

# BROOKLINE SCHOOL DISTRICT

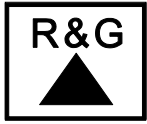
## FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012

**BROOKLINE SCHOOL DISTRICT  
FINANCIAL REPORT  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**TABLE OF CONTENTS**

	<u>PAGES</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements:	
Statement of Net Assets (Exhibit 1)	3
Statement of Activities (Exhibit 2)	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Assets (Exhibit 4)	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	8
Fiduciary Funds – Statement of Fiduciary Net Assets (Exhibit 7)	9
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	10
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 8)	21
Grants Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (GAAP Basis) (Exhibit 9)	22
Note to the Required Supplementary Information	23
<b>COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 10)	24
Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Exhibit 11)	25
General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 12)	26
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 13)	27
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)	28
Student Activities Funds	
Combining Schedule of Changes in Assets and Liabilities (Exhibit 15)	29
Summary of Activity – Captain Samuel Douglass Academy (Exhibit 16)	30
Summary of Activity – Richard Maghakian Memorial School (Exhibit 17)	31
<b>INDEPENDENT AUDITOR’S COMMUNICATION OF NO MATERIAL WEAKNESSES</b>	32



# 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, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Brookline School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I.B.3 to the financial statements, 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 assets, and increase expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter noted in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the financial position of the governmental activities of the Brookline School District as of June 30, 2012, nor the changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Also, 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, 2012, 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21 and 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 for placing the basic financial statements in an appropriate operational or economic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Brookline School District has not presented a management's discussion and analysis. Accounting principles generally accepted in the United States of America have determined that the management's discussion and analysis is necessary to supplement, but is not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brookline School District's financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the 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 auditing procedures applied in the audit of the financial statements and certain additional 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 financial statements as a whole.

April 3, 2013

*Roberts & Arcene, PLLC*

## **BASIC FINANCIAL STATEMENTS**

**EXHIBIT 1**  
**BROOKLINE SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2012**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 520,467
Investments	387
Intergovernmental receivables	159,994
Other receivables	3,408
Inventory	4,985
Prepaid items	4,210
Capital assets, not being depreciated:	
Construction in progress	14,500
Capital assets, net of accumulated depreciation:	
Land improvements	96,045
Buildings and building improvements	6,273,571
Machinery, equipment and vehicles	12,767
Total assets	7,090,334
<b>LIABILITIES</b>	
Accounts payable	70,935
Accrued salaries and benefits	13,532
Intergovernmental payable	41,971
Accrued interest payable	133,548
Unearned revenue	8,931
Noncurrent obligations:	
Due within one year:	
Bond payable	217,855
Compensated absences	3,076
Termination benefits	35,989
Due in more than one year:	
Bond payable	1,229,513
Termination benefits	145,748
Total liabilities	1,901,098
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	4,949,515
Restricted for special purposes	30,125
Unrestricted	209,596
Total net assets	\$ 5,189,236

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, 2012**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction	\$ 4,132,510	\$ 32,619	\$ 348,673	\$ -
Support services:				
Student	647,322	-	28	-
Instructional staff	203,619	-	41,364	-
General administration	25,635	-	-	-
Executive administration	249,233	-	-	-
School administration	416,322	-	-	-
Operation and maintenance of plant	575,437	-	-	-
Student transportation	371,835	-	-	-
Other	1,496,849	-	505	-
Non-instructional services	156,995	131,574	46,673	-
Interest on long-term debt	211,057	-	-	77,616
Total governmental activities	<u>\$ 8,486,814</u>	<u>\$ 164,193</u>	<u>\$ 437,243</u>	<u>\$ 77,616</u>

