

TOWN OF HOLLIS, NEW HAMPSHIRE
Annual Financial Statements
For the Year Ended December 31, 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Selectmen
Town of Hollis, New Hampshire

Additional Offices:
Andover, MA
Greenfield, MA
Manchester, NH
Ellsworth, ME

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Hollis, New Hampshire, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Town of Hollis, New Hampshire, as of December 31, 2015, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of OPEB Funding Progress, the Schedule of Proportionate Share of Net Pension Liability, the Schedule of Pension Contributions, 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, economic, or historical 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 evidence sufficient to express an opinion or provide any assurance.

Melanson Heath

August 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Hollis, New Hampshire, we offer readers this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2015.

A. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned time off).

The government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities include general government, public safety, highways and streets, sanitation, health, welfare, culture and recreation, and conservation.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available

at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

An annual appropriated budget is adopted for the general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's programs.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current year, the total of assets exceeded liabilities by \$28,839,088 (i.e., net position), a change of \$255,060 in comparison to the prior year.
- As of the close of the current year, governmental funds reported combined ending fund balances of \$5,635,677, a change of \$730,379 in comparison to the prior year.
- At the end of the current year, unassigned fund balance for the general fund was \$3,019,446, a change of \$297,533 in comparison to the prior year.
- Total long-term debt (i.e., bonds payable) at the close of the current year was \$6,326,000 a change of \$(759,000) in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior years.

	<u>NET POSITION</u>	
	Governmental <u>Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets:		
Current assets	\$ 12,622,331	\$ 11,905,313
Noncurrent assets	<u>36,653,911</u>	<u>36,987,245</u>
Total assets	49,276,242	48,892,558
Deferred outflows	<u>776,761</u>	<u>270,000</u>
Total assets and deferred outflows	<u>\$ 50,053,003</u>	<u>\$ 49,162,558</u>
Liabilities:		
Current liabilities	\$ 6,734,614	\$ 6,532,903
Noncurrent liabilities	<u>14,087,296</u>	<u>8,614,688</u>
Total liabilities	20,821,910	15,147,591
Deferred inflows	392,005	-
Net position:		
Net investment in capital assets	29,863,836	29,308,551
Restricted	1,655,947	1,574,614
Unrestricted	<u>(2,680,695)</u>	<u>3,131,802</u> *
Total net position	<u>28,839,088</u>	<u>34,014,967</u>
Total liabilities, deferred inflows and net position	<u>\$ 50,053,003</u>	<u>\$ 49,162,558</u>

*Unrestricted net position as of December 31, 2014 was not restated due to GASB 68, see Change in Accounting Principal note for more information.

CHANGE IN NET POSITION

	Governmental Activities	
	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 678,377	\$ 586,350
Operating grants and contributions	5,461	14,324
Capital grants and contributions	279,683	192,457
General revenues:		
Property taxes	7,196,159	7,148,128
Licenses and permits	1,926,358	1,822,307
Penalties, interest, and other taxes	276,928	247,674
Grants and contributions not restricted to specific programs	388,820	371,330
Investment income	29,834	74,450
Miscellaneous	40,615	44,204
Permanent fund contributions	-	6,740
Total revenues	<u>10,822,235</u>	<u>10,507,964</u>
Expenses:		
General government	3,370,674	3,463,497
Public safety	3,913,493	3,319,815
Highways and streets	2,103,843	1,404,102
Sanitation	453,681	435,551
Health and welfare	35,514	403,334
Culture and recreation	495,340	499,922
Conservation	10,155	60
Interest	184,475	204,485
Total expenses	<u>10,567,175</u>	<u>9,730,766</u>
Change in net position	255,060	777,198
Net position - beginning of year, as restated	<u>28,584,028</u>	<u>33,237,769</u> *
Net position - end of year	<u>\$ 28,839,088</u>	<u>\$ 34,014,967</u>

*January 1, 2015 net position was restated for GASB 68, while prior periods were not restated.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent year, total net position was \$28,839,088, a change of \$255,060.

The largest portion of net position, \$29,863,836, reflects our investment in capital assets (e.g., land, buildings and improvements, machinery, equipment, and fur-

nishings, infrastructure, and construction in progress), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of net position, \$1,655,947, represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position has a negative balance of \$(2,680,695) for the fiscal year. This resulted from the adoption of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement established standards for the measurement, recognition, and presentation of net position liability in the Town's financial statements. Net pension liabilities recorded on the statement of net position in accordance with GASB Statement No. 68 totaled \$6,275,290 for the year ended December 31, 2015.

Governmental activities. Governmental activities for the year resulted in a change in net position of \$255,060. Key elements of this change are as follows:

General fund revenues and other financing sources, in excess of expenditures and transfers out	\$ 649,046
Capital asset additions, net of disposals	660,240
Increase in net pension liability, net of related deferrals	(716,738)
Increase in capital lease escrow	(170,330)
Increase in net OPEB liability	(67,202)
Other	<u>(99,956)</u>
Total	<u>\$ 255,060</u>

D. FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$5,635,677, a change of \$730,379 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues and other financing sources over expenditures and other financing uses	\$ 649,046
Ambulance fund revenues over expenditures	25,562
Conservation fund revenues over expenditures	61,246
Other	<u>(5,475)</u>
Total	<u>\$ 730,379</u>

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$3,019,446, while total fund balance was \$3,979,730. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>12/31/15</u>	<u>12/31/14</u>	<u>Change</u>	<u>Percentage of Total General Fund Expenditures</u>
Unassigned fund balance	\$ 3,019,446	\$ 2,721,913	\$ 297,533	31.3%
Total fund balance	\$ 3,979,730	\$ 3,330,684	\$ 649,046	41.2%

The fund balance of the general fund changed by \$649,046 during the current year. Key factors in this change are as follows:

Use of unassigned fund balance	\$ (150,000)
Use of assigned fund balance	(129,839)
Revenues greater than budget	61,405
Expenditures less than budget	379,237
Appropriation carryforwards for 2016	245,100
Change in capital reserve funds	(64,220)
Taxes collected in excess of budget	<u>307,363</u>
Total	<u>\$ 649,046</u>

Included in the total general fund balance are the Town's capital reserve funds with an ending balance of \$175,744, a change of \$(64,220) in comparison to the prior year.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$129,839. This change relates to a carryforward from the prior year budget that was expended in the current year.

