

BROOKLINE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

**BROOKLINE SCHOOL DISTRICT
FINANCIAL REPORT
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JUNE 30, 2013**

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Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookline School District as of and for the fiscal year ended June 30, 2013, which collectively comprise the School District's basic financial statements as listed in the table of contents and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, which 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 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 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.

Basis for Adverse Opinion on Governmental Activities

Management has not determined its liability or annual cost for postemployment benefits other than pensions (OPEB) in governmental activities. Accounting principles generally accepted in the United States of America require that management recognize OPEB expense for the required contributions and a liability for unpaid required contributions, which would increase the liabilities, decrease net position, and increase expenses of the

governmental activities. The amount by which this departure would affect the liabilities, net position, and expenses of the governmental activities has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on Governmental Activities" paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities of the Brookline School District, as of June 30, 2013, or the changes in financial position thereof for the year then ended.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund, and the aggregate remaining fund information of the Brookline School District as of June 30, 2013, and the respective changes in financial position thereof for the fiscal 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 the management's discussion and analysis and budgetary comparison information on pages 3 – 9 and 21 – 22 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. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brookline School District's basic financial statements as a whole. The combining nonmajor and individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. They are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the accounting procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

March 3, 2014

Robert & Anne, PLLC

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

This section of the Brookline School District annual financial report presents our discussion and analysis of the district's financial performance during the fiscal year that ended June 30, 2013. Responsibility for the accuracy of the data, and the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material performance as a whole. With this in mind, please also refer to the district's financial statements, which immediately follow this section. The MDA is an element of required supplementary information specified in the Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

The District administration is responsible for establishing and accounting and internal control structure designed to ensure that the physical, data, informational, intellectual, and human resource assets of the District are protected from loss, theft and misuse, and to ensure that adequate accounting information is maintained and reported in conformity with generally accepted accounting principles (GAAP). Management also strives to ensure these assets are put to good and effective use. The internal control structure is designed to provide reasonable assurance that these objectives are attained.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

1. The first two basic financial statements provide both short-term and long-term information about the district's overall financial status.
2. The remaining basic financial statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the district as a whole. The statement of net position includes all of the district's assets and liabilities, except for capital assets. All of the current year's revenues and expense are accounted for in the statement of activities regardless of when cash is received or paid. Net position – the difference between the district's assets and liabilities – is one way

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

to measure the district's financial health or position. The district-wide statements present and aggregate view of the finances of the school district by answering the question, "How did the school district do financially during the 2012-13 school year?" These statements report all assets and liabilities using the accrual basis of accounting used by most private-sector enterprises. The accrual basis takes into account all of the district's current-year revenues and expenses regardless of when they were paid or received.

In the district-wide financial statements the district's activities are listed as governmental activities, which includes most of the district's basic service, such as regular and special education, transportation, and administration. Property taxes and state revenue finance most of the activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the district's most significant funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law and by bond covenants. The district establishes other funds to control and manage money for particular purposes (like repaying long-term debts) or to show that it is properly using certain revenues (like federal grants).

The district has two types of funds:

- Governmental funds – Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash (and other financial assets that can be readily converted to cash) flows in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. This information does not encompass the additional long-term focus of the district-wide statements. We provide additional information with the governmental funds statements that explain the relationship (or differences) between them. An annual appropriation budget is adopted for governmental funds. A budgetary comparison has been provided for the General and Grant funds to demonstrate compliance with this budget.
- Fiduciary Funds – The district is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the district's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in the fiduciary net position. These activities are not included in the district-wide financial statements because the district cannot use these assets to finance its operations.

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

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.

Brookline School District

Table 1 Statement of Net Position

	2012	2013	Increase (Decrease)	%Increase- (Decrease)
Current and other assets	710,754	481,826	-228,928	-32%
Capital assets	6,396,883	6,623,077	226,194	4%
Total Assets	<u>7,107,637</u>	<u>7,104,903</u>	<u>-2,734</u>	<u>-29%</u>
Long-term liabilities outstanding	1,632,181	1,808,701	176,520	11%
Other liabilities	268,917	321,253	52,336	19%
Total Liabilities	<u>1,901,098</u>	<u>2,129,954</u>	<u>228,856</u>	<u>30%</u>
Net Position:				
Net Investment in Capital Assets	4,949,515	5,007,164	57,649	1%
Restricted	47,428	51,842	4,414	9%
Unrestricted	209,596	-84,057	-293,653	-140%
Total Net Position	<u>5,206,539</u>	<u>4,974,949</u>	<u>-231,590</u>	<u>-130%</u>

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

Government-Wide Financial Analysis

Statement of Activities

Change in general fund revenue and expenses for fiscal year 2013 compared to fiscal year 2012:

Revenues:	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
Program Revenues:				
Charges for Services	157,668	164,193	-6,525	-3.97%
Operating Grants and Contributions	375,156	437,243	-62,087	-14.20%
Capital Grants and Contributions	74,032	77,616	-3,584	-4.62%
General Revenues:				
Assessment	5,156,644	4,936,768	219,876	4.45%
Grants and contributions	2,675,157	2,700,684	-25,527	-0.95%
Miscellaneous	24,578	7,539	17,039	226.01%
Total Revenues	<u>8,463,235</u>	<u>8,324,043</u>	<u>139,192</u>	<u>1.67%</u>
Program Expenses:				
Instruction	4,031,660	4,132,510	-100,850	-2.44%
Student Support	671,427	647,322	24,105	3.72%
Instructional Staff	210,144	203,619	6,525	3.20%
General Administration	25,296	25,635	-339	-1.32%
Executive Administration	261,105	249,233	11,872	4.76%
School Administration	441,185	416,322	24,863	5.97%
Operation and Maintenance of Plant	573,251	575,437	-2,186	-0.38%
Student Transportation	454,329	371,835	82,494	22.19%
Other	1,622,916	1,496,849	126,067	8.42%
Non-instructional Services	163,879	156,995	6,884	4.38%
Facilities Acquisition and Construction	0	0	0	
Interest on Long-term Debt	239,633	211,057	28,576	13.54%
Total Expenses	<u>8,694,825</u>	<u>8,486,814</u>	<u>208,011</u>	<u>2.45%</u>
Change in Net Position	-231,590	-162,771	-68,819	
Net Position – Beginning	5,206,539	5,369,310		
Net Position – Ending	<u>4,974,949</u>	<u>5,206,539</u>		

The district's expenses are predominately salaries and benefits which I have illustrated below. Specific areas of variance are evidenced above in the change in net position. Some larger variances are due to the following:

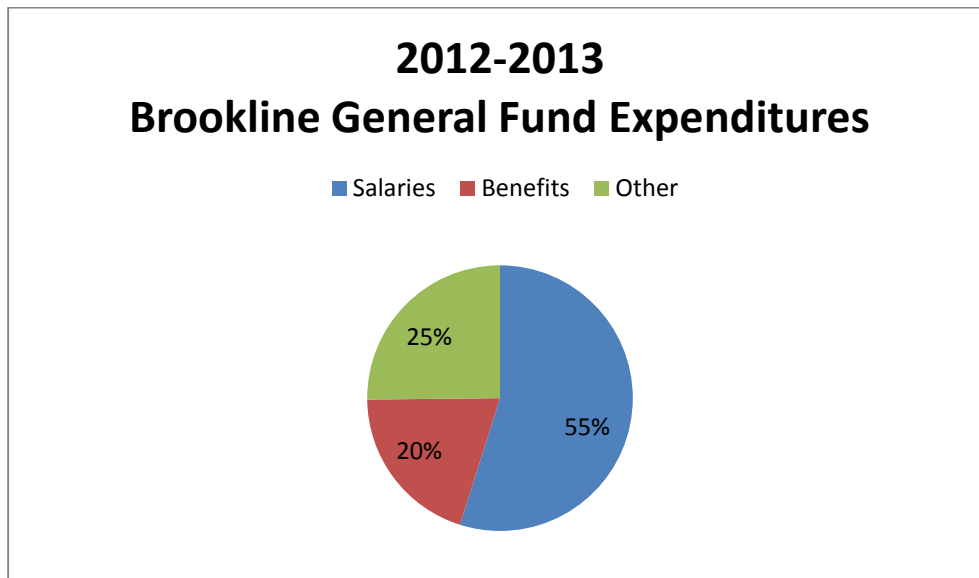
**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

Revenues – Operating grants and contributions were down as grants that had been previously awarded were no longer available for the district to access. The increase under “Miscellaneous” revenues was driven by larger impact fee collection by the Town of Brookline.

Program Expenses – The largest increase was realized in the area of Student Transportation. This was caused by additional special education transportation requirements that occurred post budget development. Interest on long-term debt also showed an increase due to debt incurred for the roof project at CSDA. Other positive variances throughout program expenses are primarily related to employee salary and benefit increases that were approved by the School Board and the legislative body at the district meeting. Executive Administration cost increases is due to new leases on copier equipment and salary adjustments.

Brookline School District Activities

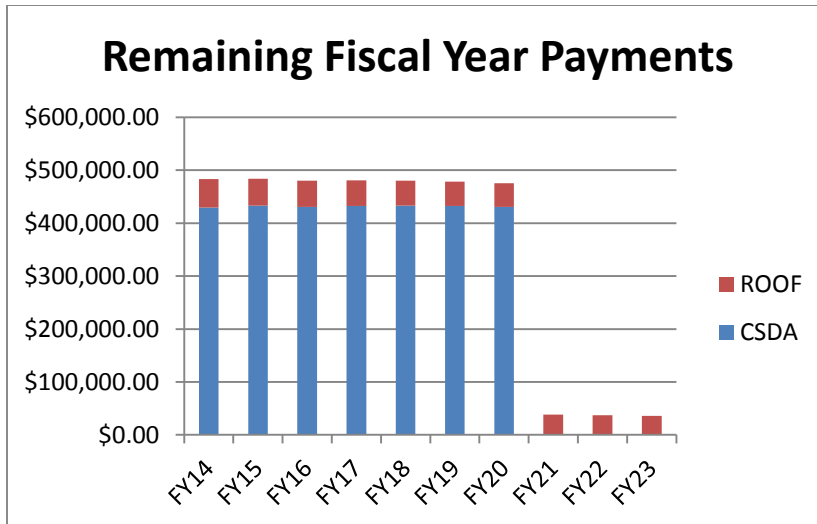
The district’s expenses are predominately salaries and benefits which are illustrated below. "Other" expenses account for contracted services, transportation, operation & maintenance of plant, debt service, and general operational materials.



**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2013**

DEBT ADMINISTRATION

The Brookline School District carries debt for the construction of Captain Samuel Douglas Academy and the roof repair of the same.



