

HOLLIS SCHOOL DISTRICT

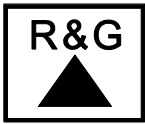
FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

**HOLLIS SCHOOL DISTRICT
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	11
Statement of Activities (Exhibit 2)	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	13
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position (Exhibit 4)	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	16
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	17
Grants Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	18
NOTES TO THE FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Exhibit 9)	38
Schedule of the School District's Pension Contributions (Exhibit 10)	39
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios (Exhibit 11)	40
Schedule of the School District's OPEB Contributions (Exhibit 12)	41
Note to the Required Supplementary Information	42
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Nonmajor Funds	
Combining Balance Sheet (Exhibit 13)	43
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance (Exhibit 14)	44
General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 15)	45
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 16)	46
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 17)	47
Student Activities Funds	
Summary of Activity – Hollis Upper Elementary School (Exhibit 18)	48
Summary of Activity – Hollis Primary School (Exhibit 19)	49
INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT	50



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, 2019, 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, 2019, 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.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note I.B.5. to the financial statements, in fiscal year 2019, the School District adopted new accounting guidance regarding the accounting and reporting for student activities funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and pension and other postemployment benefits information, on pages 3-10 and 39-42, respectively, 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 inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Hollis 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 & Heene, PLLC

Concord, New Hampshire
May 6, 2020

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**

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, 2019. 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, 2019**

district do financially during the 2018-19 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, 2019**

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 2019 compared to fiscal year 2018:

	2019	2018	Increase (Decrease)	% Increase (Decrease)
Current and other assets	949,806	1,067,786	(117,980)	-11.05%
Capital assets	4,046,059	2,341,217	1,704,842	72.82%
Total Assets	4,995,865	3,409,003	1,586,862	46.55%
Deferred outflows of resources	2,398,965	2,289,460	109,505	4.78%
Long-term liabilities outstanding	13,372,301	12,020,431	1,351,870	11.25%
Other liability	148,969	125,861	23,108	18.36%
Total liabilities	13,521,270	12,146,292	1,374,978	11.32%
Deferred inflows of resources	383,544	272,158	111,386	40.93%
Net Position:				
Net investment in capital assets	1,746,605	1,149,076	597,529	52.00%
Restricted	10,045	9,346	699	7.48%
Unrestricted	(8,266,634)	(7,878,409)	(388,225)	-4.93%
Total Net Position	(6,509,984)	(6,719,987)	210,003	3.13%

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**

Statement of Activities

Change in fund revenue and expense for fiscal year 2019 compared to fiscal year 2018:

Revenues:	2019	2018	Change	%Change
Program Revenues				
Charges for Services	334,401	215,274	119,127	55.3%
Operating Grants and Contributions	471,141	325,048	146,093	44.9%
General Revenues:				
Assessment	9,064,030	8,399,724	664,306	7.9%
Grants and Contributions	2,448,719	2,625,206	(176,487)	-6.7%
Miscellaneous	47,385	19,095	28,290	148.2%
Total Revenues	12,365,676	11,584,347	781,329	6.7%
Program Expenses:				
Instruction	5,523,006	5,089,655	433,351	8.5%
Student Support	786,304	737,484	48,820	6.6%
Instructional Staff	333,707	322,171	11,536	3.6%
General Administration	52,262	31,489	20,773	66.0%
Executive Administration	481,114	442,824	38,290	8.6%
School Administration	632,335	571,731	60,604	10.6%
Business	4,291	1,050	3,241	308.7%
Operation and Maintenance of Plant	837,037	954,952	(117,915)	-12.3%
Student Transportation	359,752	384,939	(25,187)	-6.5%
Other	2,803,283	2,886,046	(82,763)	-2.9%
Non-instructional Services	248,962	214,311	34,651	16.2%
Facilities Acquisition and Construction	22,108	140,521	(118,413)	-84.3%
Interest on Long-Term Debt	71,512	78,113	6,601	8.5%
Total Expenses	12,155,673	11,855,286	313,589	2.6%
Change in Net Position	210,003	(270,939)	467,740	172.6%
Net Position - Beginning	(6,719,987)	(5,345,875)	1,374,112	25.7%
Restatement	-	(1,103,173)	-	
Net Position - Ending	(6,509,984)	(6,719,987)	1,841,852	27.4%

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: In FY19 the district received \$781,329 more in revenue than in FY18. In addition to the tax assessment revenue increase of \$664,306, the district's other major revenue sources show the following increases or decreases from FY18:

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**

- Rental Income from SAU 41 – Increase of \$6K
- Tuition Revenue – Increase of \$4K
- Miscellaneous Revenue – Increase of \$16K (Workers’ Comp Contribution Holiday)
- Kindergarten Aid – Increase of \$71K
- Adequacy grant/tax – Increase of \$17K (Adequacy Aid is a state aid program and is based on the average daily membership (ADM) of resident students)
- Special Education Aid – Decrease of \$37K (This is state aid based on approved expenses for special education students after the district pays the first \$55,000 per student. The revenue is received the year after the expenses are incurred)
- Medicaid – Decrease of \$15K (These are federal funds coming from the state of NH for reimbursable costs to Medicaid approved students)
- Food Services – Increase of \$38K (This includes local sales as well as federal and state funding)
- Grants – Increase of \$136K (Grant funding includes Title IIA and IDEA federal programs. Title IIA supports effective instruction and IDEA supports special education programs based on the number of special education students)

Expenditures: Expenditures were higher in FY19 than in FY18 by \$300,387. The largest increases come from the following categories:

- Salary increases and corresponding benefits
- Contracted special ed services
- Legal fees related to contract negotiations
- IT related support contracts
- Special ed transportation
- Health insurance cost increase and plan choice

General Fund Budgetary Highlights

Revenues

Revenue recognized by the Hollis School District’s general fund amounted to \$5,835.00 more than was budgeted, as detailed in the chart below. The school district assessment is determined by the town’s district meeting vote so actual revenue equals the budget.