The difference between the final amended budget and actual results is a positive variance of \$440,642 with revenues and other sources over estimated budgets by \$61,405 and expenditures and other uses less than the estimated budget by \$379,237. Significant variances include:

- Positive variance in Licenses and Permits of \$154,083 is mainly attributed to motor vehicle permits with an excess of \$126,093 over budget. This is due to an increase of more expensive used cars which have been purchased.
- Negative variance in Intergovernmental of \$176,275 and the positive variance in Capital Outlay of \$200,000 are mainly attributed to a conservation grant estimated at \$200,000 which was not received during fiscal 2015. Therefore the land budgeted for in fiscal 2015 was not purchased.
- Positive variance in General Government of \$119,195 is mainly attributed to a position vacancy and savings in health insurance and workers compensation costs.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental activities at year-end amounted to \$36,474,783 (net of accumulated depreciation), a change of \$(315,246) from the prior year. This investment in capital assets includes land, buildings and improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress.

Major capital asset events during the current fiscal year included the following:

- Highway and streets - three vehicles capitalized for \$159,520
- Public safety – four police cruisers capitalized for \$129,613
- Public safety – fire department capitalized a training mannequin for \$67,714, donated by the Fire Association
- General government and public safety – capitalized \$70,000 and \$84,760 respectively related to a wood pellet boiler system

Additional information on capital assets can be found in the Notes to Financial Statements.

Credit rating. On June 26, 2015, the Moody Investor Services upgraded the Town's rating to Aa2 from Aa3. The rating upgrade reflects the Town's moderately-sized tax base with above average wealth levels, manageable debt burden, and a multiple year trend of improving financial operations and healthy reserves.

Long-term debt. At the end of the current year, total bonded debt outstanding was \$6,326,000, all of which was backed by the full faith and credit of the government.

Additional information on long-term debt can be found in the Notes to Financial Statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town of Hollis' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Office of the Finance Director
Town of Hollis, New Hampshire
7 Monument Square
Hollis, New Hampshire 03049

TOWN OF HOLLIS, NEW HAMPSHIRE

STATEMENT OF NET POSITION

DECEMBER 31, 2015

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Assets	
Current:	
Cash and short-term investments	\$ 10,797,531
Investments	892,679
Receivables, net of allowance for uncollectibles:	
Property taxes	591,015
Departmental and other	61,698
Intergovernmental	42,939
Other assets	<u>236,469</u>
Total current assets	12,622,331
Noncurrent:	
Receivables, net of allowance for uncollectibles:	
Property taxes	179,128
Capital assets:	
Land and construction in progress	22,593,530
Other capital assets, net of accumulated depreciation	<u>13,881,253</u>
Total noncurrent assets	<u>36,653,911</u>
Total Assets	49,276,242
Deferred Outflows of Resources	<u>776,761</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 50,053,003</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Liabilities	
Current:	
Accounts payable	\$ 122,491
Accrued expenses	93,530
Due to school districts	6,104,203
Other liabilities	364,173
Accrued interest payable	50,217
Current portion of noncurrent liabilities:	
Bonds payable	702,000
Compensated absences	24,659
Capital leases	<u>199,025</u>
Total current liabilities	7,660,298
Noncurrent:	
Bonds payable	5,624,000
Compensated absences	221,928
Capital leases	343,065
Net OPEB obligation	697,329
Net pension liability	<u>6,275,290</u>
Total noncurrent liabilities	<u>13,161,612</u>
Total Liabilities	20,821,910
Deferred Inflows of Resources	392,005
Net Position	
Net investment in capital assets	29,863,836
Restricted externally or constitutionally for:	
Grants and enabling legislation	813,965
Permanent funds:	
Nonspendable	626,541
Spendable	215,441
Unrestricted	<u>(2,680,695)</u>
Total Net Position	<u>28,839,088</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 50,053,003</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
General government	\$ 3,370,674	\$ 82,718	\$ -	\$ -	\$ (3,287,956)
Public safety	3,913,493	454,430	-	67,714	(3,391,349)
Highways and streets	2,103,843	12,850	-	211,969	(1,879,024)
Sanitation	453,681	47,590	-	-	(406,091)
Health and welfare	35,514	800	-	-	(34,714)
Culture and recreation	495,340	79,989	5,461	-	(409,890)
Conservation	10,155	-	-	-	(10,155)
Interest	184,475	-	-	-	(184,475)
Total	\$ 10,567,175	\$ 678,377	\$ 5,461	\$ 279,683	(9,603,654)
General Revenues and Contributions:					
					7,196,159
					1,926,358
					276,928
					388,820
					29,834
					40,615
				Total general revenues and contributions	9,858,714
				Change in Net Position	255,060
Net Position:					
					28,584,028
				Beginning of year, as restated	28,584,028
				End of year	\$ 28,839,088

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and short-term investments	\$ 9,986,730	\$ 810,801	\$ 10,797,531
Investments	-	892,679	892,679
Receivables:			
Property taxes	838,143	-	838,143
Departmental and other	-	61,698	61,698
Intergovernmental	42,939	-	42,939
Due from other funds	108,835	72,800	181,635
Other assets	210,356	-	210,356
TOTAL ASSETS	<u>\$ 11,187,003</u>	<u>\$ 1,837,978</u>	<u>\$ 13,024,981</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 113,884	\$ 8,607	\$ 122,491
Accrued expenses	93,530	-	93,530
Due to school districts	6,104,203	-	6,104,203
Due to other funds	69,909	111,726	181,635
Other liabilities	364,173	-	364,173
TOTAL LIABILITIES	6,745,699	120,333	6,866,032
Deferred Inflows of Resources	461,574	61,698	523,272
Fund Balances:			
Nonspendable	208,441	626,541	834,982
Restricted	-	1,029,406	1,029,406
Committed	375,743	-	375,743
Assigned	376,100	-	376,100
Unassigned	3,019,446	-	3,019,446
TOTAL FUND BALANCES	<u>3,979,730</u>	<u>1,655,947</u>	<u>5,635,677</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,187,003</u>	<u>\$ 1,837,978</u>	<u>\$ 13,024,981</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

RECONCILIATION OF TOTAL GOVERNMENTAL FUND
BALANCES TO NET ASSETS OF GOVERNMENTAL
ACTIVITIES IN THE STATEMENT OF NET POSITION

