

HOLLIS-BROOKLINE
COOPERATIVE SCHOOL
DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
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Roberts, Greene & Drolet, PLLC

INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board
Hollis-Brookline Cooperative School District
PO Box 1588
Hollis, New Hampshire 03049

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 fiscal year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Hollis-Brookline Cooperative School District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in conformity with accounting principles generally accepted in the United States of America, 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, 2009, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison information on pages 19-21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Hollis-Brookline Cooperative School District has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

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 individual general fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

September 15, 2009

Roberts, Greene & Drolet, PLLC

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BASIC FINANCIAL STATEMENTS

EXHIBIT 1
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Statement of Net Assets
June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,178,303
Investments	7,766
Intergovernmental receivables	520,295
Other receivables	3,100
Prepaid items	32,763
Capital assets, net of accumulated depreciation:	
Land improvements	364,452
Buildings and building improvements	23,491,937
Machinery, equipment and vehicles	93,031
Total assets	25,691,647
LIABILITIES	
Accounts payable	239,565
Accrued salaries and benefits	53,251
Intergovernmental payable	7,536
Accrued interest payable	449,426
Unearned revenue	11,142
Noncurrent obligations:	
Due within one year:	
Bonds	1,004,763
Compensated absences	13,891
Due in more than one year:	
Bonds	10,700,232
Compensated absences	149,553
Total liabilities	12,629,359
NET ASSETS	
Invested in capital assets, net of related debt	12,244,425
Unrestricted	817,863
Total net assets	\$ 13,062,288

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, 2009

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 9,091,147	\$ 16,111	\$ 555,394	\$ -	\$ (8,519,642)
Support services:					
Student	1,030,890	-	139,130	-	(891,760)
Instructional staff	492,225	-	-	-	(492,225)
General administration	37,474	-	-	-	(37,474)
Executive administration	599,026	-	-	-	(599,026)
School administration	745,375	-	-	-	(745,375)
Operation and maintenance of plant	1,197,221	-	-	-	(1,197,221)
Student transportation	633,579	-	-	-	(633,579)
Other	2,832,940	-	-	-	(2,832,940)
Non-instructional services	511,811	475,891	55,445	-	19,525
Interest on long-term debt	898,555	-	-	416,567	(481,988)
Total governmental activities	<u>\$ 18,070,243</u>	<u>\$ 492,002</u>	<u>\$ 749,969</u>	<u>\$ 416,567</u>	<u>(16,411,705)</u>

General revenues:	
School district assessment	12,479,602
Grants and contributions not restricted to specific programs	4,638,087
Miscellaneous	32,039
Total general revenues	<u>17,149,728</u>
Change in net assets	738,023
Net assets, beginning	<u>12,324,265</u>
Net assets, ending	<u>\$ 13,062,288</u>

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

EXHIBIT 3
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2009

	General	Food Service	Grants	Permanent	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 884,816	\$ 199,696	\$ 93,791	\$ -	\$ 1,178,303
Investments	7,766	-	-	-	7,766
Receivables:					
Accounts	3,100	-	-	-	3,100
Intergovernmental	22,626	18,153	223,342	256,174	520,295
Interfund receivable	310,840	-	-	-	310,840
Prepaid items	38,415	-	-	-	38,415
Total assets	<u>\$ 1,267,563</u>	<u>\$ 217,849</u>	<u>\$ 317,133</u>	<u>\$ 256,174</u>	<u>\$ 2,058,719</u>
LIABILITIES					
Accounts payable	\$ 239,147	\$ -	\$ 418	\$ -	\$ 239,565
Accrued salaries and benefits	53,037	214	-	-	53,251
Intergovernmental payable	7,536	-	-	-	7,536
Interfund payable	-	99,050	211,790	-	310,840
Deferred revenue	-	-	11,142	-	11,142
Total liabilities	<u>299,720</u>	<u>99,264</u>	<u>223,350</u>	<u>-</u>	<u>622,334</u>
FUND BALANCES					
Reserved for encumbrances	225,078	-	-	-	225,078
Reserved for special purposes	-	-	-	256,174	256,174
Unreserved, undesignated, reported in:					
General fund	742,765	-	-	-	742,765
Special revenue funds	-	118,585	93,783	-	212,368
Total fund balances	<u>967,843</u>	<u>118,585</u>	<u>93,783</u>	<u>256,174</u>	<u>1,436,385</u>
Total liabilities and fund balances	<u>\$ 1,267,563</u>	<u>\$ 217,849</u>	<u>\$ 317,133</u>	<u>\$ 256,174</u>	<u>\$ 2,058,719</u>

