

SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT

Financial Statements

June 30, 2023

and

Independent Auditor's Report

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the School Board
Sullivan, New Hampshire School District

Opinions

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

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, 2023, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sullivan, New Hampshire School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sullivan, New Hampshire School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Vachon Clukay & Company PC

Manchester, New Hampshire
January 25, 2024

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

Presented herewith please find the Management Discussion & Analysis Report for the Sullivan School District for the fiscal year ending June 30, 2023. 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, 2023**

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, 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|--------------------------------------|-------------|-------------|
| Capital and Other Assets: | | |
| Other assets | \$ 493,372 | \$ 520,515 |
| Total Assets | 493,372 | 520,515 |
| Deferred Outflows of Resources: | | |
| Total Deferred Outflows of Resources | - | - |

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

| | <u>2023</u> | <u>2022</u> |
|-------------------------------------|--------------------|--------------------|
| Long-term and Other Liabilities: | | |
| Other liabilities | 216,466 | _____ |
| Total Liabilities | <u>216,466</u> | <u> -</u> |
| Deferred Inflows of Resources: | | |
| Total Deferred Inflows of Resources | <u> -</u> | <u> -</u> |
| Net position: | | |
| Unrestricted | 276,906 | 520,515 |
| Total Net Position | <u>\$ 276,906</u> | <u>\$ 520,515</u> |

Statement of Activities

Change in net position for the fiscal year ending June 30, 2023 and 2022 is as follows:

| | <u>2023</u> | <u>2022</u> |
|------------------------------------|-------------------|-------------------|
| Program revenues: | | |
| Operating grants and contributions | \$ 22,084 | \$ 6,820 |
| Total program revenues | <u>22,084</u> | <u>6,820</u> |
| General revenues: | | |
| Property taxes | 869,246 | 688,317 |
| State adequacy education grant | 736,293 | 682,995 |
| Interest and investment earnings | 12,472 | (19,424) |
| Total general revenues | <u>1,618,011</u> | <u>1,351,888</u> |
| Total revenues | <u>1,640,095</u> | <u>1,358,708</u> |
| Program expenses: | | |
| Instruction | 1,630,059 | 1,304,825 |
| Supporting services | 4,529 | 3,350 |
| Instructional staff services | - | - |
| General administration | 50,320 | 56,538 |
| Pupil transportation | 198,796 | 174,715 |
| Total program expenses | <u>1,883,704</u> | <u>1,539,428</u> |
| Change in net position | (243,609) | (180,720) |
| Net position - beginning of year | <u>520,515</u> | <u>701,235</u> |
| Net position - ending of year | <u>\$ 276,906</u> | <u>\$ 520,515</u> |

**SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2023**

SULLIVAN SCHOOL DISTRICT ACTIVITIES

As shown in the above statement the District experienced a decrease in net position of \$243,609 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 11 and 12.

The General Fund ended the fiscal year with a fund balance of \$276,906, which is a decrease of \$243,609 from the prior year. The decrease was anticipated, largely as a result of the District utilizing \$221,651 of its fund balance to offset the tax rate. District realized savings in the instruction function, which is mainly the result of conservative budgeting for the volatility in expenditures related to students who are tuitioned to other Districts. At year end the District had committed fund balance for the tuition expendable trust of \$266,628 and unassigned fund balance of \$10,278, 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 \$1,811. Budgeted expenditures exceeded the actual appropriations by \$8,467. The District underexpended in the instruction function due to tuition cost estimates above actual amounts as a result of conservative budgeting to avoid a statutory overdraft of appropriations. 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, 2023

| | Governmental <u>Activities</u> |
|--------------------------------------|-----------------------------------|
| ASSETS | |
| Current Assets: | |
| Cash and cash equivalents | \$ 100,184 |
| Due from other governments | 393,188 |
| Total Current Assets | <u>493,372</u> |
| Noncurrent Assets: | |
| Total Noncurrent Assets | <u>-</u> |
| Total Assets | <u>493,372</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Total Deferred Outflows of Resources | <u>-</u> |
| LIABILITIES | |
| Current Liabilities: | |
| Accounts payable | 18,351 |
| Due to other governments | 198,115 |
| Total Current Liabilities | <u>216,466</u> |
| Noncurrent liabilities: | |
| Total Noncurrent Liabilities | <u>-</u> |
| Total Liabilities | <u>216,466</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Total Deferred Inflows of Resources | <u>-</u> |
| NET POSITION | |
| Unrestricted | 276,906 |
| Total Net Position | <u>\$ 276,906</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, 2023

| 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> |
|-----------------------------------|---------------------|--|--|
| Governmental Activities: | | | |
| Instruction | \$ 1,630,059 | \$ 22,084 | \$ (1,607,975) |
| Supporting services | 4,529 | | (4,529) |
| General administration | 50,320 | | (50,320) |
| Pupil transportation | 198,796 | | (198,796) |
| Total governmental activities | <u>\$ 1,883,704</u> | <u>\$ 22,084</u> | <u>(1,861,620)</u> |
| General revenues: | | | |
| Property taxes | | | 869,246 |
| State adequacy education grant | | | 736,293 |
| Interest and investment earnings | | | 12,472 |
| Total general revenues | | | <u>1,618,011</u> |
| Change in net position | | | (243,609) |
| Net Position at beginning of year | | | <u>520,515</u> |
| Net Position at end of year | | | <u>\$ 276,906</u> |

