

HOLLIS SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

**HOLLIS SCHOOL DISTRICT
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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)	13
Statement of Activities (Exhibit 2)	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	15
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position (Exhibit 4)	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	18
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	19
Grants Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	20
NOTES TO THE FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Exhibit 9)	41
Schedule of the School District's Pension Contributions (Exhibit 10)	42
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios (Exhibit 11)	43
Schedule of the School District's OPEB Contributions (Exhibit 12)	44
Note to the Required Supplementary Information	45
COMBINING AND INDIVIDUAL FUND SCHEDULES	
Nonmajor Funds	
Combining Balance Sheet (Exhibit 13)	46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Exhibit 14)	47
General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 15)	48
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 16)	49
Schedule of Changes in Unassigned Fund Balance (Exhibit 17)	50
MANAGEMENT LETTER	51



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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, 2023, and the respective changes in financial position thereof, and budgetary comparisons of the General Fund and Grants Fund, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

PO Box 463 ■ Keene, NH 03431
(603) 856-8005
info@roberts-greene.com

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with governance regarding, among other matters, the planned scope and timing of the audit, any significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB related schedules on pages 3 – 9 and 41 - 44 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

March 22, 2024

Roberts & Aune, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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, 2023. 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 an 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. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way to measure the district's financial health or position. The district-wide statements present an aggregate view of the finances of the school district by answering the question, "How did the school district do financially

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

during the 2022-23 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, 2023**

Notes to the Basic Financial Statements

The following 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 2023 compared to fiscal year 2022:

	2022	2023	Increase (Decrease)	% Increase (Decrease)
Assets				
Current and Other Assets	3,641,554	5,181,413	1,539,859	42.29%
Capital Assets	6,211,444	7,030,749	819,305	13.19%
Total Assets	9,852,998	12,212,162	2,359,164	23.94%
Deferred Outflow of Resources	2,984,917	3,180,842	195,925	6.56%
Liabilities				
Long-term Liabilities Outstanding	14,649,032	20,074,724	5,425,692	37.04%
Other Liabilities	723,702	833,419	109,717	15.16%
Total Liabilities	15,372,734	20,908,143	5,535,409	36.01%
Deferred Inflows of Resources	3,013,014	347,381	(2,665,633)	-88.47%
Net Position				
Net Investment in Capital Assets	2,363,271	2,831,027	467,756	19.79%
Restricted	174,801	2,110,952	1,936,151	1107.63%
Unrestricted	(8,085,905)	(10,804,499)	(2,718,594)	33.62%
Total Net Position	(5,547,833)	(5,862,520)	(314,687)	5.67%

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

**Hollis School District
Statement of Activities**

Change in fund revenue and expense for fiscal year 2023 compared to fiscal year 2022:

Revenues:	2022	2023	\$ Change	% Change
Program Revenues:				
Charges for Services	144,444	385,373	240,929	166.80%
Operating Grants and Contributions	899,584	546,110	(353,474)	-39.29%
General Revenues:				
Assessment	10,552,844	11,182,462	629,618	5.97%
Grants and Contributions	2,595,751	2,583,208	(12,543)	-0.48%
Miscellaneous	101,828	125,087	23,259	22.84%
Total Revenues	14,294,451	14,822,240	527,789	3.69%
Program Expenses:				
Instruction	5,768,821	6,280,348	511,527	8.87%
Student Support	751,568	923,908	172,340	22.93%
Instructional Staff	411,678	428,875	17,197	4.18%
General Administration	662,660	670,291	7,631	1.15%
School Administration	641,626	695,594	53,968	8.41%
Operation and Maintenance of Plant	1,228,827	1,549,101	320,274	26.06%
Student Transportation	401,162	478,532	77,370	19.29%
Other	2,927,156	3,567,343	640,187	21.87%
Non-instructional Services	320,617	298,485	(22,132)	-6.90%
Facilities acquisition and construction	-	26,760	26,760	
Interest on Long-Term Debt	95,698	217,690	121,992	127.48%
Total Expenses	13,209,813	15,136,927	1,927,114	14.59%
Change in Net Position	1,084,638	(314,687)		
Net Position - Beginning	(6,632,471)	(5,547,833)	1,084,638	-16.35%
Net Position - Ending	(5,547,833)	(5,862,520)	(314,687)	5.67%

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Revenues:

Details on the major revenue sources are listed below, with the corresponding increases or decreases from prior year.

Increases in revenue from FY 2022 to FY 2023

- Local Property Tax Assessments (+\$630K)
 - The assessment revenue is based on what the district approves at its annual meeting.

Decreases in revenue from FY 2022 to FY 2023

- Special Education aid (- \$52K)
 - 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.
- Food Service Revenue (- \$149K)
 - State of NH DOE reimbursements as a result of no more free lunches due to Covid-19
- Grants (including Title II, ESSER II and ESSER III, and IDEA) (- \$1K)
 - Title II is a Dept. of Education grant program that provides supplemental funding to help support effective instruction.
 - ESSER = Elementary and Secondary School Emergency Relief Program.
 - IDEA = Individuals with Disabilities Education Act. These are federal funds based on the number of special education students.
- Medicaid (- \$ 8K)
 - These are federal funds, coming from the state of NH, for reimbursable costs to Medicaid approved students.
- Tuition (- \$ 7K)
 - Non-resident students paying for tuition, as well as Preschool payments.
- Adequacy Aid grant (- \$ 13K)
 - Adequacy Aid is a state aid program, and is based on the average daily membership (ADM) of resident students.

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Expenditures:

As a total, expenditures were \$1,220,290 higher in FY 2023 than in FY 2022. Expense categories with large variances are listed below.