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

EXHIBIT 4
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Reconciliation of Total Fund Balances of Governmental Funds to the Statement of Net Assets
For the Fiscal Year Ended June 30, 2009

Total fund balances of governmental funds (Exhibit 3)		\$	1,436,385
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
Cost		\$	33,635,592
Less accumulated depreciation			<u>(9,686,172)</u>
			23,949,420
Payments of debt (principal and interest) not due until the subsequent year are recorded as prepaid in governmental funds.			
			(5,652)
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.			
Receivables		\$	(310,840)
Payables			<u>310,840</u>
			-
Interest on long-term debt is not accrued in governmental funds.			
			(449,426)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.			
Bonds		\$	11,704,995
Compensated absences			<u>163,444</u>
			(11,868,439)
Net assets of governmental activities (Exhibit 1)		\$	<u><u>13,062,288</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, 2009

	General	Food Service	Grants	Permanent	Other Governmental Fund (Capital Project)	Total Governmental Funds
REVENUES						
School district assessment	\$ 12,479,602	\$ -	\$ -	\$ -	\$ -	\$ 12,479,602
Other local	46,856	475,891	15,803	(50,510)	1,294	489,334
State	5,494,653	3,814	3,750	-	-	5,502,217
Federal	40,290	51,631	245,192	-	-	337,113
Total revenues	<u>18,061,401</u>	<u>531,336</u>	<u>264,745</u>	<u>(50,510)</u>	<u>1,294</u>	<u>18,808,266</u>
EXPENDITURES						
Current:						
Instruction	8,313,948	-	125,615	-	-	8,439,563
Support services:						
Student	863,045	-	153,954	-	-	1,016,999
Instructional staff	487,025	-	5,200	-	-	492,225
General administration	37,474	-	-	-	-	37,474
Executive administration	599,026	-	-	-	-	599,026
School administration	745,375	-	-	-	-	745,375
Operation and maintenance of plant	1,196,727	-	494	-	-	1,197,221
Student transportation	633,579	-	-	-	-	633,579
Other	2,832,940	-	-	-	-	2,832,940
Non-instructional services	-	508,464	-	-	-	508,464
Debt service:						
Principal	1,016,441	-	-	-	-	1,016,441
Interest	881,505	-	-	-	-	881,505
Facilities acquisition and construction	-	-	-	-	28,013	28,013
Total expenditures	<u>17,607,085</u>	<u>508,464</u>	<u>285,263</u>	<u>-</u>	<u>28,013</u>	<u>18,428,825</u>
Excess (deficiency) of revenues over (under) expenditures	<u>454,316</u>	<u>22,872</u>	<u>(20,518)</u>	<u>(50,510)</u>	<u>(26,719)</u>	<u>379,441</u>
Other financing sources (uses):						
Transfers in	13,584	-	1,289	-	-	14,873
Transfers out	-	-	-	(6,777)	(8,096)	(14,873)
Total other financing sources and uses	<u>13,584</u>	<u>-</u>	<u>1,289</u>	<u>(6,777)</u>	<u>(8,096)</u>	<u>-</u>
Net change in fund balances	467,900	22,872	(19,229)	(57,287)	(34,815)	379,441
Fund balances, beginning	499,943	95,713	113,012	313,461	34,815	1,056,944
Fund balances, ending	<u>\$ 967,843</u>	<u>\$ 118,585</u>	<u>\$ 93,783</u>	<u>\$ 256,174</u>	<u>\$ -</u>	<u>\$ 1,436,385</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, 2009

