

# HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

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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

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, 2018, which collectively comprise the School District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Hollis-Brookline Cooperative School District, as of June 30, 2018, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund, Food Service Fund, and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB and pension information on pages 3-13 and 42-46 be presented to supplement

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

*Other Information*

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

*Roberts & Heine, PLLC*

Concord, New Hampshire  
March 29, 2019

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

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, 2018. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MD&A is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**DISTRICT-WIDE STATEMENTS**

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

district do financially during the 2017-18 school year?" These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district's current-year revenues and expenses regardless of when they were paid or received.

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

**FUND FINANCIAL STATEMENTS**

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

The district has two types of funds:

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash (and other financial assets that can be readily converted to cash) flows in and out, and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. This information does not encompass the additional long-term focus of the district-wide statements. We provide additional information with the governmental funds statements that explains 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, 2018**

*Notes to the Basic Financial Statements*

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

**Government-Wide Financial Analysis**

**Hollis-Brookline Cooperative School District**

**Statement of Net Position**

Change in net position for fiscal year 2018 compared to fiscal year 2017

	2017	2018	Increase (Decrease)	% Increase (Decrease)
<b>Assets</b>				
Current and Other Assets	2,379,143	2,165,565	(213,578)	-8.98%
Capital Assets	19,091,510	18,458,456	(633,054)	-3.32%
<b>Total Assets</b>	<b>21,470,653</b>	<b>20,624,021</b>	<b>(846,632)</b>	<b>-3.94%</b>
<b>Deferred Outflow of Resources</b>	<b>4,972,429</b>	<b>3,511,758</b>	<b>(1,460,671)</b>	<b>-29.38%</b>
<b>Liabilities</b>				
Long-term Liabilities Outstanding	20,981,864	19,543,813	(1,438,051)	-6.85%
Other Liabilities	393,876	309,799	(84,077)	-21.35%
<b>Total Liabilities</b>	<b>21,375,740</b>	<b>19,853,612</b>	<b>(1,522,128)</b>	<b>-7.12%</b>
<b>Deferred Inflows of Resources</b>	<b>223,039</b>	<b>410,354</b>	<b>187,315</b>	<b>83.98%</b>
<b>Net Position</b>				
Net Investment in Capital Assets	15,081,510	14,868,455	(213,055)	-1.41%
Restricted	427,845	427,845	-	0.00%
Unrestricted	(10,665,052)	(11,424,487)	(759,435)	7.12%
<b>Total Net Position</b>	<b>4,844,303</b>	<b>3,871,813</b>	<b>(972,490)</b>	<b>-20.07%</b>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

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

Change in fund revenue and expense for fiscal year 2018 compared to fiscal year 2017

<b>Revenues:</b>	<b>2017</b>	<b>2018</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Program Revenues:</b>				
Charges for Services	365,587	441,171	75,584	20.67%
Operating Grants and Contributions	1,070,839	1,040,819	(30,020)	-2.80%
Capital Grants and Contributions	-	173,362	173,362	
<b>General Revenues:</b>				
Assessment	14,919,589	16,427,665	1,508,076	10.11%
Grants and Contributions	5,570,679	3,170,836	(2,399,843)	-43.08%
Miscellaneous	396,381	305,414	(90,967)	-22.95%
<b>Total Revenues</b>	<b>22,323,075</b>	<b>21,559,267</b>	<b>(763,808)</b>	<b>-3.42%</b>
<b>Program Expenses:</b>				
Instruction	10,285,909	10,965,670	679,761	6.61%
Student Support	1,303,329	1,295,663	(7,666)	-0.59%
Instructional Staff	551,735	558,404	6,669	1.21%
General Administration	56,636	121,021	64,385	113.68%
Executive Administration	747,371	754,648	7,277	0.97%
School Administration	999,135	937,244	(61,891)	-6.19%
Operation and Maintenance of Plant	1,119,426	1,255,459	136,033	12.15%
Student Transportation	1,069,515	1,029,367	(40,148)	-3.75%
Other	5,003,040	4,971,721	(31,319)	-0.63%
Non-instructional Services	399,493	397,699	(1,794)	-0.45%
Interest on Long-Term Debt	302,482	169,536	(132,946)	-43.95%
<b>Total Expenses</b>	<b>21,838,071</b>	<b>22,456,432</b>	<b>618,361</b>	<b>2.83%</b>
<b>Change in Net Position</b>	<b>485,004</b>	<b>(897,165)</b>	<b>(1,382,169)</b>	<b>-284.98%</b>
<b>Net Position - Beginning</b>	<b>4,359,299</b>	<b>4,768,978</b>	<b>409,679</b>	<b>9.40%</b>
<b>Net Position - Ending</b>	<b>4,844,303</b>	<b>3,871,813</b>	<b>(972,490)</b>	<b>-20.07%</b>



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**School District Activities**

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

**Revenues:**

In FY18 the district received \$763,808 less revenue than in FY17. The district benefitted from significantly higher revenues in the following categories:

- Adequacy grant (+\$175K)
  - Adequacy Aid is a state aid program, and is based on the average daily membership (ADM) of resident students.

These benefits were offset by decreased revenue in the following categories:

- Grants (including Title II and IDEA) (-\$14K)
  - Title II is a Dept. of Education grant program that provides supplemental funding to help support effective instruction.
  - IDEA = Individuals with Disabilities Education Act. These are federal funds based on the number of special education students.
- Building Aid (-\$168K)
  - School Building Aid is a program through which the State of New Hampshire provides financial assistance to local school districts for the construction or substantial renovation of educational facilities for grades K-12.
- Special Education aid (-\$94K)
  - This is state aid based on approved expenses for special education students after the district pays the first \$55,000 per student. The revenue is received the year after the expenses are incurred.
- Medicaid (-\$ 57K)
  - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.

The district's food service sales remained relatively flat (\$375K in fy18 versus \$378K in fy17); likewise, the federal funds received for food service were also comparable (\$33K in fy18 versus \$32K in fy17).

The athletic pay-to-play fees collected by participants in sports in fy18 (\$66K) were only slightly lower than the fees collected in fy17 (\$69k).