OTHER DISCUSSION

The district's financial status is sound. Being that the majority of cost is associated to salary and benefits the budget is rather predictable from year to year. Administration actively searches for lower cost approaches to delivering required services.

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Administrator at SAU #41, PO Box 1588, 4 Lund Lane, Brookline, NH 03049, by telephone at 603-324-5999, or via email at eric.horton@sau41.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
BROOKLINE SCHOOL DISTRICT
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 218,682
Investments	387
Intergovernmental receivables	224,591
Other receivables	4,729
Inventory	4,689
Prepaid items	28,748
Capital assets, net of accumulated depreciation:	
Land improvements	84,525
Buildings and building improvements	6,528,910
Machinery, equipment and vehicles	9,642
Total assets	<u>7,104,903</u>
LIABILITIES	
Accounts payable	97,041
Accrued salaries and benefits	57,404
Intergovernmental payable	11,553
Accrued interest payable	148,193
Unearned revenue	7,062
Noncurrent obligations:	
Due within one year:	
Bonds payable	248,054
Unamortized bond premium	2,210
Compensated absences	4,474
Termination benefits	20,714
Due in more than one year:	
Bonds payable	1,367,859
Unamortized bond premium	19,890
Termination benefits	145,500
Total liabilities	<u>2,129,954</u>
NET POSITION	
Net investment in capital assets	5,007,164
Restricted for special purposes	51,842
Unrestricted	(84,057)
Total net position	<u>\$ 4,974,949</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2
BROOKLINE SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2013

		Program Revenues			Net (Expense)
			Operating	Capital	Revenue and
	Expenses	Charges for	Grants and	Grants and	Changes In
		Services	Contributions	Contributions	Net Position
Governmental activities:					
Instruction	\$ 4,031,660	\$ 38,112	\$ 273,502	\$ -	\$ (3,720,046)
Support services:					
Student	671,427	-	-	-	(671,427)
Instructional staff	210,144	-	42,796	-	(167,348)
General administration	25,296	-	-	-	(25,296)
Executive administration	261,105	-	-	-	(261,105)
School administration	441,185	-	-	-	(441,185)
Operation and maintenance of plant	573,251	-	-	-	(573,251)
Student transportation	454,329	-	3,892	-	(450,437)
Other	1,622,916	-	7,114	-	(1,615,802)
Non-instructional services	163,879	119,556	44,375	-	52
Facilities acquisition and construction	-	-	3,477	-	3,477
Interest on long-term debt	239,633	-	-	74,032	(165,601)
Total governmental activities	<u>\$ 8,694,825</u>	<u>\$ 157,668</u>	<u>\$ 375,156</u>	<u>\$ 74,032</u>	<u>(8,087,969)</u>

General revenues:	
School district assessment	5,156,644
Grants and contributions not restricted to specific programs	2,675,157
Miscellaneous	24,578
Total general revenues	<u>7,856,379</u>
Change in net position	(231,590)
Net position, beginning, as restated (See Note III.D.1.)	<u>5,206,539</u>
Net position, ending	<u>\$ 4,974,949</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 3
BROOKLINE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 155,198	\$ -	\$ 63,484	\$ 218,682
Investments	387	-	-	387
Receivables, net of allowance for uncollectibles:				
Accounts	4,534	-	-	4,534
Intergovernmental	96,144	69,109	59,533	224,786
Interfund receivable	59,809	-	325	60,134
Inventory	-	-	4,689	4,689
Prepaid items	28,748	-	-	28,748
Total assets	<u>\$ 344,820</u>	<u>\$ 69,109</u>	<u>\$ 128,031</u>	<u>\$ 541,960</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 87,348	\$ 8,975	\$ 718	\$ 97,041
Accrued salaries and benefits	57,404	-	-	57,404
Intergovernmental payable	11,553	-	-	11,553
Interfund payable	-	60,134	-	60,134
Deferred revenue	2,448	-	4,614	7,062
Total liabilities	<u>158,753</u>	<u>69,109</u>	<u>5,332</u>	<u>233,194</u>
Fund balances:				
Nonspendable	28,748	-	4,689	33,437
Restricted	-	-	75,937	75,937
Committed	63,011	-	42,073	105,084
Assigned	13,737	-	-	13,737
Unassigned	80,571	-	-	80,571
Total fund balances	<u>186,067</u>	<u>-</u>	<u>122,699</u>	<u>308,766</u>
Total liabilities and fund balances	<u>\$ 344,820</u>	<u>\$ 69,109</u>	<u>\$ 128,031</u>	<u>\$ 541,960</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 4
BROOKLINE SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position
June 30, 2013