Net change in fund balances of total governmental funds (Exhibit 5)	\$	379,441
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	\$	28,013
Depreciation expense		<u>(701,889)</u>
		(673,876)
Payments of debt not due until the subsequent year are recorded as prepaid items in governmental funds.		
Increase in prepaid debt		(5,652)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$	(14,873)
Transfers out		<u>14,873</u>
		-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Principal repayment of bonds		1,016,442
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		
Increase in accrued interest expense	\$	(11,399)
Decrease in compensated absences		<u>33,067</u>
		21,668
Change in net assets of governmental activities (Exhibit 2)	\$	<u><u>738,023</u></u>

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

EXHIBIT 7
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Assets
June 30, 2009

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 308,922
LIABILITIES	
Due to student groups	<u>308,922</u>
NET ASSETS	<u><u>\$ -</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

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, 2009.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. Entity Defined

The Hollis-Brookline Cooperative School District serves the communities of Hollis and Brookline, New Hampshire, and 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 assets and the statement of activities. These statements report financial information for the School District as a whole, excluding fiduciary activities. Individual funds are not displayed.

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Fund Financial Statements

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

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. Fiduciary fund financial statements also report using this same basis of accounting, although internal activity is not eliminated in these statements. 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. 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, any other revenues are recognized when cash is received.

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

I.B.4. Fund Types and Major Funds

Governmental Funds

The School District reports the following major governmental funds:

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

Food Service Fund – Reports as a special revenue fund and used to account for the food service program.

Grants Fund – Reports as a special revenue fund and accounts for the School District’s local, state and federal grant programs.

Permanent Fund – Used to account for funds held in trust with only the income used for school purposes.

The School District also reports a nonmajor fund: the capital project fund.

Fiduciary Funds

The School District also reports the following fiduciary funds:

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.

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

I.C.1. Cash and Investments

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
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JUNE 30, 2009**

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

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

I.C.2. *Prepays*

Prepays are payments that benefit future reporting periods and are reported on the consumption basis. Prepays are similarly reported in government-wide and fund financial statements, except for payments on long-term bonds which are only considered prepaid in governmental funds.

I.C.3. *Capital Assets and Depreciation*

The School District's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School District capitalizes assets with cost of \$5,000 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
Machinery, equipment and vehicles	10-20

I.C.4. *Long-Term Debt*

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
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I.C.5 *Compensated Absences*

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums. Sick leave accrues to full-time, permanent employees to specified maximums. Support staff employees are entitled to a portion of their sick and vacation leave upon termination. Teachers are entitled to a retirement incentive after meeting certain employment requirements.

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.6. *Fund Equity*

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes beyond the restrictions applicable to the fund.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Permanent Fund. A project length budget was adopted for the Capital Project Fund. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unreserved, undesignated fund balance to balance the budget. In the fiscal year 2009, \$364,935 of the unreserved fund balance from the fiscal year 2008 was used.

Encumbrance accounting is employed by the governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be added to the appropriations voted in the subsequent year.

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

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, reimbursements from other school districts for shared services and the trust funds being in the custody of the Town of Hollis trustees of trust funds

Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

III.A.2. Capital Assets

Changes in Capital Assets

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

	<u>Balance, beginning</u>	<u>Changes</u>	<u>Balance, ending</u>
Governmental activities:			
At cost:			
Land improvements	741,700	-	741,700
Buildings and building improvements	32,719,849	-	32,719,849
Machinery, equipment and vehicles	146,030	28,013	174,043
Total all capital assets	<u>33,607,579</u>	<u>28,013</u>	<u>33,635,592</u>
Less accumulated depreciation:			
Land improvements	(340,163)	(37,085)	(377,248)
Buildings and building improvements	(8,573,515)	(654,397)	(9,227,912)
Machinery, equipment and vehicles	(70,605)	(10,407)	(81,012)
Total accumulated depreciation	<u>(8,984,283)</u>	<u>(701,889)</u>	<u>(9,686,172)</u>
Net book value, all capital assets	<u>\$ 24,623,296</u>	<u>\$ (673,876)</u>	<u>\$ 23,949,420</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Depreciation Expense