- “Other Local” revenue includes interest, rental income, tuition and miscellaneous revenue (the Workers’ Comp Premium Holiday).
- “State” revenue includes the adequacy grant and education tax, Kindergarten aid and special education aid
- “Federal” revenue includes Medicaid funds which came in lower than expected.

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**

Revenue	Original Budget	Actual	Variance
School District Assessment	9,064,030	9,064,030	-
Other Local	42,000	61,695	19,695
State	2,521,835	2,522,397	562
Federal	46,000	31,578	(14,422)
Total Revenues	11,673,865	11,679,700	5,835
Use of Fund Balance to Reduce School District Assessment & Other Funding	175,846		
Total Revenues and Use of Fund Balance	11,849,711		

Expenditures	Original Budget	Actual	Variance
Instruction	5,185,499	5,095,802	89,697
Student & Instructional Support	1,259,026	1,108,187	150,839
General, Executive & School Admin	1,263,642	1,166,691	96,951
Operation & Maintenance of Plant	762,181	828,001	(65,820)
Student Transportation	423,289	359,752	63,537
Other Support Services	2,614,088	2,665,593	(51,505)
Site Improvements	17,598	38,763	(21,165)
Debt Service	324,388	324,388	-
Total Appropriation & Expenditures	11,849,711	11,587,177	262,534

Expenditures

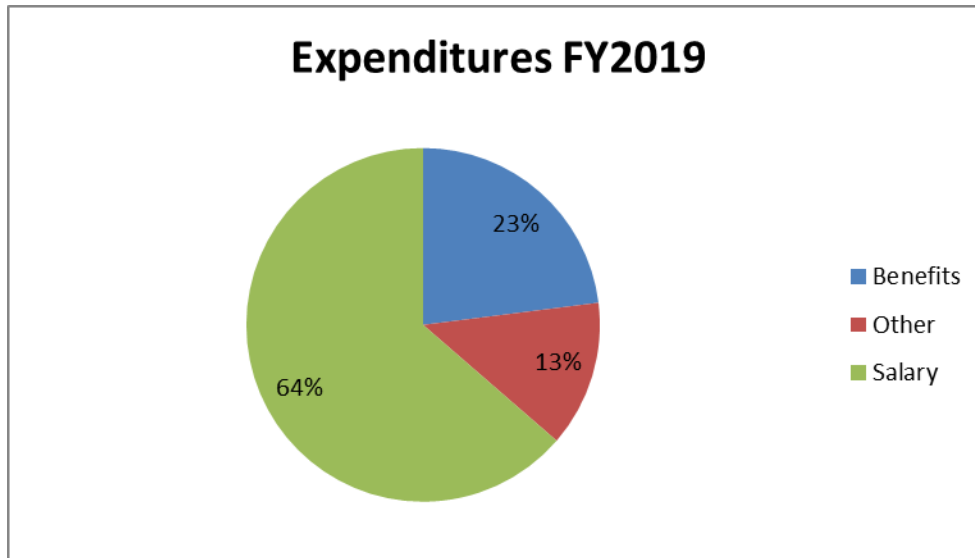
The general fund surplus can be attributed to:

- Savings in staff positions due to trouble finding staff to fill the positions
- Savings in special ed contracted services
- Savings in professional development
- Savings in regular ed and special ed transportation
- The contingency fund of \$95,000 was untouched

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 (FY18) expenditures (62% salary, 15% other, 23% benefits).

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**



Capital Assets

The Hollis School District's investment in capital assets for its governmental activities as of June 30, 2019, totals \$4,046,059.00, net of accumulated depreciation. These assets include land improvements, buildings, machinery, vehicles and equipment.

DEBT ADMINISTRATION

The Hollis School District has started paying the debt for the HSTEP Program voted on by the voters to make both HPS and HUES more energy efficient. The debt expenditures for the lease are as follows:

REMAINING DEBT PAYMENTS On HSTEP Project		
	FY20	324,387
	FY21	324,387
	FY22	324,387
	FY23	324,387
	FY24	324,387
	FY25	324,387
	FY26	324,387
	FY27	324,387
		2,595,100

OTHER DISCUSSION

The district's financial status is sound. Being that the majority of cost is associated to salary and benefits the budget is rather predictable from year to year. The district adopted in FY15 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures of \$95,000. This tool has greatly

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2019**

improved the financial position of the district to deal with unexpected costs that may arise during the course of operations. Were a situation to arise prior to the adoption of this mechanism, the district would have to rely on excess revenues or additional taxation.