Total fund balances of governmental funds (Exhibit 3)			\$	308,766
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.				
Cost	\$	9,363,135		
Less accumulated depreciation		<u>(2,740,058)</u>		
				6,623,077
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.				
Receivables	\$	(60,134)		
Payables		<u>60,134</u>		
				-
Interest on long-term debt is not accrued in governmental funds.				(148,193)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.				
Bonds	\$	1,615,913		
Unamortized bond premium		22,100		
Compensated absences		4,474		
Termination benefits		<u>166,214</u>		
				(1,808,701)
Net position of governmental activities (Exhibit 1)			\$	<u><u>4,974,949</u></u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 5
BROOKLINE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$ 5,156,644	\$ -	\$ -	\$ 5,156,644
Other local	62,690	-	134,890	197,580
State	2,785,589	-	2,252	2,787,841
Federal	52,407	226,640	42,123	321,170
Total revenues	<u>8,057,330</u>	<u>226,640</u>	<u>179,265</u>	<u>8,463,235</u>
EXPENDITURES				
Current:				
Instruction	3,682,180	172,838	6,101	3,861,119
Support services:				
Student	671,427	-	-	671,427
Instructional staff	163,100	42,796	4,248	210,144
General administration	25,296	-	-	25,296
Executive administration	261,105	-	-	261,105
School administration	440,873	-	-	440,873
Operation and maintenance of plant	584,632	-	-	584,632
Student transportation	450,437	3,892	-	454,329
Other	1,615,802	7,114	-	1,622,916
Non-instructional services	-	-	161,745	161,745
Debt service:				
Principal	217,855	-	-	217,855
Interest	224,988	-	-	224,988
Facilities acquisition and construction	2,000	-	399,925	401,925
Total expenditures	<u>8,339,695</u>	<u>226,640</u>	<u>572,019</u>	<u>9,138,354</u>
Deficiency of revenues under expenditures	<u>(282,365)</u>	<u>-</u>	<u>(392,754)</u>	<u>(675,119)</u>
Other financing sources (uses):				
Transfers in	-	-	4,356	4,356
Transfers out	(4,356)	-	-	(4,356)
Proceeds from long-term debt issued	-	-	408,500	408,500
Total other financing sources and uses	<u>(4,356)</u>	<u>-</u>	<u>412,856</u>	<u>408,500</u>
Net change in fund balances	(286,721)	-	20,102	(266,619)
Fund balances, beginning, as restated (See Note III.D.1)	472,788	-	102,597	575,385
Fund balances, ending	<u>\$ 186,067</u>	<u>\$ -</u>	<u>\$ 122,699</u>	<u>\$ 308,766</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 6
BROOKLINE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

Net change in fund balances of total governmental funds (Exhibit 5) \$ (266,619)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capitalized capital outlay exceeded depreciation expense in the current period.

Capitalized capital outlay	\$ 414,392	
Depreciation expense	<u>(188,198)</u>	
		226,194

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

Transfers in	\$ (4,356)	
Transfers out	<u>4,356</u>	
		-

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

Issuance of bonds	\$ (386,400)	
Bond premium received	(22,100)	
Principal repayment of bonds	<u>217,855</u>	
		(190,645)

Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Increase in accrued interest expense	\$ (14,645)	
Increase in compensated absences	(1,398)	
Decrease in termination benefits	<u>15,523</u>	
		(520)

Change in net position of governmental activities (Exhibit 2)	<u>\$ (231,590)</u>	
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The notes to the financial statements are an integral part of this statement.

EXHIBIT 7
BROOKLINE SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2013

	<u>Agency</u>
ASSETS	
Cash and cash equivalents	\$ 24,733
LIABILITIES	
Due to student groups	<u>24,733</u>
NET POSITION	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

I. Summary of Significant Accounting Principles

I.A. Introduction

The accounting and reporting framework and the more significant accounting principles and practices of the Brookline School District (the School District) are discussed in subsequent sections of this note. The remainder of the notes is organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2013.

I.B. Financial Reporting Entity – Basis of Presentation

I.B.1. *Entity Defined*

The Brookline School District is a municipal corporation governed by a school board consisting of five members elected by the voters. These financial statements present the financial position and activity of the primary government. Component units are organizations for which the primary government is financially accountable, or other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete. Based on the stated criteria, the School District's financial statements do not include any component units.

I.B.2. *Government-Wide and Fund Financial Statements*

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the School District as a whole, excluding fiduciary activities. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report tuition, fees, and other charges for the School District's services; (2) operating grants and contributions, which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which finance the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. The school district assessment from the town, unrestricted state aid and revenue from other sources not properly included with program revenues are reported as general revenues.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual, governmental funds are reported in separate columns with a composite column for nonmajor funds.

I.B.3. *Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants are recognized when grantor eligibility requirements are met. Fiduciary fund financial statements also report using this same basis of accounting. The agency funds are custodial in nature and do not measure results of operations.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenues susceptible to accrual are the school district assessment from the town, tuition, investment income and federal and state grants. In general, other revenues are recognized when cash is received.

I.B.4. *Fund Types and Major Funds*

Governmental Funds

The School District reports the following major governmental funds:

General Fund – Reports as the primary fund of the School District. This fund is used to account for all financial resources not reported in other funds.

Grants Fund – Reports as a special revenue fund and accounts for the revenues and expenditures of the School District's federal grant programs.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

The School District also reports three nonmajor governmental funds: food service, other special revenue, and permanent.

Fiduciary Funds

The School District reports the following fiduciary fund:

Agency Funds – Account for fiduciary assets held by the School District in a custodial capacity as an agent on behalf of others. The School District's agency funds are used to account for student activities.

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

I.C.1. *Cash and Investments*

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

Investments are stated at fair value based on quoted market prices.

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

Any person who directly or indirectly receives any such funds or monies for deposit or for investment in securities of any kind shall, prior to acceptance of such funds, make available at the time of such deposit or investment an option to have such funds secured by collateral having a value at least equal to the amount of such funds. Such collateral shall be segregated for the exclusive benefit of the School District. Only securities defined by the bank commissioner as provided by rules adopted pursuant to RSA 386:57 shall be eligible to be pledged as collateral.