INCREASED EXPENSES

- Salary increases and corresponding benefits
- Special Education legal services
- Contracted speech and language, and occupational therapy services
- Gasoline/diesel for buses and vans
- Heating oil and electricity, rising costs
- Building repairs

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

General Fund Budgetary Highlights

Revenue Budget

General Fund

<u>Revenue</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
School District Assessment	11,182,462	11,182,462	-
Other Local	62,500	162,902	100,402
State	2,668,026	2,670,853	2,827
Federal	32,000	29,702	(2,298)
Total Revenues	13,944,988	14,045,919	100,931
Use of Fund Balance to reduce school district assessment & other funding	1,019,599		
Total Revenues and Use of Fund Balance	14,964,587		

Revenue recognized by the Hollis School District's general fund amounted to \$101K more than was budgeted, as detailed in the chart above. The Primary increase in general fund revenue came from the following sources:

- Special education aid, where the district received over \$2,800 more than budget.
- Other local revenue was increased by a Primex surplus \$8K, Renewable Energy Credit of \$7,800 and NHRS contribution reimbursement of \$85K.

An explanation of what comprises local, state, and federal revenue is the following:

- "Other Local" revenue includes vocational education revenue, impact fees, interest, and non-resident tuition.
- "State" revenue includes the adequacy grant, building aid, impact fees, and special education aid.
- "Federal" revenue includes Medicaid funds and grants.

** All revenue sources are explained in greater detail on page 7.

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Expense Budget

General Fund

<u>Expenditures</u>	Budget	Actual	Variance
Instruction	6,046,150	6,022,226	23,924
Student & Instructional Support	1,433,193	1,315,378	117,815
General, Executive & School Admin	1,496,517	1,346,739	149,778
Operation & Maintenance of Plant	1,107,681	1,020,595	87,086
Student Transportation	493,322	462,998	30,324
Other Support Services	3,629,280	3,479,065	150,215
Site Improvements			-
Debt Service	758,444	763,721	(5,277)
Total Appropriation & Expenditures	14,964,587	14,410,722	553,865

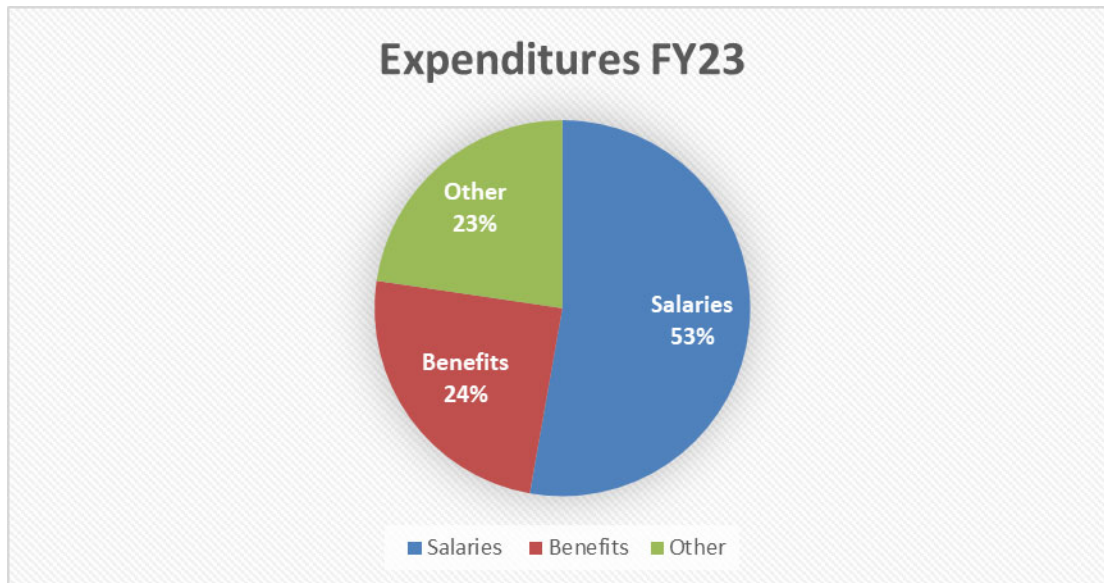
Expenditures recognized by the Hollis School District's general fund amounted to \$554K less than was budgeted, as detailed in the chart above. Areas which contributed to these savings are as follows:

- Savings in unfilled positions, as well as a savings in health and dental benefits
- Savings in professional development
- Savings in special ed transportation
- Savings in facilities accounts – heating and ventilating
- The contingency fund of \$95,000.00 was untouched

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

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 from the prior fiscal year (FY22) expenditures (53% salary, 22% other, 25% benefits).



Capital Assets

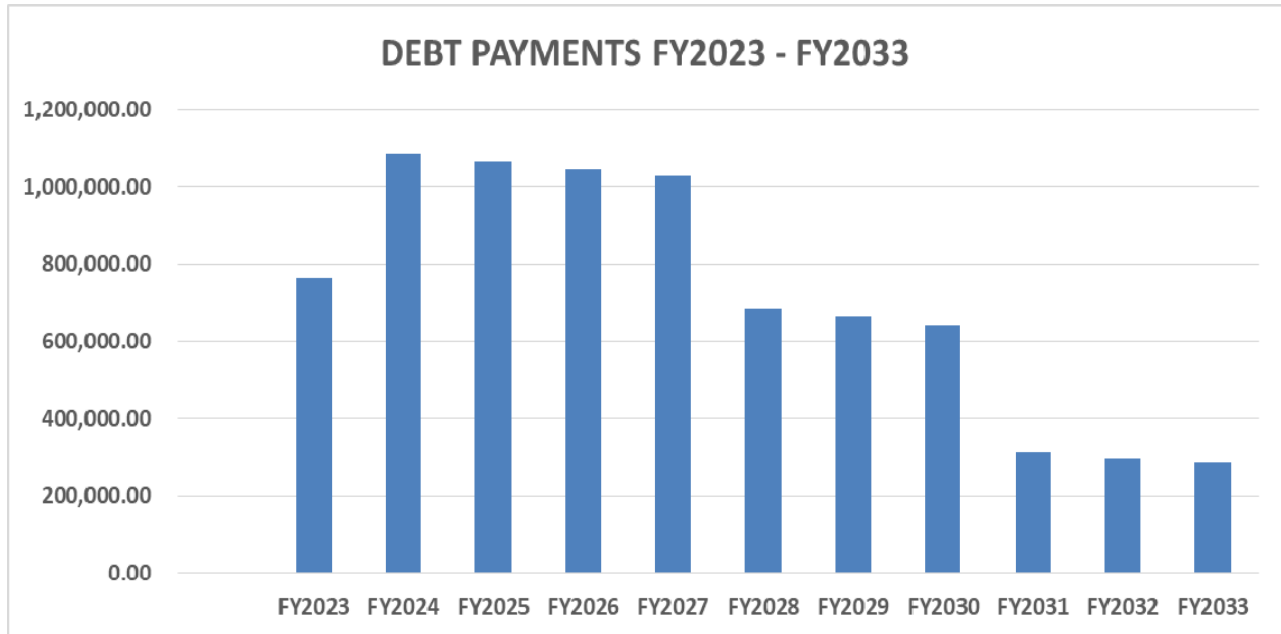
The Hollis School District's investment in capital assets for its governmental activities as of June 30, 2023, totals \$7,030,749 net of accumulated depreciation. These assets include land improvements, buildings, machinery, equipment and construction in progress.