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

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
HOLLIS SCHOOL DISTRICT
Statement of Net Position
June 30, 2019

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 108,376
Intergovernmental receivables	793,772
Other receivables	17,149
Inventory	6,676
Prepaid items	23,833
Capital assets, not being depreciated:	
Construction in progress	2,990,219
Capital assets, net of accumulated depreciation:	
Land improvements	194,946
Buildings and building improvements	720,092
Machinery, equipment and vehicles	140,802
Total assets	<u>4,995,865</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	2,296,421
Deferred amounts related to OPEB	102,544
Total deferred outflows of resources	<u>2,398,965</u>
LIABILITIES	
Cash overdraft	16,116
Accounts payable	37,320
Accrued salaries and benefits	78,382
Intergovernmental payable	15,755
Accrued interest payable	1,396
Noncurrent obligations:	
Due within one year:	
Capital leases payable	260,716
Termination benefits payable	35,191
Due in more than one year:	
Capital leases payable	2,038,738
Compensated absences payable	15,749
Termination benefits payable	389,128
Net pension liability	9,243,721
Total OPEB liability	1,389,058
Total liabilities	<u>13,521,270</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	19,185
Deferred amounts related to pensions	299,909
Deferred amounts related to OPEB	64,450
Total deferred inflows of resources	<u>383,544</u>
NET POSITION	
Net investment in capital assets	1,746,605
Restricted for endowments:	
Nonexpendable	6,926
Expendable	3,119
Unrestricted	(8,266,634)
Total net position	<u>\$ (6,509,984)</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, 2019

		Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
	Expenses	Services	Grants and	Changes In
			Contributions	Net Position
Governmental activities:				
Instruction	\$ 5,523,006	\$ 106,045	\$ 241,567	\$ (5,175,394)
Support services:				
Student	786,304	-	183,764	(602,540)
Instructional staff	333,707	-	-	(333,707)
General administration	54,470	-	-	(54,470)
Executive administration	481,114	-	-	(481,114)
School administration	632,335	-	-	(632,335)
Business	2,083	-	-	(2,083)
Operation and maintenance of plant	837,037	-	-	(837,037)
Student transportation	359,752	-	-	(359,752)
Other	2,803,283	-	-	(2,803,283)
Non-instructional services	248,962	228,356	45,810	25,204
Facilities acquisition and construction	22,108	-	-	(22,108)
Interest on long-term debt	71,512	-	-	(71,512)
Total primary government	<u>\$ 12,155,673</u>	<u>\$ 334,401</u>	<u>\$ 471,141</u>	<u>(11,350,131)</u>
General revenues:				
School district assessment				9,064,030
Grants and contributions not restricted to specific programs				2,448,719
Miscellaneous				<u>47,385</u>
Total general revenues				<u>11,560,134</u>
Change in net position				<u>210,003</u>
Net position, beginning, as restated, see Note III.D.				<u>(6,719,987)</u>
Net position, ending				<u>\$ (6,509,984)</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, 2019

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 450	\$ -	\$ 107,926	\$ 108,376
Receivables, net of allowance for uncollectibles:				
Accounts	17,114	-	35	17,149
Intergovernmental	473,080	304,344	16,348	793,772
Interfund receivable	301,371	-	-	301,371
Inventory	-	-	6,676	6,676
Prepaid items	23,833	-	-	23,833
Total assets	<u>\$ 815,848</u>	<u>\$ 304,344</u>	<u>\$ 130,985</u>	<u>\$ 1,251,177</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Cash overdraft	\$ 16,116	\$ -	\$ -	\$ 16,116
Accounts payable	34,892	890	1,538	37,320
Accrued salaries and benefits	78,382	-	-	78,382
Intergovernmental payable	13,672	2,083	-	15,755
Interfund payable	-	301,371	-	301,371
Total liabilities	<u>143,062</u>	<u>304,344</u>	<u>1,538</u>	<u>448,944</u>
Deferred inflows of resources:				
Deferred revenue	<u>-</u>	<u>-</u>	<u>19,185</u>	<u>19,185</u>
Fund balances:				
Nonspendable	23,833	-	13,602	37,435
Restricted	-	-	18,956	18,956
Committed	367,739	-	77,704	445,443
Assigned	46,460	-	-	46,460
Unassigned	234,754	-	-	234,754
Total fund balances	<u>672,786</u>	<u>-</u>	<u>110,262</u>	<u>783,048</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 815,848</u>	<u>\$ 304,344</u>	<u>\$ 130,985</u>	<u>\$ 1,251,177</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, 2019

Total fund balances of governmental funds (Exhibit 3)		\$ 783,048
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	\$ 9,714,089	
Less accumulated depreciation	<u>(5,668,030)</u>	
		4,046,059
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (301,371)	
Payables	<u>301,371</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		(1,396)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$ 2,299,454	
Compensated absences payable	15,749	
Termination benefits payable	424,319	
Net pension liability	9,243,721	
Total OPEB liability	<u>1,389,058</u>	
		(13,372,301)
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	\$ 2,296,421	
Deferred outflows of resources related to OPEB	102,544	
Deferred inflows of resources related to pensions	(299,909)	
Deferred inflows of resources related to OPEB	<u>(64,450)</u>	
		2,034,606
Net position of governmental activities (Exhibit 1)		<u><u>\$ (6,509,984)</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, 2019