General revenues:	
School district assessment	4,936,768
Grants and contributions not restricted to specific programs	2,700,684
Miscellaneous	7,539
Total general revenues	<u>7,644,991</u>
Change in net assets	(162,771)
Net assets, beginning	<u>5,352,007</u>
Net assets, ending	<u>\$ 5,189,236</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, 2012**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 468,951	\$ -	\$ 51,516	\$ 520,467
Investments	387	-	-	387
Receivables:				
Accounts	90	-	3,318	3,408
Intergovernmental	38,336	89,087	32,571	159,994
Interfund receivable	82,223	-	857	83,080
Inventory	-	-	4,985	4,985
Prepaid items	2,710	-	1,500	4,210
Total assets	<u>\$ 592,697</u>	<u>\$ 89,087</u>	<u>\$ 94,747</u>	<u>\$ 776,531</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 67,149	\$ 1,697	\$ 2,089	\$ 70,935
Accrued salaries and benefits	13,532	-	-	13,532
Intergovernmental payable	37,661	4,310	-	41,971
Interfund payable	-	83,080	-	83,080
Deferred revenue	1,567	-	7,364	8,931
Total liabilities	<u>119,909</u>	<u>89,087</u>	<u>9,453</u>	<u>218,449</u>
Fund balances:				
Nonspendable	2,710	-	4,985	7,695
Restricted	368,976	-	30,125	399,101
Committed	67,435	-	50,184	117,619
Assigned	33,667	-	-	33,667
Total fund balances	<u>472,788</u>	<u>-</u>	<u>85,294</u>	<u>558,082</u>
Total liabilities and fund balances	<u>\$ 592,697</u>	<u>\$ 89,087</u>	<u>\$ 94,747</u>	<u>\$ 776,531</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 Assets**  
**June 30, 2012**

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Total fund balances of governmental funds (Exhibit 3)		\$	558,082
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
Cost		\$	8,948,743
Less accumulated depreciation			<u>(2,551,860)</u>
			6,396,883
Interfund receivables and payables between governmental funds are eliminated on the statement of net assets.			
Receivables		\$	(83,080)
Payables			<u>83,080</u>
			-
Interest on long-term debt is not accrued in governmental funds.			
Accrued interest payable			(133,548)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the funds.			
Bond		\$	1,447,368
Compensated absences			3,076
Termination benefits			<u>181,737</u>
			<u>(1,632,181)</u>
Net assets of governmental activities (Exhibit 1)		\$	<u><u>5,189,236</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, 2012**

	General	Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
School district assessment	\$ 4,936,768	\$ -	\$ -	\$ 4,936,768
Other local	40,158	-	154,542	194,700
State	2,823,876	-	2,128	2,826,004
Federal	60,426	261,599	44,545	366,570
Total revenues	<u>7,861,228</u>	<u>261,599</u>	<u>201,215</u>	<u>8,324,042</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	3,697,289	221,416	13,343	3,932,048
Support services:				
Student	647,294	28	-	647,322
Instructional staff	160,255	39,650	3,714	203,619
General administration	25,635	-	-	25,635
Executive administration	249,233	-	-	249,233
School administration	416,714	-	-	416,714
Operation and maintenance of plant	575,517	-	-	575,517
Student transportation	371,835	-	-	371,835
Other	1,496,344	505	-	1,496,849
Non-instructional services	-	-	156,004	156,004
Debt service:				
Principal	229,249	-	-	229,249
Interest	201,020	-	-	201,020
Facilities acquisition and construction	14,500	-	-	14,500
Total expenditures	<u>8,084,885</u>	<u>261,599</u>	<u>173,061</u>	<u>8,519,545</u>
Net change in fund balances	(223,657)	-	28,154	(195,503)
Fund balances, beginning	696,445	-	57,140	753,585
Fund balances, ending	<u>\$ 472,788</u>	<u>\$ -</u>	<u>\$ 85,294</u>	<u>\$ 558,082</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, 2012**

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Net change in fund balances of total governmental funds (Exhibit 5)	\$	(195,503)
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 depreciation expense exceeded capital outlay in the current period.		
Capital outlay	\$	14,500
Depreciation expense		<u>(180,771)</u>
		(166,271)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net assets.		
Principal repayment of bond		229,249
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	\$	(10,037)
Decrease in compensated absences		472
Increase in termination benefits		<u>(20,681)</u>
		(30,246)
Change in net assets of governmental activities (Exhibit 2)	<u>\$</u>	<u>(162,771)</u>

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

**EXHIBIT 7**  
**BROOKLINE SCHOOL DISTRICT**  
**Fiduciary Funds**  
**Statement of Fiduciary Net Assets**  
**June 30, 2012**

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	<u>Agency</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 28,798
<b>LIABILITIES</b>	
Due to student groups	<u>28,798</u>
<b>NET ASSETS</b>	<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, 2012**

**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, 2012.

**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 assets 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, 2012**

*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, except that the School District has not reported its annual cost for postemployment benefits other than pensions (OPEB) or its net OPEB obligation liability, if any, as required by GASB Statement No. 45.