See accompanying notes to the basic financial statements

EXHIBIT C
SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

| | General <u>Fund</u> | Total Governmental <u>Funds</u> |
|---|------------------------|---------------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 100,184 | \$ 100,184 |
| Due from other governments | 393,188 | 393,188 |
| Total Assets | <u>493,372</u> | <u>493,372</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Total Deferred Outflows of Resources | <u>-</u> | <u>-</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 493,372</u> | <u>\$ 493,372</u> |
| LIABILITIES | | |
| Accounts payable | \$ 18,351 | \$ 18,351 |
| Due to other governments | 198,115 | 198,115 |
| Total Liabilities | <u>216,466</u> | <u>216,466</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> |
| FUND BALANCE | | |
| Committed for: | | |
| Expendable trust | 266,628 | 266,628 |
| Unassigned | 10,278 | 10,278 |
| Total Fund Balance | <u>276,906</u> | <u>276,906</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 493,372</u> | <u>\$ 493,372</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, 2023

| | General <u>Fund</u> | Total Governmental <u>Funds</u> |
|------------------------------------|------------------------|---------------------------------------|
| Revenues: | | |
| Taxes | \$ 869,246 | \$ 869,246 |
| Intergovernmental | 758,377 | 758,377 |
| Investment income | 12,472 | 12,472 |
| Total Revenues | <u>1,640,095</u> | <u>1,640,095</u> |
| Expenditures: | | |
| Current operations: | | |
| Instruction | 1,630,059 | 1,630,059 |
| Supporting services | 4,529 | 4,529 |
| General administration | 50,320 | 50,320 |
| Pupil transportation | 198,796 | 198,796 |
| Total Expenditures | <u>1,883,704</u> | <u>1,883,704</u> |
| Net change in fund balances | (243,609) | (243,609) |
| Fund Balances at beginning of year | <u>520,515</u> | <u>520,515</u> |
| Fund Balances at end of year | <u>\$ 276,906</u> | <u>\$ 276,906</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, 2023

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, 2023

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, 2023

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, 2023, the District applied \$221,651 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, 2023

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, 2023

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, 2023 are classified in the accompanying financial statements as follows:

| | |
|----------------------------|-------------------|
| Statement of Net Position: | |
| Cash and cash equivalents | <u>\$ 100,184</u> |

Deposits at June 30, 2023 consist of the following:

| | |
|--------------------------------------|-------------------|
| Deposits with financial institutions | <u>\$ 100,184</u> |
|--------------------------------------|-------------------|

The District's deposits are limited pursuant to NH RSA 41:29. As of June 30, 2023, 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 however, the District's entire balance of deposits with financial institutions at year end was covered by federal depository insurance.

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 June 30, 2023, School District taxes were \$794,978 and State of New Hampshire Education taxes were \$74,268.

SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

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, 2023, 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, 2023.

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, 2027. Terms of the contract include minimum payments plus additional payments for an annual fuel charge, late bus runs and sports and extracurricular activities. For the year ended June 30, 2023, the District expended \$154,013 under the terms of the agreement. The minimum payments for the next five years are as follows:

| Year Ending | <u>Amount</u> |
|-----------------|-------------------|
| <u>June 30,</u> | |
| 2024 | 156,449 |
| 2025 | 161,143 |
| 2026 | 165,978 |
| 2027 | 170,957 |
| | <u>\$ 654,527</u> |

SULLIVAN, NEW HAMPSHIRE SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
For the Year Ended June 30, 2023

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, 2023

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget - Favorable <u>(Unfavorable)</u> |
|-----------------------------------|-------------------------|------------------|---------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes | \$ 869,246 | \$ 869,246 | \$ 869,246 | \$ - |
| Intergovernmental | 761,274 | 761,274 | 758,377 | (2,897) |
| Interest income | | | 4,708 | 4,708 |
| Total Revenues | <u>1,630,520</u> | <u>1,630,520</u> | <u>1,632,331</u> | <u>1,811</u> |
| Expenditures: | | | | |
| Current operations: | | | | |
| Instruction | 1,610,476 | 1,610,476 | 1,590,059 | 20,417 |
| Supporting services | 15,520 | 15,520 | 4,529 | 10,991 |
| General administration | 54,535 | 54,535 | 50,320 | 4,215 |
| Pupil transportation | 171,640 | 171,640 | 198,796 | (27,156) |
| Total Expenditures | <u>1,852,171</u> | <u>1,852,171</u> | <u>1,843,704</u> | <u>8,467</u> |
| Net change in fund balance | (221,651) | (221,651) | (211,373) | 10,278 |
| Fund Balance at beginning of year | | | | |
| - Budgetary Basis | <u>221,651</u> | <u>221,651</u> | <u>221,651</u> | <u>-</u> |
| Fund Balance at end of year | | | | |
| - Budgetary Basis | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,278</u> | <u>\$ 10,278</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, 2023

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 expenditures as follows:

| | Revenues and Other Financing <u>Sources</u> | Expenditures and Other Financing <u>Uses</u> |
|---|--|---|
| Per Exhibit D | \$ 1,640,095 | \$ 1,883,704 |
| Non-budgetary revenues and expenditures | <u>(7,764)</u> | <u>(40,000)</u> |
| Per Schedule 1 | <u>\$ 1,632,331</u> | <u>\$ 1,843,704</u> |