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$ 9,064,030	\$ -	\$ -	\$ 9,064,030
Other local	72,443	-	309,342	381,785
State	2,522,397	167,889	3,204	2,693,490
Federal	31,578	152,186	42,606	226,370
Total revenues	<u>11,690,448</u>	<u>320,075</u>	<u>355,152</u>	<u>12,365,675</u>
EXPENDITURES				
Current:				
Instruction	5,097,407	132,857	72,332	5,302,596
Support services:				
Student	785,824	480	-	786,304
Instructional staff	316,961	16,766	-	333,727
General administration	54,470	-	-	54,470
Executive administration	481,114	-	-	481,114
School administration	630,454	-	-	630,454
Business	-	2,083	-	2,083
Operation and maintenance of plant	937,895	167,889	-	1,105,784
Student transportation	359,752	-	-	359,752
Other	2,665,593	-	-	2,665,593
Non-instructional services	-	-	248,882	248,882
Debt service:				
Principal	253,691	-	-	253,691
Interest	70,697	-	-	70,697
Facilities acquisition and construction	<u>1,441,966</u>	<u>-</u>	<u>129,849</u>	<u>1,571,815</u>
Total expenditures	<u>13,095,824</u>	<u>320,075</u>	<u>451,063</u>	<u>13,866,962</u>
Deficiency of revenues under expenditures	<u>(1,405,376)</u>	<u>-</u>	<u>(95,911)</u>	<u>(1,501,287)</u>
Other financing sources (uses):				
Transfers in	94	-	-	94
Transfers out	-	-	(94)	(94)
Capital lease inception	<u>1,361,004</u>	<u>-</u>	<u>-</u>	<u>1,361,004</u>
Total other financing sources and uses	<u>1,361,098</u>	<u>-</u>	<u>(94)</u>	<u>1,361,004</u>
Net change in fund balances	(44,278)	-	(96,005)	(140,283)
Fund balances, beginning, as restated, see Note III.D.	<u>717,064</u>	<u>-</u>	<u>206,267</u>	<u>923,331</u>
Fund balances, ending	<u>\$ 672,786</u>	<u>\$ -</u>	<u>\$ 110,262</u>	<u>\$ 783,048</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, 2019

Net change in fund balances of total governmental funds (Exhibit 5)	\$ (140,283)
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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	\$ 1,856,811	
Depreciation expense	(151,969)	
		1,704,842

Transfers in and out between governmental funds are eliminated on the operating statement.

Transfers in	\$ (94)	
Transfers out	94	
		-

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but neither transaction has any effect on net position.

Drawdowns on capital lease financing	\$ (1,361,004)	
Principal repayment of capital lease	253,691	
		(1,107,313)

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	\$ (815)	
Increase in compensated absences payable	(1,868)	
Increase in termination benefits payable	(107,187)	
Decrease in OPEB related balances	270,152	
		160,282

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	\$ 868,163	
Cost of benefits, net of employee contributions	(1,275,688)	
		(407,525)

Change in net position of governmental activities (Exhibit 2)	\$ 210,003
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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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 9,064,030	\$ 9,064,030	\$ -
Other local	42,000	61,695	19,695
State	2,521,835	2,522,397	562
Federal	46,000	31,578	(14,422)
Total revenues	<u>11,673,865</u>	<u>11,679,700</u>	<u>5,835</u>
EXPENDITURES			
Current:			
Instruction	5,185,499	5,095,802	89,697
Support services:			
Student	857,576	786,744	70,832
Instructional staff	401,450	321,443	80,007
General administration	143,900	54,470	89,430
Executive administration	481,114	481,114	-
School administration	638,628	633,315	5,313
Operation and maintenance of plant	762,181	825,793	(63,612)
Student transportation	423,289	359,752	63,537
Other	2,614,088	2,665,593	(51,505)
Debt service:			
Principal	253,691	253,691	-
Interest	70,697	70,697	-
Facilities acquisition and construction	17,598	38,763	(21,165)
Total expenditures	<u>11,849,710</u>	<u>11,587,177</u>	<u>262,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,845)</u>	<u>92,523</u>	<u>268,368</u>
Other financing sources (uses):			
Transfers in	-	94	94
Transfers out	(158,970)	(158,970)	-
Total other financing sources and uses	<u>(158,970)</u>	<u>(158,876)</u>	<u>94</u>
Net change in fund balance	<u>\$ (334,815)</u>	(66,353)	<u>\$ 268,462</u>
Increase in nonspendable fund balance		(16,738)	
Increase in committed fund balance		(10,000)	
Unassigned fund balance, beginning		327,845	
Unassigned fund balance, ending		<u>\$ 234,754</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, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State	\$ -	\$ 167,889	\$ 167,889
Federal	60,000	152,186	92,186
Total revenues	60,000	320,075	260,075
EXPENDITURES			
Current:			
Instruction	60,000	132,857	(72,857)
Support services:			
Student	-	480	(480)
Instructional staff	-	16,766	(16,766)
Business	-	2,083	(2,083)
Operation and maintenance of plant	-	167,889	(167,889)
Total expenditures	60,000	320,075	(260,075)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

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, 2019**

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, 2019.

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, 2019**

Fund Financial Statements

Fund financial statements are provided for governmental 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.