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**Expenditures:**

Expenditures in FY18 were \$618,361 higher in FY18 than in FY17. The largest increases come from the following categories:

- Salary increases and corresponding benefits
- Textbooks (Math, Science, Social Studies)
- Contracted, Out of District, and Legal Services in Special Ed
- Tuition for out of district placements
- Additional Computer Equipment
- Legal Services related to the public hearing and contract negotiations
- Elevator repairs to the high school
- Bus transportation contract
- Health Insurance (due to higher rates and new enrollments)

Since the district retired one of its bonds, FY18 showed significant savings in lower principal and interest payments.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**General Fund Budgetary Highlights**

Hollis Brookline Cooperative School District  
General Fund Revenues FY18  
Budget v. Actuals  
(Without transfers)

<b>Revenue</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
School District Assessment	14,288,861	14,288,861	-
Other Local	70,600	104,871	34,271
State	6,068,473	6,071,070	2,597
Federal	202,000	149,430	(52,570)
<b>Total Revenues</b>	<b>20,629,934</b>	<b>20,614,232</b>	<b>(15,702)</b>
Use of Fund Balance to reduce school district assessment & other funding	858,252		
<b>Total Revenues and Use of Fund Balance</b>	<b>21,488,186</b>		

Revenue recognized by the Hollis Brookline Cooperative School District’s general fund amounted to \$15,702 less than budgeted, as detailed in the chart above.

- The school district assessments are determined by the town’s district meeting vote, so actual revenue equals budget.
- “Other Local” revenue includes vocational education revenue and impact fees, both of which came in higher than budgeted. [Impact fees are charges assessed by the local government to help pay for public facilities, such as school facilities, and passed onto the school district as a source of revenue.] In addition to the revenue from vocational education and impact fees, the district benefited greatly from a bank re-structuring of our accounts, resulting in over \$7K of interest earned.
- “State” revenue includes the adequacy grant, building aid, enhanced education tax, and special education aid.
- “Federal” revenue includes Medicaid funds which came in lower than expected.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

Hollis Brookline Cooperative School District  
General Fund Expenditures FY18  
Budget v. Actuals  
(Without transfers)

<b>Expenditures</b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
Instruction	10,097,676	9,724,962	372,714
Student & Instructional Support	2,002,842	1,842,455	160,387
General, Executive & School Admin	1,875,035	1,815,122	59,913
Operation & Maintenance of Plant	1,179,445	1,256,604	(77,159)
Student Transportation	1,217,354	1,029,367	187,987
Other Support Services	4,518,467	4,479,096	39,371
Non-instructional Services	-	-	-
Debt Service	597,367	597,367	-
<b>Total Appropriation &amp; Expenditures</b>	<b>21,488,186</b>	<b>20,744,973</b>	<b>743,213</b>

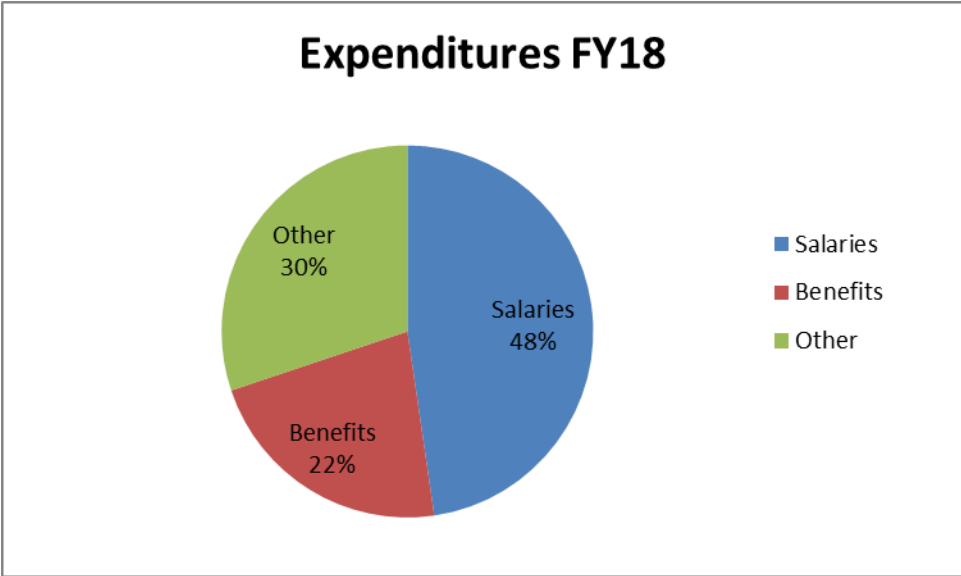
The general fund expenditure surplus can be attributed to:

- Hiring savings
- Savings in unfilled positions
- Savings in teacher professional development stipends and reimbursements
- Savings in student transportation and gasoline/ diesel fuel
- Savings in health plan choices
- Note: The contingency fund of \$100,000 was untouched.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**Break-down of Costs**

The district’s expenses are predominately salaries and benefits which is illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of buildings, debt service, and general operational materials. The disbursement of cost has remained fairly consistent with prior fiscal year (FY17) expenditures (46% salary, 34% other, 20% benefits).



