

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**

**Financial Statements**

**June 30, 2020**

**and**

**Independent Auditor's Report**

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT  
FINANCIAL STATEMENTS  
June 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the School Board  
Sullivan, New Hampshire School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sullivan, New Hampshire School District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Sullivan, New Hampshire School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i-iv and 12-13 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 sufficient evidence to express an opinion or provide any assurance.

*Vashon Clukay & Company PC*

Manchester, New Hampshire

April 8, 2021

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2020**

Presented herewith please find the Management Discussion & Analysis Report for the Sullivan School District for the fiscal year ending June 30, 2020. Responsibility for both 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 respects. This data is reported in a manner designed to fairly present the District’s financial position, and the results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an accurate understanding of the District’s financial activities have been included.

The School 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 that these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurances that these objectives are attained.

**Overview of the Financial Statements**

The financial statements presented herein include all of the activities of the Sullivan School District using the integrated approach as prescribed by GASB Statement 34.

This discussion and analysis is intended to serve as an introduction to Sullivan School District’s financial statements. The basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

***Government-Wide Financial Statements***

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances, in a manner similar to most private-sector companies.

The Statement of Net Position presents information on all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the remaining difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District’s net position changed during the most recent fiscal year. All of the current year’s revenue and expenses are taken into account regardless of when cash is received or paid.

***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. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2020**

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 the District's near-term financial 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 government's near-term financing decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between the governmental activities Statement of Net Position and Statement of Activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for the General Fund, the District's sole major Fund.

The District adopts an annual appropriation budget for its governmental fund. A budgetary comparison has been provided for the General Fund to demonstrate compliance with this budget.

***Notes to the Basic Financial Statements***

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

***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.

**Government-Wide Financial Analysis**

***Statement of Net Position***

Net Position of Sullivan School District as of June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Capital and Other Assets:		
Other assets	\$ 603,283	\$ 588,090
Total Assets	<u>603,283</u>	<u>588,090</u>
Deferred Outflows of Resources:		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
Long-term and Other Liabilities:		
Other liabilities	289,102	-
Total Liabilities	<u>289,102</u>	<u>-</u>
Deferred Inflows of Resources:		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
Net position:		
Unrestricted	314,181	588,090
Total Net Position	<u>\$ 314,181</u>	<u>\$ 588,090</u>

***Statement of Activities***

Change in net position for the fiscal year ending June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Program revenues:		
Operating grants and contributions	\$ 64,864	\$ 8,331
Total program revenues	<u>64,864</u>	<u>8,331</u>
General revenues:		
Property taxes	570,481	990,223
State adequacy education grant	633,042	587,358
Kindergarten aid	-	6,753
Interest and investment earnings	20,240	11,000
Miscellaneous	-	1,500
Total general revenues	<u>1,223,763</u>	<u>1,596,834</u>
Total revenues	<u>1,288,627</u>	<u>1,605,165</u>
Program expenses:		
Instruction	1,377,165	1,095,736
Supporting services	8,195	48,168
General administration	50,023	48,679
Pupil transportation	125,870	152,849
Total program expenses	<u>1,562,536</u>	<u>1,345,432</u>
Change in net position	(273,909)	259,733
Net position - beginning of year	<u>588,090</u>	<u>328,357</u>
Net position - ending of year	<u>\$ 314,181</u>	<u>\$ 588,090</u>

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FISCAL YEAR ENDING JUNE 30, 2020**

**SULLIVAN SCHOOL DISTRICT ACTIVITIES**

As shown in the above statement the District experienced a decrease in net position of \$273,909 on the full accrual basis of accounting. Variances between the final budgeted amounts and actual results in the General Fund are shown in Required Supplementary Information and Notes on pages 12 and 13.

The General Fund ended the fiscal year with a fund balance of \$314,181, which is a decrease of \$273,909 from the prior year. The a decrease was anticipated as the District utilized \$376,622 of beginning fund balance to fund current year appropriations and reduce the tax rate. At year end the District had committed fund balance for the tuition expendable trust of \$302,234 and unassigned fund balance of \$11,947, which will be returned to taxpayers as an offset to subsequent year taxes.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There was no difference between the original and final budgets for the General Fund in the current fiscal year. Actual revenues on the budgetary basis exceeded the budgeted amount by \$69,338. Actual appropriations were greater than the budgeted amounts by \$32,391. The District overexpended in the instruction function due to unforeseen special education related costs and realized savings in the supporting services and pupil transportation functions. See page 12 of the financial statements for actual results.

