

# HOLLIS SCHOOL DISTRICT

## FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017

**HOLLIS SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S REPORT

To the Members of the School Board  
Hollis 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 School District as of and for the year ended June 30, 2017, 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 School District, as of June 30, 2017, and the respective changes in financial position thereof, and the budgetary comparisons for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress and pension information on pages 3-10 and 37-40 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 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 & Greene, PLLC*

Concord, New Hampshire  
April 9, 2018

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

This section of the Hollis School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2017. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MDA is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

**DISTRICT-WIDE STATEMENTS**

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

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

district do financially during the 2016-17 school year?” These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district’s current-year revenues and expenses regardless of when they were paid or received.

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

**FUND FINANCIAL STATEMENTS**

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

The district has two types of funds:

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

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

**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 School District**

**Statement of Net Position**

Change in net position for fiscal year 2017 compared to fiscal year 2016:

	<b>2016</b>	<b>2017</b>	<b>Increase (Decrease)</b>	<b>% Increase (Decrease)</b>
Current and Other Assets	940,367	925,268	(15,099)	-1.61%
Capital Assets	1,174,488	1,189,916	15,428	1.31%
<b>Total Assets</b>	<b>2,114,855</b>	<b>2,115,184</b>	<b>329</b>	<b>-0.29%</b>
<b>Deferred Outflow of Resources</b>	<b>944,625</b>	<b>2,974,554</b>	<b>2,029,929</b>	<b>214.89%</b>
Long-term Liabilities Outstanding	7,207,828	9,992,206	2,784,378	38.63%
Other Liabilities	160,108	101,740	(58,368)	-36.46%
	<b>7,367,936</b>	<b>10,093,946</b>	<b>2,726,010</b>	<b>2.17%</b>
<b>Deferred Inflows of Resources</b>	<b>371,500</b>	<b>161,451</b>	<b>(210,049)</b>	<b>-56.54%</b>
Net Position:				
Net Investment in Capital Assets	1,174,488	1,145,320	(29,168)	-2.48%
Restricted	8,721	9,166	445	5.10%
Unrestricted	(5,863,165)	(6,320,145)	(456,980)	7.79%
<b>Total Net Position</b>	<b>(4,679,956)</b>	<b>(5,165,659)</b>	<b>(485,703)</b>	<b>10.41%</b>

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

**Statement of Activities**

Change in fund revenue and expense for fiscal year 2017 compared to fiscal year 2016:

<b>Revenues:</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>	<b>% Change</b>
Program Revenues				
Charges for Services	211,371	207,676	(3,695)	-1.75%
Operating Grants and Contributions	294,582	286,943	(7,639)	-2.59%
Capital Grants and Contributions	-	-	-	0.00%
General Revenues:				
Assessment	7,756,060	8,242,479	486,419	6.27%
Grants and Contributions	2,321,619	2,293,433	(28,186)	-1.21%
Miscellaneous	92,369	19,477	(72,892)	-78.91%
<b>Total Revenues</b>	<b>10,676,001</b>	<b>11,050,008</b>	<b>374,007</b>	<b>-78.20%</b>
<b>Program Expenses:</b>				
Instruction	4,897,463	4,991,468	94,005	1.92%
Student Support	695,011	724,414	29,403	4.23%
Instructional Staff	329,333	314,153	(15,180)	-4.61%
General Administration	42,104	53,586	11,482	27.27%
Executive Administration	395,559	428,886	33,327	8.43%
School Administration	556,332	562,985	6,653	1.20%
Business	859	-	(859)	100.00%
Operation and Maintenance of Plant	909,330	938,873	29,543	3.25%
Student Transportation	336,935	402,587	65,652	19.49%
Central	-	-		0.00%
Other	2,071,021	2,897,680	826,659	39.92%
Non-instructional Services	207,287	220,143	12,856	6.20%
Facilities Acquisition & Contrustion	7,500	-	(7,500)	-100.00%
Interest on Long-Term Debt	-	936	936	0.00%
<b>Total Expenses</b>	<b>10,448,734</b>	<b>11,535,711</b>	<b>1,086,977</b>	<b>107.28%</b>
<b>Change in Net Position</b>	<b>227,267</b>	<b>(485,703)</b>	<b>(712,970)</b>	<b>-185.5%</b>
Net Position - Beginning	(4,907,223)	(4,679,956)	227,267	-4.63%
<b>Net Position - Ending</b>	<b>(4,679,956)</b>	<b>(5,165,659)</b>	<b>(485,703)</b>	<b>10.38%</b>

**School District Activities**

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

**Revenues:** The most significant variance in revenues comes from the tax assessment. There was an increase of \$486,419 received in FY17 as compared to FY16, based on changes to the budget as approved by the voters. However, the district received \$28,186 less in FY17 from the combination of the state adequacy grant and Castastrophic aid revenue than was received in FY16. Another significant



**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

decrease was the loss of the HealthTrust (LGC) Surplus revenue in FY17. In FY16, the district received a surplus of \$65K from HealthTrust.

**Expenditures:** Expenses for FY17 overall were higher than in FY16 especially in three notable areas. Under the heading of Instruction, salary increases were in effect per the professional staff collective bargaining agreement, under the heading of Student Transportation, the District began the first year of the new transportation contract with Hollis Transportation and the associated cost increases and, under the heading of Other, the District experienced rate increases in NHRS and health insurance and there were more retirements in FY17 contributing to a higher retirement benefit.