**Capital Assets**

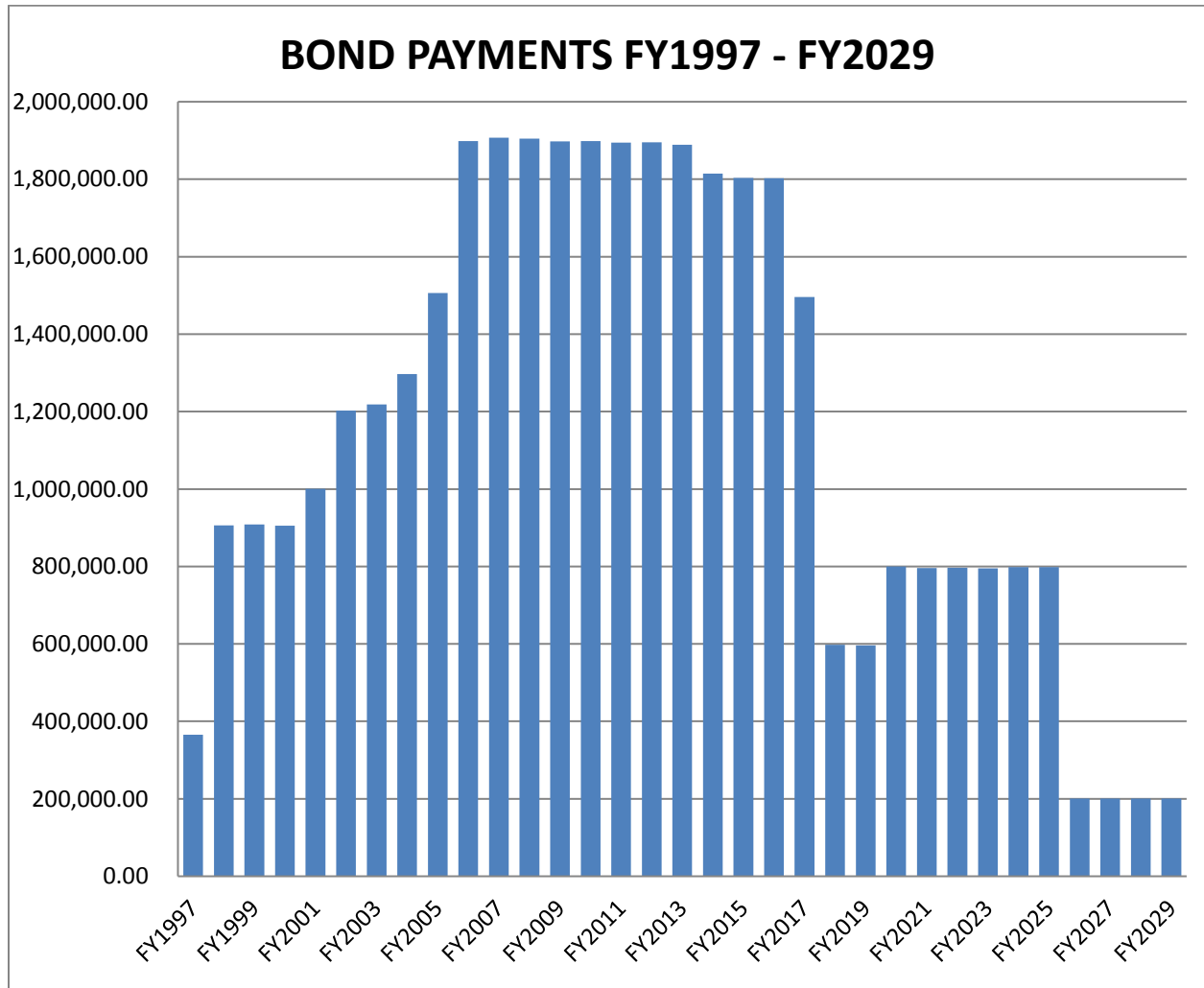
The Hollis Brookline Cooperative School District’s investment in capital assets for its governmental activities as of June 30, 2018, totals \$18,458,456, net of accumulated depreciation. These assets include land improvements, buildings, machinery, vehicles and equipment.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
 MANAGEMENT DISCUSSION AND ANALYSIS  
 FISCAL YEAR ENDING JUNE 30, 2018**

**DEBT ADMINISTRATION**

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

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



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2018**

**OTHER DISCUSSION**

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

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

## **BASIC FINANCIAL STATEMENTS**



**EXHIBIT 1**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,227,882
Intergovernmental receivables	901,748
Other receivables	710
Inventory	10,370
Prepaid items	24,855
Capital assets, net of accumulated depreciation:	
Land improvements	269,355
Buildings and building improvements	18,087,981
Machinery, equipment and vehicles	101,120
Total assets	20,624,021
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pensions	3,511,758
<b>LIABILITIES</b>	
Accounts payable	107,771
Accrued salaries and benefits	79,238
Intergovernmental payable	56,735
Accrued interest payable	66,055
Noncurrent obligations:	
Due within one year:	
Bond	440,000
Compensated absences payable	6,801
Termination benefits payable	91,468
Due in more than one year:	
Bond	3,150,000
Compensated absences payable	13,307
Termination benefits payable	403,696
Other postemployment benefits liability	569,783
Net pension liability	14,868,758
Total liabilities	19,853,612
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	23,108
Deferred amounts related to pensions	378,598
Deferred amounts related to other postemployment benefits	8,648
	410,354
<b>NET POSITION</b>	
Net investment in capital assets	14,868,455
Restricted for endowments:	
Nonexpendable	281,377
Expendable	146,468
Unrestricted	(11,424,487)
Total net position	\$ 3,871,813

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, 2018**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction	\$ 10,965,670	\$ 66,132	\$ 978,092	\$ -
Support services:				
Student	1,295,663	-	6,760	-
Instructional staff	558,404	-	5,040	-
General administration	121,021	-	-	-
Executive administration	754,648	-	-	-
School administration	937,244	-	-	-
Operation and maintenance of plant	1,255,459	-	-	-
Student transportation	1,029,367	-	-	-
Other	4,971,721	-	-	-
Non-instructional services	397,699	375,039	50,927	-
Interest on long-term debt	169,536	-	-	173,362
<b>Total governmental activities</b>	<b>\$ 22,456,432</b>	<b>\$ 441,171</b>	<b>\$ 1,040,819</b>	<b>\$ 173,362</b>
General revenues:				
				14,288,861
School district assessment				5,309,640
Grants and contributions not restricted to specific programs				305,414
Miscellaneous				<u>19,903,915</u>
Total general revenues				(897,165)
Change in net position				<u>4,768,978</u>
Net position, beginning, as restated, see Note III.D.				<u>\$ 3,871,813</u>
Net position, ending				

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, 2018**

	General	Food Service	Grants	Permanent	Other Governmental Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 971,903	\$ 96,763	\$ -	\$ -	\$ 159,216	\$ 1,227,882
Receivables, net of allowance for uncollectibles:						
Accounts	210	-	-	-	500	710
Intergovernmental	306,013	9,683	145,930	436,235	3,887	901,748
Interfund receivable	196,448	-	-	-	-	196,448
Inventory	-	10,370	-	-	-	10,370
Prepaid items	24,855	-	-	-	-	24,855
Total assets	<u>\$ 1,499,429</u>	<u>\$ 116,816</u>	<u>\$ 145,930</u>	<u>\$ 436,235</u>	<u>\$ 163,603</u>	<u>\$ 2,362,013</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 107,253	\$ -	\$ -	\$ -	\$ 518	\$ 107,771
Accrued salaries and benefits	79,238	-	-	-	-	79,238
Intergovernmental payable	56,619	116	-	-	-	56,735
Interfund payable	-	50,518	145,930	-	-	196,448
Total liabilities	<u>243,110</u>	<u>50,634</u>	<u>145,930</u>	<u>-</u>	<u>518</u>	<u>440,192</u>
Deferred inflows of resources:						
Deferred revenue	<u>200</u>	<u>22,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,108</u>
Fund balances:						
Nonspendable	24,855	10,370	-	302,188	-	337,413
Restricted	-	-	-	134,047	163,085	297,132
Committed	474,335	32,904	-	-	-	507,239
Assigned	152,203	-	-	-	-	152,203
Unassigned	604,726	-	-	-	-	604,726
Total fund balances	<u>1,256,119</u>	<u>43,274</u>	<u>-</u>	<u>436,235</u>	<u>163,085</u>	<u>1,898,713</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,499,429</u>	<u>\$ 116,816</u>	<u>\$ 145,930</u>	<u>\$ 436,235</u>	<u>\$ 163,603</u>	<u>\$ 2,362,013</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, 2018**