DECEMBER 31, 2015

Total governmental fund balances	\$ 5,635,677
• Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	36,474,783
• Property taxes and other revenues are recognized on the accrual basis of accounting in the Statement of Net Position, not the modified accrual basis	455,272
• Deferred outflows of resources related to bond refunding is not reported in the funds	257,143
• In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.	(50,217)
• Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at year end consist of:	
Bonds payable	(6,326,000)
Compensated absences	(246,587)
Capital leases	(542,090)
Net OPEB obligation	(697,329)
Net pension liability, net of related deferred outflows and inflows	(6,147,677)
• Remaining capital lease proceeds held in escrow.	<u>26,113</u>
Net position of governmental activities	\$ <u>28,839,088</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED DECEMBER 31, 2015

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 7,287,477	\$ -	\$ 7,287,477
Licenses and permits	1,926,358	-	1,926,358
Penalties, interest, and other taxes	205,558	71,370	276,928
Charges for services	352,602	264,077	616,679
Intergovernmental	600,789	5,461	606,250
Investment income	23,403	6,431	29,834
Miscellaneous	65,791	-	65,791
	<u>10,461,978</u>	<u>347,339</u>	<u>10,809,317</u>
Total Revenues			
Expenditures:			
Current:			
General government	3,115,834	6,748	3,122,582
Public safety	3,014,615	154,089	3,168,704
Highways and streets	1,564,923	-	1,564,923
Sanitation	453,681	-	453,681
Health and welfare	35,490	24	35,514
Culture and recreation	39,360	378,022	417,382
Conservation	-	10,155	10,155
Debt service:			
Principal	1,013,001	-	1,013,001
Interest	138,409	-	138,409
Capital outlay	284,200	-	284,200
	<u>9,659,513</u>	<u>549,038</u>	<u>10,208,551</u>
Total Expenditures			
Excess (deficiency) of revenues over expenditures	802,465	(201,699)	600,766
Other Financing Sources (Uses):			
Proceeds of capital lease	129,613	-	129,613
Transfers in	6,310	298,360	304,670
Transfers out	(289,342)	(15,328)	(304,670)
	<u>(153,419)</u>	<u>283,032</u>	<u>129,613</u>
Total Other Financing Sources (Uses)			
Change in fund balance	649,046	81,333	730,379
Fund Balance, at Beginning of Year	<u>3,330,684</u>	<u>1,574,614</u>	<u>4,905,298</u>
Fund Balance, at End of Year	<u>\$ 3,979,730</u>	<u>\$ 1,655,947</u>	<u>\$ 5,635,677</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

Net changes in fund balances - total governmental funds	\$ 730,379																								
<ul style="list-style-type: none"> • Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense: <table> <tr> <td style="padding-left: 20px;">Capital asset purchases, net of disposals</td> <td style="text-align: right;">660,240</td> </tr> <tr> <td style="padding-left: 20px;">Depreciation</td> <td style="text-align: right;">(975,486)</td> </tr> </table> • Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., property taxes) differ between the two statements. <table> <tr> <td></td> <td style="text-align: right;">(29,620)</td> </tr> </table> • The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net position: <table> <tr> <td style="padding-left: 20px;">Repayment of bonds</td> <td style="text-align: right;">759,000</td> </tr> <tr> <td style="padding-left: 20px;">Amortization of gain on refunding</td> <td style="text-align: right;">(12,857)</td> </tr> <tr> <td style="padding-left: 20px;">Proceeds of capital lease</td> <td style="text-align: right;">(129,613)</td> </tr> <tr> <td style="padding-left: 20px;">Repayment of capital leases</td> <td style="text-align: right;">254,001</td> </tr> <tr> <td style="padding-left: 20px;">Change in capital lease escrow</td> <td style="text-align: right;">(170,330)</td> </tr> </table> • In the Statement of Activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due. <table> <tr> <td></td> <td style="text-align: right;">(33,210)</td> </tr> </table> • Some expenses reported in the Statement of Activities, such as compensated absences, net pension liability and net OPEB obligation, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. <table> <tr> <td style="padding-left: 20px;">Net pension liability, det of related deferrals</td> <td style="text-align: right;">(716,738)</td> </tr> <tr> <td style="padding-left: 20px;">Compensated absences</td> <td style="text-align: right;">(13,504)</td> </tr> <tr> <td style="padding-left: 20px;">Net OPEB obligation</td> <td style="text-align: right;"><u>(67,202)</u></td> </tr> </table> 	Capital asset purchases, net of disposals	660,240	Depreciation	(975,486)		(29,620)	Repayment of bonds	759,000	Amortization of gain on refunding	(12,857)	Proceeds of capital lease	(129,613)	Repayment of capital leases	254,001	Change in capital lease escrow	(170,330)		(33,210)	Net pension liability, det of related deferrals	(716,738)	Compensated absences	(13,504)	Net OPEB obligation	<u>(67,202)</u>	
Capital asset purchases, net of disposals	660,240																								
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	(29,620)																								
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	(33,210)																								
Net pension liability, det of related deferrals	(716,738)																								
Compensated absences	(13,504)																								
Net OPEB obligation	<u>(67,202)</u>																								
Change in net position of governmental activities	\$ <u>255,060</u>																								

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

GENERAL FUND

STATEMENT OF REVENUES AND OTHER SOURCES, AND EXPENDITURES AND OTHER USES - BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2015

	Budgeted Amounts			Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original Budget	From Prior Years' Budgets	Final Budget		
Revenues and Other Sources:					
Property taxes	\$ 6,980,114	\$ -	\$ 6,980,114	\$ 6,980,114	\$ -
Penalties, interest, and other taxes	151,130	-	151,130	205,558	54,428
Licenses and permits	1,772,275	-	1,772,275	1,926,358	154,083
Charges for services	334,105	-	334,105	352,602	18,497
Intergovernmental	777,064	-	777,064	600,789	(176,275)
Investment income	10,200	-	10,200	23,172	12,972
Miscellaneous	14,200	-	14,200	65,791	51,591
Transfers in	60,200	-	60,200	6,309	(53,891)
Use of fund balance	150,000	129,839	279,839	279,839	-
Total Revenues and Other Sources	10,249,288	129,839	10,379,127	10,440,532	61,405
Expenditures and Other Uses:					
Current:					
General government	3,188,834	50,813	3,239,647	3,120,452	119,195
Public safety	2,918,655	78,033	2,996,688	3,012,465	(15,777)
Highways and streets	1,711,282	-	1,711,282	1,697,076	14,206
Sanitation	464,514	-	464,514	453,681	10,833
Health and welfare	42,900	-	42,900	35,490	7,410
Culture and recreation	42,351	993	43,344	39,360	3,984
Conservation	1	-	1	-	1
Debt service:					
Principal	759,000	-	759,000	759,000	-
Interest	138,409	-	138,409	138,409	-
Capital outlay	400,000	-	400,000	200,000	200,000
Transfers out	583,342	-	583,342	543,957	39,385
Total Expenditures and Other Uses	10,249,288	129,839	10,379,127	9,999,890	379,237
Excess (deficiency) of revenues and other sources over expenditures and other uses	\$ -	\$ -	\$ -	\$ 440,642	\$ 440,642