I.C.2. *Prepaid Items*

Prepaid items are payments to vendors that benefit future reporting periods and are reported on the consumption basis. They are similarly reported in government-wide and fund financial statements.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

I.C.3. *Capital Assets and Depreciation*

The School District's capital assets with useful lives of more than one year are stated at historical cost and reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The School District capitalizes assets with cost of \$10,000 or more and an estimated useful life of one year or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed of, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follow:

	<u>Years</u>
Land improvements	20
Buildings and building improvements	50-115
Machinery, equipment and vehicles	15-20

I.C.4. *Long-Term Debt*

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

I.C.5. *Compensated Absences*

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

Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminated employees which are included in wages and benefits expenditures.

I.C.6. *Termination Benefits*

Teachers are entitled to a retirement incentive after meeting certain employment requirements. Termination benefits are reported as accrued in the government-wide financial statements. Governmental funds report only matured termination benefits payable to currently terminated employees which are included in wages and benefits expenditures.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

I.C.7. *Equity*

The government-wide statement of net position reports net position in the following components:

- Net investment in capital assets, which is computed as the total capital assets less accumulated depreciation, net of outstanding debt used to acquire those assets.
- Restricted for special purposes, which consists of the expendable and nonexpendable portions of endowments held by the Town of Brookline Trustees of Trust funds for school district purposes.
- Unrestricted, which consists of the remaining balance of net position.

The governmental funds report the following components of fund balance:

- Nonspendable, which represents the balance of inventory reported in the Food Service Fund; and expenditures paid in advance for summer school tuition and activities in the General Fund.
- Restricted, which represents the expendable portion of the endowment for school purposes held in the Town of Brookline Trust Funds and balances of revenues from grants and contributions to be used for instruction and student support.
- Committed, which represents the balance of the expendable trust funds, establish at the Annual District Meeting, whose purpose can only be changed by vote of the legislative body, to be used for support services (maintenance).
- Assigned, which represents encumbrances for instruction and support services, assigned by a vote of the school board or by management through the use of approved purchase orders.
- Unassigned, which represents net resources in excess of that classified as nonspendable, restricted, committed or assigned.

I.C.8 *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all major governmental funds. Unless encumbered, all appropriations lapse at year-end. The School District is required to use beginning unassigned fund balance to balance the budget. In the fiscal year 2013, \$368,976 of this fund balance from the fiscal year 2012 was used.

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

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

III. Detailed Notes on Funds and Government-Wide Statements

III.A. Assets

III.A.1. *Receivables*

Significant receivables consist of reimbursements and intergovernmental amounts arising from medicaid, grants, reimbursements from other school districts for shared services and the trust funds being in the custody of the Town of Brookline trustees of trust funds

Receivables are recorded on the School District's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation and collectability.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

III.A.2. Capital Assets

Changes in Capital Assets

The following table provides a summary of changes in capital assets:

	Balance, beginning	Changes	Balance, ending
Governmental activities:			
At cost:			
Not being depreciated:			
Construction in progress	\$ 14,500	\$ (14,500)	\$ -
Being depreciated:			
Land improvements	230,400	-	230,400
Buildings and building improvements	8,652,023	428,892	9,080,915
Machinery, equipment and vehicles	51,820	-	51,820
Total capital assets being depreciated	8,934,243	428,892	9,363,135
Total all capital assets	8,948,743	414,392	9,363,135
Less accumulated depreciation:			
Land improvements	(134,355)	(11,520)	(145,875)
Buildings and building improvements	(2,378,452)	(173,553)	(2,552,005)
Machinery, equipment and vehicles	(39,053)	(3,125)	(42,178)
Total accumulated depreciation	(2,551,860)	(188,198)	(2,740,058)
Net book value, capital assets being depreciated	6,382,383	240,694	6,623,077
Net book value, all capital assets	\$ 6,396,883	\$ 226,194	\$ 6,623,077

Depreciation Expense

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

Governmental activities:	
Instruction	\$ 186,064
Non-instructional services	2,134
Total depreciation expense	\$ 188,198

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

III.B. Long-Term Debt

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). They are backed by the full faith and credit of the School District. Long-term debt currently outstanding is as follows:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2013	Current Portion
General obligation bonds payable:						
School renovations	\$ 5,367,912	2000	2020	5.2	\$ 1,229,513	\$ 206,654
CSDA roof renovations	\$ 386,400	2013	2022	2.32	386,400	41,400
					<u>1,615,913</u>	<u>248,054</u>
Bond premium	\$ 22,100	2013	2022	N/A	22,100	2,210
Compensated absences payable:						
Accrued vacation leave					4,474	4,474
Termination benefits payable					<u>166,214</u>	<u>20,714</u>
					<u>\$ 1,808,701</u>	<u>\$ 275,452</u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2013:

	General Obligation Bonds Payable	Bond Premium Amortization	Compensated Absences Payable	Termination Benefits Payable	Total
Balance, beginning	\$ 1,447,368	\$ -	\$ 3,076	\$ 181,737	\$ 1,632,181
Additions	386,400	22,100	1,398	-	409,898
Reductions	<u>(217,855)</u>	<u>-</u>	<u>-</u>	<u>(15,523)</u>	<u>(233,378)</u>
Balance, ending	<u>\$ 1,615,913</u>	<u>\$ 22,100</u>	<u>\$ 4,474</u>	<u>\$ 166,214</u>	<u>\$ 1,808,701</u>