Total fund balances of governmental funds (Exhibit 3)		\$ 1,898,713
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 34,116,655	
Less accumulated depreciation	<u>(15,658,199)</u>	18,458,456
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (196,448)	
Payables	<u>196,448</u>	-
Interest on long-term debt is not accrued in governmental funds.		
		(66,055)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bond payable	\$ 3,590,000	
Compensated absences payable	20,108	
Termination benefits payable	495,164	
Other postemployment benefits liability	569,783	
Net pension liability	<u>14,868,758</u>	(19,543,813)
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	\$ 3,511,758	
Deferred inflows of resources related to pensions	(378,598)	
Deferred inflows of resources related to opeb	<u>(8,648)</u>	
		<u>3,124,512</u>
Net position of governmental activities (Exhibit 1)		<u><u>\$ 3,871,813</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, 2018**

	General	Food Service	Grants	Permanent	Other Governmental Fund	Total Governmental Funds
<b>REVENUES</b>						
School district assessment	\$ 14,288,861	\$ -	\$ -	\$ -	\$ -	\$ 14,288,861
Other local	106,782	375,092	-	13,219	251,491	746,584
State	6,071,070	3,156	-	-	-	6,074,226
Federal	149,430	47,771	252,394	-	-	449,595
Total revenues	<u>20,616,143</u>	<u>426,019</u>	<u>252,394</u>	<u>13,219</u>	<u>251,491</u>	<u>21,559,266</u>
<b>EXPENDITURES</b>						
Current:						
Instruction	9,787,019	-	240,594	-	228,139	10,255,752
Support services:						
Student	1,288,902	-	6,760	-	-	1,295,662
Instructional staff	552,830	-	5,040	-	534	558,404
General administration	121,021	-	-	-	-	121,021
Executive administration	754,648	-	-	-	-	754,648
School administration	936,638	-	-	-	-	936,638
Operation and maintenance of plant	1,245,072	-	-	-	241	1,245,313
Student transportation	1,055,863	-	-	-	-	1,055,863
Other	4,479,096	-	-	-	-	4,479,096
Non-instructional services	-	399,455	-	-	-	399,455
Debt service:						
Principal	177,367	-	-	-	-	177,367
Interest	420,000	-	-	-	-	420,000
Total expenditures	<u>20,818,456</u>	<u>399,455</u>	<u>252,394</u>	<u>-</u>	<u>228,914</u>	<u>21,699,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(202,313)</u>	<u>26,564</u>	<u>-</u>	<u>13,219</u>	<u>22,577</u>	<u>(139,953)</u>
Other financing sources (uses):						
Transfers in	4,116	-	-	-	713	4,829
Transfers out	-	-	-	(4,829)	-	(4,829)
Total other financing sources and uses	<u>4,116</u>	<u>-</u>	<u>-</u>	<u>(4,829)</u>	<u>713</u>	<u>-</u>
Net change in fund balances	(198,197)	26,564	-	8,390	23,290	(139,953)
Fund balances, beginning	1,454,316	16,710	-	427,845	139,795	2,038,666
Fund balances, ending	<u>\$ 1,256,119</u>	<u>\$ 43,274</u>	<u>\$ -</u>	<u>\$ 436,235</u>	<u>\$ 163,085</u>	<u>\$ 1,898,713</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, 2018**

Net change in fund balances of total governmental funds (Exhibit 5)		\$ (139,953)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.		
Capital outlay	\$ 48,516	
Depreciation expense	<u>(681,570)</u>	(633,054)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (4,829)	
Transfers out	<u>4,829</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 bond		420,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in accrued interest expense	\$ 7,831	
Decrease in compensated absences payable	4,992	
Increase in termination benefits payable	(64,356)	
Net change in other postemployment benefits related balances	<u>(27,714)</u>	(79,247)
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	\$ 1,552,287	
Cost of benefits, net of employee contributions	<u>(2,017,198)</u>	(464,911)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (897,165)</u></u>

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

**EXHIBIT 7**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 14,288,861	\$ 14,288,861	\$ -
Other local	70,600	104,871	34,271
State	6,068,473	6,071,070	2,597
Federal	202,000	149,430	(52,570)
Total revenues	<u>20,629,934</u>	<u>20,614,232</u>	<u>(15,702)</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	10,097,676	9,724,962	372,714
Support services:			
Student	1,343,603	1,288,902	54,701
Instructional staff	659,239	553,553	105,686
General administration	178,884	149,330	29,554
Executive administration	754,648	754,648	-
School administration	941,503	911,144	30,359
Operation and maintenance of plant	1,179,445	1,256,604	(77,159)
Student transportation	1,217,354	1,029,367	187,987
Other	4,518,467	4,479,096	39,371
Debt service:			
Principal	177,367	177,367	-
Interest	420,000	420,000	-
Total expenditures	<u>21,488,186</u>	<u>20,744,973</u>	<u>743,213</u>
Deficiency of revenues under expenditures	<u>(858,252)</u>	<u>(130,741)</u>	<u>727,511</u>
Other financing sources (uses):			
Transfers in	-	4,116	4,116
Transfers out	(187,000)	(187,000)	-
Total other financing sources and uses	<u>(187,000)</u>	<u>(182,884)</u>	<u>4,116</u>
Net change in fund balance	<u>\$ (1,045,252)</u>	(313,625)	<u>\$ 731,627</u>
Increase in nonspendable fund balance		(8,641)	
Decrease in committed fund balance		27,000	
Unassigned fund balance, beginning		899,992	
Unassigned fund balance, ending		<u>\$ 604,726</u>	

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

**EXHIBIT 8**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Food Service Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Local:			
Miscellaneous	\$ 374,300	\$ 375,092	\$ 792
State:			
Lunch reimbursement	3,700	3,156	(544)
Federal:			
Lunch reimbursement	38,000	32,667	(5,333)
Breakfast reimbursement	-	520	520
USDA commodities	-	14,584	14,584
Total revenues	<u>416,000</u>	<u>426,019</u>	<u>10,019</u>
<b>EXPENDITURES</b>			
Current:			
Non-instructional services	<u>416,000</u>	<u>399,455</u>	<u>16,545</u>
Net change in fund balance	<u>\$ -</u>	<u>26,564</u>	<u>\$ 26,564</u>
Fund balance, beginning		<u>16,710</u>	
Fund balance, ending		<u>\$ 43,274</u>	

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



**EXHIBIT 9**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Grants Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (GAAP Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Federal	245,000	252,394	7,394
<b>EXPENDITURES</b>			
Current:			
Instruction	240,000	240,594	(594)
Support services:			
Student	2,500	6,760	(4,260)
Instructional staff	2,500	5,040	(2,540)
Total expenditures	245,000	252,394	(7,394)
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 10**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2018**

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 119,166
<b>LIABILITIES</b>	
Due to student groups	<u>119,166</u>
<b>NET POSITION</b>	<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, 2018**

**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, 2018.

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

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

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

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

*Government-Wide Financial Statements*

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

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

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

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in separate columns with the nonmajor fund in the last column before the total.