**CONTACTING SULLIVAN SCHOOL DISTRICT FINANCIAL MANAGEMENT**

This financial report is intended to provide our citizens and creditors with a general overview of the Sullivan School District's finances and to show accountability for the money it receives. If you have questions about this report or need to get additional information, contact the Sullivan School Board at PO Box H, Keene, New Hampshire 03431 or by telephone at (603) 847-3316.

EXHIBIT A  
**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2020

	Governmental <u>Activities</u>
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 274,317
Due from other governments	<u>328,966</u>
Total Current Assets	<u>603,283</u>
DEFERRED OUTFLOWS OF RESOURCES	
Total Deferred Outflows of Resources	<u>-</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	1,915
Due to other governments	<u>287,187</u>
Total Current Liabilities	<u>289,102</u>
DEFERRED INFLOWS OF RESOURCES	
Total Deferred Inflows of Resources	<u>-</u>
NET POSITION	
Unrestricted	<u>314,181</u>
Total Net Position	<u>\$ 314,181</u>

*See accompanying notes to the basic financial statements*

EXHIBIT B  
**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Activities**  
For the Year Ended June 30, 2020

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Governmental Activities</u>
<b>Governmental Activities:</b>			
Instruction	\$ 1,377,165	\$ 64,864	\$ (1,312,301)
Supporting services	8,195		(8,195)
Instructional staff services	1,283		(1,283)
General administration	50,023		(50,023)
Pupil transportation	<u>125,870</u>		<u>(125,870)</u>
Total governmental activities	<u>\$ 1,562,536</u>	<u>\$ 64,864</u>	<u>(1,497,672)</u>
<b>General revenues:</b>			
Property taxes			570,481
State adequacy education grant			633,042
Interest and investment earnings			<u>20,240</u>
Total general revenues			<u>1,223,763</u>
Change in net position			(273,909)
Net Position at beginning of year			<u>588,090</u>
Net Position at end of year			<u>\$ 314,181</u>

*See accompanying notes to the basic financial statements*

EXHIBIT C  
**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2020

	General <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS		
Cash and cash equivalents	\$ 274,317	\$ 274,317
Due from other governments	<u>328,966</u>	<u>328,966</u>
Total Assets	<u>603,283</u>	<u>603,283</u>
DEFERRED OUTFLOWS OF RESOURCES		
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 603,283</u>	<u>\$ 603,283</u>
LIABILITIES		
Accounts payable	\$ 1,915	\$ 1,915
Due to other governments	<u>287,187</u>	<u>287,187</u>
Total Liabilities	<u>289,102</u>	<u>289,102</u>
DEFERRED INFLOWS OF RESOURCES		
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
FUND BALANCE		
Committed for:		
Expendable trust	302,234	302,234
Unassigned	<u>11,947</u>	<u>11,947</u>
Total Fund Balance	<u>314,181</u>	<u>314,181</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 603,283</u>	<u>\$ 603,283</u>

*See accompanying notes to the basic financial statements*

EXHIBIT D  
**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
For the Year Ended June 30, 2020

	General <u>Fund</u>	Total Governmental <u>Funds</u>
Revenues:		
Taxes	\$ 570,481	\$ 570,481
Intergovernmental	697,906	697,906
Investment income	20,240	20,240
Total Revenues	<u>1,288,627</u>	<u>1,288,627</u>
Expenditures:		
Current operations:		
Instruction	1,377,165	1,377,165
Supporting services	8,195	8,195
Instructional staff services	1,283	1,283
General administration	50,023	50,023
Pupil transportation	125,870	125,870
Total Expenditures	<u>1,562,536</u>	<u>1,562,536</u>
Net change in fund balances	(273,909)	(273,909)
Fund Balances at beginning of year	<u>588,090</u>	<u>588,090</u>
Fund Balances at end of year	<u>\$ 314,181</u>	<u>\$ 314,181</u>

*See accompanying notes to the basic financial statements*

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2020

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Sullivan, New Hampshire School District conform to accounting principles generally accepted in the United States of America for local educational units of government, except as indicated hereinafter. The following is a summary of significant accounting policies.