Debt Administration

The Hollis School District currently has three leases/bonds. The HSTEP lease, for \$2.8 million was used to make both HPS and HUES more energy efficient. This lease was issued in 2018, and will expire in June of 2027. The H-SMART lease, Hollis Schools Modernization and Revitalization Tasks, for \$3,108,900 was originated in June of 2020 and will expire in October of 2029. The H-CAP Bond, Hollis Capital Advancement Projects, is a new bond voted on in 2022. This Bond was issued in July of 2022 in the amount of \$2,769,500 and will expire in August of 2033.

**HOLLIS SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

The debt expenditures for all three are as follows:



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 the FY15 fiscal year the ability to retain fund balance for emergency expenditures and over-expenditures of \$95,000 approved by the voters each year. This tool has greatly improved the financial position of the district to deal with unexpected costs that may arise during the course of operations. The district also takes advantage of the ability to retain up to 2.5% of available fund balance per RSA 198:5, also for emergency purposes. If the situation were to arise prior to the adoption of these mechanisms, 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,353,138
Intergovernmental receivables	811,399
Other receivables	263
Inventory	11,028
Prepaid items	5,585
Capital assets, not being depreciated:	
Construction in progress	1,049,166
Capital assets, net of accumulated depreciation:	
Land improvements	117,209
Buildings and building improvements	5,704,204
Machinery, equipment and vehicles	160,170
Total assets	<u>12,212,162</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	3,062,461
Deferred amounts related to OPEB	118,381
Total deferred outflows of resources	<u>3,180,842</u>
LIABILITIES	
Accounts payable	244,749
Accrued salaries and benefits	457,202
Intergovernmental payable	36,764
Accrued interest payable	81,798
Retainage payable	12,906
Noncurrent obligations:	
Due within one year:	
Bond payable	277,000
Unamortized bond premium	34,650
Capital leases payable	601,704
Compensated absences payable	470
Termination benefits payable	75,437
Due in more than one year:	
Bond payable	2,492,500
Unamortized bond premium	311,850
Capital leases payable	2,788,933
Compensated absences payable	22,166
Termination benefits payable	236,876
Net pension liability	11,985,062
Other postemployment benefits liability	1,248,076
Total liabilities	<u>20,908,143</u>
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	26,548
Deferred amounts related to pensions	180,034
Deferred amounts related to OPEB	140,799
Total deferred inflows of resources	<u>347,381</u>
NET POSITION	
Net investment in capital assets	2,831,027
Restricted for endowments:	
Nonexpendable	7,300
Expendable	3,697
Restricted for other purposes	2,099,955
Unrestricted	(10,804,499)
Total net position	<u>\$ (5,862,520)</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, 2023

		Program Revenues		Net (Expense)
		Charges	Operating	Revenue and
		for	Grants and	Changes In
	Expenses	Services	Contributions	Net Position
Governmental activities:				
Instruction	\$ 6,280,348	\$ 136,778	\$ 291,626	\$ (5,851,944)
Support services:				
Student	923,908	-	-	(923,908)
Instructional staff	428,875	-	-	(428,875)
General administration	670,291	-	-	(670,291)
School administration	695,594	-	-	(695,594)
Operation and maintenance of plant	1,549,101	-	47,519	(1,501,582)
Student transportation	478,532	-	-	(478,532)
Other	3,567,343	-	84,818	(3,482,525)
Non-instructional services	298,485	248,595	122,147	72,257
Facilities acquisition and construction	26,760	-	-	(26,760)
Interest on long-term debt	217,690	-	-	(217,690)
Total primary government	<u>\$15,136,927</u>	<u>\$ 385,373</u>	<u>\$ 546,110</u>	<u>(14,205,444)</u>
General revenues:				
School district assessment				11,182,462
Grants and contributions not restricted to specific programs				2,583,208
Miscellaneous				125,087
Total general revenues				<u>13,890,757</u>
Change in net position				(314,687)
Net position, beginning				<u>(5,547,833)</u>
Net position, ending				<u>\$ (5,862,520)</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, 2023

	General	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$1,575,574	\$ -	\$2,306,915	\$ 470,649	\$ 4,353,138
Receivables, net of allowance for uncollectibles:					
Accounts	263	-	-	-	263
Intergovernmental	712,273	72,337	-	26,789	811,399
Interfund receivable	96,508	-	-	-	96,508
Inventory	-	-	-	11,028	11,028
Prepaid items	5,585	-	-	-	5,585
Total assets	<u>\$2,390,203</u>	<u>\$ 72,337</u>	<u>\$2,306,915</u>	<u>\$ 508,466</u>	<u>\$ 5,277,921</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 49,641	\$ -	\$ 195,043	\$ 65	\$ 244,749
Accrued salaries and benefits	455,720	-	-	1,482	457,202
Intergovernmental payable	35,164	1,600	-	-	36,764
Retainage payable	-	-	12,906	-	12,906
Interfund payable	-	70,737	25,771	-	96,508
Total liabilities	<u>540,525</u>	<u>72,337</u>	<u>233,720</u>	<u>1,547</u>	<u>848,129</u>
Deferred inflows of resources:					
Deferred revenue	-	-	-	26,548	26,548
Fund balances:					
Nonspendable	5,585	-	-	18,328	23,913
Restricted	1,058	-	2,073,195	3,696	2,077,949
Committed	617,709	-	-	458,347	1,076,056
Assigned	431,992	-	-	-	431,992
Unassigned	793,334	-	-	-	793,334
Total fund balances	<u>1,849,678</u>	<u>-</u>	<u>2,073,195</u>	<u>480,371</u>	<u>4,403,244</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$2,390,203</u>	<u>\$ 72,337</u>	<u>\$2,306,915</u>	<u>\$ 508,466</u>	<u>\$ 5,277,921</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, 2023