**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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
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*Food Service Fund* – Reports as a special revenue fund and used to account for the transactions related to the provisions of school meals.

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

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

The School District also reports one nonmajor fund: miscellaneous 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.B.5. Change in Accounting Principle**

During the fiscal year, the School District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This results in a change in the measurement and presentation of the School District's OPEB liability reported in the Statement of Net Position. The prior year's net position was restated as shown in Note III.D. to reflect this change.

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

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

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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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 acquisition value on the date donated. The School District capitalizes assets with cost of \$10,000 or more and an estimated useful life of one year or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	Years
Land improvements	20
Buildings and building improvements	50-115
Machinery, equipment and vehicles	15-20

**I.C.4. *Deferred Outflows/Inflows of Resources***

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Deferred inflows of resources in the governmental fund financial statements represent donated commodities that are held in inventory to be used in the subsequent year. Deferred outflows and inflows of resources in the governmental activities consist of resources related to other postemployment benefits and 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 also accrues to full-time, permanent employees to specified maximums. Support staff employees are entitled to a portion of their sick and vacation leave upon termination.

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

**I.C.7. *Termination Benefits***

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

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

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

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



**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid items; the balance of the School District's inventory, which cannot be spent because of its form; and the principal amount of endowments held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.
- Restricted, which represents the expendable portion of the endowment for school purposes held by the Town of Hollis Trustees of Trust Funds. 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; amounts voted at the 2018 School District Meeting to be transferred to the Expendable Trust Funds; and balances of revenues from grants to be used for instruction.
- Assigned, which represents encumbrances for instruction and support services assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents the remaining General Fund balance not reported as nonspendable, restricted, committed or assigned.

**I.C.9. Estimates**

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

**II. Stewardship, Compliance and Accountability**

**II.A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds except the Permanent Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2018, \$758,252 of the fund balance from the fiscal year 2018 was so used, and another \$287,000 was voted from surplus.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assigned fund balance and do not constitute

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018**

expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

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

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

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 20,618,348
Adjustment:	
Perspective difference:	
Expendable trust fund activity	1,911
Per Exhibit 5 (GAAP basis)	<u>\$ 20,620,259</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 20,931,973
Adjustments:	
Basis difference:	
Encumbrances, beginning	155,833
Encumbrances, ending	(152,203)
Perspective difference:	
Expendable trust fund activity	69,853
Transfers to expendable trust fund	(187,000)
Per Exhibit 5 (GAAP basis)	<u>\$ 20,818,456</u>

For the Food Service and Grants Funds, there are no differences 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.

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

This table provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
At cost:				
Not being depreciated:				
Construction in progress	\$ 20,000	\$ -	\$ (20,000)	\$ -
Being depreciated:				
Land improvements	820,223	42,020	-	862,243
Buildings and building improvements	32,950,863	-	-	32,950,863
Machinery, equipment and vehicles	277,053	26,496	-	303,549
Total capital assets being depreciated	<u>34,048,139</u>	<u>68,516</u>	<u>-</u>	<u>34,116,655</u>
Total all capital assets	<u>34,068,139</u>	<u>68,516</u>	<u>(20,000)</u>	<u>34,116,655</u>
Less accumulated depreciation:				
Land improvements	(550,457)	(42,431)	-	(592,888)
Buildings and building improvements	(14,241,809)	(621,073)	-	(14,862,882)
Machinery, equipment and vehicles	(184,363)	(18,066)	-	(202,429)
Total accumulated depreciation	<u>(14,976,629)</u>	<u>(681,570)</u>	<u>-</u>	<u>(15,658,199)</u>
Net book value, capital assets being depreciated	<u>19,071,510</u>	<u>(613,054)</u>	<u>-</u>	<u>18,458,456</u>
Net book value, all capital assets	<u>\$ 19,091,510</u>	<u>\$ (613,054)</u>	<u>\$ (20,000)</u>	<u>\$ 18,458,456</u>

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 646,992
Support services:	
Operation and maintenance of plant	33,122
Non-instructional services	1,456
Total depreciation expense	<u>\$ 681,570</u>

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

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

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2018	Current Portion
General obligation bond payable:						
Middle School renovations	\$ 7,703,000	2005	2025	3.0-5.0	\$ 3,590,000	\$ 440,000
Compensated absences payable:						
Vested sick leave					13,307	-
Accrued vacation leave					6,801	6,801
					<u>20,108</u>	<u>6,801</u>
Termination benefits payable					495,164	91,468
Other postemployment benefits liability					569,783	-
Net pension liability					14,868,758	-
					<u>\$ 19,543,813</u>	<u>\$ 538,269</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2018:

	General Obligation Bond Payable	Compensated Absences Payable	Termination Benefits Payable	Other Postemployment Benefits Payable	Net Pension Liability	Total
Balance, beginning	\$ 4,010,000	\$ 25,100	\$ 430,808	\$ 550,717	\$ 16,040,564	\$ 21,057,189
Additions	-	629	64,356	19,066	-	84,051
Reductions	(420,000)	(5,621)	-	-	(1,171,806)	(1,597,427)
Balance, ending	<u>\$ 3,590,000</u>	<u>\$ 20,108</u>	<u>\$ 495,164</u>	<u>\$ 569,783</u>	<u>\$ 14,868,758</u>	<u>\$ 19,543,813</u>

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*Debt Service Requirements to Maturity*

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	\$ 440,000	\$ 166,125	\$ 606,125
2020	465,000	144,081	609,081
2021	485,000	121,519	606,519
2022	510,000	97,250	607,250
2023	535,000	71,125	606,125
2024-2025	1,155,000	58,375	1,213,375
Totals	<u>\$ 3,590,000</u>	<u>\$ 658,475</u>	<u>\$ 4,248,475</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 \$196,448 due to the General Fund represents an overdraft of pooled cash from the Grants Fund (\$145,930), and reimbursement from the Food Service Fund for expenditures paid (\$50,518).