**General Fund Budgetary Highlights**

**Revenues**

Revenue recognized by the Hollis School District's general fund amounted to \$42,328 more than budgeted, as detailed below. Medicaid federal funding was more than expected.

<b>Hollis School District General Fund Revenues FY17 - Budget vs Actuals (without Transfers)</b>			
<b><u>Revenue</u></b>	<b><u>Original Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
School District Assessment	8,242,479	8,242,479	-
Other Local	28,600	32,626	4,026
State	2,327,433	2,332,563	5,130
Federal	8,000	41,172	33,172
<b>Total Revenues</b>	<b>10,606,512</b>	<b>10,648,840</b>	<b>42,328</b>
Use of Fund Balance to Reduce School			
District Assessment & Other Funding	373,600		
<b>Total Revenues and Use of Fund Balance</b>	<b>10,980,112</b>		

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

**Expenditures**

**Hollis School District General Fund Expenditures FY17 - Budget vs Actuals (without Transfers)**

<b><u>Expenditures</u></b>	<b>Original Budget</b>	<b>Actual</b>	<b>Variance</b>
Instruction	4,906,417	4,725,887	180,530
Student & Instructional Support	1,116,480	1,024,128	92,352
General, Executive & School Admin	1,170,577	1,042,565	128,012
Operation & Maintenance of Plant	866,858	817,636	49,222
Student Transportation	471,510	402,587	68,923
Other Support Services	2,348,270	2,367,422	(19,152)
Debt Service	100,000	107,567	(7,567)
<b>Total Appropriation &amp; Expenditures</b>	<b>10,980,112</b>	<b>10,487,792</b>	<b>492,320</b>

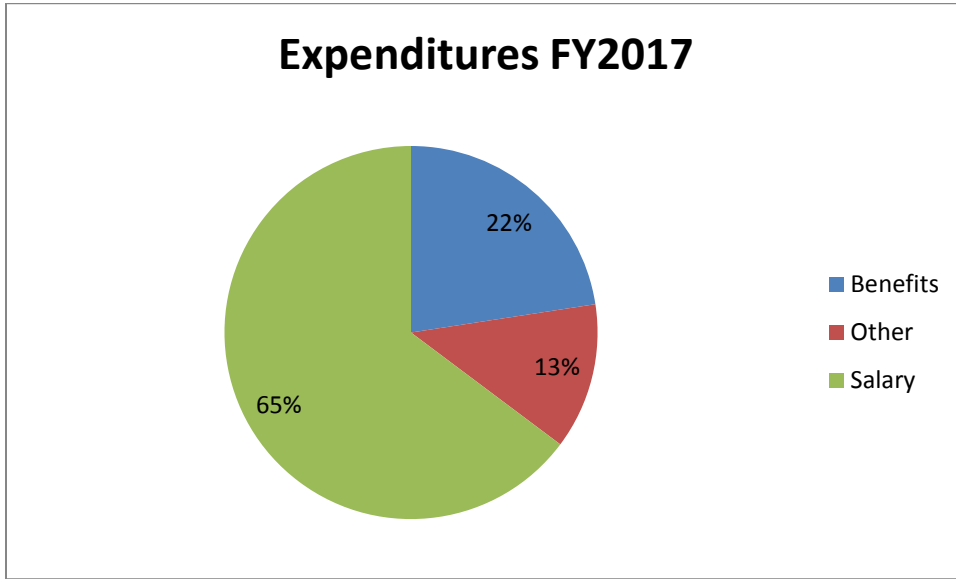
The general fund surplus can be attributed to:

- Hiring savings for SPED Aides, ESL and ESY Salaries
- Special education contracted services savings
- Savings in heating oil, maintenance salaries and over all general maintenance
- In-District transportation and fuel savings
- The contingency fund of \$95,000 was untouched
- There was additional expenses for Kindergarten improvements in FY17

**Break-down of Costs**

The district's expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials. The disbursement of cost has remained fairly consistent with prior fiscal year expenditures (FY16: 58% salary, 21% other, 21% benefits).

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**



**Capital Assets**

The Hollis School District’s investment in capital assets for its governmental activities as of June 30, 2017, totals \$1,189,916, net of accumulated depreciation. These assets include land improvements, buildings, machinery, vehicles and equipment.

**DEBT ADMINISTRATION**

The Hollis School District will start carrying debt for the HSTEP Program as approved by the voters to make both HPS and HUES more energy efficient. The debt expenditures for the lease are as follows:

<b>REMAINING DEBT PAYMENTS On HSTEP Project</b>	
FY17	-
FY18	324,387
FY19	324,387
FY20	324,387
FY21	324,387
FY22	324,387
FY23	324,387
FY24	324,387
FY25	324,387
FY26	324,387
FY27	324,387
	<b>3,243,875</b>

