of 2012	11,846	-	9,407	2,439
Class of 2013	7,439	53,625	50,102	10,962
Class of 2014	4,878	4,351	1,951	7,278
Class of 2015	2,227	2,996	982	4,241
Class of 2016	-	2,445	94	2,351
Coke Sales	-	9,593	9,593	-
Community of Caring	215	-	215	-
Culinary Club	44	-	-	44
Dance Team	573	194	25	742
Debate Team	207	3,126	3,333	-
DI Team	80	-	-	80
Emergency Fund	125	-	-	125
Field Trips	-	20,684	20,457	227
French Club	279	-	-	279
Gay Straight Alliance	127	-	-	127
Green Group	10	-	-	10
Guidance	-	5,798	5,798	-
Hall of Fame	62	-	-	62
Home Front Heroes	-	20	-	20
Interact	3,793	393	1,833	2,353

*(continued)*

**EXHIBIT 17 (continued)**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2013**

	Balance, beginning	Additions	Deductions	Balance, ending
Jeans Scholarship	5	-	-	5
Latin Club	5	-	-	5
Library	-	28	28	-
Math Hot Line	-	740	-	740
Math Team	54	-	-	54
Miscellaneous	-	11,878	11,878	-
Nathan's Walk	-	4,191	4,191	-
National Honor Society	792	1,885	1,528	1,149
Outing Club	101	-	-	101
Parking Permits	-	8,960	8,960	-
Peer Outreach	60	-	-	60
Petty Cash	-	2,024	1,524	500
PF - All State Comp.	-	4,365	4,365	-
PF - Building Use	-	1,763	1,763	-
PF - Concerts	1,004	3,643	4,365	282
PF - Musical	5,293	11,790	13,178	3,905
PF - Prep	75	-	-	75
PF - Theatre	5,373	12,508	15,678	2,203
PF - Tri M	1,219	311	663	867
PF - Trips	43	37,600	37,350	293
Photo	-	1,284	1,178	106
Physics - bridge building	507	-	-	507
Postage	-	1,000	1,000	-
Red Cross Club	2,161	3,232	3,431	1,962
SADD	204	-	-	204
SALT	2,158	-	-	2,158
SAT 2 Prep	-	1,660	1,660	-
SAT Prep	-	20,375	20,375	-
Scholarships	-	1,800	1,800	-
School Store	212	-	-	212
Science Olympiad	3,481	2,500	2,212	3,769
SOPE	-	377	101	276
Spanish Club	453	617	431	639
Sports - B Basketball	-	350	-	350
Sports - Bowling	-	2,646	2,646	-
Sports - Cross Country	-	1,242	828	414
Sports - Fall Spirit	-	1,587	1,587	-
Sports - Field Hockey	-	1,007	-	1,007
Sports - Football	-	15,586	15,242	344
Sports - G Soccer	-	170	-	170
Sports - Girls' Basketball	-	2,092	2,064	28

*(continued)*

**EXHIBIT 17 (continued)**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2013**

	Balance, beginning	Additions	Deductions	Balance, ending
Sports - Girls' Lacrosse	-	372	372	-
Sports - Girls' Tennis	-	1,215	764	451
Sports - Gymnastics	-	90	-	90
Sports - Ice Hockey	-	12,285	10,570	1,715
Sports - Ski Team	-	1,800	-	1,800
Sports - Soccer	-	1,000	-	1,000
Sports - Softball	-	1,915	1,915	-
Sports - Swim Team	-	4,725	4,581	144
Sports - Track	-	286	56	230
Sports - Volleyball	-	1,300	115	1,185
Sports - Winter Spirit Squad	-	130	-	130
Sports - Wrestling	-	13,178	11,494	1,684
Sports Ski-snowboard club	885	2,028	2,157	756
Student Athletic Fund	-	40,119	40,119	-
Student council	506	4,113	3,809	810
Uncleared checks	5,448	8,590	5,462	8,576
US First	16,170	20,750	20,500	16,420
Video Club	200	-	-	200
Yearbook	11,173	14,210	12,486	12,897
Total	<u>\$ 109,096</u>	<u>\$ 482,434</u>	<u>\$ 467,756</u>	<u>\$ 123,774</u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION OF NO MATERIAL WEAKNESSES

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, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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

March 18, 2014

*Roberts & Greene, PLLC*