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

Transfers within the reporting entity were for the purpose of distributing income earned on Permanent Funds in the amounts of \$4,116 to the General Fund and \$713 to the Miscellaneous Special Revenue Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

**III.D. Equity**

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

To adjust OPEB liability for change in accounting standard	\$ (75,325)
Net position, as previously reported	<u>4,844,303</u>
Net position, as restated	<u><u>\$ 4,768,978</u></u>

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

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

	General Fund	Food Service Fund	Permanent Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:					
Endowment	\$ -	\$ -	\$ 302,188	\$ -	\$ 302,188
Inventory	-	10,370	-	-	10,370
Prepaid items	24,855	-	-	-	24,855
Total nonspendable	<u>24,855</u>	<u>10,370</u>	<u>302,188</u>	<u>-</u>	<u>337,413</u>
Restricted for instruction	-	-	134,047	-	134,047
Committed for:					
Instruction	-	-	-	163,085	163,085
Non-instructional services	-	32,904	-	-	32,904
Capital outlay	474,335	-	-	-	474,335
Total committed	<u>474,335</u>	<u>32,904</u>	<u>-</u>	<u>163,085</u>	<u>670,324</u>
Assigned to:					
Instruction	10,324	-	-	-	10,324
Support services	50,379	-	-	-	50,379
Capital outlay	91,500	-	-	-	91,500
Total assigned	<u>152,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,203</u>
Unassigned	604,726	-	-	-	604,726
Total fund balances	<u>\$ 1,256,119</u>	<u>\$ 43,274</u>	<u>\$ 436,235</u>	<u>\$ 163,085</u>	<u>\$ 1,898,713</u>

**IV. Other Information**

**IV.A. Risk Management**

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

The Primex programs are pooled risk management programs under N.H. RSA 5-B and RSA 281-A. The plan year runs from July 1 through June 30. Primex maintains statutory workers' compensation and unemployment compensation coverage, and property and liability coverages in various amounts.

Workers' compensation contributions paid in fiscal year 2018 to be recorded as an insurance expenditure/expense totaled \$36,176, and property/liability contributions totaled \$61,269. The School

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District also paid \$11,622 for unemployment compensation coverage. There were no unpaid contributions for the year.

**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 17.36% for teachers and 11.38% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2016, 2017 and 2018 were \$1,310,915, \$1,343,016 and \$1,547,264, respectively. The amounts are paid on a monthly basis as due.

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

At June 30, 2018, the School District reported a liability of \$14,868,758 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2016 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2017. The roll-forward of the total pension liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefits payments, refunds, and administrative expenses for the plan year. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2018, the School District's reported proportion was 0.3023%, which was an increase of 0.0006% from its proportion reported as of June 30, 2017.

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For the year ended June 30, 2018, the School District recognized pension expense of \$2,017,198. At June 30, 2018, 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	\$ 432,738	\$ -
Net differences between projected and actual earnings on pension plan investments	-	189,361
Changes in assumptions	1,493,019	-
Differences between expected and actual experience	33,714	189,237
School District contributions subsequent to the measurement date	1,552,287	-
	\$ 3,511,758	\$ 378,598

The School District reported \$1,552,287 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, 2019.

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,	
2019	\$ 478,233
2020	796,135
2021	541,363
2022	(234,858)
	\$ 1,580,873



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*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2016 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

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

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of net pension liability	\$ 19,588,842	\$ 14,868,758	\$ 11,000,835

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.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT  
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**IV.D. Other Postemployment Benefits**

*Plan Description*

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

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

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

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

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

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>Family</u>
AB5(07)-RX10/20/30	\$895.40	\$1,790.80
BC3T10(07)-RX10/20/45	\$962.20	\$1,924.39
ABSOS20/40/1KDED(07)-RX10/20/45	\$682.47	\$1,364.95

Currently, there are 209 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2018, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

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*Total OPEB Liability*

The School District’s total OPEB liability of \$569,783 was determined by an actuarial valuation as of July 1, 2017 rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

*Actuarial Assumptions*

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

Valuation Date:	July 1, 2017	
Discount Rate:	3.87%, compounded annually, for the measurement as of June 30, 2018 and 3.58%, compounded annually, for the measurement as of June 30, 2017	
Actuarial Cost Method:	Entry Age Normal. The costs of each employee’s postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.	
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding	
Heath Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	8.00%
	2	7.50%
	3	7.00%
	4	6.50%
	5	6.00%
	6	5.50%
	Ultimate	3.80%
Mortality Rates:	Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015	
	Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with a generational mortality improvement using scale MP-2015	
Inflation:	2.6 percent, based on the 2017 Social Security Trustees Report	

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*Discount Rate*

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

*Healthcare Trend Rates*

Healthcare trend assumption begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 6 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075. The principal components of health trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

*Sensitivity of Total OPEB Liability*

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%).

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Decrease (4.87%)
School District's total OPEB liability	\$ 606,995	\$ 569,783	\$ 534,777

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

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Decrease (9.00%)
School District's total OPEB liability	\$ 512,800	\$ 569,783	\$ 636,055

*OPEB Expense and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2018 the School District recognized OPEB expense of \$58,255; and reported deferred inflows of resources related to OPEB of \$8,648, due to changes in actuarial

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experience and actuarial assumptions. The amount recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (1,905)
2020	(1,905)
2021	(1,905)
2022	(1,905)
2023	(1,028)
	<u>\$ (8,648)</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

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

	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:		
Service cost	\$ 38,504	\$ 97,923
Interest	21,779	16,277
Assumption changes and differences between expected and actual experience	(10,676)	(23,535)
Benefit payments	(30,541)	(22,198)
Net change in total OPEB liability	19,066	68,467
Total OPEB liability, beginning	550,717	482,250
Total OPEB liability, ending	<u>\$ 569,783</u>	<u>\$ 550,717</u>
Covered payroll	\$ 10,343,728	\$ 9,958,961
Total OPEB liability as a percentage of covered payroll	5.51%	5.53%

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

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

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

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



**EXHIBIT 13**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
**New Hampshire Retirement System**

For the Year Ended June 30,	School District's Proportion of Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered- Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.2762%	\$ 11,888,422	\$ 7,994,706	148.70%	59.82%
2015	0.2912%	\$ 10,930,760	\$ 8,469,299	129.06%	66.32%
2016	0.2973%	\$ 11,777,417	\$ 8,622,422	136.59%	65.47%
2017	0.3017%	\$ 16,040,564	\$ 8,842,517	181.40%	58.30%
2018	0.3023%	\$ 14,868,758	\$ 9,241,057	160.90%	62.66%

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

**EXHIBIT 14**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Schedule of the School District's Pension Contributions**  
**New Hampshire Retirement System**