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 DECEMBER 31, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and short-term investments	\$ 268,082
Investments	<u>393,219</u>
Total Assets	<u><u>\$ 661,301</u></u>
 LIABILITIES	
Other liabilities	<u>\$ 661,301</u>
Total Liabilities	<u><u>\$ 661,301</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF HOLLIS, NEW HAMPSHIRE

Notes to Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Hollis, New Hampshire (the Town) conform to generally accepted accounting principles (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

A. Reporting Entity

The Town is a municipal corporation governed by an elected Board of Selectmen. As required by generally accepted accounting principles, these financial statements present the government and applicable component units for which the government is considered to be financially accountable. In 2015, it was determined that no entities met the required GASB 14 (as amended) criteria of component units.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long term liabilities and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental fund:

- The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Agency Fund* is used to account for money held by the Town on behalf of others (e.g., school capital reserve funds).

D. Cash and Short-Term Investments

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash balances are invested to the extent available, and interest earnings are recognized in the General Fund. Certain special revenue and permanent funds segregate cash, and investment earnings become a part of those funds.

Deposits with financial institutions consist primarily of demand deposits, money markets, and savings accounts. A cash and investment pool is maintained that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption "cash and short-term investments". The interest earnings attributable to each fund type are included under investment income.

E. Investments

State and local statutes place certain limitations on the nature of deposits and investments available. Investments are carried at market value.

F. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

G. Capital Assets

Capital assets, which include land, buildings and improvements, machinery, equipment, and furnishings, infrastructure, and construction in progress, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building improvements	20
Machinery, equipment, and furnishings	5
Infrastructure	50

H. Compensated Absences

It is the Town’s policy to permit employees to accumulate earned and paid time off benefits. All vested time off is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

I. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

J. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance - Generally, fund balance represents the difference between the current assets/deferred outflows and current liabilities/deferred inflows. The Town reserves those portions of fund balance that are legally segregated for a specific future use or which do not represent available, spendable resources and, therefore, are not available for appropriation or expenditure. Unassigned fund balance indicates that portion of fund balance that is available for appropriation in future periods.

The Town’s fund balance classification policies and procedures are as follows:

- 1) Nonspendable funds are either unspendable in the current form (i.e., tax dedeed property or prepaid items) or can never be spent (i.e., perpetual care).
- 2) Restricted funds are used solely for the purpose in which the fund was established. In the case of special revenue funds, these funds

are created by statute or otherwise have external constraints on how the funds can be expended.

- 3) Committed funds are reported and expended as a result of motions passed by the highest decision making authority in the Town (i.e., Town Meeting).
- 4) Assigned funds are used for specific purposes as established by management. These funds, which include encumbrances other than special warrant articles, have been assigned for specific goods and services ordered but not yet paid for.
- 5) Unassigned funds are available to be spent in future periods. The general fund is the only fund which reports a positive unassigned fund balance. Other governmental funds may report a negative amount if expenditures exceed amounts that are restricted, committed, or assigned.

When an expenditure is incurred that would qualify for payment from multiple fund balance types, the Town uses the following order to liquidate liabilities: restricted, committed, assigned, and unassigned.

Net Position - Net position represents the difference between assets/deferred outflows and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

K. Fund Balance Policy

The Town's fund balance policy describes the appropriate level of unassigned fund balance reserve to be consistent with the NH Department of Revenue Administration (DRA) and the Government Finance Officer Association (GFOA) guidelines:

1. DRA – Recommends retaining 5% to 10% of the gross general fund operating expenditures, including Town, School, and County appropriations. Unassigned fund balance is reported on the budgetary basis for tax rate setting purposes (see Note 16), which includes all property tax revenues that otherwise would have been deferred under the modified accrual basis. At December 31, 2015, unassigned fund balance on the budgetary basis was 12% of general fund operating expenditures (including Town, School, and County appropriations).

2. GFOA – Recommends retaining 8% to 17% of the gross general fund operating expenditures, including Town, School, and County appropriations. At December 31, 2015, unassigned fund balance was 10% of general fund operating expenditures (including Town, School, and County appropriations).

L. Use of Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures for contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

2. **Stewardship, Compliance and Accountability**

A. Budgetary Information

The Town's budget is originally prepared by the Selectmen's Office with the cooperation of the various department heads. It is then submitted to the Budget Committee, in accordance with the Municipal Budget Law. After reviewing the budget, the Committee holds a public hearing for discussion.

The final version of the budget is then submitted for approval at the annual Town meeting. The approved budget is subsequently reported to the State of New Hampshire on the statement of appropriation form in order to establish the current property tax rate.

The Selectmen cannot increase the total of the approved budget; however, they have the power to reclassify its components when necessary.

B. Budgetary Basis

The General Fund final appropriation appearing on the "Budget and Actual" page of the fund financial statements represents the final amended budget.

C. Budget/GAAP Reconciliation

The budgetary data for the general fund is based upon accounting principles that differ from generally accepted accounting principles (GAAP). Therefore, in addition to the GAAP basis financial statements, the results of operations of the general fund are presented in accordance with budgetary accounting principles to provide a meaningful comparison to budgetary data.

The following is a summary of adjustments made to the actual revenues and other sources, and expenditures and other uses, to conform to the budgetary basis of accounting.

<u>General Fund</u>	<u>Revenues and Other Financing Sources</u>	<u>Expenditures and Other Financing Uses</u>
Revenues/Expenditures (GAAP basis)	\$ 10,461,978	\$ 9,659,513
Other financing sources/uses (GAAP basis)	<u>135,923</u>	<u>289,342</u>
Subtotal (GAAP Basis)	10,597,901	9,948,855
Adjust tax revenue to accrual basis	(307,363)	-
Add 2015 appropriation carryforwards to expenditures	-	245,100
To remove gross up for capital lease	(129,613)	(129,613)
Reverse reserve fund activity	(232)	(64,452)
To record use of assigned fund balance	129,839	-
To record use of unassigned fund balance	<u>150,000</u>	<u>-</u>
Budgetary Basis	<u>\$ 10,440,532</u>	<u>\$ 9,999,890</u>

3. Cash and Investments

A. Custodial Credit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. RSA 48:16 limits "deposit in any one bank shall not at any time exceed the sum of its paid-up capital and surplus, exception that a Town with a population in excess of 50,000 is authorized to deposit funds in a solvent bank in excess of the paid-up capital surplus of said bank."