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.

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**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.

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

*Fiduciary Funds*

The School District reports the following types of fiduciary funds:

*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 in the schools.

**I.C. *Assets, Liabilities, and Net Assets 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



**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

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***

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

**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.

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**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.

**I.C.7. *Fund Equity***

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

- Invested in capital assets, net of related debt, which is normally 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 assets.

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 activities.
- Restricted, which represents the expendable portion of the endowment for school purposes held by the Town of Brookline Trustees of Trust Funds, and the “surplus” funds in the General Fund, which are required by NH RSA’s to be used to reduce the assessment for the subsequent fiscal year.

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

- Committed, which represents the balance of the expendable trust funds, established by the School District Meeting to be used for support services (maintenance), and balances of revenues from grants and contributions to be used for instruction and student support.
- 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.

**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.

**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 unreserved fund balance to balance the budget. This amount is now recorded as fund balance to reduce the assessment. In the fiscal year 2012, \$632,577 of this fund balance from the fiscal year 2011 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 balances and do not constitute expenditures or liabilities because the amounts will be added to the appropriations voted for the subsequent year.

Revenues are budgeted by source. Expenditures are budgeted by functions as follow: instruction, student support, instructional staff, general administration, 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.

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**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.

**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	-	8,652,023
Machinery, equipment and vehicles	51,820	-	51,820
Total capital assets being depreciated	<u>8,934,243</u>	<u>-</u>	<u>8,934,243</u>
Total all capital assets	<u>8,934,243</u>	<u>14,500</u>	<u>8,948,743</u>
Less accumulated depreciation:			
Land improvements	(122,835)	(11,520)	(134,355)
Buildings and building improvements	(2,212,325)	(166,127)	(2,378,452)
Machinery, equipment and vehicles	(35,929)	(3,124)	(39,053)
Total accumulated depreciation	<u>(2,371,089)</u>	<u>(180,771)</u>	<u>(2,551,860)</u>
Net book value, all capital assets	<u>\$ 6,563,154</u>	<u>\$ (166,271)</u>	<u>\$ 6,396,883</u>

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

*Depreciation Expense*

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

Governmental activities:	
Instruction	\$ 179,780
Non-instructional services	991
Total depreciation expense	<u>\$ 180,771</u>

**III.B. Long-Term Debt**

General obligation bonds are approved by the voters and repaid with general revenues (property taxes). These bonds 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, 2012	Current Portion
General obligation bond payable:						
School renovations	\$ 5,367,912	2000	2020	5.2	\$ 1,447,368	\$ 217,855
Compensated absences payable:						
Accrued vacation leave					3,076	3,076
Termination benefits payable					181,737	35,989
					<u>\$ 1,632,181</u>	<u>\$ 256,920</u>

*Changes in Long-Term Liabilities*

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2012:

	General Obligation Bond Payable	Compensated Absences Payable	Termination Benefits Payable	Total
Balance, beginning	\$ 1,676,617	\$ 3,548	\$ 161,056	\$ 1,841,221
Additions	-	-	20,681	20,681
Reductions	(229,249)	(472)	-	(229,721)
Balance, ending	<u>\$ 1,447,368</u>	<u>\$ 3,076</u>	<u>\$ 181,737</u>	<u>\$ 1,632,181</u>

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

*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
2013	\$ 217,855	\$ 212,582	\$ 430,437
2014	206,654	223,165	429,819
2015	196,449	236,832	433,281
2016	182,592	248,233	430,825
2017	173,870	258,580	432,450
2018-2020	469,948	826,652	1,296,600
Totals	<u>\$ 1,447,368</u>	<u>\$ 2,006,044</u>	<u>\$ 3,453,412</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	\$ 82,223
Nonmajor	Grants	857
		<u>\$ 83,080</u>

The amounts represent overdrafts of pooled cash.