**HOLLIS SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2017**

**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 in the FY15 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures. For FY17, the School Board voted to retain \$151,787. 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 SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 584,331
Investments	473
Intergovernmental receivables	270,988
Other receivables	59,298
Inventory	6,224
Prepaid items	3,954
Capital assets, not being depreciated:	
Construction in progress	151,854
Capital assets, net of accumulated depreciation:	
Land improvements	192,789
Buildings and building improvements	778,798
Machinery, equipment and vehicles	66,475
Total assets	<u>2,115,184</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Amounts related to pensions	<u>2,974,554</u>
<b>LIABILITIES</b>	
Accounts payable	27,895
Accrued salaries and benefits	71,879
Intergovernmental payable	1,966
Noncurrent obligations:	
Due within one year:	
Termination benefits payable	13,919
Due in more than one year:	
Capital leases outstanding	44,596
Compensated absences payable	11,965
Termination benefits payable	276,875
Other postemployment benefits payable	312,988
Net pension liability	9,331,863
Total liabilities	<u>10,093,946</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned revenue	16,461
Amounts related to pensions	144,990
Total deferred inflows of resources	<u>161,451</u>
<b>NET POSITION</b>	
Net investment in capital assets	1,145,320
Restricted for endowments:	
Nonexpendable	6,028
Expendable	3,138
Unrestricted	(6,320,145)
Total net position	<u>\$ (5,165,659)</u>

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

**EXHIBIT 2**  
**HOLLIS SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2017**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction	\$ 4,991,468	\$ 22,882	\$ 247,116	\$ (4,721,470)
Support services:				
Student	724,414	-	-	(724,414)
Instructional staff	314,153	-	-	(314,153)
General administration	53,586	-	-	(53,586)
Executive administration	428,886	-	-	(428,886)
School administration	562,985	-	-	(562,985)
Operation and maintenance of plant	938,873	-	-	(938,873)
Student transportation	402,587	-	-	(402,587)
Other	2,897,680	-	-	(2,897,680)
Non-instructional services	220,143	184,794	39,827	4,478
Facilities acquisition and construction	936	-	-	(936)
Total primary government	<u>\$ 11,535,711</u>	<u>\$ 207,676</u>	<u>\$ 286,943</u>	<u>(11,041,092)</u>
General revenues:				
School district assessment				8,242,479
Grants and contributions not restricted to specific programs				2,293,433
Miscellaneous				19,477
Total general revenues				<u>10,555,389</u>
Change in net position				(485,703)
Net position, beginning				<u>(4,679,956)</u>
Net position, ending				<u>\$ (5,165,659)</u>

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

**EXHIBIT 3**  
**HOLLIS SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 532,084	\$ -	\$ 52,247	\$ 584,331
Investments	473	-	-	473
Receivables:				
Accounts	59,286	-	12	59,298
Intergovernmental	221,975	37,842	11,171	270,988
Interfund receivable	37,817	-	-	37,817
Inventory	-	-	6,224	6,224
Prepaid items	3,954	-	-	3,954
Total assets	<u>\$ 855,589</u>	<u>\$ 37,842</u>	<u>\$ 69,654</u>	<u>\$ 963,085</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 27,895	\$ -	\$ -	\$ 27,895
Accrued salaries and benefits	71,879	-	-	71,879
Intergovernmental payable	1,747	25	194	1,966
Interfund payable	-	37,817	-	37,817
Total liabilities	<u>101,521</u>	<u>37,842</u>	<u>194</u>	<u>139,557</u>
Deferred inflows of resources:				
Deferred revenue	<u>1,440</u>	<u>-</u>	<u>15,021</u>	<u>16,461</u>
Fund balances:				
Nonspendable	3,954	-	12,252	16,206
Restricted	-	-	3,138	3,138
Committed	238,813	-	39,049	277,862
Assigned	3,221	-	-	3,221
Unassigned	506,640	-	-	506,640
Total fund balances	<u>752,628</u>	<u>-</u>	<u>54,439</u>	<u>807,067</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 855,589</u>	<u>\$ 37,842</u>	<u>\$ 69,654</u>	<u>\$ 963,085</u>

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



**EXHIBIT 4**  
**HOLLIS SCHOOL DISTRICT**  
**Reconciliation of Total Governmental Fund Balances to the Statement of Net Position**  
**June 30, 2017**

Total fund balances of governmental funds (Exhibit 3)	\$	807,067
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	\$	6,570,136
Less accumulated depreciation		<u>(5,380,220)</u>
		1,189,916
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(37,817)
Payables		<u>37,817</u>
		-
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$	44,596
Compensated absences payable		11,965
Termination benefits payable		290,794
Other postemployment benefits payable		312,988
Net pension liability		<u>9,331,863</u>
		(9,992,206)
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	\$	2,974,554
Deferred inflows of resources related to pensions		<u>(144,990)</u>
		2,829,564
Net position of governmental activities (Exhibit 1)	\$	<u><u>(5,165,659)</u></u>