The Town limits investments to the following:

- Checking accounts
- Short-term obligations of U.S. Government and State of New Hampshire agencies approved for investment purposes by the Board of Selectmen
- Fully insured or collateralized certificates of deposits
- Repurchase agreements fully collateralized by U.S. Treasury Securities
- New Hampshire Public Deposit Investment Pool

Trustees of Trust Funds has the following asset allocation policy:

	General Trust <u>Funds</u>	Charles J. Nichols <u>Fund</u>
Equities	55 - 65%	35 - 45%
Fixed income	35 - 45%	55 - 65%
Cash and cash equivalents	0 - 5%	0 - 5%

Assets of the Trust Funds may only be invested in accordance with the relevant RSA sections. RSA 35:9 specifies that Capital Reserves may only be deposited in banking institutions either domiciled or doing business under the laws of the State of N.H. or of the U.S. Government. Likewise, RSA 31:25 specifies that General Trust Funds may only be deposited in banking institutions as stated above. However, in addition to those investments specified for Capital Reserves, General Trust Funds may also be invested in those stocks, bonds and mutual funds that may be invested in by the N.H. Savings Banks or as specified by the State Banking Commission.

As of December 31, 2015, the Town's cash bank balance was \$14,379,948. Of the balance, \$441,399 was invested in the New Hampshire Public Deposit Investment Pool which is exempt from disclosure.

Custodial Credit Risk - Investments. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of another party.

The Town is a voluntary participant in the New Hampshire Public Deposit Investment Pool (NHPDIP). The NHPDIP is not registered with the United States Securities and Exchange Commission as an investment company. The NHPDIP was created by state law and is administered by a public body of state, local and banking officials.

Investments in the NHPDIP are not investment securities and, as such, are not categorized by risk. The Town's exposure to derivatives is indirect through its participation in the NHPDIP. The Town's proportional share of these derivatives is not available. The fair value of the position in the investment pool is equal to the value of the pool shares.

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Per the Trustees of Trust Funds investment policy, all individual fixed income securities shall have a minimum quality rating of “BBB”.

Presented below is the actual rating as of year-end for each category of investments of the Town:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year-end</u>		
			<u>Aaa</u>	<u>A - A3</u>	<u>Baa - Baa3</u>
Corporate bonds	\$ 49,182	\$ -	\$ -	\$ 21,601	\$ 27,581
Municipal bonds	21,552	-	21,552	-	-
Federal agency securities	20,186	-	20,186	-	-
Corporate equities	776,525	776,525	-	-	-
Mutual funds	418,453	418,453	-	-	-
Total investments	<u>\$ 1,285,898</u>	<u>\$ 1,194,978</u>	<u>\$ 41,738</u>	<u>\$ 21,601</u>	<u>\$ 27,581</u>

C. Concentration of Credit Risk

Per the Trustees of Trust Funds investment policy, investments in fixed income securities shall not exceed 10 percent except obligations of the United States and/or of the State of New Hampshire and its subdivisions. Additionally, a majority of the equity investments should be in companies exceeding market capitalization of \$15 billion and:

- The exposure to any single company will not exceed 10 percent.
- The size of each investment not to exceed 10 percent.
- The maximum exposure to any single industry or market sector will not exceed 25 percent.
- Allowable investments include stocks, mutual funds and exchange traded funds.

The Town has the following investments with one issuer that represent 5% or more of total investments:

<u>Investment Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
Loomis Sayles Invt Grade Bd Y	\$ 68,008	5.3%
Vanguard Index TR 500	<u>66,133</u>	5.1%
Total	<u>\$ 134,141</u>	

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is as follows:

<u>Investment Type</u>	<u>Investment Maturities (in Years)</u>		
	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1-5</u>
Debt Related Securities:			
Corporate bonds	\$ 49,182	\$ -	\$ 49,182
Municipal bonds	21,552	-	21,552
Federal agency securities	<u>20,186</u>	<u>20,186</u>	<u>-</u>
Total	<u>\$ 90,920</u>	<u>\$ 20,186</u>	<u>\$ 70,734</u>

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Town does not have any foreign investments.

4. Taxes Receivable

The Town bills property taxes semiannually, in May and November. Property tax revenues are recognized in the fiscal year for which taxes have been levied. Property taxes billed or collected in advance of the year for which they are levied are recorded as a prepaid tax liability.

Property taxes are due on July 1 and December 1. Delinquent accounts are charged 12% interest. At the time of tax sale, in March of the next year, a lien is recorded on the property at the Registry of Deeds. The Town purchases all the delinquent accounts by paying the delinquent balance, recording costs and accrued interest. The accounts that are liened by the Town will be reclassified from property taxes receivable to unredeemed tax liens receivable. After this date, delinquent accounts will be charged interest at a rate of 18%. The Town annually budgets an amount (overlay for abatements) for property tax abatements and refunds.

Taxes receivable at December 31, 2015 consist of the following:

Property taxes:	
2015 levy	\$ 610,556
Unredeemed taxes:	
2014 levy	122,548
2013 levy	87,002
2012 levy	16,838
2011 levy	12,695
2010 levy	8,045
Unapplied payments	<u>(19,541)</u>
Total	<u>\$ 838,143</u>

The Town collects property taxes for the Hollis School District, the Hollis Brookline Co-op, and the County of Hillsborough, New Hampshire. Payments to the other taxing units are normally made throughout the year. The ultimate responsibility for the collection of taxes rests with the Town.

5. Allowance for Doubtful Accounts

The property tax receivables reported in the accompanying entity-wide financial statements reflect an estimated allowance for doubtful accounts of \$68,000.

6. Intergovernmental Receivables

This balance represents reimbursements requested from Federal and State agencies for expenditures incurred in 2015.