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.

The school district also reports four nonmajor funds: food service, student activities, other special revenue and the permanent funds.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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

The School District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, during this year. This results in a change in the measurement and presentation of the student activities fund, which is now reported as a special revenue fund. The prior year's net position was restated as shown in Note III.D. to reflect this change.

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

I.C.1. *Cash and Investments*

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

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.

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.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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:

	<u>Years</u>
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 or expenditures 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 and other postemployment benefits that will be recognized in subsequent periods.

I.C.5. Long-Term Debt

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

I.C.6. Compensated Absences

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

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

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.
- Restricted, which represents the expendable portion of the endowment for school purposes, which 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 School District Meeting to be used for building maintenance; amounts voted by the 2019 School District Meeting to be transferred to the Expendable Trust Fund or held as contingency; and the balances of Special Revenue Funds.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

- 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 2019, \$334,815 of the fund balance from fiscal year 2018 was so used.

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

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

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 11,679,794
Adjustments:	
Basis difference:	
Capital lease inception	1,361,004
Perspective difference:	
Interest earned on capital lease escrow funds	4,953
Expendable trust fund activity	5,795
Per Exhibit 5 (GAAP basis)	<u>\$ 13,051,546</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 11,746,147
Adjustments:	
Basis difference:	
Encumbrances, beginning	61,901
Encumbrances, ending	(46,460)
Capital lease inception	1,361,004
Perspective difference:	
Interest earned on capital lease escrow funds	4,953
Expendable trust fund activity	(31,721)
Per Exhibit 5 (GAAP basis)	<u>\$ 13,095,824</u>

For the Grants Fund, there is no difference between the budgetary basis and GAAP.

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, 2019**

III.A.2. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	Balance, beginning	Additions	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Construction in progress	\$ 1,438,996	\$ 1,551,223	\$ 2,990,219
Being depreciated:			
Land improvements	282,905	36,864	319,769
Buildings and building improvements	5,951,094	175,397	6,126,491
Machinery, equipment and vehicles	184,283	93,327	277,610
Total capital assets being depreciated	6,418,282	305,588	6,723,870
Total all capital assets	7,857,278	1,856,811	9,714,089
Less accumulated depreciation:			
Land improvements	(104,261)	(20,562)	(124,823)
Buildings and building improvements	(5,286,704)	(119,695)	(5,406,399)
Machinery, equipment and vehicles	(125,096)	(11,712)	(136,808)
Total accumulated depreciation	(5,516,061)	(151,969)	(5,668,030)
Net book value, capital assets being depreciated	902,221	153,619	1,055,840
Net book value, all capital assets	\$ 2,341,217	\$ 1,704,842	\$ 4,046,059

Depreciation Expense

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

Instruction	\$ 111,238
Support services:	
Executive administration	997
Operation and maintenance of plant	39,218
Non-instructional services	516
Total depreciation expense	<u>\$ 151,969</u>

HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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, 2019	Current Portion
Capital leases payable:						
Energy conservation equipment	\$ 2,800,000	2017	2027	2.769	\$ 2,299,454	\$ 260,716
Compensated absences payable:						
Vested sick leave					12,021	-
Accrued vacation leave					3,728	-
					15,749	-
Termination benefits payable					424,319	35,191
Net pension liability					9,243,721	-
Total other postemployment benefits liability					1,389,058	-
					<u>\$ 13,372,301</u>	<u>\$ 295,907</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2019:

	Capital Leases Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Total OPEB Liability	Total
Balance, beginning	\$ 1,192,141	\$ 13,881	\$ 317,132	\$ 8,883,787	\$ 1,613,490	\$ 12,020,431
Additions	1,361,004	1,868	107,187	359,934	-	1,829,993
Reductions	(253,691)	-	-	-	(224,432)	(478,123)
Balance, ending	<u>\$ 2,299,454</u>	<u>\$ 15,749</u>	<u>\$ 424,319</u>	<u>\$ 9,243,721</u>	<u>\$ 1,389,058</u>	<u>\$ 13,372,301</u>

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the capital lease outstanding as of year-end are as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2020	\$ 260,716	\$ 63,671	\$ 324,387
2021	267,935	56,452	324,387
2022	275,354	49,033	324,387
2023	282,979	41,408	324,387
2024	290,814	33,573	324,387
2025-2027	921,656	51,505	973,161
Totals	<u>\$ 2,299,454</u>	<u>\$ 295,642</u>	<u>\$ 2,595,096</u>

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

III.C. Balances and Transfers – Payments Within the Reporting Entity

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.” The interfund amount of \$301,371 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 \$94 to the General Fund, and adding \$158,970 to the Expendable Trust Fund from the General Fund. The latter transfer is not reported when the funds are Expendable Trust Fund is reported in the General Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities column.