**III.C.2. *Transfers***

Transfers within the reporting entity are for the purposes of adding to capital reserve accounts and distributing of income earned on permanent funds. The government-wide statement of activities eliminates transfers reported within the governmental activities columns. For fiscal year 2012, the voters approved a transfer of \$50,000 to the Expendable Trust Fund (School Facilities Maintenance).

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

The transfer does not appear in the basic financial statements because expendable trust funds are reported within the General Fund.

**III.D. Components of Fund Balance**

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Inventory	\$ -	\$ 4,985	\$ 4,985
Prepays	2,710	-	2,710
Restricted:			
Reduce assessment	368,976	-	368,976
Support services	-	30,125	30,125
Committed:			
Support services	67,435	32,927	100,362
Non-instructional services	-	17,257	17,257
Assigned:			
Support services	33,667	-	33,667
Total	<u>\$ 472,788</u>	<u>\$ 85,294</u>	<u>\$ 558,082</u>

**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 2012 to be recorded as an insurance expenditure/expense totaled \$24,486. There were no unpaid contributions for the year ended June 30, 2012. The School District also paid \$20,185 for workers’ compensation and \$11,826 for unemployment compensation for the

**BROOKLINE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
AS OF AND FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

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. For July 2011, the rates of contribution from the School District were 13.95% for teachers and 11.09% for other employees. For the rest of the fiscal year, the rates of contribution from the School District were 11.30% for teachers and 8.80% for other employees. Employer contributions from the School District during the fiscal years 2010, 2011 and 2012 were \$267,759, \$303,271 and \$402,522, respectively. The amounts are paid on a monthly basis as due.

**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 Fund Balance**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
School district assessment	\$ 4,936,768	\$ 4,936,768	\$ -
Other local	31,490	40,126	8,636
State	2,822,617	2,823,876	1,259
Federal	60,000	60,426	426
Total revenues	<u>7,850,875</u>	<u>7,861,196</u>	<u>10,321</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	3,785,415	3,687,090	98,325
Support services:			
Student	660,470	642,927	17,543
Instructional staff	191,850	153,613	38,237
General administration	40,709	25,635	15,074
Executive administration	249,233	249,233	-
School administration	414,797	416,002	(1,205)
Operation and maintenance of plant	626,747	587,480	39,267
Student transportation	343,653	368,165	(24,512)
Other	1,540,709	1,496,344	44,365
Debt service:			
Principal	229,248	229,249	(1)
Interest	201,019	201,020	(1)
Total expenditures	<u>8,283,850</u>	<u>8,056,758</u>	<u>227,092</u>
Deficiency of revenues under expenditures	(432,975)	(195,562)	237,413
Other financing uses:			
Transfers out	(199,602)	(50,000)	149,602
Net change in fund balance	<u>\$ (632,577)</u>	(245,562)	<u>\$ 387,015</u>
Increase in nonspendable fund balance		(2,710)	
Decrease in committed fund balance		40,000	
Fund balance, beginning		<u>577,248</u>	
Fund balance, ending		<u>\$ 368,976</u>	

The note 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, 2012**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Federal	\$ 308,000	\$ 261,599	\$ (46,401)
<b>EXPENDITURES</b>			
Current:			
Instruction	260,000	221,416	38,584
Support services:			
Student	2,000	28	1,972
Instructional staff	46,000	39,650	6,350
Other	-	505	(505)
Total expenditures	<u>308,000</u>	<u>261,599</u>	<u>46,401</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning		-	
Fund balance, ending		<u>\$ -</u>	

The note 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, 2012**

**Reconciliation of Budgetary Basis to GAAP**

**General Fund**

Revenues:		
Per Exhibit 8 (budgetary basis)	\$	7,861,196
Adjustment:		
Perspective difference:		
Expendable trust fund activity that is included on the GAAP basis, but not on the budgetary basis		32
Per Exhibit 5 (GAAP basis)	<u>\$</u>	<u>7,861,228</u>
Expenditures and other financing uses:		
Per Exhibit 8 (budgetary basis)	\$	8,106,758
Adjustments:		
Basis difference:		
Encumbrances, beginning		47,294
Encumbrances, ending		(33,667)
Perspective difference:		
Expendable trust fund activity that is included on the GAAP basis, but not on the budgetary basis		14,500
Transfer to expendable trust fund		(50,000)
Per Exhibit 5 (GAAP basis)	<u>\$</u>	<u>8,084,885</u>