***Financial Reporting Entity***

The Sullivan, New Hampshire School District (the District) is an independent governmental entity organized under the laws of the State of New Hampshire to provide public education to children located within the borders of the Town of Sullivan, New Hampshire. The District's legislative body is the annual meeting of registered voters within the District and is governed by an elected School Board. The District has no other separate organizational units, which meet criteria for inclusion in the financial statements as defined by the Governmental Accounting Standards Board (GASB).

***Basis of Presentation***

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements:**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that are required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements:**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

***Fund Accounting***

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District solely employs the use of governmental funds.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following is the District's sole major governmental fund:

The *General Fund* is the main operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

***Measurement Focus***

**1. Government-Wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position.

**2. Fund Financial Statements:**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue and in the presentation of expenses versus expenditures.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

**1. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 3). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, and student fees.

Grants received before the eligibility requirements are met are recorded as advances from grantors. On governmental fund financial statements, receivables that will not be collected within the available period are reported as deferred inflows of resources.

**2. Expenses/Expenditures:**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization are not recognized in governmental funds.

***Budgetary Data***

The District's budget represents functional appropriations as authorized by annual District meetings. The school board may transfer funds between operating categories as they deem necessary. The District adopts its budget under State regulations, which differ somewhat from accounting principles generally accepted in the United States of America in that the focus is on the entire governmental unit rather than on the basis of fund types.

State law requires balanced budgets but requires the use of beginning fund balance to reduce the property tax rate. For the year ended June 30, 2020, the District applied \$351,622 of its unappropriated fund balance to reduce taxes.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

***Capital Assets***

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$10,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not currently possess any assets meeting this criteria.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowings 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 District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

***Fund Balance Policy***

The District has segregated fund balance into five classifications: Non-spendable, Restricted, Committed, Assigned, and Unassigned. These components of fund balance are defined as follows:

- **Non-spendable Fund Balance**: Amounts that are not in a spendable form or are required to be maintained intact.
- **Restricted Fund Balance**: Amounts constrained to specific purposes stipulated by external resource providers or through enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers or by the enabling legislation.
- **Committed Fund Balance**: Amounts constrained to specific purposes by a government itself using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- **Assigned Fund Balance**: Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- **Unassigned Fund Balance**: Amounts that are available for any purpose; these amounts are reported only in the General Fund, except for any deficit fund balance of another governmental fund.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

*Spending Prioritizations*

In circumstances where expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available, restricted fund balance is considered to have been spent first. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts should be reduced first, followed by assigned amounts then unassigned amounts.

*Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE 2—DEPOSITS**

Deposits as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and cash equivalents	<u>\$ 274,317</u>

Deposits at June 30, 2020 consist of the following:

Deposits with financial institutions	<u>\$ 274,317</u>
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The District's deposits are limited pursuant to NH RSA 41:29. As of June 30, 2020, the District has not formally adopted an investment policy that limits allowable deposits or investments of the District.

*Custodial Credit Risk*

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. Currently, the District has no investment policy for assurance against custodial credit risk.

Of the District's deposits with financial institutions at year end \$24,317 was collateralized by securities held by the bank in the bank's name.

**NOTE 3—PROPERTY TAXES**

Property taxes levied to support the Sullivan, New Hampshire School District are based on the assessed valuation of the prior April 1st for all taxable real property.

Under state statutes, the Town of Sullivan, New Hampshire (an independent governmental unit) collects School District taxes and State of New Hampshire Education taxes as part of local property tax assessments. As collection agent, the Town is required to pay over to the District its share of property tax assessments through periodic payments based on cash flow requirements of the District. The Town assumes financial responsibility for all uncollected property taxes under state statutes. For the year ended

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

June 30, 2020, School District taxes were \$467,308 and State of New Hampshire Education taxes were \$103,173.

The District is entitled to receive monies under the established payment schedule and the unpaid amount at the fiscal year end, if any, is considered to be an “intergovernmental receivable” since the revenue is both measurable and available.