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

Debt Service Requirements to Maturity

The annual debt service requirements to maturity for bonded debt as of year-end are as follow:

Fiscal Year Ending June 30,	Principal	Interest	Total
2014	\$ 248,054	\$ 235,486	\$ 483,540
2015	236,449	247,732	484,181
2016	222,592	257,733	480,325
2017	213,870	266,880	480,750
2018	205,169	275,156	480,325
2019-2022	489,779	575,946	1,065,725
Totals	<u>\$ 1,615,913</u>	<u>\$ 1,858,933</u>	<u>\$ 3,474,846</u>

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

III.C.1. *Receivables and Payables*

Generally, outstanding balances between funds reported as “interfund receivables/payables” include outstanding charges by one fund to another for goods or services, subsidy commitments outstanding at year-end, or other miscellaneous amounts. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is also reported as “interfund receivables/payables.”

The following schedule reports receivables and payables within the reporting entity at fiscal year-end:

Receivable fund	Payable fund	Amount
General	Grants	\$ 59,809
Nonmajor	Grants	325
		<u>\$ 60,134</u>

The amount due to the General Fund represents overdrafts of pooled cash. The amount due to the Nonmajor Funds represents reimbursements owed to the Food Service Fund for services provided.

III.C.2. *Transfers*

Transfers within the reporting entity are for the purposes of adding to capital reserve accounts and distribution of income earned on permanent funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns. For fiscal year 2013, the voters approved a transfer of \$10,000 to the Expendable Trust Funds (School Facilities Maintenance Fund). The transfer does not appear in the fund financial statements because in accordance with GASB

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

Statement No. 54, expendable trust fund activity is reported within the General Fund. Therefore, any transfers or interfund balances between the two funds are eliminated. The amount transferred to the nonmajor funds from the General Fund is a subsidy to the Food Service Fund of \$4,356.

III.D. Net Position and Components of Fund Balance

III.D.1. Restatement of Beginning Net Position/Fund Balance

	Governmental Activities	Permanent Fund
To report balance held in scholarship funds	\$ 17,303	\$ 17,303
Net position/fund balance, as previously reported	5,189,236	30,125
Net position/fund balance, as restated	<u>\$ 5,206,539</u>	<u>\$ 47,428</u>

III.D.2. Components of Fund Balance

The components of fund balance, as described in Note I.C.7, are classified for the following purposes:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Inventory	\$ -	\$ 4,689	\$ 4,689
Prepays	28,748	-	28,748
Total nonspendable	<u>28,748</u>	<u>4,689</u>	<u>33,437</u>
Restricted for:			
Support services	-	75,937	75,937
Committed for:			
Support services	63,011	-	63,011
Non-instructional services	-	33,498	33,498
Capital outlay	-	8,575	8,575
Total committed	<u>63,011</u>	<u>42,073</u>	<u>105,084</u>
Assigned to:			
Instruction	1,648	-	1,648
Support services	12,089	-	12,089
Total assigned	<u>13,737</u>	<u>-</u>	<u>13,737</u>
Unassigned	<u>80,571</u>	<u>-</u>	<u>80,571</u>
Total fund balances	<u><u>186,067</u></u>	<u><u>122,699</u></u>	<u><u>308,766</u></u>

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

IV. Other Information

IV.A. Risk Management

The School District's risk management activities are reported with governmental activities and recorded in the general fund. During the fiscal year, the School District was a member of the Local Government Center Property-Liability Trust, Inc., which is considered a public entity risk pool, currently operating as a common risk management and insurance program for member governmental entities.

Local Government Center Property-Liability Trust, Inc. (the Trust) – This Trust is organized to provide certain property and liability protection to member towns, cities, and other qualified political subdivisions of New Hampshire. As a member of the Trust, the School District shares in contributing to the cost of, and receiving benefits from, a self-insured pooled risk management program. The membership and coverage run from July 1 to June 30. The Trust maintains a self-insured retention above which it purchases reinsurance and excess insurance.

Contributions paid for fiscal year 2013 to be recorded as an insurance expenditure/expense totaled \$25,261. There were no unpaid contributions for the year ended June 30, 2013. The School District also paid \$24,165 for workers' compensation and \$13,529 for unemployment compensation for the fiscal year. The trust agreement permits the Trust to make additional assessments to members should there be a deficiency in trust assets to meet its liabilities. At this time, the Trust foresees no likelihood of any additional assessments for past years.

IV.B. Retirement Pensions

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

Both the members and the School District make contributions to the NHRS. Member rates of contribution are set by the Legislature. Employer rates are determined by the NHRS trustees based on an actuarial valuation. The rate of contribution is 7% of gross earnings for all employees. The rates of contribution from the School District were 11.3% for teachers and 8.8% for other employees. Employer contributions from the School District during the fiscal years 2011, 2012 and 2013 were \$303,271, \$402,522 and \$406,743, respectively. The amounts are paid on a monthly basis as due.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