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**  
**For the Fiscal Year Ended June 30, 2012**

	Special Revenue Funds		Capital Project Fund	Permanent Fund	Total
	Food Service	Other			
<b>ASSETS</b>					
Cash and cash equivalents	\$ 18,714	\$ 32,802	\$ -	\$ -	\$ 51,516
Receivables:					
Accounts	3,193	125	-	-	3,318
Intergovernmental	2,446	-	-	30,125	32,571
Interfund receivable	857	-	-	-	857
Inventory	4,985	-	-	-	4,985
Prepaid items	-	-	1,500	-	1,500
Total assets	\$ 30,195	\$ 32,927	\$ 1,500	\$ 30,125	\$ 94,747
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 589	\$ -	\$ 1,500	\$ -	\$ 2,089
Deferred revenue	7,364	-	-	-	7,364
Total liabilities	7,953	-	1,500	-	9,453
Fund balances:					
Nonspendable	4,985	-	-	-	4,985
Restricted	-	-	-	30,125	30,125
Committed	17,257	32,927	-	-	50,184
Total fund balances	22,242	32,927	-	30,125	85,294
Total liabilities and fund balances	\$ 30,195	\$ 32,927	\$ 1,500	\$ 30,125	\$ 94,747

**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, 2012**

	Special Revenue Funds			Total
	Food Service	Other	Permanent Fund	
<b>REVENUES</b>				
Local	\$ 131,573	\$ 23,287	\$ (318)	\$ 154,542
State	2,128	-	-	2,128
Federal	44,545	-	-	44,545
Total revenues	<u>178,246</u>	<u>23,287</u>	<u>(318)</u>	<u>201,215</u>
<b>EXPENDITURES</b>				
Current:				
Instruction	-	13,343	-	13,343
Support services:	-	-	-	
Instructional staff	-	3,714	-	3,714
Non-instructional services	156,004	-	-	156,004
Total expenditures	<u>156,004</u>	<u>17,057</u>	<u>-</u>	<u>173,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,242</u>	<u>6,230</u>	<u>(318)</u>	<u>28,154</u>
Net change in fund balances	22,242	6,230	(318)	28,154
Fund balances, beginning	-	26,697	30,443	57,140
Fund balances, ending	<u>\$ 22,242</u>	<u>\$ 32,927</u>	<u>\$ 30,125</u>	<u>\$ 85,294</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, 2012**

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 4,936,768	\$ 4,936,768	\$ -
Other local sources:			
Tuition	26,000	32,619	6,619
Investment earnings	2,600	3,148	548
Impact fees	-	2,609	2,609
Rentals	-	1,750	1,750
Miscellaneous	2,890	-	(2,890)
Total from other local sources	<u>31,490</u>	<u>40,126</u>	<u>8,636</u>
State sources:			
Adequacy aid (grant)	2,062,026	2,062,026	-
Adequacy aid (tax)	638,658	638,658	-
School building aid	77,616	77,616	-
Catastrophic aid	37,041	45,576	8,535
Other state	7,276	-	(7,276)
Total from state sources	<u>2,822,617</u>	<u>2,823,876</u>	<u>1,259</u>
Federal sources:			
Medicaid	<u>60,000</u>	<u>60,426</u>	<u>426</u>
Total revenues	7,850,875	<u>\$ 7,861,196</u>	<u>\$ 10,321</u>
Use of fund balance to reduce school district assessment	<u>632,577</u>		
Total revenues and use of fund balance	<u>\$ 8,483,452</u>		