**NOTE 4—RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the year ended June, 30, 2020, the District was a member of, and participated in a public entity risk pool (Trust) for property and liability insurance coverage.

The Trust agreement permits the Trust to make additional assessments to members should there be a deficiency in Trust assets to meet its liabilities. Accounting principles generally accepted in the United States of America require members of pools with a sharing of risk to determine whether or not such assessment is probable and, if so, a reasonable estimate of such assessment. At this time, the Trust foresees no likelihood of an additional assessment for any of the past years. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Based on the best available information there is no liability at June 30, 2020.

***Property and Liability Insurance***

The Trust provides certain property and liability insurance coverage to member school districts, school administrative units, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the District shares in contributing to the cost of and receiving benefit from a self-insured pooled risk management program. The program includes a Self-Insured Retention Fund from which is paid up to \$500,000 for each and every covered property, crime and/or liability loss that exceeds \$1,000, up to an aggregate of \$1,200,000. Each property loss is subject to a \$1,000 deductible. All losses over the aggregate are covered by insurance policies.

**NOTE 5—COMMITMENTS**

***Transportation Contract***

The District extended its long-term contract with an independent bus company to provide pupil transportation services through June 30, 2020. Terms of the contract include minimum payments plus additional payments for sports and extracurricular activities. For the year ended June 30, 2020, the District expended \$121,511 under the terms of the agreement.

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)**  
For the Year Ended June 30, 2020

**NOTE 6—CONTINGENCIES**

*Litigation*

There may be various claims and suits pending against the District, which arise in the normal course of the District's activities. In the opinion of District management, any potential claims against the District, which are not covered by insurance are immaterial and would not affect the financial position of the District.

SCHEDULE 1  
**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual (Budgetary Basis) - General Fund**  
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 570,481	\$ 570,481	\$ 570,481	\$ -
Intergovernmental	633,042	633,042	697,906	64,864
Interest income			4,474	4,474
Total Revenues	<u>1,203,523</u>	<u>1,203,523</u>	<u>1,272,861</u>	<u>69,338</u>
Expenditures:				
Current operations:				
Instruction	1,260,188	1,260,188	1,377,165	(116,977)
Supporting services	40,510	40,510	8,195	32,315
Instructional staff services			1,283	(1,283)
General administration	49,196	49,196	50,023	(827)
Pupil transportation	180,251	180,251	125,870	54,381
Total Expenditures	<u>1,530,145</u>	<u>1,530,145</u>	<u>1,562,536</u>	<u>(32,391)</u>
Excess of revenues over (under) expenditures	<u>(326,622)</u>	<u>(326,622)</u>	<u>(289,675)</u>	<u>36,947</u>
Other financing sources (uses):				
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total Other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Net change in fund balance	(376,622)	(376,622)	(339,675)	36,947
Fund Balance at beginning of year				
- Budgetary Basis	<u>376,622</u>	<u>376,622</u>	<u>376,622</u>	<u>-</u>
Fund Balance at end of year				
- Budgetary Basis	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,947</u>	<u>\$ 36,947</u>

*See accompanying notes to the required supplementary information*

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
For the Year Ended June 30, 2020

**NOTE 1—BUDGET TO ACTUAL RECONCILIATION**

***General Fund***

Amounts recorded as budgetary amounts in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund (Schedule 1) are reported on the basis budgeted by the District. Those amounts differ from those reported in conformity with accounting principles generally accepted in the United States of America in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit D). General Fund budgetary revenues and other financing sources and expenditures and other financing uses were adjusted for non-budgetary revenues and budgetary transfers out as follows:

	Revenues and Other Financing Sources	Expenditures and Other Financing Uses
Per Exhibit D	\$ 1,288,627	\$ 1,562,536
Non-budgetary revenues	(15,766)	
Budgetary transfers out		50,000
Per Schedule 1	<u>\$ 1,272,861</u>	<u>\$ 1,612,536</u>

**NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

During the year ended June 30, 2020, the District overdrafted its statutory appropriations as follows:

Total appropriations	\$ 1,580,145
Budgetary expenditures	<u>(1,612,536)</u>
Statutory overdraft	<u>\$ (32,391)</u>