7. Interfund Fund Receivables/Payables

Although self-balancing funds are maintained, most transactions flow through the general fund. In order to obtain accountability for each fund, interfund receivable and payable accounts must be utilized. The following is an analysis of the December 31, 2015 balances in interfund receivable and payable accounts:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 108,835	\$ 69,909
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Ambulance	-	52,981
Library	72,336	58,745
Zylonis	464	-
Total	<u>\$ 181,635</u>	<u>\$ 181,635</u>

The Town reports interfund transfers between many of its funds. The sum of all transfers presented in the table agrees with the sum of interfund transfers presented in the governmental financial statements. The following is an analysis of the interfund transfers made in fiscal year 2015:

<u>Fund</u>	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 6,310	\$ 289,342
Nonmajor Governmental Funds:		
Special Revenue Fund:		
Ambulance	738	-
Library	295,400	-
Zylonis	2,222	-
Pearl Rideout - Library	-	3,719
Permanent Trust Funds:		
Library	-	2,339
Charles Zylonis - Library	-	2,222
Public Welfare	-	186
Nichols Field Horse Ring	-	85
Ambulance	-	738
Charles J. Nichols	-	2,233
Common Cemetery	-	3,806
Total	<u>\$ 304,670</u>	<u>\$ 304,670</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to move interest income between funds.

8. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 10,217	\$ 196	\$ (16)	\$ 10,397
Machinery, equipment, and furnishings	5,907	591	(320)	6,178
Infrastructure	13,950	-	-	13,950
Total capital assets, being depreciated	30,074	787	(336)	30,525
Less accumulated depreciation for:				
Buildings and improvements	(4,828)	(298)	10	(5,116)
Machinery, equipment, and furnishings	(4,044)	(402)	300	(4,146)
Infrastructure	(7,106)	(276)	-	(7,382)
Total accumulated depreciation	(15,978)	(976)	310	(16,644)
Total capital assets, being depreciated, net	14,096	(189)	(26)	13,881
Capital assets, not being depreciated:				
Land	22,594	-	-	22,594
Construction in progress	100	-	(100)	-
Total capital assets, not being depreciated	22,694	-	(100)	22,594
Governmental activities capital assets, net	<u>\$ 36,790</u>	<u>\$ (189)</u>	<u>\$ (126)</u>	<u>\$ 36,475</u>

Depreciation expense was charged to functions of the Town as follows (in thousands):

Governmental Activities:	
General government	\$ 75
Public safety	459
Highways and streets	389
Culture and recreation	<u>53</u>
Total depreciation expense - governmental activities	<u>\$ 976</u>

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Town that is applicable to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflow of resources balances as of December 31, 2015:

	Governmental <u>Activities</u>
Bond refunding	\$ 257,143
2015 pension contributions to NHRS subsequent to the measurement date of the net pension liability	<u>519,618</u>
Total	<u>\$ 776,761</u>

10. Accounts Payable

Accounts payable represent 2015 expenditures paid after December 31, 2015.

11. Capital Lease Obligations

The Town is the lessee of certain equipment under capital leases expiring in various years through 2019. Future minimum payments under the capital leases consisted of the following as of December 31, 2015:

	Governmental <u>Activities</u>
2016	\$ 210,168
2017	184,002
2018	113,255
2019	<u>55,779</u>
Total minimum lease payments	563,204
Less: amounts representing interest	<u>(21,114)</u>
Present value of minimum lease payments	<u>\$ 542,090</u>

12. Long-Term Debt

A. General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. General obligation bonds currently outstanding are as follows:

<u>Governmental Activities:</u>	Serial Maturities <u>Through</u>	Interest Rate(s) %	Amount Outstanding as of <u>12/31/15</u>
Open Space	01/15/19	3.73%	\$ 465,000
GO Refunding Bond 2014 Series A	08/15/19	1.72%	817,000
GO Refunding Bond 2014 Series B-1	08/15/25	2.41%	3,537,000
GO Refunding Bond 2014 Series B-2	08/15/35	3.36%	<u>1,507,000</u>
Total			<u>\$ 6,326,000</u>

B. Future Debt Service

The annual payments to repay bonds payable outstanding as of December 31, 2015 are as follows:

<u>Governmental Activities</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 702,000	\$ 166,405	\$ 868,405
2017	695,000	148,429	843,429
2018	683,000	133,044	816,044
2019	670,000	116,798	786,798
2020	356,000	102,032	458,032
2021 - 2025	1,713,000	381,299	2,094,299
2026 - 2030	774,000	203,557	977,557
2031 - 2035	<u>733,000</u>	<u>73,707</u>	<u>806,707</u>
Total	<u>\$ 6,326,000</u>	<u>\$ 1,325,271</u>	<u>\$ 7,651,271</u>

The general fund has been designated as the sole source to repay the governmental-type general obligation long-term debt outstanding as of December 31, 2015.

C. Changes in General Long-Term Liabilities

During the year ended December 31, 2015, the following changes occurred in long-term liabilities (in thousands):

	Total Balance 1/1/15	Additions	Reductions	Total Balance 12/31/15	Less Current Portion	Equals Long-Term Portion 12/31/15
<u>Governmental Activities</u>						
Bonds payable	\$ 7,085	\$ -	\$ (759)	\$ 6,326	\$ (702)	\$ 5,624
Other:						
Compensated absences	233	14	-	247	(25)	222
Capital leases	667	130	(255)	542	(199)	343
Net OPEB obligation	630	68	-	698	-	698
Net pension liability	5,755	520	-	6,275	-	6,275
Totals	\$ 14,370	\$ 732	\$ (1,014)	\$ 14,088	\$ (926)	\$ 13,162

13. Deferred Inflows of Resources

Deferred inflows of resources are the acquisition of net assets by the Town that are applicable to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflow of resources balances as of December 31, 2015:

		<u>Governmental Funds</u>	
		Governmental	Nonmajor
	<u>Governmental</u>	<u>General</u>	<u>Governmental</u>
	<u>Activities</u>	<u>Fund</u>	<u>Funds</u>
Unavailable revenue	\$ -	\$ 461,574	\$ 61,698
Pension related:			
Difference between expected and actual experience for pension	137,705	-	-
Net difference between projected and actual pension investment earnings	167,715	-	-
Changes in proportion for pension	86,585	-	-
Total	\$ 392,005	\$ 461,574	\$ 61,698

14. Restricted Net Position

The accompanying entity-wide financial statements report restricted net position when external constraints from grantors or contributors are placed on net position.

Permanent fund restricted net position is segregated between nonexpendable and expendable. The nonexpendable portion represents the original restricted

principal contribution, and the expendable represents accumulated earnings which are available to be spent based in accordance with donor restrictions.