III.D. Restatement of Beginning Equity

The equity balances at July 1, 2018 were restated as follow:

	Governmental Activities	Nonmajor Funds
To reclassify student activities fund as special revenue fund	\$ 3,791	\$ 3,791
To record OPEB medical insurance subsidy	(1,106,964)	-
Net position/fund balance, as previously reported	(5,616,814)	202,476
Net position/fund balance, as restated	<u>\$ (6,719,987)</u>	<u>\$ 206,267</u>

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, 2019**

III.E. Components of Fund Equity

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

	General Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:			
Endowment	\$ -	\$ 6,926	\$ 6,926
Inventory	-	6,676	6,676
Prepaid items	23,833	-	23,833
Total nonspendable	23,833	13,602	37,435
Restricted for instruction	-	18,956	18,956
Committed for:			
Instruction	-	3,829	3,829
Non-instructional services	-	73,875	73,875
Capital outlay	367,739	-	367,739
Total committed	367,739	77,704	445,443
Assigned to support services	46,460	-	46,460
Unassigned	234,754	-	234,754
Total fund balances	\$ 672,786	\$ 110,262	\$ 783,048

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 2019 to be recorded as an insurance expenditure/expense totaled \$32,610, and property/liability contributions totaled \$68,931. There were no unpaid contributions for the year.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

IV.B. Retirement Pensions

General Information about the Pension Plan

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 17.36% for teachers and 11.38% for other employees, which are actuarially determined to generate an amount, that when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions from the School District during the fiscal years 2017, 2018 and 2019 were \$805,251, \$904,724, and \$955,639, 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, 2019, the School District reported a liability of \$9,243,721 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017 rolled forward to the measurement date of June 30, 2018. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2018, the School District's proportion was 0.1920%, which was an increase of 0.0114% from its proportion measured as of June 30, 2017.

HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

For the year ended June 30, 2019, the School District recognized pension expense of \$1,275,688. At June 30, 2019, 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	\$ 714,765	\$ 11,154
Net differences between projected and actual earnings on pension plan investments	-	213,908
Changes in assumptions	639,711	-
Differences between expected and actual experience	73,782	74,847
School District contributions subsequent to the measurement date	868,163	-
	<u>\$ 2,296,421</u>	<u>\$ 299,909</u>

The School District reported \$868,163 as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

Year Ended June 30,	
2020	\$ 617,054
2021	492,418
2022	(28,602)
2023	47,479
	<u>\$ 1,128,349</u>

Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018, 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

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

The actuarial assumptions used in the June 30, 2017 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 Healthy Annuitant and Employee Generational Mortality Tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

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	\$ 12,298,847	\$ 9,243,721	\$ 6,683,433

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, is available in the separately issued NHRS report.

IV.C. Contingent Liabilities

The School District has received federal and state grants for specific purposes that are subject to review and possible audit by the grantor or pass-through agencies. Any such audit may result in a requirement to reimburse the grantor agency for costs disallowed. The School District feels that the chance of disallowance is unlikely, and if it should occur, that the amount would not be material.

IV.D. Other Postemployment Benefits

Plan Description

The School District is part of two different OPEB plans, one that is a retiree health care benefits program operating as a single-employer plan that is used to provide OPEB for all permanent full-time employees (implicit rate subsidy); and the other that consists of benefits to its retired employees and their beneficiaries as required by RSA 100-A:50, *New Hampshire Retirement System: Medical Benefits*. The latter are provided through the New Hampshire Retirement System (NHRS) operating as a cost-sharing, multiple-employer OPEB medical subsidy healthcare plan (medical insurance subsidy). Further information on this plan can be found in the audited report on the NHRS Cost-Sharing Multiple-

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

Employer Other Postemployment Benefit (OPEB) Plan which is available on the NHRS website at www.nhrs.org.

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. Dental and life insurance benefits are not offered to retirees. The current medical premium rates are as follow:

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>Family</u>
AB5(07)-RX10/20/30	\$895	\$1,791
BC3T10(07)-RX10/20/45	\$962	\$1,924
ABS0S20/40/1KDED(07)-RX10/20/45	\$682	\$1,365

Currently, there are 136 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, 2019, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

With the medical insurance subsidy plan, there is a payment made by the NHRS to the former employer or its insurance administrator toward the cost of health insurance for the qualified retiree, his/her qualified spouse, and dependent children with disability who are living in the retiree's household and being cared for by the retiree. If the health insurance premium is less than the medical subsidy amount, then only the premium amount is paid by the NHRS. If the insurance premium is more than the medical subsidy amount, then the retiree or other qualified person is responsible for paying the balance of the premium. Benefits are based on age, creditable service, and retirement or hire dates. This plan is closed to new entrants.

Total OPEB Liability

The School District's total OPEB liability of \$1,389,058 consists of \$542,934 for the implicit rate subsidy, determined by an actuarial valuation as of July 1, 2018, and \$846,124 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

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

Discount Rate:	3.87%, compounded annually, for the measurement as of June 30, 2019 and 3.58%, compounded annually, for the measurement as of June 30, 2018
Actuarial Cost Method:	Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

Heath Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	8.00%
	2	7.50%
	3	7.00%
	4	6.50%
	5	6.00%
	6	5.50%
	Ultimate	3.80%

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

Mortality Rates:	Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using Scale MP-2015
	Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with a generational mortality improvement using Scale MP-2015
Inflation:	2.6 percent, based on the 2018 Social Security Trustees Report
Medical insurance subsidy:	3.25%
Payroll growth:	3.62%
Discount rate:	2.50%
Inflation:	7.25%, net of investment expense, including inflation
Investment rate of return	RP-2014 Healthy Annuitant and Employee Generational
Mortality:	Mortality Tables with credibility adjustments and adjusted for fully generational mortality improvements using Scale MP-2015 based on the last experience study
Healthcare cost trend rates:	N/A, benefits are fixed stipends