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2014	\$ 1,106,584	\$ (1,106,584)	\$ -	\$ 7,994,706	13.84%
2015	\$ 1,164,714	\$ (1,164,714)	\$ -	\$ 8,469,299	13.75%
2016	\$ 1,310,915	\$ (1,310,915)	\$ -	\$ 8,622,422	15.20%
2017	\$ 1,343,016	\$ (1,343,016)	\$ -	\$ 8,842,517	15.19%
2018	\$ 1,547,264	\$ (1,547,264)	\$ -	\$ 9,241,057	16.74%

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  
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The Schedule of the School District's Total OPEB Liability and Related Ratios, the Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedule of the School District's Proportionate Share of the Net Pension Liability and the Schedule of the School District's Pension Contributions are meant to present related information for ten years. Because this is the first year that the School District has presented the OPEB information under the new measurement standard, and the fourth year that the School District has presented the pension information, only two years and five years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 15**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 14,288,861	\$ 14,288,861	\$ -
Other local sources:			
Investment earnings	600	10,168	9,568
Impact fees	-	23,996	23,996
Indirect costs	70,000	66,132	(3,868)
Rental of property	-	2,644	2,644
Miscellaneous	-	1,931	1,931
Total from other local sources	<u>70,600</u>	<u>104,871</u>	<u>34,271</u>
State sources:			
Adequacy aid (grant)	3,168,920	3,168,920	-
Adequacy aid (tax)	2,138,804	2,138,804	-
School building aid	173,362	173,362	-
Catastrophic aid	580,387	577,615	(2,772)
Vocational tuition aid	7,000	10,453	3,453
Other state	-	1,916	1,916
Total from state sources	<u>6,068,473</u>	<u>6,071,070</u>	<u>2,597</u>
Federal sources:			
Medicaid	<u>202,000</u>	<u>149,430</u>	<u>(52,570)</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>4,116</u>	<u>4,116</u>
Total revenues and other financing sources	20,629,934	<u>\$ 20,618,348</u>	<u>\$ (11,586)</u>
Use of fund balance	<u>1,045,252</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 21,675,186</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, 2018**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
<b>Current:</b>					
<b>Instruction:</b>					
Regular programs	\$ 837	\$ 5,733,123	\$ 5,524,952	\$ 15	\$ 208,993
Special programs	-	3,625,021	3,476,234	399	148,388
Vocational programs	-	35,840	23,603	9,910	2,327
Other	1,691	703,692	692,377	-	13,006
Total instruction	<u>2,528</u>	<u>10,097,676</u>	<u>9,717,166</u>	<u>10,324</u>	<u>372,714</u>
<b>Support services:</b>					
Student	-	1,343,603	1,288,902	-	54,701
Instructional staff	8,177	659,239	552,830	8,900	105,686
General administration	-	178,884	121,021	28,309	29,554
Executive administration	-	754,648	754,648	-	-
School administration	33,935	941,503	936,638	8,441	30,359
Operation and maintenance of plant	84,697	1,179,445	1,245,072	96,229	(77,159)
Student transportation	26,496	1,217,354	1,055,863	-	187,987
Other	-	4,518,467	4,479,096	-	39,371
Total support services	<u>153,305</u>	<u>10,793,143</u>	<u>10,434,070</u>	<u>141,879</u>	<u>370,499</u>
<b>Debt service:</b>					
Principal	-	177,367	177,367	-	-
Interest	-	420,000	420,000	-	-
Total debt service	<u>-</u>	<u>597,367</u>	<u>597,367</u>	<u>-</u>	<u>-</u>
<b>Other financing uses:</b>					
Transfers out	-	187,000	187,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 155,833</u>	<u>\$ 21,675,186</u>	<u>\$ 20,935,603</u>	<u>\$ 152,203</u>	<u>\$ 743,213</u>

**EXHIBIT 17**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2018**

Unassigned fund balance, beginning	\$	899,992
Changes:		
Fund balance used to reduce school district assessment		(758,252)
Fund balance appropriated		(287,000)
Budget summary:		
Revenue shortfall (Exhibit 15)	\$	(11,586)
Unexpended balance of appropriations (Exhibit 16)		<u>743,213</u>
Budget surplus		731,627
Increase in nonspendable fund balance		(8,641)
Decrease in committed fund balance		<u>27,000</u>
Unassigned fund balance, ending	\$	<u><u>604,726</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, 2018**

	Balance, beginning	Additions	Deductions	Balance, ending
<b>Assets:</b>				
Cash and cash equivalents				
Middle School	\$ 38,286	\$ 62,507	\$ 79,017	\$ 21,776
High School	91,256	239,728	233,594	97,390
Total assets	<u>\$ 129,542</u>	<u>\$ 302,235</u>	<u>\$ 312,611</u>	<u>\$ 119,166</u>
<b>Liabilities:</b>				
Due to student groups	<u>\$ 129,542</u>	<u>\$ 302,235</u>	<u>\$ 312,611</u>	<u>\$ 119,166</u>



**EXHIBIT 19**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Summary of Activity - Middle School**  
**For the Fiscal Year Ended June 30, 2018**

	Balance, beginning	Additions	Deductions	Balance, ending
Art Club	\$ 5,458	\$ 3,638	\$ 4,647	\$ 4,449
Band Club	(426)	1,744	1,031	287
Books/Equipment	479	1,389	1,100	768
Cheerleading	326	-	326	-
Climbing Wall Club	1,794	-	879	915
Cola	294	368	662	-
CPR First Aid	2,768	3,768	5,195	1,341
Drama Club	2,336	3,290	5,626	-
Field Trips	8,629	32,825	34,494	6,960
Garden Club	239	-	239	-
Generations Club	1,254	1,250	2,504	-
History Club	380	-	330	50
Library Club	295	75	-	370
Mountain Biking Club	1,182	425	640	967
Music Club	600	66	72	594
Rachel's Club	214	-	214	-
Robotics Club	2,045	2,926	4,971	-
Ski Club	1,980	3,742	4,876	846
Student Activities Fund	247	1,044	1,291	-
Student Council	2,562	4,673	4,214	3,021
U-Knighted For All	1,066	683	1,028	721
Washington, D.C.	4,478	-	4,478	-
Yearbook	34	561	-	595
Uncategorized	52	40	200	(108)
<b>Total</b>	<b>\$ 38,286</b>	<b>\$ 62,507</b>	<b>\$ 79,017</b>	<b>\$ 21,776</b>