Total fund balances of governmental funds (Exhibit 3)		\$ 4,403,244
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	\$14,049,577	
Less accumulated depreciation	<u>(7,018,828)</u>	
		7,030,749
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$ (96,508)	
Payables	<u>96,508</u>	
		-
Interest on long-term debt is not accrued in governmental funds.		
Accrued interest payable		(81,798)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Capital leases outstanding	\$ 3,390,637	
Compensated absences payable	22,636	
Termination benefits payable	312,313	
Net pension liability	11,985,062	
Other postemployment benefits liability	<u>1,248,076</u>	
		(20,074,724)
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$ 3,062,461	
Deferred outflows of resources related to OPEB	118,381	
Deferred inflows of resources related to pensions	(180,034)	
Deferred inflows of resources related to OPEB	<u>(140,799)</u>	
		2,860,009
Net position of governmental activities (Exhibit 1)		<u><u>\$(5,862,520)</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, 2023

	General	Grants	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
School district assessment	\$11,182,462	\$ -	\$ -	\$ -	\$11,182,462
Other local	181,356	-	33,121	304,308	518,785
State	2,670,853	-	-	18,659	2,689,512
Federal	29,702	298,858	-	102,922	431,482
Total revenues	<u>14,064,373</u>	<u>298,858</u>	<u>33,121</u>	<u>425,889</u>	<u>14,822,241</u>
EXPENDITURES					
Current:					
Instruction	6,017,226	217,432	-	48,106	6,282,764
Support services:					
Student	920,738	3,170	-	-	923,908
Instructional staff	364,325	61,122	-	112	425,559
General administration	670,256	-	-	33	670,289
School administration	683,427	-	-	-	683,427
Operation and maintenance of plant	1,384,566	-	-	-	1,384,566
Student transportation	462,998	15,534	-	-	478,532
Other	3,479,365	1,600	-	-	3,480,965
Non-instructional services	-	-	-	298,405	298,405
Debt service:					
Principal	593,869	-	-	-	593,869
Interest	169,852	-	-	-	169,852
Facilities acquisition and construction	-	-	1,075,926	-	1,075,926
Total expenditures	<u>14,746,622</u>	<u>298,858</u>	<u>1,075,926</u>	<u>346,656</u>	<u>16,468,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(682,249)</u>	<u>-</u>	<u>(1,042,805)</u>	<u>79,233</u>	<u>(1,645,821)</u>
Other financing sources (uses):					
Transfers in	188	-	-	-	188
Transfers out	-	-	-	(188)	(188)
Long-term debt issued	-	-	2,769,500	-	2,769,500
Premium received on long-term debt	-	-	346,500	-	346,500
Total other financing sources and uses	<u>188</u>	<u>-</u>	<u>3,116,000</u>	<u>(188)</u>	<u>3,116,000</u>
Net change in fund balances	(682,061)	-	2,073,195	79,045	1,470,179
Fund balances, beginning	<u>2,531,739</u>	<u>-</u>	<u>-</u>	<u>401,326</u>	<u>2,933,065</u>
Fund balances, ending	<u>\$ 1,849,678</u>	<u>\$ -</u>	<u>\$2,073,195</u>	<u>\$ 480,371</u>	<u>\$ 4,403,244</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, 2023

Net change in fund balances of total governmental funds (Exhibit 5)	\$ 1,470,179
---	--------------

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	\$ 1,243,498	
Depreciation expense	(424,193)	
		819,305

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

Transfers in	\$ (188)	
Transfers out	188	
		-

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

Issuance of bond	\$(2,769,500)	
Bond premium received	(346,500)	
Principal repayment of capital lease	593,869	
		(2,522,131)

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	\$ (47,839)	
Increase in compensated absences payable	(11,891)	
Decrease in termination benefits payable	64,068	
Decrease in other postemployment benefits liability	11,628	
Change in OPEB related deferral balances	52,946	
		68,912

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.

School District pension contributions	\$ 1,207,500	
Cost of benefits, net of employee contributions	(1,358,452)	
		(150,952)

Change in net position of governmental activities (Exhibit 2)	\$ (314,687)
---	--

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, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 11,182,462	\$11,182,462	\$ -
Other local	62,500	162,902	100,402
State	2,668,026	2,670,853	2,827
Federal	32,000	29,702	(2,298)
Total revenues	<u>13,944,988</u>	<u>14,045,919</u>	<u>100,931</u>
EXPENDITURES			
Current:			
Instruction	6,046,150	6,022,226	23,924
Support services:			
Student	945,481	920,738	24,743
Instructional staff	487,712	394,640	93,072
General administration	776,521	658,454	118,067
School administration	719,996	688,285	31,711
Operation and maintenance of plant	1,107,681	1,020,595	87,086
Student transportation	493,322	462,998	30,324
Other	3,629,280	3,479,065	150,215
Debt service:			
Principal	593,869	593,869	-
Interest	164,575	169,852	(5,277)
Total expenditures	<u>14,964,587</u>	<u>14,410,722</u>	<u>553,865</u>
Deficiency of revenues under expenditures	<u>(1,019,599)</u>	<u>(364,803)</u>	<u>654,796</u>
Other financing sources (uses):			
Transfers in	-	188	188
Transfers out	(198,970)	(198,970)	-
Total other financing sources and uses	<u>(198,970)</u>	<u>(198,782)</u>	<u>188</u>
Net change in fund balance	<u>\$ (1,218,569)</u>	(563,585)	<u>\$ 654,984</u>
Increase in nonspendable fund balance		(1,680)	
Decrease in committed fund balance		55,000	
Unassigned fund balance, beginning		1,303,599	
Unassigned fund balance, ending		<u>\$ 793,334</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, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal	\$ 190,000	\$ 298,858	\$ 108,858
EXPENDITURES			
Current:			
Instruction	190,000	217,432	(27,432)
Support services:			
Instructional staff	-	61,122	(61,122)
Student transportation	-	15,534	(15,534)
Other	-	1,600	(1,600)
Total expenditures	190,000	298,858	(108,858)
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, 2023**

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, 2023.