Discount Rate

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

Healthcare Trend Rates

Healthcare trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 6 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2025. The principal components of health trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rates, , as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or higher:

Implicit Rate Subsidy:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
School District's total OPEB liability	\$ 577,587	\$ 542,934	\$ 510,243

Medical Insurance Subsidy:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's total OPEB liability	\$ 880,650	\$ 846,124	\$ 749,412

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate 1-percentage point lower (7.0%) or 1-percentage point higher (9.0%):

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
School District's total OPEB liability	\$ 485,006	\$ 542,934	\$ 610,713

These notes continue on the following page.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**

OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB

For the year ended June 30, 2019, the School District recognized OPEB expense of \$(67,527). At year-end, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$ -	\$ 55,756
Net differences between projected and actual earnings on OPEB plan investments	-	2,688
Changes in assumptions	10,101	6,006
Differences between expected and actual experience	4,967	-
School District contributions subsequent to the measurement date	87,476	-
	<u>\$ 102,544</u>	<u>\$ 64,450</u>

The School District reported \$87,476 as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in fiscal year 2020. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2020	\$ (51,100)
2021	(311)
2022	(311)
2023	1,138
2024	1,202
	<u>\$ (49,382)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 9
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%
2018	0.1806%	\$ 8,883,787	\$ 5,304,525	164.48%	62.66%
2019	0.1920%	\$ 9,243,721	\$ 5,675,459	162.87%	64.77%

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

EXHIBIT 10
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%
2018	\$ 904,724	\$ (904,724)	\$ -	\$ 5,304,525	17.06%
2019	\$ 955,639	\$ (955,639)	\$ -	\$ 5,675,459	16.84%

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

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

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:			
Service cost	\$ 28,121	\$ 29,803	\$ 73,913
Interest	20,228	16,792	10,696
Changes of assumptions and differences between expected and actual experience	12,087	(9,306)	(15,466)
Benefit payments	(24,028)	(16,341)	(23,559)
Change in proportion of medical subsidy	(260,840)	1,106,964	-
Net change in total OPEB liability	(224,432)	1,127,912	45,584
Total OPEB liability, beginning	1,613,490	485,578	439,994
Total OPEB liability, ending	<u>\$ 1,389,058</u>	<u>\$ 1,613,490</u>	<u>\$ 485,578</u>
Covered payroll	\$ 5,675,459	\$ 5,995,655	\$ 5,860,009
Total OPEB liability as a percentage of covered payroll	24.47%	26.91%	8.29%

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

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

	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 48,714	\$ 60,393	\$ 73,913
Contributions in relation to the actuarially determined contribution	(24,028)	(25,110)	(23,559)
Contribution deficiency	<u>\$ 24,686</u>	<u>\$ 35,283</u>	<u>\$ 50,354</u>
Covered-employee payroll	\$ 5,675,459	\$ 5,995,655	\$ 5,860,009
Contributions as a percentage of covered-employee payroll	0.86%	1.01%	1.26%

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
JUNE 30, 2019**

The Pension and OPEB schedules are meant to present information for ten years. Because this is the fifth year that the School District has presented the pension information, and the second year for the OPEB information under the new measurement standard, only six years and three years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 13
HOLLIS SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			Permanent	
	Food Service	Student Activities	Other	Fund	Total
ASSETS					
Cash and cash equivalents	\$ 88,235	\$ 3,829	\$ 15,862	\$ -	\$ 107,926
Receivables:					
Accounts	-	-	35	-	35
Intergovernmental	6,303	-	-	10,045	16,348
Inventory	6,676	-	-	-	6,676
Total assets	<u>\$ 101,214</u>	<u>\$ 3,829</u>	<u>\$ 15,897</u>	<u>\$ 10,045</u>	<u>\$ 130,985</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,478	\$ -	\$ 60	\$ -	\$ 1,538
Deferred inflows of resources:					
Deferred revenue	19,185	-	-	-	19,185
Fund balances:					
Nonspendable	6,676	-	-	6,926	13,602
Restricted	-	-	15,837	3,119	18,956
Committed	73,875	3,829	-	-	77,704
Total fund balances	<u>80,551</u>	<u>3,829</u>	<u>15,837</u>	<u>10,045</u>	<u>110,262</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 101,214</u>	<u>\$ 3,829</u>	<u>\$ 15,897</u>	<u>\$ 10,045</u>	<u>\$ 130,985</u>

EXHIBIT 14
HOLLIS SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds			Permanent Fund	Total
	Food Service	Student Activities	Other		
REVENUES					
Local	\$ 228,469	\$ 34,786	\$ 45,294	\$ 793	\$ 309,342
State	3,204	-	-	-	3,204
Federal	42,606	-	-	-	42,606
Total revenues	<u>274,279</u>	<u>34,786</u>	<u>45,294</u>	<u>793</u>	<u>355,152</u>
EXPENDITURES					
Current:					
Instruction	-	34,748	37,584	-	72,332
Non-instructional services	248,882	-	-	-	248,882
Facilities acquisition and construction	-	-	129,849	-	129,849
Total expenditures	<u>248,882</u>	<u>34,748</u>	<u>167,433</u>	<u>-</u>	<u>451,063</u>
Excess (deficiency) of revenues over (under) expenditures	25,397	38	(122,139)	793	(95,911)
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94)</u>	<u>(94)</u>
Net change in fund balances	25,397	38	(122,139)	699	(96,005)
Fund balances, beginning, as restated, see Note III.D.	55,154	3,791	137,976	9,346	206,267
Fund balances, ending	<u>\$ 80,551</u>	<u>\$ 3,829</u>	<u>\$ 15,837</u>	<u>\$ 10,045</u>	<u>\$ 110,262</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, 2019