IV.C. Contingent Liabilities

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

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 8
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 5,156,644	\$ 5,156,644	\$ -
Other local	37,000	62,647	25,647
State	2,779,608	2,785,589	5,981
Federal	45,000	52,407	7,407
Total revenues	<u>8,018,252</u>	<u>8,057,287</u>	<u>39,035</u>
EXPENDITURES			
Current:			
Instruction	3,656,382	3,683,828	(27,446)
Support services:			
Student	686,197	673,253	12,944
Instructional staff	183,025	165,912	17,113
General administration	42,659	25,296	17,363
Executive administration	261,105	261,105	-
School administration	458,113	441,225	16,888
Operation and maintenance of plant	628,158	553,297	74,861
Student transportation	354,673	450,437	(95,764)
Other	1,656,614	1,615,802	40,812
Debt service:			
Principal	217,855	217,855	-
Interest	212,581	224,988	(12,407)
Facilities acquisition and construction	19,866	-	19,866
Total expenditures	<u>8,377,228</u>	<u>8,312,998</u>	<u>64,230</u>
Deficiency of revenues under expenditures	(358,976)	(255,711)	103,265
Other financing sources (uses):			
Transfers in	-	7,700	7,700
Transfers out	(10,000)	(24,356)	(14,356)
Total other financing sources and uses	<u>(10,000)</u>	<u>(16,656)</u>	<u>(6,656)</u>
Net change in fund balance	<u>\$ (368,976)</u>	(272,367)	<u>\$ 96,609</u>
Increase in nonspendable fund balance		(26,038)	
Decrease in committed fund balance		10,000	
Unassigned fund balance, beginning		368,976	
Unassigned fund balance, ending		<u>\$ 80,571</u>	

The notes to the required supplementary information is an integral part of this statement.

EXHIBIT 9
BROOKLINE SCHOOL DISTRICT
Grants Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal	\$ 169,407	\$ 226,640	\$ 57,233
EXPENDITURES			
Current:			
Instruction	169,407	172,838	(3,431)
Support services:			
Instructional staff	-	42,796	(42,796)
Student transportation	-	3,892	(3,892)
Other	-	7,114	(7,114)
Total expenditures	169,407	226,640	(57,233)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning		-	
Fund balance, ending		\$ -	

The notes to the required supplementary information is an integral part of this statement.

**BROOKLINE SCHOOL DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:

Per Exhibit 8 (budgetary basis)	\$ 8,064,987
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Adjustments:

Perspective difference:

Expendable trust fund activity that is included on the GAAP basis, but not on the budgetary basis	43
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Transfer from Expendable Trust Fund	(7,700)
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Per Exhibit 5 (GAAP basis)	<u>\$ 8,057,330</u>
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Expenditures and other financing uses:

Per Exhibit 8 (budgetary basis)	\$ 8,337,354
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Adjustments:

Basis difference:

Encumbrances, beginning	33,667
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Encumbrances, ending	(13,737)
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Perspective difference:

Expendable trust fund activity that is included on the GAAP basis, but not on the budgetary basis	6,767
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Transfer to Expendable Trust Fund	(20,000)
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Per Exhibit 5 (GAAP basis)	<u>\$ 8,344,051</u>
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For the Grants Funds, there is no difference between the budgetary basis and GAAP.

COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 10
BROOKLINE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2013

	Special Revenue Funds		Capital Project Fund	Permanent Fund	Total
	Food Service	Other			
ASSETS					
Cash and cash equivalents	\$ 21,606	\$ 33,303	\$ 8,575	\$ -	\$ 63,484
Intergovernmental receivable	7,496	195	-	51,842	59,533
Interfund receivable	325	-	-	-	325
Inventory	4,689	-	-	-	4,689
Total assets	<u>\$ 34,116</u>	<u>\$ 33,498</u>	<u>\$ 8,575</u>	<u>\$ 51,842</u>	<u>\$ 128,031</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 718	\$ -	\$ -	\$ -	\$ 718
Deferred revenue	4,614	-	-	-	4,614
Total liabilities	<u>5,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,332</u>
Fund balances:					
Nonspendable	4,689	-	-	-	4,689
Restricted	24,095	-	-	51,842	75,937
Committed	-	33,498	8,575	-	42,073
Total fund balances	<u>28,784</u>	<u>33,498</u>	<u>8,575</u>	<u>51,842</u>	<u>122,699</u>
Total liabilities and fund balances	<u>\$ 34,116</u>	<u>\$ 33,498</u>	<u>\$ 8,575</u>	<u>\$ 51,842</u>	<u>\$ 128,031</u>

EXHIBIT 11
BROOKLINE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds		Capital Project Fund	Permanent Fund	Total
	Food Service	Other			
REVENUES					
Local	\$ 119,556	\$ 10,920	\$ -	\$ 4,414	\$ 134,890
State	2,252	-	-	-	2,252
Federal	42,123	-	-	-	42,123
Total revenues	<u>163,931</u>	<u>10,920</u>	<u>-</u>	<u>4,414</u>	<u>179,265</u>
EXPENDITURES					
Current:					
Instruction	-	6,101	-	-	6,101
Support services:					
Instructional staff	-	4,248	-	-	4,248
Non-instructional services	161,745	-	-	-	161,745
Facilities acquisition and construction	-	-	399,925	-	399,925
Total expenditures	<u>161,745</u>	<u>10,349</u>	<u>399,925</u>	<u>-</u>	<u>572,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,186</u>	<u>571</u>	<u>(399,925)</u>	<u>4,414</u>	<u>(392,754)</u>
Other financing sources:					
Transfers in	4,356	-	-	-	4,356
Long-term debt issued	-	-	408,500	-	408,500
Total other financing sources	<u>4,356</u>	<u>-</u>	<u>408,500</u>	<u>-</u>	<u>412,856</u>
Net change in fund balances	6,542	571	8,575	4,414	20,102
Fund balances, beginning, as restated (See note III.D.1.)	<u>22,242</u>	<u>32,927</u>	<u>-</u>	<u>47,428</u>	<u>102,597</u>
Fund balances, ending	<u>\$ 28,784</u>	<u>\$ 33,498</u>	<u>\$ 8,575</u>	<u>\$ 51,842</u>	<u>\$ 122,699</u>