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

Governmental activities:	
Instruction	\$ 698,542
Non-instructional services	3,347
Total depreciation expense	<u>\$ 701,889</u>

III.B. Long-Term Debt

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds are backed by the full faith and credit of the School District. Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2009	Current Portion
General obligation bonds payable:						
High school addition	\$ 8,100,000	1997	2017	6.0	2,127,163	321,922
High school addition	\$ 2,700,000	1997	2017	6.0	1,450,000	145,000
High school classroom addition	\$ 3,200,000	2001	2016	5.2	1,162,832	192,841
Track	\$ 650,000	2003	2013	2.5-3.5	260,000	65,000
Middle school renovations	\$ 7,703,400	2005	2025	3.0-5.0	6,705,000	280,000
					<u>11,704,995</u>	<u>1,004,763</u>
Compensated absences payable:						
Earned leave benefit					149,553	-
Vested sick leave					9,884	9,884
Accrued vacation leave					4,007	4,007
					<u>163,444</u>	<u>13,891</u>
					<u>\$ 11,868,439</u>	<u>\$ 1,018,654</u>

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2009:

	General Obligation Bonds Payable	Compensated Absences Payable	Total
Balance, beginning	\$ 12,721,437	\$ 196,511	\$ 12,917,948
Reductions	(1,016,442)	(33,067)	(1,049,509)
Balance, ending	<u>\$ 11,704,995</u>	<u>\$ 163,444</u>	<u>\$ 11,868,439</u>

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
2010	\$ 1,004,763	\$ 893,495	\$ 1,898,258
2011	999,576	895,218	1,894,794
2012	1,001,517	901,024	1,902,541
2013	1,000,830	895,551	1,896,381
2014	943,143	878,250	1,821,393
2015-2019	3,605,166	2,762,480	6,367,646
2020-2024	2,560,000	477,600	3,037,600
2025	590,000	14,750	604,750
Totals	<u>\$ 11,704,995</u>	<u>\$ 7,718,368</u>	<u>\$ 19,423,363</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.”

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

Receivable fund	Payable fund	Amount
General	Food Service	\$ 99,050
	Grants	211,790
		\$ 310,840

The amounts due to the General Fund from the Food Service and Grants Funds represent overdrafts of pooled cash.

III.C.2. Transfers

Transfers within the reporting entity are substantially for the purposes of closing the Capital Project Fund, and distributing trust income to the applicable fund. The government-wide statement of activities eliminates transfers reported within the governmental activities columns.

The following schedule reports transfers within the reporting entity:

	Transfers In:		
	General Fund	Grants Fund	Total
Transfers out:			
Permanent fund	\$ 5,488	\$ 1,289	\$ 6,777
Nonmajor fund	8,096		8,096
	\$ 13,584	\$ 1,289	\$ 14,873

IV. Other Information

IV.A. Risk Management

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

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Contributions paid for fiscal year 2009 to be recorded as an insurance expenditure/expense totaled \$41,501. There were no unpaid contributions for the year ended June 30, 2009. The Trust provides statutory coverage for workers' compensation. The School District paid \$32,906 for workers' compensation for the fiscal year. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 5% of gross earnings for all employees. During fiscal year 2009, the rates of contribution from the School District were 5.80% for teachers, which represents 65% of the total employer cost, and 8.74% for other employees. The balance of the employer cost was paid by the State of New Hampshire. Employer contributions from the School District during the fiscal years 2007, 2008 and 2009 were \$295,302, \$470,262 and \$485,344, respectively. The amounts are paid on a monthly basis as due. The amount paid by the State for fiscal year 2009 was \$224,401. This amount has been reported as an expenditure/expense and revenue on the government-wide statement of activities and on the governmental funds statement of revenues, expenditures and changes in fund balances.