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, 2023**

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 activities related to federal grants.

Capital Projects Fund – Reports as a capital projects fund and accounts for activity related to the HCAP project.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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

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

I.C.1. Cash and Investments

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

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

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.

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.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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, meals prepaid by students, and reimbursements received for repair work not yet completed. 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, 2023**

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 endowments, which consists of the expendable and nonexpendable portions of endowments held by the Town of Hollis Trustees of Trust Funds for School District purposes.
- Restricted for other purposes, which consists of the balance of the HSMART energy efficiency project, and the balance of the Capital Projects Fund.
- 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 and the balance of inventory, which can not be spent because of their 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; the balance of funds held in escrow for the HSMART energy efficiency capital project, which can only be spent on the project; and the balance of the Capital Projects Fund, which is funded by bond proceeds and may only be spent on the HCAP project.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

- 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 2023 School District Meeting to be transferred to the Expendable Trust Fund; and the balances of Special Revenue Funds.
- Assigned, which represents encumbrances for 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 2023, \$1,019,599 of the fund balance from fiscal year 2022 was so used, and \$198,970 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, 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, 2023**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$14,046,107
Adjustments:	
Perspective difference:	
Interest earned on capital lease escrow funds	425
Expendable trust fund income	18,029
Per Exhibit 5 (GAAP basis)	<u>\$14,064,561</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$14,609,692
Adjustments:	
Basis difference:	
Encumbrances, beginning	465,988
Encumbrances, ending	(431,992)
Expenditures from capital lease proceeds	164,103
Perspective difference:	
Expendable trust fund expenditures	137,801
Transfer to expendable trust fund	(198,970)
Per Exhibit 5 (GAAP basis)	<u>\$14,746,622</u>

For the Grants and Capital Projects Funds, 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 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, 2023**

III.A.2. Capital Assets

Changes in Capital Assets

The following provides a summary of changes in capital assets:

	Balance, beginning	Additions	Deductions	Balance, ending
At cost:				
Not being depreciated:				
Construction in progress	\$ 2,944,851	\$1,213,269	\$(3,108,954)	\$ 1,049,166
Being depreciated:				
Land improvements	319,769	-	-	319,769
Buildings and building improvements	9,196,050	3,125,104	-	12,321,154
Machinery, equipment and vehicles	345,409	14,079	-	359,488
Total capital assets being depreciated	9,861,228	3,139,183	-	13,000,411
Total all capital assets	12,806,079	4,352,452	(3,108,954)	14,049,577
Less accumulated depreciation:				
Land improvements	(183,250)	(19,310)	-	(202,560)
Buildings and building improvements	(6,229,749)	(387,201)	-	(6,616,950)
Machinery, equipment and vehicles	(181,636)	(17,682)	-	(199,318)
Total accumulated depreciation	(6,594,635)	(424,193)	-	(7,018,828)
Net book value, capital assets being depreciated	3,266,593	2,714,990	-	5,981,583
Net book value, all capital assets	\$ 6,211,444	\$3,928,259	\$(3,108,954)	\$ 7,030,749

Depreciation Expense

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

Instruction	\$ 61,719
Support services:	
Instructional staff	3,316
Executive administration	2
Operation and maintenance of plant	209,580
Site improvement	516
Building improvements	149,060
Total depreciation expense	<u>\$424,193</u>

HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

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, 2023	Current Portion
General obligation bond payable:						
Capital projects (HCAP)	\$2,769,500	2023	2033	5.1	\$ 2,769,500	\$277,000
Unamortized bond premium					346,500	34,650
Capital leases payable:						
Energy conservation equipment (HSTEP)	\$ 2,800,000	2017	2027	2.769	1,214,407	290,814
Energy conservation equipment (HSMART)	\$ 3,108,900	2020	2030	1.82	2,176,230	310,890
					3,390,637	601,704
Compensated absences payable:						
Vested sick leave					1,932	-
Accrued vacation leave					20,704	470
					22,636	470
Termination benefits payable					312,313	75,437
Net pension liability					11,985,062	-
Other postemployment benefits liability					1,248,076	-
					<u>\$20,074,724</u>	<u>\$989,261</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2023:

	General Obligation Bond Payable	Unamortized Bond Premium	Capital Leases Payable	Compensated Absences Payable	Termination Benefits Payable	Net Pension Liability	Other Postemployment Benefits Liability	Total
Balance, beginning	\$ -	\$ -	\$3,984,506	\$ 10,745	\$ 376,381	\$ 9,017,696	\$ 1,259,704	\$14,649,032
Additions	2,769,500	346,500	-	11,891	-	2,967,366	-	6,095,257
Reductions	-	-	(593,869)	-	(64,068)	-	(11,628)	(669,565)
Balance, ending	<u>\$2,769,500</u>	<u>\$ 346,500</u>	<u>\$3,390,637</u>	<u>\$ 22,636</u>	<u>\$ 312,313</u>	<u>\$11,985,062</u>	<u>\$ 1,248,076</u>	<u>\$20,074,724</u>

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for the bond outstanding as of year-end is as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 277,000	\$ 134,181	\$ 411,181
2025	277,000	120,054	397,054
2026	277,000	105,927	382,927
2027	277,000	91,800	368,800
2028	277,000	77,673	354,673
2029-2033	1,384,500	176,524	1,561,024
Totals	<u>\$2,769,500</u>	<u>\$ 706,159</u>	<u>\$ 3,475,659</u>

The premium is being amortized over the life of the bond using the straight-line method.