**EXHIBIT 13**  
**BROOKLINE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2012**

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ 3,683	\$ 2,696,368	\$ 2,635,743	\$ -	\$ 64,308
Special programs	6,516	1,089,047	1,061,546	-	34,017
Total instruction	<u>10,199</u>	<u>3,785,415</u>	<u>3,697,289</u>	<u>-</u>	<u>98,325</u>
Support services:					
Student	6,477	660,470	647,294	2,110	17,543
Instructional staff	7,321	191,850	160,255	679	38,237
General administration	-	40,709	25,635	-	15,074
Executive administration	-	249,233	249,233	-	-
School administration	712	414,797	416,714	-	(1,205)
Operation and maintenance of plant	18,915	626,747	575,517	30,878	39,267
Student transportation	3,670	343,653	371,835	-	(24,512)
Other	-	1,540,709	1,496,344	-	44,365
Total support services	<u>37,095</u>	<u>4,068,168</u>	<u>3,942,827</u>	<u>33,667</u>	<u>128,769</u>
Debt service:					
Principal	-	229,248	229,249	-	(1)
Interest	-	201,019	201,020	-	(1)
Total debt service	<u>-</u>	<u>430,267</u>	<u>430,269</u>	<u>-</u>	<u>(2)</u>
Other financing uses:					
Transfers out	<u>-</u>	<u>199,602</u>	<u>50,000</u>	<u>-</u>	<u>149,602</u>
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 47,294</u>	<u>\$ 8,483,452</u>	<u>\$ 8,120,385</u>	<u>\$ 33,667</u>	<u>\$ 376,694</u>

**EXHIBIT 14**  
**BROOKLINE SCHOOL DISTRICT**  
**General Fund**  
**Schedule of Changes in Fund Balance (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended June 30, 2012**

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Fund balance, beginning, restricted to reduce the school district assessment		\$ 577,248
Changes:		
Fund balance used to reduce school district assessment		(632,577)
Budget summary:		
Revenue surplus (Exhibit 12)	\$ 10,321	
Unexpended balance of appropriations (Exhibit 13)	<u>376,694</u>	
Budget surplus		387,015
Increase in nonspendable fund balance		(2,710)
Decrease in committed fund balance		<u>40,000</u>
Fund balance, ending, to be restricted to reduce the school district assessment		<u><u>\$ 368,976</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, 2012**

	Balance, beginning	Additions	Deductions	Balance, ending
<b>Assets:</b>				
Cash and cash equivalents:				
Captain Samuel Douglass Academy	\$ 25,571	\$ 28,784	\$ 31,320	\$ 23,035
Richard Maghakian Memorial School	5,808	15,458	15,503	5,763
Total assets	<u>\$ 31,379</u>	<u>\$ 44,242</u>	<u>\$ 46,823</u>	<u>\$ 28,798</u>
<b>Liabilities:</b>				
Due to student groups	<u>\$ 31,379</u>	<u>\$ 44,242</u>	<u>\$ 46,823</u>	<u>\$ 28,798</u>

**EXHIBIT 16**  
**BROOKLINE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Captain Samuel Douglass Academy**  
**For the Fiscal Year Ended June 30, 2012**

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trip	\$ 884	\$ 6,426	\$ 6,327	\$ 983
General	1,120	1,559	2,311	368
Library	1,996	246	103	2,139
Music	7,218	8,709	11,055	4,872
Petty cash	784	5,085	4,953	916
School store	542	-	-	542
Sixth grade	2,045	-	-	2,045
Soda	221	653	706	168
Theater club	7,363	2,636	1,976	8,023
Yearbook	3,398	3,470	3,889	2,979
Total	<u>\$ 25,571</u>	<u>\$ 28,784</u>	<u>\$ 31,320</u>	<u>\$ 23,035</u>

**EXHIBIT 17**  
**BROOKLINE SCHOOL DISTRICT**  
**Student Activities Fund**  
**Summary of Activity - Richard Maghakian Memorial School**  
**For the Fiscal Year Ended June 30, 2012**

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trip	\$ 909	\$ 5,028	\$ 4,762	\$ 1,175
General	1,892	2,191	2,857	1,226
Library	79	73	-	152
Music	69	480	432	117
Petty cash	717	5,864	5,183	1,398
Soda	2,142	1,822	2,269	1,695
Total	<u>\$ 5,808</u>	<u>\$ 15,458</u>	<u>\$ 15,503</u>	<u>\$ 5,763</u>



# Roberts & Greene, PLLC

## INDEPENDENT AUDITOR'S COMMUNICATION OF NO MATERIAL WEAKNESS

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, 2012, 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 Brookline 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, the School Board, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

April 3, 2013

*Roberts & Greene, PLLC*