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

**EXHIBIT 5**  
**HOLLIS SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2017**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 8,242,479	\$ -	\$ -	\$ 8,242,479
Other local	33,683	-	194,043	227,726
State	2,332,563	-	2,433	2,334,996
Federal	41,172	166,241	37,394	244,807
Total revenues	<u>10,649,897</u>	<u>166,241</u>	<u>233,870</u>	<u>11,050,008</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	4,735,917	151,645	10,255	4,897,817
Support services:				
Student	724,414	-	-	724,414
Instructional staff	300,392	14,596	-	314,988
General administration	52,589	-	-	52,589
Executive administration	428,886	-	-	428,886
School administration	563,157	-	-	563,157
Operation and maintenance of plant	916,048	-	-	916,048
Student transportation	402,587	-	-	402,587
Other	2,381,150	-	-	2,381,150
Non-instructional services	-	-	219,798	219,798
Facilities acquisition and construction	107,567	-	-	107,567
Total expenditures	<u>10,612,707</u>	<u>166,241</u>	<u>230,053</u>	<u>11,009,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,190</u>	<u>-</u>	<u>3,817</u>	<u>41,007</u>
Other financing sources (uses):				
Transfers in	128	-	-	128
Transfers out	-	-	(128)	(128)
Total other financing sources and uses	<u>128</u>	<u>-</u>	<u>(128)</u>	<u>-</u>
Net change in fund balances	37,318	-	3,689	41,007
Fund balances, beginning	715,310	-	50,750	766,060
Fund balances, ending	<u>\$ 752,628</u>	<u>\$ -</u>	<u>\$ 54,439</u>	<u>\$ 807,067</u>

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

**EXHIBIT 6**  
**HOLLIS 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, 2017**

Net change in fund balances of total governmental funds (Exhibit 5)	\$	41,007
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 capitalized capital outlay exceeded depreciation expense in the current period.		
Capitalized capital outlay	\$ 151,854	
Depreciation expense	<u>(136,426)</u>	15,428
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (128)	
Transfers out	<u>128</u>	-
The issuance of long-term debt provides current financial resources to governmental funds, but does not have any effect on net position.		
Inception of capital lease		(44,596)
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	\$ -	
Decrease in compensated absences payable	1,759	
Decrease in termination benefits payable	16,880	
Increase in other postemployment benefits payable	<u>(45,584)</u>	(26,945)
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	\$ 805,251	
Cost of benefits, net of employee contributions	<u>(1,275,848)</u>	(470,597)
Change in net position of governmental activities (Exhibit 2)	\$	<u><u>(485,703)</u></u>

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

**EXHIBIT 7**  
**HOLLIS 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, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 8,242,479	\$ 8,242,479	\$ -
Other local	28,600	32,626	4,026
State	2,327,433	2,332,563	5,130
Federal	8,000	41,172	33,172
Total revenues	<u>10,606,512</u>	<u>10,648,840</u>	<u>42,328</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	4,906,417	4,725,887	180,530
Support services:			
Student	779,204	724,414	54,790
Instructional staff	337,276	299,714	37,562
General administration	141,050	50,789	90,261
Executive administration	428,886	428,886	-
School administration	600,641	562,890	37,751
Operation and maintenance of plant	866,858	817,636	49,222
Student transportation	471,510	402,587	68,923
Other	2,348,270	2,367,422	(19,152)
Facilities acquisition and construction	100,000	107,567	(7,567)
Total expenditures	<u>10,980,112</u>	<u>10,487,792</u>	<u>492,320</u>
Excess (deficiency) of revenues over (under) expenditures	(373,600)	161,048	534,648
Other financing sources (uses):			
Transfers in	-	128	128
Transfers out	(63,000)	(63,000)	-
Total other financing sources and uses	<u>(63,000)</u>	<u>(62,872)</u>	<u>128</u>
Net change in fund balance	<u>\$ (436,600)</u>	98,176	<u>\$ 534,776</u>
Decrease in nonspendable fund balance		3,055	
Decrease in committed fund balance		79,000	
Unassigned fund balance, beginning, as restated, see Note III.D.		326,409	
Unassigned fund balance, ending		<u>\$ 506,640</u>	

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

**EXHIBIT 8**  
**HOLLIS 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, 2017**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Federal	\$ 230,000	\$ 166,241	\$ (63,759)
<b>EXPENDITURES</b>			
Current:			
Instruction	230,000	151,645	78,355
Support services:			
Instructional staff	-	14,596	(14,596)
Total expenditures	230,000	166,241	63,759
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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

**EXHIBIT 9**  
**HOLLIS SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2017**

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 3,570
<b>LIABILITIES</b>	
Due to student groups	<u>3,570</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 SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**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 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, 2017.

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

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

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

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

*Government-Wide Financial Statements*

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

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



**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

*Fund Financial Statements*

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

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

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

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

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

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

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

*Governmental Funds*

The School District reports the following major governmental funds:

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

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

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

The school district also reports three nonmajor funds: food service, miscellaneous special revenue and permanent.

*Fiduciary Funds*

The School District reports the following type of fiduciary fund:

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

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

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

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

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

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

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

**HOLLIS SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS OF AND FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2017**

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

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

Prepaid items are payments to vendors that benefit future reporting periods and are reported on the consumption basis. 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 expenses are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of equity that applies to a future period and so will not be recognized as an outflow or inflow of resources until then.

Deferred inflows of resources in the governmental fund financial statements represent donated commodities that are held in inventory to be used in the subsequent year. In addition to this amount, deferred outflows and inflows of resources in the Statement of Net Position consist of resources related to pensions that will be recognized in a subsequent period.