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 601,704	\$ 73,180	\$ 674,884
2025	609,757	59,469	669,226
2026	618,032	45,536	663,568
2027	628,474	29,436	657,910
2028	310,890	16,975	327,865
2029-2030	621,780	16,974	638,754
Totals	<u>\$3,390,637</u>	<u>\$ 241,570</u>	<u>\$ 3,632,207</u>

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

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.” There is \$25,771 owed to the General Fund from the Capital Projects Fund and \$70,737 from the Nonmajor Funds which represent overdrafts of pooled cash.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

III.C.2. Transfers

There were transfers within the reporting entity were for the purpose of distributing income earned in the Permanent Fund in the amount of \$188 to the General Fund, and adding \$198,970 to the Expendable Trust Fund from the General Fund. The latter transfer is not reported in the basic financial statements because the Expendable Trust Fund is reported within the General Fund. The government-wide statement of activities eliminates transfers reported within the governmental activities column.

III.D. Components of Fund Equity

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

	General Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Nonspendable:				
Endowment	\$ -	\$ -	\$ 7,300	\$ 7,300
Inventory	-	-	11,028	11,028
Prepaid items	5,585	-	-	5,585
Total nonspendable	<u>5,585</u>	<u>-</u>	<u>18,328</u>	<u>23,913</u>
Restricted for:				
Instruction	-	-	3,696	3,696
Capital outlay	1,058	2,073,195	-	2,074,253
Total restricted	<u>1,058</u>	<u>2,073,195</u>	<u>3,696</u>	<u>2,077,949</u>
Committed for:				
Instruction	-	-	126,325	126,325
Non-instructional services	-	-	332,022	332,022
Capital outlay	617,709	-	-	617,709
Total committed	<u>617,709</u>	<u>-</u>	<u>458,347</u>	<u>1,076,056</u>
Assigned to:				
Instruction	5,000	-	-	5,000
Support services	426,992	-	-	426,992
Total assigned	<u>431,992</u>	<u>-</u>	<u>-</u>	<u>431,992</u>
Unassigned	793,334	-	-	793,334
Total fund balances	<u><u>\$1,849,678</u></u>	<u><u>\$2,073,195</u></u>	<u><u>\$480,371</u></u>	<u><u>\$ 4,403,244</u></u>

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 2023 to be recorded as an insurance expenditure/expense totaled \$32,508, property/liability contributions totaled \$78,428, and unemployment compensation contributions totaled \$1,949. There were no unpaid contributions for the year.

The membership agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex foresees no likelihood of any additional assessments for past years.

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 21.02% for teachers and 14.06% 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 2021, 2022, and 2023 were \$1,028,910, \$1,198,029, and \$1,297,668, respectively. The amounts were paid on a monthly basis as due.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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

At June 30, 2023, the School District reported a liability of \$11,985,062 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021 rolled forward to the measurement date of June 30, 2022. 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, 2022, the School District's proportion was 0.2089%, which was an increase of 0.0054% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the School District recognized pension expense of \$1,358,452. At June 30, 2023, 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	\$ 440,050	\$ 134,025
Net differences between projected and actual earnings on pension plan investments	454,218	-
Changes in assumptions	637,510	-
Differences between expected and actual experience	224,938	46,009
School District contributions subsequent to the measurement date	1,305,745	-
	<u>\$ 3,062,461</u>	<u>\$ 180,034</u>

The School District reported \$1,305,745 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, 2024.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 Ending June 30,	
2024	\$ 604,250
2025	494,555
2026	(196,688)
2027	674,565
	<u>\$ 1,576,682</u>

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage-of-Payroll, Closed
Remaining Amortization Period	Multiple periods of 18-20 years
Asset Valuation Method	5-year smoothed market for funding purposes, 20% corridor
Price Inflation	2.0% per year
Wage Inflation	2.75% per year
Municipal Bond Rate	3.69% per year
Salary Increases	5.4% average, including inflation
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation
Mortality Rates	Based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each member classification and projected fully generational mortality improvements using Scale MP-2019

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 to June 30, 2019.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School District's proportionate share of net pension liability	\$16,080,932	\$11,985,062	\$ 8,579,726

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

Benefits provided to retirees follow New Hampshire RSA 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

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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.”

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>2-Person</u>	<u>Family</u>
AB5(07L)-RX10/20/45/3K(L)	N/A	\$2,094.12	\$2,827.06
AB10IPDED(07L)-RX10/20/45/3K(L)	N/A	\$2,052.03	\$2,770.24
ABS0S20/40/1KDED(07L)-RX10/20/45/5K(L)	\$ 798.07	\$1,596.14	\$2,154.79
BC3T10(07L)-RX10/20/45/3K(L)	\$1,125.17	N/A	N/A

Currently, there are 74 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, 2023, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

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.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

Total OPEB Liability

The School District's total OPEB liability of \$1,248,076 consists of \$429,797 for the implicit rate subsidy, determined by an actuarial valuation as of July 1, 2022, and \$818,279 for the medical insurance subsidy, determined by an actuarial valuation as of June 30, 2021, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions

The OPEB liability for the implicit rate subsidy was determined using the following actuarial assumptions and inputs:

Discount Rate:	3.65%, net of investment expenses, including inflation
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
Healthcare Cost Trend Rates:	
Year 1	7.50%
Year 2	6.90%
Year 3	6.30%
Year 4	5.70%
Ultimate	3.90%
Mortality Rates:	
Pre-Retirement:	PubG-2010 headcount-weighted Employee Generational Mortality Tables, projected with fully generational mortality improvement using scale MP-2019
Post-Retirement:	101% of PubG-2010 headcount-weighted Retiree General Mortality Tables for males and 109% of PubG-2010 headcount-weighted Retiree Generational Mortality Tables for females, projected with fully generational mortality improvement using scale MP-2019
Inflation:	2.50%

The assumptions used for the medical insurance subsidy were the same as those used to calculate the pension liability, as previously noted, in Note IV.B.