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 does not feel the chance of disallowance is likely, and if it should occur, the amount would not be material.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 12,479,602	\$ 12,479,602	\$ -
Other local	29,500	46,856	17,356
State	5,253,406	5,270,252	16,846
Federal	21,000	40,290	19,290
Total revenues	<u>17,783,508</u>	<u>17,837,000</u>	<u>53,492</u>
EXPENDITURES			
Current:			
Instruction	8,394,241	8,152,398	241,843
Support services:			
Student	1,051,786	866,880	184,906
Instructional staff	408,523	492,953	(84,430)
General administration	33,730	40,474	(6,744)
Executive administration	599,026	599,026	-
School administration	772,623	744,755	27,868
Operation and maintenance of plant	1,217,079	1,227,324	(10,245)
Student transportation	649,172	628,059	21,113
Other	3,128,817	2,832,940	295,877
Debt service:			
Principal	1,016,441	1,016,441	-
Interest	881,505	881,505	-
Total expenditures	<u>18,152,943</u>	<u>17,482,755</u>	<u>670,188</u>
Excess (deficiency) of revenues over (under) expenditures	(369,435)	354,245	723,680
Other financing sources			
Transfers in	4,500	13,584	9,084
Net change in fund balance	<u>\$ (364,935)</u>	367,829	<u>\$ 732,764</u>
Unreserved fund balance, beginning		<u>374,936</u>	
Unreserved fund balance, ending		<u>\$ 742,765</u>	

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

EXHIBIT 9
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Food Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Local:			
Sales	\$ 514,593	\$ 471,453	\$ (43,140)
Miscellaneous	-	4,438	4,438
State:			
Meal reimbursements	3,748	3,814	66
Federal:			
Meal reimbursements	31,000	34,997	3,997
USDA commodities	-	16,634	16,634
Total revenues	<u>549,341</u>	<u>531,336</u>	<u>(18,005)</u>
EXPENDITURES			
Current:			
Non-instructional services	<u>549,341</u>	<u>508,464</u>	<u>40,877</u>
Net change in fund balance	<u>\$ -</u>	<u>22,872</u>	<u>\$ 22,872</u>
Fund balance, beginning		<u>95,713</u>	
Fund balance, ending		<u>\$ 118,585</u>	

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

EXHIBIT 10
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2009

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Other Local	\$ -	\$ 15,803	\$ 15,803
State	-	3,750	3,750
Federal	173,511	245,192	71,681
Total revenues	<u>173,511</u>	<u>264,745</u>	<u>91,234</u>
EXPENDITURES			
Current:			
Instruction	173,511	125,615	47,896
Support services:			
Student	-	153,954	(153,954)
Instructional staff	-	5,200	(5,200)
Operation and maintenance of plant	-	494	(494)
Total expenditures	<u>173,511</u>	<u>285,263</u>	<u>(111,752)</u>
Deficiency of revenues under expenditures	-	(20,518)	(20,518)
Other financing sources:			
Transfers in	-	1,289	1,289
Net change in fund balance	<u>\$ -</u>	<u>(19,229)</u>	<u>\$ (19,229)</u>
Fund balance, beginning		<u>113,012</u>	
Fund balance, ending		<u>\$ 93,783</u>	

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

**HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2009**

Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 8 (budgetary basis)	17,850,584
Adjustment:	
Basis difference:	
On-behalf retirement contribution payments made by the State of New Hampshire recognized as revenue on the GAAP basis, but not on the budgetary basis	224,401
Per Exhibit 5 (GAAP basis)	\$ 18,074,985
Expenditures and other financing uses:	
Per Exhibit 8 (budgetary basis)	\$ 17,482,755
Adjustments:	
Basis difference:	
Encumbrances, beginning	125,007
Encumbrances, ending	(225,078)
On-behalf retirement contribution payments made by the State of New Hampshire recognized as an expenditure on the GAAP basis, but not on the budgetary basis	224,401
Per Exhibit 5 (GAAP basis)	\$ 17,607,085

For the Food Service and Grants Funds, there is no difference between the budgetary basis and GAAP.