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

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

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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

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

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

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

Teachers who are over the age of 55 but not yet at retirement age, and who have taught in the School District for a minimum of fifteen years are eligible for early retirement, which is considered voluntary termination. Teachers who elect to retire early receive an early retirement benefit, consisting of a payment of 25% of the teacher's last annual salary. Termination benefits are reported as accrued in the government-wide financial statements. Governmental funds report only matured termination benefits payable to currently terminated employees which are included in wages and benefits expenditures.

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

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

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

The governmental funds report the following components of fund balance:

- Nonspendable, which consists of the prepaid items; the balance of the School District's inventory, which can not be spent because of its form; and the principal amount of endowment held by the Town of Hollis Trustees of Trust Funds, which is not spendable in accordance with legal requirements.

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

- 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 balance of the Expendable Trust Funds established by the School District Meeting to be used for building maintenance; amounts voted at the 2017 School District Meeting to be transferred to the Expendable Trust Fund or held as contingency; and balances of Special Revenue Funds.
- 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 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 2017, \$278,600 of the fund balance from fiscal year 2016 was so used, and \$158,000 was appropriated 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 balances and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instruction, student support, instructional staff, general administration, executive administration, school administration, operation and maintenance of plant, student transportation, other support services, non-instructional services, debt service and facilities acquisition and construction. Management can

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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)	\$ 10,648,968
Perspective difference:	
Expendable trust fund activity	64,057
Per Exhibit 5 (GAAP basis)	<u>\$ 10,713,025</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 10,550,792
Adjustments:	
Basis difference:	
Encumbrances, beginning	85,009
Encumbrances, ending	(3,221)
Budgetary expenditures	(19,534)
Perspective difference:	
Expendable trust fund activity	62,661
Per Exhibit 5 (GAAP basis)	<u>\$ 10,675,707</u>

For the Grants Fund, there is no difference between the budgetary basis and GAAP. The budgetary expenditures represent expenditures incurred in June 2016 for a fiscal year 2017 budget item.

**III. Detailed Notes on Funds and Government-Wide Statements**

**III.A. Assets**

**III.A.1. Receivables**

Significant receivables consist of reimbursements for lease proceeds and insurance, and intergovernmental amounts arising from medicaid, grants, refunds, and reimbursements from other school districts for shared services.

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

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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

*Changes in Capital Assets*

The following provides a summary of changes in capital assets:

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Balance, ending</u>
Governmental activities:			
At cost:			
Not being depreciated:			
Construction in progress	\$ -	\$ 151,854	151,854
Being depreciated:			
Land improvements	282,905	-	282,905
Buildings and building improvements	5,951,094	-	5,951,094
Machinery, equipment and vehicles	184,283	-	184,283
Total capital assets being depreciated	<u>6,418,282</u>	<u>-</u>	<u>6,418,282</u>
Total all capital assets	<u>6,418,282</u>	<u>151,854</u>	<u>6,570,136</u>
Less accumulated depreciation:			
Land improvements	(75,971)	(14,145)	(90,116)
Buildings and building improvements	(5,057,888)	(114,408)	(5,172,296)
Machinery, equipment and vehicles	<u>(109,935)</u>	<u>(7,873)</u>	<u>(117,808)</u>
Total accumulated depreciation	<u>(5,243,794)</u>	<u>(136,426)</u>	<u>(5,380,220)</u>
Net book value, capital assets being depreciated	<u>1,174,488</u>	<u>(136,426)</u>	<u>1,038,062</u>
Net book value, all capital assets	<u>\$ 1,174,488</u>	<u>\$ 15,428</u>	<u>\$ 1,189,916</u>

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 111,496
Support services:	
Executive administration	997
Operation and maintenance of plant	22,766
Non-instructional services	<u>1,167</u>
Total depreciation expense	<u>\$ 136,426</u>

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

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

Long-term liabilities currently outstanding are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2017	Current Portion
Capital lease payable:						
Energy conservation equipment	\$ 2,800,000	2017	2027	2.769	\$ 44,596	\$ -
Compensated absences payable:						
Vested sick leave					7,485	-
Accrued vacation leave					4,480	-
					<u>11,965</u>	<u>-</u>
Termination benefits payable					290,794	13,919
Other postemployment benefits payable					312,988	-
Net pension liability					9,331,863	-
					<u>\$ 9,992,206</u>	<u>\$ 13,919</u>

The School District had not drawn down the entirety of the energy conservation equipment lease as of June 30, 2017. An amortization schedule will be determine when the project is completed.

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2017:

	Capital Lease Payable	Compensated Absences Payable	Termination Benefits Payable	Other Postemployment Benefits Payable	Net Pension Liability	Total
Balance, beginning	\$ -	\$ 13,724	\$ 307,674	\$ 267,404	\$ 6,619,026	\$ 7,207,828
Additions	44,596	-	-	45,584	2,712,837	2,803,017
Reductions	-	(1,759)	(16,880)	-	-	(18,639)
Balance, ending	<u>\$ 44,596</u>	<u>\$ 11,965</u>	<u>\$ 290,794</u>	<u>\$ 312,988</u>	<u>\$ 9,331,863</u>	<u>\$ 9,992,206</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



**HOLLIS SCHOOL DISTRICT  
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“interfund receivables/payables.” The \$37,817 due to the General Fund represents an overdraft of pooled cash from the Grants Fund.