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

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 Cost Trend Rates

Healthcare cost trend rate 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 5 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075. The principal components of healthcare cost trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

Sensitivity of Total OPEB Liability to Changes in Rates

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare cost 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:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(2.65%)	(3.65%)	(4.65%)
School District's total OPEB liability	\$ 456,881	\$ 429,797	\$404,058
Medical Insurance Subsidy:		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	(5.75%)	(6.75%)	(7.75%)
School District's total OPEB liability	\$ 888,381	\$ 818,279	\$757,226

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

The following presents the total OPEB liability for the implicit rate subsidy calculated using the current healthcare cost trend rate of 7.50%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%):

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
School District's total OPEB liability	<u>\$383,723</u>	<u>\$429,797</u>	<u>\$483,834</u>

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$58,874. 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
Net differences between projected and actual earnings on OPEB plan investments	\$ 2,236	\$ -
Changes in assumptions	18,438	31,722
Differences between expected and actual experience	-	109,077
School District contributions subsequent to the measurement date	<u>97,707</u> <u>\$118,381</u>	<u>-</u> <u>\$140,799</u>

**HOLLIS SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

The School District reported \$97,707 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 OPEB liability in fiscal year 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follow:

Year Ending June 30,	
2024	\$ (36,918)
2025	(34,956)
2026	(29,644)
2027	(18,032)
2028	(575)
	<u><u>\$ (120,125)</u></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
2023	0.2089%	\$11,985,062	\$6,855,182	174.83%	65.12%
2022	0.2035%	\$9,017,696	\$6,320,689	142.67%	72.22%
2021	0.2078%	\$13,290,944	\$6,032,466	220.32%	58.72%
2020	0.1990%	\$9,577,267	\$5,926,735	161.59%	65.59%
2019	0.1920%	\$9,243,721	\$5,675,459	162.87%	64.77%
2018	0.1806%	\$8,883,787	\$5,304,525	164.48%	62.66%
2017	0.1755%	\$9,331,863	\$5,264,473	177.26%	58.30%
2016	0.1671%	\$6,619,026	\$5,007,750	132.18%	65.47%
2015	0.1681%	\$6,309,847	\$4,746,986	132.92%	66.32%
2014	0.1616%	\$6,953,868	\$4,617,915	150.58%	59.82%

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
2023	\$1,297,668	(\$1,297,668)	\$ -	\$6,855,182	18.93%
2022	\$1,198,029	(\$1,198,029)	\$ -	\$6,320,689	18.95%
2021	\$1,028,910	(\$1,028,910)	\$ -	\$6,032,466	17.06%
2020	\$927,865	(\$927,865)	\$ -	\$5,926,735	15.66%
2019	\$955,639	(\$955,639)	\$ -	\$5,675,459	16.84%
2018	\$904,724	(\$904,724)	\$ -	\$5,304,525	17.06%
2017	\$805,251	(\$805,251)	\$ -	\$5,264,473	15.30%
2016	\$763,928	(\$763,928)	\$ -	\$5,007,750	15.25%
2015	\$661,569	(\$661,569)	\$ -	\$4,746,986	13.94%
2014	\$638,417	(\$638,417)	\$ -	\$4,617,915	13.82%

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 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:							
Service cost	\$ 66,744	\$ 34,210	\$ 34,780	\$ 33,902	\$ 28,121	\$ 29,803	\$ 73,913
Interest	104,340	76,495	82,002	85,358	20,228	16,792	10,696
Net investment income	(6,105)	22,346	845	(3,788)	-	-	-
Administrative expense	(507)	(358)	(359)	(290)	-	-	-
Changes of assumptions and differences between expected and actual experience	(41,306)	(194,028)	(14,928)	(63,924)	12,087	(9,306)	(15,466)
Benefit payments	(94,864)	(111,317)	(119,286)	(100,999)	(24,028)	(16,341)	(23,559)
Change in proportion of medical subsidy	(39,930)	(65,452)	141,071	34,366	(260,840)	1,106,964	-
Net change in total OPEB liability	(11,628)	(238,104)	124,125	(15,375)	(224,432)	1,127,912	45,584
Total OPEB liability, beginning	1,259,704	1,497,808	1,373,683	1,389,058	1,613,490	485,578	439,994
Total OPEB liability, ending	<u>\$1,248,076</u>	<u>\$ 1,259,704</u>	<u>\$1,497,808</u>	<u>\$1,373,683</u>	<u>\$1,389,058</u>	<u>\$1,613,490</u>	<u>\$ 485,578</u>
Covered payroll	\$6,855,182	\$6,320,689	\$6,712,369	\$6,712,369	\$5,675,459	\$5,995,655	\$5,860,009
Total OPEB liability as a percentage of covered payroll	18.21%	19.93%	22.31%	20.46%	24.47%	26.91%	8.29%
School District's proportion of OPEB liability for the medical subsidy	0.2165%	0.2088%	0.2125%	0.1912%	0.1848%	0.2421%	n/a

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 OPEB Contributions

	Fiscal Year 2023	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 228,522	\$ 106,530	\$ 119,084	\$ 108,594	\$ 48,714	\$ 60,393	\$ 73,913
Contributions in relation to the actuarially determined contribution	(97,473)	(90,203)	(99,265)	(98,997)	(24,028)	(25,110)	(23,559)
Contribution deficiency	<u>\$ 131,049</u>	<u>\$ 16,327</u>	<u>\$ 19,819</u>	<u>\$ 9,597</u>	<u>\$ 24,686</u>	<u>\$ 35,283</u>	<u>\$ 50,354</u>
Covered-employee payroll	\$6,855,182	\$6,320,689	\$6,712,369	\$6,712,369	\$5,675,459	\$5,995,655	\$5,860,009
Contributions as a percentage of covered-employee payroll	3.33%	1.69%	1.77%	1.62%	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, 2023**

The OPEB schedules are meant to present information for ten years. Because this is the sixth year for the OPEB information under the current measurement standard, only seven years 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, 2023