15. Fund Balances

The following is a summary of fund balances at December 31, 2015:

	General <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Nonspendable:			
Prepaid expenses	\$ 208,441	\$ -	\$ 208,441
Nonexpendable permanent funds:			
Charles Nichols	-	224,418	224,418
Common Cemetery	-	198,352	198,352
All remaining	-	203,771	203,771
Total Nonspendable	208,441	626,541	834,982
Restricted:			
Expendable permanent funds:			
Charles Nichols	-	22,052	22,052
Common Cemetery	-	45,652	45,652
All remaining	-	147,737	147,737
Special revenue funds:			
Conservation	-	370,904	370,904
Ambulance	-	150,140	150,140
Library	-	85,158	85,158
Pearl Rideout - Library	-	58,926	58,926
All remaining	-	148,837	148,837
Total Restricted	-	1,029,406	1,029,406
Committed:			
Conservation easement	200,000	-	200,000
Flint Pond restoration	21,013	-	21,013
Compensated absences	40,348	-	40,348
Emergency municipal building and facility maintenance	16,554	-	16,554
Municipal transportation	19,774	-	19,774
Revaluation	28,020	-	28,020
Environmental defense study	50,034	-	50,034
Total Committed	375,743	-	375,743
Assigned:			
Encumbered for:			
Public safety	26,000	-	26,000
Culture and recreation	9,100	-	9,100
General government	10,000	-	10,000
Use of fund balance for 2016	331,000	-	331,000
Total Assigned	376,100	-	376,100
Unassigned	3,019,446	-	3,019,446
Total Unassigned	3,019,446	-	3,019,446
Total Fund Balance	\$ 3,979,730	\$ 1,655,947	\$ 5,635,677

16. General Fund Unassigned Fund Balance

The unassigned general fund balance reported on the balance sheet is stated in accordance with generally accepted accounting principles (GAAP), which differs in respect to how unassigned fund balance is reported in accordance with the budgetary basis for reporting for the State of New Hampshire for tax rate setting purposes. The major difference is the State of New Hampshire considers revenues in connection with property tax receivables to be available to liquidate liabilities when billed rather than received.

The following summarizes the specific differences between GAAP basis and budgetary basis of reporting the general fund unassigned fund balance:

GAAP basis balance	\$ 3,019,446
Deferred inflows	<u>461,574</u>
Tax Rate Setting Balance	<u>\$ 3,481,020</u>

17. Subsequent Events

Subsequent to year-end, on June 1, 2016, the Town entered into a capital lease agreement for equipment in the amount of \$352,000, interest rate 2.74%, maturing on January 15, 2021.

18. Commitments and Contingencies

Outstanding Legal Issues - There are certain pending legal issues in which the Town is involved. The Town's management is of the opinion that the potential future settlement of such claims would not materially affect its financial statements taken as a whole.

Grants - Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

Abatements – there are several cases pending before the NH Board of Tax and Land Appeals and/or the Supreme Court in regard to alleged discrepancies in property assessments. According to the Town's counsel, the probable outcome of these cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

19. Post-Employment Health Care Benefits

Other Post-Employment Benefits

The Town has implemented GASB Statement 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Statement 45 requires governments to account for other post-employment benefits (OPEB), primarily healthcare, on an accrual basis rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially required contribution as an expense on the Statement of Activities when a future retiree earns their post-employment benefits, rather than when they use their post-employment benefit. To the extent that an entity does not fund their actuarially required contribution, a post-employment benefit liability is recognized on the Statement of Net Position over time.

A. Plan Description

In addition to providing the pension benefits described, the Town provides post-employment health care benefits for retired employees through the Town's plan. The benefits, benefit levels, employee contributions and employer contributions are governed by RSA 100-A:50. As of January 1, 2015, the actuarial valuation date, 9 retirees and 55 active employees met the eligibility requirements. The plan does not issue a separate financial report.

B. Benefits Provided

The Town provides medical, prescription drug, and mental health/substance abuse to retirees and their covered dependents. All active employees who retire from the Town and meet the eligibility criteria will receive these benefits.

C. Funding Policy

Non-union and union retirees contribute 100% of the cost of the health plan.

D. Annual OPEB Costs and Net OPEB Obligation

The Town's 2015 annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost per year and amortize the unfunded actuarial liability over a period of thirty years. The following table shows the components of the Town's annual OPEB cost for the year ending December 31, 2015, the amount actually contributed to the plan, and the change in the Town's net OPEB obligation based on an actuarial valuation as of January 1, 2015.

Annual Required Contribution (ARC)	\$ 75,034
Interest on net OPEB obligation	25,205
Adjustment to ARC	<u>(31,156)</u>
Annual OPEB cost	69,083
Contributions made	<u>(1,882)</u>
Increase in net OPEB obligation	67,201
Net OPEB obligation - beginning of year	<u>630,128</u>
Net OPEB obligation - end of year	<u><u>\$ 697,329</u></u>

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 69,083	2.7%	\$ 697,329
2014	\$ 97,578	9.5%	\$ 630,128
2013	\$ 92,485	7.6%	\$ 541,844
2012	\$ 87,517	4.4%	\$ 456,370
2011	\$ 137,337	5.7%	\$ 372,721
2010	\$ 129,347	3.0%	\$ 243,168

E. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015, the date of the most recent actuarial valuation, was as follows:

Actuarial accrued liability (AAL)	\$ 639,133
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 639,133</u></u>
Funded ratio (actuarial value of plan assets/AAL)	<u><u>0.0%</u></u>
Covered payroll (active plan members)	<u><u>\$ 2,981,506</u></u>
UAAL as a percentage of covered payroll	<u><u>21.4%</u></u>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision, as actual

results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

F. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan as understood by the Town and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Town and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2015 actuarial valuation, the entry age method was used. The actuarial value of assets was not determined, as the Town has not advanced funded its obligation. The actuarial assumptions included a 4% investment rate of return and an initial annual healthcare cost trend rate of 8%, which decreases to a 5% long-term rate for all healthcare benefits after four years. The amortization costs for the initial UAAL is a level percentage of pay over 30 years, on a closed basis.

20. Retirement System

The Town follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to the State of New Hampshire Retirement System (NHRS).

A. Plan Description

Full-time employees participate in the New Hampshire Retirement System (NHRS), a cost sharing, multiple-employer defined benefit contributory pension plan and trust established in 1967 by RSA 100-A:2 and qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. The plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters, and permanent police officers within the State of New Hampshire are eligible and required to participate in the system. Full-time employees of political subdivisions, including counties, municipalities, and school districts, are also eligible to participate as a group if the governing body of the political subdivision has elected participation.