**III.C.2. Transfers**

Transfers within the reporting entity were for the purpose of distributing income earned in the Permanent Fund in the amount of \$128 to the General Fund, and adding of \$63,000 to the Expendable Trust Fund from the General Fund, that is netted out when the funds are combined. The government-wide statement of activities eliminates transfers reported within the governmental activities column.

**III.D. Restatement of Beginning Equity**

Beginning equity at July 1, 2016 was restated as follows:

	General Fund
	Unassigned
	Fund Balance
	(Budgetary)
To remove fund balance as voted by School Board	\$ (103,978)
Fund balance, as previously reported	430,387
Fund balance, as restated	\$ 326,409

(The notes continue on the next page.)

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**

**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	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Endowment	\$ -	\$ 6,028	\$ 6,028
Inventory	-	6,224	6,224
Prepaid items	3,954	-	3,954
Total nonspendable	<u>3,954</u>	<u>12,252</u>	<u>16,206</u>
Restricted for:			
Instruction	-	3,138	3,138
Committed for:			
Instruction	-	12,859	12,859
Support services	159,813	-	159,813
Non-instructional services	-	26,190	26,190
Capital outlay	79,000	-	79,000
Total committed	<u>238,813</u>	<u>39,049</u>	<u>277,862</u>
Assigned to:			
Instruction	1,398	-	1,398
Support services	1,823	-	1,823
Total assigned	<u>3,221</u>	<u>-</u>	<u>3,221</u>
Unassigned	506,640	-	506,640
Total fund balances	<u>\$ 752,628</u>	<u>\$ 54,439</u>	<u>\$ 807,067</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 amounts for workers' compensation and unemployment compensation coverage, and property and liability coverages in various amounts.

Workers' compensation contributions paid in fiscal year 2017 to be recorded as an insurance expenditure/expense totaled \$31,879, and property/liability contributions totaled \$68,142. There were no unpaid contributions for the year.

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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**IV.B. Retirement Pensions**

*General Information about the Pension Plan*

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 15.67% for teachers and 11.17% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2015, 2016 and 2017 were \$656,122, \$763,928 and \$805,251, 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, 2017, the School District reported a liability of \$9,331,863 for its proportionate share of the net pension liability. The net pension liability is based upon the June 30, 2015 actuarial valuation, rolled forward to determine the net pension liability as of June 30, 2016. The roll-forward of the total pension liability from June 30, 2015 to June 30, 2016 reflects expected service and interest costs reduced by actual benefit 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 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, 2016, the School District's proportion was 0.1755%, which was an increase of 0.0084% from its proportion measured as of June 30, 2015.

**HOLLIS SCHOOL DISTRICT  
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For the year ended June 30, 2017, the School District recognized pension expense of \$1,275,848. At June 30, 2017, 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	\$ 411,065	\$ 27,152
Differences between expected and actual experience	25,933	117,838
Change in assumptions	1,148,456	-
Net differences between projected and actual earnings on pension plan investments	583,849	-
School District contributions subsequent to the measurement date	805,251	-
	\$ 2,974,554	\$ 144,990

The School District reported \$805,251 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, 2018.

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,	
2018	\$ 432,891
2019	432,891
2020	623,945
2021	507,811
2022	26,775
	\$ 2,024,313

**HOLLIS SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
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*Actuarial Assumptions*

The total pension liability in the June 30, 2016 actuarial valuation was determined using the actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, 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, 2015 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	\$ 11,990,809	\$ 9,331,863	\$ 7,126,690

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 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, the School District must calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

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

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

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

Currently, there are 93 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, 2017, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

The School District has obtained a valuation report as of July 1, 2015, which indicated that the total liability for other postemployment benefits is \$711,872.

The School District’s annual other postemployment benefit (OPEB) cost (expense) for its plan is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

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

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

<u>Non-Medicare Plans</u>	<u>Single</u>	<u>2-Person</u>
BC3T15IPDED(07)-RX10/20/45	834.24	1,668.55
BC3T10(07)-RX10/20/30	892.45	1,784.90
BC3T10(07)-RX10/20/45	867.79	1,735.59
MTB05(07)-R\$3/5M\$1	865.13	1,730.27
MTB05(07)-RX10/20/30	828.63	1,657.27
MTB10IPDED(07)-RX10/20/45	789.07	1,578.14
MTBSOS20/40/1KDED(07)- RX10/20/45	608.10	1,216.20
BC3T5RDR-R3/15/1	927.82	1,855.64
 <u>Medicare Plans</u>		
MC3(07)-R\$100M\$1	565.23	
MC3(07)-RX10/20/30	552.18	
MC3(07)-RX10/20/45	536.95	
MENRX(07)	214.73	

The following methods and assumptions were used:

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

**HOLLIS SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
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Health Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	7.00%
	2	6.50%
	3	6.00%
	4	5.50%
	5	5.00%
	Ultimate	5.00%