	Special Revenue Funds			Permanent	
	Food Service	Student Activities	Other	Fund	Total
ASSETS					
Cash and cash equivalents	\$344,259	\$ 6,516	\$119,874	\$ -	\$470,649
Intergovernmental receivables	15,793	-	-	10,996	26,789
Inventory	11,028	-	-	-	11,028
Total assets	<u>\$371,080</u>	<u>\$ 6,516</u>	<u>\$119,874</u>	<u>\$ 10,996</u>	<u>\$508,466</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 65	\$ -	\$ 65
Accrued salaries and benefits	1,482	-	-	-	1,482
Total liabilities	<u>1,482</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>1,547</u>
Deferred inflows of resources:					
Deferred revenue	<u>26,548</u>	<u>-</u>	<u>-</u>		<u>26,548</u>
Fund balances:					
Nonspendable	11,028	-	-	7,300	18,328
Restricted	-	-	-	3,696	3,696
Committed	332,022	6,516	119,809	-	458,347
Total fund balances	<u>343,050</u>	<u>6,516</u>	<u>119,809</u>	<u>10,996</u>	<u>480,371</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$371,080</u>	<u>\$ 6,516</u>	<u>\$119,874</u>	<u>\$ 10,996</u>	<u>\$508,466</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, 2023

	Special Revenue Funds			Permanent	
	Food Service	Student Activities	Other	Fund	Total
REVENUES					
Local	\$ 249,163	\$16,452	\$ 37,540	\$ 1,153	\$304,308
State	18,659	-	-	-	18,659
Federal	102,922	-	-	-	102,922
Total revenues	<u>370,744</u>	<u>16,452</u>	<u>37,540</u>	<u>1,153</u>	<u>425,889</u>
EXPENDITURES					
Current:					
Instruction	-	15,624	32,482	-	48,106
Support services:					
Instructional staff	-	-	112	-	112
General administration	-	-	-	33	33
Non-instructional services	<u>298,405</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>298,405</u>
Total expenditures	<u>298,405</u>	<u>15,624</u>	<u>32,594</u>	<u>33</u>	<u>346,656</u>
Excess of revenues over expenditures	72,339	828	4,946	1,120	79,233
Other financing uses:					
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188)</u>	<u>(188)</u>
Net change in fund balances	72,339	828	4,946	932	79,045
Fund balances, beginning	<u>270,711</u>	<u>5,688</u>	<u>114,863</u>	<u>10,064</u>	<u>401,326</u>
Fund balances, ending	<u>\$ 343,050</u>	<u>\$ 6,516</u>	<u>\$119,809</u>	<u>\$ 10,996</u>	<u>\$480,371</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, 2023

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 11,182,462	\$ 11,182,462	\$ -
Other local sources:			
Tuition	-	31,422	31,422
Investment earnings	2,500	40,307	37,807
Rentals	25,000	23,970	(1,030)
Miscellaneous	35,000	67,203	32,203
Total from other local sources	62,500	162,902	100,402
State sources:			
Adequacy aid (grant)	1,619,641	1,619,641	-
Adequacy aid (tax)	963,567	963,567	-
Catastrophic aid	-	2,827	2,827
Reimbursement of state retirement contributions	84,818	84,818	-
Total from state sources	2,668,026	2,670,853	2,827
Federal sources:			
Medicaid	32,000	29,702	(2,298)
Other financing sources:			
Transfers in	-	188	188
Total revenues and other financing sources	13,944,988	\$ 14,046,107	\$ 101,119
Use of fund balance	1,218,569		
Total revenues, other financing sources and use of fund balance	\$ 15,163,557		

EXHIBIT 16
HOLLIS SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 4,382,189	\$ 4,360,925	\$ 5,000	\$ 16,264
Special programs	-	1,663,961	1,656,301	-	7,660
Total instruction	-	6,046,150	6,017,226	5,000	23,924
Support services:					
Student	-	945,481	920,738	-	24,743
Instructional staff	1,624	487,712	364,325	31,939	93,072
General administration	11,802	776,521	670,256	-	118,067
School administration	7,349	719,996	683,427	12,207	31,711
Operation and maintenance of plant	444,913	1,107,681	1,082,662	382,846	87,086
Student transportation	-	493,322	462,998	-	30,324
Other	300	3,629,280	3,479,365	-	150,215
Total support services	465,988	8,159,993	7,663,771	426,992	535,218
Debt service:					
Principal	-	593,869	593,869	-	-
Interest	-	164,575	169,852	-	(5,277)
Total debt service	-	758,444	763,721	-	(5,277)
Other financing uses:					
Transfers out	-	198,970	198,970	-	-
Total encumbrances, appropriations, expenditures and other financing uses	\$ 465,988	\$ 15,163,557	\$14,643,688	\$ 431,992	\$ 553,865

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, 2023

Unassigned fund balance, beginning		\$ 1,303,599
Changes:		
Fund balance used to reduce school district assessment		(1,019,599)
Fund balance appropriated		(198,970)
Budget summary:		
Revenue surplus (Exhibit 15)	\$ 101,119	
Unexpended balance of appropriations (Exhibit 16)	553,865	
Budget surplus		654,984
Increase in nonspendable fund balance		(1,680)
Decrease in committed fund balance		55,000
Unassigned fund balance, ending		\$ 793,334



Roberts & Greene, PLLC

MANAGEMENT LETTER

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, the major fund and the aggregate remaining fund information of the Hollis School District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

We did identify the following instance of noncompliance with laws or regulations:

Food Service Fund Resource Management

Sections 210.14(b) and 210.19(a) of the Cost Principles of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) require the School District to limit its net cash resources in the Food Service Fund to the maximum allowable amount of three months of average expenditures. We noted that the Food Service Fund's net cash resources exceeded the maximum allowable amount by \$253,529. It should be noted that the School District's management developed a spend-down plan in response to a similar finding for the previous fiscal year, but did not implement it by the end of the current fiscal year. We recommend that the School District further develop and implement a spend-down plan to reduce the Food Service Fund's net cash resources below the maximum allowable amount.

This communication is intended solely for the information and use of management and the School Board of the Hollis School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 22, 2024

Roberts & Greene, PLLC