**EXHIBIT 20**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2018**

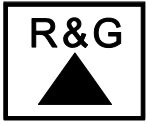
	Balance, beginning	Additions	Deductions	Balance, ending
Amnesty International	\$ 214	\$ -	\$ -	\$ 214
AP Testing	-	1,114	-	1,114
Art Club	2	-	-	2
Athletic Donations	(3,664)	959	518	(3,223)
Athletic Dues	(8,039)	-	-	(8,039)
Athletic General	(1,508)	-	-	(1,508)
Athletic Officials	8,039	-	-	8,039
Cav Block Program	97	-	-	97
Chemistry Club	249	-	-	249
Chess Club	175	-	-	175
Chronicle	306	-	-	306
Class Gift Fund	4,863	-	-	4,863
Class of 2008	1,025	-	1,025	-
Class of 2009	372	-	252	120
Class of 2010	15	-	-	15
Class of 2011	3,230	-	-	3,230
Class of 2012	2,439	-	-	2,439
Class of 2013	8,962	-	-	8,962
Class of 2014	2,307	-	874	1,433
Class of 2015	4,094	-	14	4,080
Class of 2016	(1,448)	-	-	(1,448)
Class of 2017	13,593	145	11,337	2,401
Class of 2018	7,277	30,370	37,240	407
Class of 2019	5,520	5,062	1,462	9,120
Class of 2020	3,856	1,511	345	5,022
Class of 2021	-	1,165	39	1,126
Coca Cola Sales	(13,565)	8,355	8,286	(13,496)
Community Of Caring	(583)	-	-	(583)
Culinary Club	29	-	-	29
Dance Team	761	-	-	761
Debate Team	794	190	360	624
DI Team	80	-	-	80
Emergency Fund	125	-	-	125
ESY	236	-	-	236
Field Trips	5,176	11,575	13,258	3,493
Food And Dining	(2,354)	315	-	(2,039)
French Club	279	-	-	279
Gay Straight Alliance	179	-	-	179
Gifts & Donations	315	-	315	-
Green Group	270	318	122	466
Guidance Office	(2,886)	-	36	(2,922)
Hall Of Fame	62	-	-	62
HB The Change	1,120	5,499	3,775	2,844

**EXHIBIT 20**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2018**

	Balance, beginning	Additions	Deductions	Balance, ending
HBBF	\$ 180	\$ -	\$ -	\$ 180
Homefront Group	-	549	549	-
Impact Testing	3,970	-	-	3,970
Interact	2,352	-	-	2,352
Interest Inc	274	101	-	375
Latin Club	5	-	-	5
Life Of An Athlete	2,827	-	2,091	736
Math Team	(1,214)	-	-	(1,214)
Miscellaneous	(1,390)	2,732	2,685	(1,343)
National Honor Society	598	3,664	3,462	800
NHS Academic Assistance Fun	-	1,673	-	1,673
Outing Club	241	-	-	241
Parking Permits	503	-	-	503
Peer Outreach	60	-	-	60
Petty Cash	(32)	1,349	-	1,317
PF All State	(1,363)	6,060	6,636	(1,939)
PF Building Use	1,374	170	206	1,338
PF Concerts	2,273	5,961	6,629	1,605
PF Guitar Night	6,381	8,138	12,153	2,366
PF Improv	341	188	-	529
PF Musical	1,733	8,363	8,646	1,450
PF Theater	1,401	3,130	4,681	(150)
PF Trips	(7,293)	59,473	42,999	9,181
PF Tri-M	(823)	628	276	(471)
Photography	1,837	-	-	1,837
Physics Bridge Building	507	70	-	577
Postage	(341)	-	-	(341)
Poster Printer	115	53	53	115
Quiz Bowl	161	-	-	161
Red Cross Club	1,388	3,016	4,312	92
SADD	204	-	-	204
SAT Prep	-	12,925	1,331	11,594
Scholarships	-	3,121	3,000	121
School Store (Life Skills)	212	609	351	470
Science Olympiad	625	-	398	227
Ski And Snowboard Club	2,292	1,195	1,433	2,054
SOPE	(19)	-	-	(19)
Spanish Club	4,786	746	1,358	4,174
Sports Athletics	8,174	938	421	8,691
Sports Bowling	159	-	139	20
Sports Boys Basketball	1,160	-	-	1,160
Sports Soccer	756	-	-	756
Sports Cross Country	1,566	1,000	890	1,676
Sports Field Hockey	954	-	-	954

**EXHIBIT 20**  
**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT**  
**Student Activities Funds**  
**Summary of Activity - High School**  
**For the Fiscal Year Ended June 30, 2018**

	Balance, beginning	Additions	Deductions	Balance, ending
Sports Football	\$ 420	\$ -	\$ -	\$ 420
Sports Girls Basketball	29	-	-	29
Sports Girls Lacrosse	-	-	150	(150)
Sports Girls Soccer	170	-	-	170
Sports Girls Tennis	905	-	-	905
Sports Gymnastics	1,056	-	-	1,056
Sports Ice Hockey	125	-	-	125
Sports Ski Team	3,448	-	2,258	1,190
Sports Softball	35	-	-	35
Sports Spirit Squad	(299)	3,300	3,606	(605)
Sports Swim Team	47	-	47	-
Sports Track	(136)	-	-	(136)
Sports Unified Athletics	140	-	-	140
Sports Volleyball	1,112	-	-	1,112
Sports Wrestling	949	4,668	5,038	579
Student Council	3,228	1,155	1,955	2,428
Sunshine Fund	(85)	-	-	(85)
10 Percent Fund	5,874	-	720	5,154
Thespian Society	(477)	1,240	830	(67)
Uncategorized	(14,248)	-	-	(14,248)
Uncleared Checks	8,262	1,445	-	9,707
US First Robotics	(9,810)	31,316	22,060	(554)
Video Club	200	-	-	200
Yearbook	11,363	4,174	12,973	2,564
Total	<u>\$ 91,256</u>	<u>\$ 239,728</u>	<u>\$ 233,594</u>	<u>\$ 97,390</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, 2018, 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.

We did identify the following other matter that we wish to communicate:

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

The High School Student Activities Fund is holding balances for the classes of 2009 through 2017. These students are no longer a part of the student body, and should not have accounts in the student activities fund. The School District should update its "Student Activities Fund Management" Policy to include the disposition of funds for classes that have graduated. Standard practice would be to disburse the remaining funds to the Class Treasurer or representative.

We also noted multiple disbursements that were missing either a check request form or invoice/other supporting documentation. There was one disbursement noted that was lacking both a check request form and an invoice or other supporting documentation. We would like to emphasize the importance of maintaining adequate supporting documentation for all transactions.

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

March 29, 2019

*Roberts & Greene, PLLC*