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

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

Annual OPEB Cost and Net OPEB Obligation	<u>7/1/2016- 6/30/2017</u>
1. Annual Required Contribution (ARC)	\$ 73,913
2. Interest on Net OPEB Obligation	10,696
3. Adjustment to ARC	<u>(15,466)</u>
4. Annual OPEB Cost (Expense)	\$ 69,143
5. Contribution made	<u>(23,559)</u>
6. Increase in Net OPEB Obligation	45,584
7. Net OPEB Obligation - beginning of year	<u>267,404</u>
8. Net OPEB Obligation - end of year	<u><u>\$ 312,988</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2015, 2016 and 2017 are as follow:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	OPEB Cost % of Pay
6/30/2014	\$ 155,755	25.7%	\$ 115,797	\$ 5,860,326	2.66
6/30/2015	\$ 162,152	37.5%	\$ 101,392	\$ 5,960,283	2.72
6/30/2016	\$ 66,360	24.3%	\$ 267,404	\$ 5,860,009	1.13
6/30/2017	\$ 69,143	34.1%	\$ 312,988	\$ 6,237,772	1.18



**REQUIRED SUPPLEMENTARY INFORMATION**

**EXHIBIT 10**  
**HOLLIS SCHOOL DISTRICT**  
**Other Postemployment Benefits**  
**Schedule of Funding Progress**  
**For the Fiscal Year Ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	\$ -	\$ 1,321,119	\$ 1,321,119	0.00%	\$ 5,273,550	25.05%
7/1/2014	\$ -	\$ 1,412,553	\$ 1,412,553	0.00%	\$ 5,960,283	23.70%
7/1/2015	\$ -	\$ 670,056	\$ 670,056	0.00%	\$ 5,860,009	11.43%
7/1/2016	\$ -	\$ 711,872	\$ 711,872	0.00%	\$ 5,860,009	12.15%

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

**EXHIBIT 11**  
**HOLLIS 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	0.1616%	\$ 6,953,868	\$ 4,617,915	150.58%	59.82%
2015	0.1681%	\$ 6,309,847	\$ 4,746,986	132.92%	66.32%
2016	0.1671%	\$ 6,619,026	\$ 5,007,750	132.18%	65.47%
2017	0.1755%	\$ 9,331,863	\$ 5,264,473	177.26%	58.30%

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

**EXHIBIT 12**  
**HOLLIS 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	\$ 638,417	\$ (638,417)	\$ -	\$ 4,617,915	13.82%
2015	\$ 661,569	\$ (661,569)	\$ -	\$ 4,746,986	13.94%
2016	\$ 763,928	\$ (763,928)	\$ -	\$ 5,007,750	15.25%
2017	\$ 805,251	\$ (805,251)	\$ -	\$ 5,264,473	15.30%

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

**HOLLIS SCHOOL DISTRICT  
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION  
AS OF AND FOR THE FISCAL YEAR ENDED  
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The Schedule of Funding Progress for Other Postemployment Benefits, 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 fourth year that the School District has presented its OPEB information and the third year that the School District has presented the pension schedules, only four years are reported. An additional year's information will be added each year until there are ten years presented.

## **COMBINING AND INDIVIDUAL FUND SCHEDULES**

**EXHIBIT 13**  
**HOLLIS SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2017**

	Special Revenue Funds			Total
	Food Service	Miscellaneous	Permanent Fund	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 39,388	\$ 12,859	\$ -	\$ 52,247
Accounts receivable	12	-	-	12
Intergovernmental receivable	2,005	-	9,166	11,171
Inventory	6,224	-	-	6,224
Total assets	<u>\$ 47,629</u>	<u>\$ 12,859</u>	<u>\$ 9,166</u>	<u>\$ 69,654</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Intergovernmental payable	<u>\$ 194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194</u>
Deferred inflows of resources:				
Deferred revenue	<u>15,021</u>	<u>-</u>	<u>-</u>	<u>15,021</u>
Fund balances:				
Nonspendable	6,224	-	6,028	12,252
Restricted	-	-	3,138	3,138
Committed	26,190	12,859	-	39,049
Total fund balances	<u>32,414</u>	<u>12,859</u>	<u>9,166</u>	<u>54,439</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,629</u>	<u>\$ 12,859</u>	<u>\$ 9,166</u>	<u>\$ 69,654</u>

**EXHIBIT 14**  
**HOLLIS SCHOOL DISTRICT**  
**Nonmajor Governmental Funds**  
**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2017**

	Special Revenue Funds			Total
	Food Service	Miscellaneous	Permanent Fund	
<b>REVENUES</b>				
Local	\$ 184,794	\$ 8,676	\$ 573	\$ 194,043
State	2,433	-	-	2,433
Federal	37,394	-	-	37,394
Total revenues	<u>224,621</u>	<u>8,676</u>	<u>573</u>	<u>233,870</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	10,255	-	10,255
Non-instructional services	219,798	-	-	219,798
Total expenditures	<u>219,798</u>	<u>10,255</u>	<u>-</u>	<u>230,053</u>
Excess (deficiency) of revenues over (under) expenditures	4,823	(1,579)	573	3,817
Other financing uses:				
Transfers out	-	-	(128)	(128)
Net change in fund balances	4,823	(1,579)	445	3,689
Fund balances, beginning	27,591	14,438	8,721	50,750
Fund balances, ending	<u>\$ 32,414</u>	<u>\$ 12,859</u>	<u>\$ 9,166</u>	<u>\$ 54,439</u>