Excess of Expenditures Over Appropriations

The Grants Fund had an excess of expenditures over appropriations of \$111,752 for the fiscal year ended June 30, 2009. Overexpenditures were mostly due to the receipt and expenditure of unanticipated funds.

INDIVIDUAL GENERAL FUND SCHEDULES

EXHIBIT 11
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 12,479,602	\$ 12,479,602	\$ -
Other local sources:			
Tuition	-	16,111	16,111
Investment earnings	25,000	21,044	(3,956)
Impact fees	-	3,718	3,718
Rentals	-	1,475	1,475
Miscellaneous	4,500	4,508	8
Total from other local sources	<u>29,500</u>	<u>46,856</u>	<u>17,356</u>
State sources:			
Adequacy aid (grant)	2,655,569	2,655,569	-
Adequacy aid (tax)	1,982,518	1,982,518	-
School building aid	428,780	416,567	(12,213)
Catastrophic aid	178,539	210,414	31,875
Vocational tuition aid	4,000	5,184	1,184
Driver education	4,000	-	(4,000)
Total from state sources	<u>5,253,406</u>	<u>5,270,252</u>	<u>16,846</u>
Federal sources:			
Medicaid	21,000	40,290	19,290
Other financing sources:			
Transfers in	4,500	13,584	9,084
Total revenues and other financing sources	17,788,008	<u>\$ 17,850,584</u>	<u>\$ 62,576</u>
Use of fund balance to reduce school district assessment	<u>364,935</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 18,152,943</u>		

EXHIBIT 12
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 20,895	\$ 5,678,072	\$ 5,432,564	\$ 9,419	\$ 256,984
Special programs	791	2,215,860	2,099,816	82,520	34,315
Vocational programs	10,115	93,696	98,128	786	4,897
Other	50	406,613	459,039	1,977	(54,353)
Total instruction	<u>31,851</u>	<u>8,394,241</u>	<u>8,089,547</u>	<u>94,702</u>	<u>241,843</u>
Support services:					
Student	1,334	1,051,786	863,045	5,169	184,906
Instructional staff	11,243	408,523	487,025	17,171	(84,430)
General administration	-	33,730	37,474	3,000	(6,744)
Executive administration	-	599,026	599,026	-	-
School administration	1,844	772,623	745,375	1,224	27,868
Operation and maintenance of plant	73,215	1,217,079	1,196,727	103,812	(10,245)
Student transportation	5,520	649,172	633,579	-	21,113
Other	-	3,128,817	2,832,940	-	295,877
Total support services	<u>93,156</u>	<u>7,860,756</u>	<u>7,395,191</u>	<u>130,376</u>	<u>428,345</u>
Debt service:					
Principal	-	1,016,441	1,016,441	-	-
Interest	-	881,505	881,505	-	-
Total debt service	<u>-</u>	<u>1,897,946</u>	<u>1,897,946</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations and expenditures	<u>\$ 125,007</u>	<u>\$ 18,152,943</u>	<u>\$ 17,382,684</u>	<u>\$ 225,078</u>	<u>\$ 670,188</u>

EXHIBIT 13
HOLLIS-BROOKLINE COOPERATIVE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unreserved - Undesignated Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2009

Unreserved, undesignated fund balance, beginning	\$	374,936
Changes:		
Unreserved fund balance used to reduce school district assessment		(364,935)
Budget summary:		
Revenue surplus (Exhibit 11)	\$	62,576
Unexpended balance of appropriations (Exhibit 12)		<u>670,188</u>
Budget surplus		<u>732,764</u>
Unreserved, undesignated fund balance, ending	\$	<u><u>742,765</u></u>