EXHIBIT 12
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2013

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 5,156,644	\$ 5,156,644	\$ -
Other local sources:			
Tuition	30,000	38,112	8,112
Investment earnings	3,000	1,529	(1,471)
Impact fees	-	20,876	20,876
Rentals	4,000	2,020	(1,980)
Miscellaneous	-	110	110
Total from other local sources	37,000	62,647	25,647
State sources:			
Adequacy aid (grant)	2,061,625	2,061,625	-
Adequacy aid (tax)	613,532	613,532	-
School building aid	74,032	74,032	-
Catastrophic aid	30,419	36,400	5,981
Total from state sources	2,779,608	2,785,589	5,981
Federal sources:			
Medicaid	45,000	52,407	7,407
Other financing sources:			
Transfers in	-	7,700	7,700
Total revenues and other financing sources	8,018,252	\$ 8,064,987	\$ 46,735
Use of fund balance to reduce school district assessment	368,976		
Total revenues, other financing sources and use of fund balance	\$ 8,387,228		

EXHIBIT 13
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2013

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 2,622,207	\$ 2,556,337	\$ 1,433	\$ 64,437
Special programs	-	1,034,175	1,125,843	215	(91,883)
Total instruction	-	3,656,382	3,682,180	1,648	(27,446)
Support services:					
Student	2,110	686,197	671,427	3,936	12,944
Instructional staff	679	183,025	163,100	3,491	17,113
General administration	-	42,659	25,296	-	17,363
Executive administration	-	261,105	261,105	-	-
School administration	-	458,113	440,873	352	16,888
Operation and maintenance of plant	30,878	628,158	579,865	4,310	74,861
Student transportation	-	354,673	450,437	-	(95,764)
Other	-	1,656,614	1,615,802	-	40,812
Total support services	33,667	4,270,544	4,207,905	12,089	84,217
Debt service:					
Principal	-	217,855	217,855	-	-
Interest	-	212,581	224,988	-	(12,407)
Total debt service	-	430,436	442,843	-	(12,407)
Facilities acquisition and construction	-	19,866	-	-	19,866
Other financing uses:					
Transfers out	-	10,000	24,356	-	(14,356)
Total encumbrances, appropriations, expenditures and other financing uses	\$ 33,667	\$ 8,387,228	\$ 8,357,284	\$ 13,737	\$ 49,874

EXHIBIT 14
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2013

Unassigned fund balance, beginning		\$ 368,976
Changes:		
Fund balance used to reduce school district assessment		(368,976)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 46,735	
Unexpended balance of appropriations (Exhibit 13)	<u>49,874</u>	
Budget surplus		96,609
Increase in nonspendable fund balance		(26,038)
Decrease in committed fund balance		<u>10,000</u>
Unassigned fund balance, ending		<u><u>\$ 80,571</u></u>

EXHIBIT 15
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Combining Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2013

	Balance, beginning	Additions	Deductions	Balance, ending
Assets:				
Cash and cash equivalents:				
Captain Samuel Douglass Academy	\$ 23,035	\$ 28,197	\$ 30,961	\$ 20,271
Richard Maghakian Memorial School	5,763	10,520	11,821	4,462
Total assets	<u>\$ 28,798</u>	<u>\$ 38,717</u>	<u>\$ 42,782</u>	<u>\$ 24,733</u>
Liabilities:				
Due to student groups	<u>\$ 28,798</u>	<u>\$ 38,717</u>	<u>\$ 42,782</u>	<u>\$ 24,733</u>

EXHIBIT 16
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - Captain Samuel Douglass Academy
For the Fiscal Year Ended June 30, 2013

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trips	\$ 983	\$ 8,731	\$ 8,130	\$ 1,584
General	369	1,689	1,126	932
Library	2,138	163	314	1,987
Miscellaneous	915	2,838	2,820	933
Music	4,873	9,652	10,185	4,340
Running Club	-	770	766	4
School Store	542	12	-	554
Sixth Grade	2,045	-	2,045	-
Soda	168	427	190	405
Theater Club	8,023	-	-	8,023
Yearbook	2,979	3,915	5,385	1,509
Total	<u>\$ 23,035</u>	<u>\$ 28,197</u>	<u>\$ 30,961</u>	<u>\$ 20,271</u>

EXHIBIT 17
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - Richard Maghakian Memorial School
For the Fiscal Year Ended June 30, 2013

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trips	\$ 1,174	\$ 5,125	\$ 5,376	\$ 923
General	1,227	1,299	1,765	761
Library	151	127	45	233
Miscellaneous	1,398	2,539	2,539	1,398
Music	118	278	276	120
Soda	1,695	1,152	1,820	1,027
Total	<u>\$ 5,763</u>	<u>\$ 10,520</u>	<u>\$ 11,821</u>	<u>\$ 4,462</u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION OF NO MATERIAL WEAKNESSES

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

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookline School District as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

This communication is intended solely for the information and use of management, school board, others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

March 3, 2014

Roberts & Greene, PLLC