**EXHIBIT 15**  
**HOLLIS SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2017**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 8,242,479	\$ 8,242,479	\$ -
Other local sources:			
Tuition	19,000	22,882	3,882
Investment earnings	600	1,233	633
Rentals	9,000	8,000	(1,000)
Miscellaneous	-	511	511
Total from other local sources	<u>28,600</u>	<u>32,626</u>	<u>4,026</u>
State sources:			
Adequacy aid (grant)	904,001	904,001	-
Adequacy aid (tax)	1,389,432	1,389,432	-
Catastrophic aid	34,000	39,130	5,130
Total from state sources	<u>2,327,433</u>	<u>2,332,563</u>	<u>5,130</u>
Federal sources:			
Medicaid	<u>8,000</u>	<u>41,172</u>	<u>33,172</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>128</u>	<u>128</u>
Total revenues and other financing sources	10,606,512	<u>\$ 10,648,968</u>	<u>\$ 42,456</u>
Use of fund balance	<u>436,600</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 11,043,112</u>		

**EXHIBIT 16**  
**HOLLIS SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2017**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 9,677	\$ 3,715,051	\$ 3,654,628	\$ -	\$ 70,100
Special programs	353	1,191,366	1,081,289	-	110,430
Total instruction	<u>10,030</u>	<u>4,906,417</u>	<u>4,735,917</u>	<u>-</u>	<u>180,530</u>
Support services:					
Student	-	779,204	724,414	-	54,790
Instructional staff	2,076	337,276	300,392	1,398	37,562
General administration	1,800	141,050	52,589	-	90,261
Executive administration	-	428,886	428,886	-	-
School administration	267	600,641	563,157	-	37,751
Operation and maintenance of plant	57,108	866,858	872,921	1,823	49,222
Student transportation	-	471,510	402,587	-	68,923
Other	13,728	2,348,270	2,381,150	-	(19,152)
Total support services	<u>74,979</u>	<u>5,973,695</u>	<u>5,726,096</u>	<u>3,221</u>	<u>319,357</u>
Facilities acquisition and construction	<u>-</u>	<u>100,000</u>	<u>107,567</u>	<u>-</u>	<u>(7,567)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>63,000</u>	<u>63,000</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 85,009</u>	<u>\$ 11,043,112</u>	<u>\$ 10,632,580</u>	<u>\$ 3,221</u>	<u>\$ 492,320</u>

**EXHIBIT 17**  
**HOLLIS SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2017**

Unassigned fund balance, beginning, as restated in Note III.D.		\$ 326,409
Changes:		
Fund balance used to reduce school district assessment		(278,600)
Fund balance appropriated		(158,000)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 42,456	
Unexpended balance of appropriations (Exhibit 16)	<u>492,320</u>	
Budget surplus		534,776
Decrease in nonspendable fund balance		3,055
Decrease in committed fund balance		<u>79,000</u>
Unassigned fund balance, ending		<u><u>\$ 506,640</u></u>

**EXHIBIT 18**  
**HOLLIS SCHOOL DISTRICT**  
**Student Activities Funds**  
**Combining Schedule of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2017**

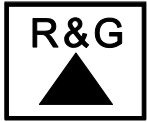
	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
<b>Assets:</b>				
Cash and cash equivalents:				
Hollis Upper Elementary	\$ 3,611	\$ 33,504	\$ (35,176)	\$ 1,939
Hollis Primary	1,819	14,639	(14,827)	1,631
Total assets	<u>\$ 5,430</u>	<u>\$ 48,143</u>	<u>\$ (50,003)</u>	<u>\$ 3,570</u>
<b>Liabilities:</b>				
Due to student groups	<u>\$ 5,430</u>	<u>\$ 48,143</u>	<u>\$ (50,003)</u>	<u>\$ 3,570</u>

**EXHIBIT 19**  
**HOLLIS SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Hollis Upper Elementary School**  
**For the Fiscal Year Ended June 30, 2017**

	<u>Balance, beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, ending</u>
Vending	\$ 630	\$ 935	\$ 1,090	\$ 475
Cross Country	33	3,170	3,202	1
Field Trips	910	16,433	17,343	-
Petty Cash	41	-	-	41
Student Council	186	1,975	1,657	504
Yearbook	1,811	10,991	11,884	918
Total	<u>\$ 3,611</u>	<u>\$ 33,504</u>	<u>\$ 35,176</u>	<u>\$ 1,939</u>

**EXHIBIT 20**  
**HOLLIS SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Hollis Primary School**  
**For the Fiscal Year Ended June 30, 2017**

	Balance, beginning	Additions	Deductions	Balance, ending
Vending	\$ 1,478	\$ 1,280	\$ 1,961	\$ 797
Field Trips	236	7,093	6,604	725
3rd Grade Musical	105	507	504	108
Book Fair	-	5,131	5,131	-
Miscellaneous	-	628	627	1
Total	<u>\$ 1,819</u>	<u>\$ 14,639</u>	<u>\$ 14,827</u>	<u>\$ 1,631</u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

To the Members of the School Board  
Hollis School District  
Hollis, New Hampshire

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of the Hollis School District as of and for the fiscal year ended June 30, 2017, 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 our auditing procedures 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all instances in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

This communication is intended for the information of the School Board, management, and others within the Hollis School District, and should not be used by any other parties.

*Roberts & Greene, PLLC*

Concord, New Hampshire  
April 9, 2018