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 9,064,030	\$ 9,064,030	\$ -
Other local sources:			
Tuition	20,000	25,967	5,967
Investment earnings	2,000	114	(1,886)
Rentals	20,000	18,970	(1,030)
Miscellaneous	-	16,644	16,644
Total from other local sources	42,000	61,695	19,695
State sources:			
Adequacy aid (grant)	1,016,961	1,016,961	-
Adequacy aid (tax)	1,431,758	1,431,758	-
Kindergarten aid	70,903	70,903	-
Catastrophic aid	2,213	2,775	562
Total from state sources	2,521,835	2,522,397	562
Federal sources:			
Medicaid	46,000	31,578	(14,422)
Other financing sources:			
Transfers in	-	94	94
Total revenues and other financing sources	11,673,865	\$ 11,679,794	\$ 5,929
Use of fund balance	334,815		
Total revenues, other financing sources and use of fund balance	\$ 12,008,680		

EXHIBIT 16
HOLLIS SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2019

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 1,305	\$ 3,960,818	\$ 3,905,817	\$ -	\$ 56,306
Special programs	300	1,224,680	1,191,590	-	33,390
Total instruction	<u>1,605</u>	<u>5,185,498</u>	<u>5,097,407</u>	<u>-</u>	<u>89,696</u>
Support services:					
Student	-	857,576	785,824	920	70,832
Instructional staff	5,657	401,450	316,961	10,139	80,007
General administration	-	143,900	54,470	-	89,430
Executive administration	-	481,114	481,114	-	-
School administration	-	638,628	630,454	2,861	5,313
Operation and maintenance of plant	17,393	762,181	810,646	32,540	(63,612)
Student transportation	-	423,289	359,752	-	63,537
Other	-	2,614,088	2,665,593	-	(51,505)
Total support services	<u>23,050</u>	<u>6,322,226</u>	<u>6,104,814</u>	<u>46,460</u>	<u>194,002</u>
Debt service:					
Principal	-	253,691	253,691	-	-
Interest	-	70,697	70,697	-	-
Total debt service	<u>-</u>	<u>324,388</u>	<u>324,388</u>	<u>-</u>	<u>-</u>
Facilities acquisition and construction	<u>37,246</u>	<u>17,598</u>	<u>76,009</u>	<u>-</u>	<u>(21,165)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>158,970</u>	<u>158,970</u>	<u>-</u>	<u>-</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 61,901</u>	<u>\$ 12,008,680</u>	<u>\$ 11,761,588</u>	<u>\$ 46,460</u>	<u>\$ 262,533</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, 2019

Unassigned fund balance, beginning		\$	327,845
Changes:			
Fund balance used to reduce school district assessment			(175,845)
Fund balance appropriated			(158,970)
Budget summary:			
Revenue surplus (Exhibit 15)	\$	5,929	
Unexpended balance of appropriations (Exhibit 16)		<u>262,533</u>	
Budget surplus			268,462
Increase in nonspendable fund balance			(16,738)
Increase in committed fund balance			<u>(10,000)</u>
Unassigned fund balance, ending		\$	<u><u>234,754</u></u>

EXHIBIT 18
HOLLIS SCHOOL DISTRICT
Student Activities Fund
Summary of Activity - Hollis Upper Elementary School
For the Fiscal Year Ended June 30, 2019

	Balance, beginning	Additions	Deductions	Balance, ending
Cross Country	\$ 2	\$ -	\$ -	\$ 2
Field Trip	2,443	11,638	12,590	1,491
Petty Cash	41	-	-	41
Student Council	311	353	614	50
Vending	9	1,576	1,570	15
Yearbook	901	6,833	7,250	484
Total	<u>\$ 3,707</u>	<u>\$ 20,400</u>	<u>\$ 22,024</u>	<u>\$ 2,083</u>

EXHIBIT 19
HOLLIS SCHOOL DISTRICT
Student Activities Fund
Summary of Activity - Hollis Primary School
For the Fiscal Year Ended June 30, 2019

	Balance, beginning	Additions	Deductions	Balance, ending
Interest and Fees	\$ (21)	\$ 2	\$ 14	\$ (33)
Miscellaneous	(397)	1,294	879	18
Book Fair	-	6,126	6,113	13
Vending	840	472	482	830
Field Trip	790	6,006	5,983	813
3rd Grade Musical	105	486	486	105
Total	<u>\$ 1,317</u>	<u>\$ 14,386</u>	<u>\$ 13,957</u>	<u>\$ 1,746</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, 2019, 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.

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 material weaknesses. 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. 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 is not intended to be, and should not be, used by anyone other than these specified parties.

Roberts & Greene, PLLC

Concord, New Hampshire
May 6, 2020