The New Hampshire Retirement System, a Public Employees Retirement System (PERS), is divided into two membership groups. State or local employees and teachers belong to *Group I*. Police officers and firefighters belong to *Group II*. All assets are held in a single trust and are available to each group. Additional information is disclosed in the NHRS annual report publicly available from the New Hampshire Retirement System located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

B. Benefits Provided

Group I members at age 60 or 65 (for members who commence service after July 1, 2011) qualify for a normal service retirement allowance based on years of creditable service and average final salary for the highest of either three or five years, depending on when their service commenced. The yearly pension amount is $1/60$ or 1.667% of average final compensation (AFC), multiplied by years of creditable service. At age 65, the yearly pension amount is recalculated at $1/66$ or 1.515% of AFC multiplied by years of creditable service.

Group II members who are age 60, or members who are at least age 45 with at least 20 years of creditable service, can receive a retirement allowance at a rate of 2.5% of AFC for each year of creditable service, not to exceed 40 years. Members commencing service on or after July 1, 2011 or members who have a nonvested status as of January 1, 2012 can receive a retirement allowance at age 52.5 with 25 years of service or age 60. The benefit shall be equal to 2% of AFC times creditable service up to 42.5 years. However, a member who commenced service on or after July 1, 2011 shall not receive a retirement allowance until attaining the age of 52.5, but may receive a reduced allowance after age 50 if the member has at least 25 years of creditable service where the allowance shall be reduced, for each month by which the benefit commencement date precedes the month after which the member attains 52.5 years of age by $\frac{1}{4}$ of 1% or age 60.

Members of both groups may qualify for vested deferred allowances, disability allowances and death benefit allowances subject to meeting various eligibility requirements. Benefits are based on AFC or earned compensation and/or service.

C. Contributions

Plan members are required to contribute a percentage of their gross earnings to the pension plan, which the contribution rates are 7% for employees and teachers 11.55% for police and 11.80% for fire. The Town makes annual contributions to the pension plan equal to the amount required by Revised Statutes Annotated 100-A:16, and range from 10.77% to 29.16% of covered compensation. The Town's contribution to NHRS for the year

ended December 31, 2015 was \$620,215, which was equal to its annual required contribution.

D. Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NHRS and additions to/deductions from NHRS' fiduciary net position have been determined on the same basis as they are reported by NHRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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

At December 31, 2015, the Town reported a liability of \$6,275,290 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.1584 percent.

For the year ended June 30, 2015, the Town recognized pension expense of \$421,401. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 137,705
Changes in proportion	175,506	86,585
Net difference between projected and actual earnings on pension plan investments	-	167,715
Contributions subsequent to the measurement date	<u>344,112</u>	<u>-</u>
Total	<u>\$ 519,618</u>	<u>\$ 392,005</u>

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2016	\$ 239,236
2017	(104,876)
2018	(104,876)
2019	94,738
2020	<u>3,391</u>
Total	\$ <u>127,613</u>

Actuarial assumptions: The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent per year
Salary increases	3.75 - 5.8 percent average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality table, projected to 2020 with Scale AA. The table includes a margin of 15% for men and 17% for woman for mortality improvements.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of the most recent actuarial experience study, which was for the period July 1, 2005 – June 30, 2010.

The long-term expected rate of return on pension plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table:

Asset Class	Target Allocation Percentage	Weighted Average Average Long-Term Expected Real Rate of Return
Large Cap Equities	22.50 %	3.00%
Small/Mid Cap Equities	7.50	3.00%
Total domestic equities	30.00	
Int'l Equities (unhedged)	13.00	4.00%
Emerging Int'l Equities	7.00	6.00%
Total international equities	20.00	
Core Bonds	4.50	-0.70%
Short Duration	2.50	-1.00%
Global Multi-Sector Fixed Income	11.00	0.28%
Unconstrained Fixed Income	7.00	0.16%
Total fixed income	25.00	
Private equity	5.00	5.50%
Private debt	5.00	4.50%
Real estate	10.00	3.50%
Opportunistic	5.00	2.75%
Total alternative investments	25.00	
Total	100.00 %	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate: The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is

1 percentage-point lower (6.75%) or 1 percentage-point higher (8.75%) than the current rate:

<u>Fiscal Year Ended</u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
June 30, 2015	\$ 8,260,602	\$ 6,275,290	\$ 4,582,798

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued NHRS financial report.

21. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the previous year and have been no material settlements in excess of coverage in any of the past three years.

22. Change in Accounting Principle

In fiscal year 2015, the Town's beginning net position as of January 1, 2015 was restated for the implementation of the new standard – Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Accordingly, the following reconciliation for net position is provided:

Government-wide Financial Statements:

	<u>Governmental Activities</u>
As previously reported for December 31, 2014	\$ 34,014,967
Net position restatement:	
GASB 68 implementation	<u>(5,430,939)</u>
As restated for January 1, 2015	<u>\$ 28,584,028</u>

Fiscal year 2014 and prior periods have not been restated for GASB 68 due to the impractical nature of allocating annual activity and lack of information for prior measurement dates; as this is a new standard and beginning net position restatement for January 1, 2015 does not recognize beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions in accordance with GASB 71.

**TOWN OF HOLLIS, NEW HAMPSHIRE
SCHEDULE OF OPEB FUNDING PROGRESS
REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2015
(Unaudited)**

Other Post-Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent- age of Covered Payroll [(b-a)/c]
01/01/15	\$ -	\$ 639,133	\$ 639,133	0.0%	\$ 2,981,506	21.4%
01/01/12	\$ -	\$ 594,446	\$ 594,446	0.0%	\$ 2,897,712	20.5%
01/01/09	\$ -	\$ 527,066	\$ 527,066	0.0%	\$ 2,811,308	18.7%

See Independent Auditors' Report.

TOWN OF HOLLIS, NEW HAMPSHIRE
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015
(Unaudited)

New Hampshire Retirement System:

Proportion of the net pension liability for the most recent measurement date	0.158%
Proportionate share of the net pension liability for the most recent measurement date	\$ 6,275,289
Covered payroll for the most recent measurement date	\$ 3,351,251
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	187%
Plan fiduciary net position as a percentage of the total pension liability	65.47%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.

TOWN OF HOLLIS, NEW HAMPSHIRE

**SCHEDULE OF PENSION CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION**

**December 31, 2015
(Unaudited)**

New Hampshire Retirement System:

Contractually required contribution for the current year	\$ 620,215
Contributions in relation to the contractually required contribution	<u>620,215</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll for the measurement date	\$ 3,351,251
Contributions as a percentage of covered payroll	19%

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available

See Independent Auditors' Report.