

BROOKLINE SCHOOL DISTRICT

FINANCIAL REPORT

AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

**BROOKLINE SCHOOL DISTRICT
FINANCIAL REPORT
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

TABLE OF CONTENTS

	<u>PAGES</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION & ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position (Exhibit 1)	10
Statement of Activities (Exhibit 2)	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds (Exhibit 3)	12
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position (Exhibit 4)	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (Exhibit 5)	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Exhibit 6)	15
General Fund - Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) (Exhibit 7)	16
Grants Fund - Statement of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (GAAP Basis) (Exhibit 8)	17
Fiduciary Funds – Statement of Fiduciary Net Position (Exhibit 9)	18
NOTES TO THE FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the School District’s Total OPEB Liability and Related Ratios (Exhibit 10)	36
Schedule of the School District’s OPEB Contributions (Exhibit 11)	37
Schedule of the School District’s Proportionate Share of the Net Pension Liability (Exhibit 12)	38
Schedule of the School District’s Pension Contributions (Exhibit 13)	39
Note to the Required Supplementary Information	40
COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES	
Nonmajor Governmental Funds	
Combining Balance Sheet (Exhibit 14)	41
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (Exhibit 15)	42
General Fund	
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis) (Exhibit 16)	43
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis) (Exhibit 17)	44
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis) (Exhibit 18)	45
Student Activities Funds	
Combining Schedule of Changes in Assets and Liabilities (Exhibit 19)	46
Summary of Activity – Captain Samuel Douglass Academy (Exhibit 20)	47
Summary of Activity – Richard Maghakian Memorial School (Exhibit 21)	48
INDEPENDENT AUDITOR’S COMMUNICATION TO MANAGEMENT	49



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 year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookline School District as of June 30, 2018, and the respective changes in financial position thereof, and

the budgetary comparisons for the General Fund and Grants Fund for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note I.B.5. to the financial statements, in fiscal year 2018, the School District adopted new accounting guidance regarding the accounting and reporting for other postemployment benefits. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the OPEB and pension schedules, on pages 3-9 and 36-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. 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.

The combining nonmajor and individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Roberts & Heene, PLLC
Concord, New Hampshire
May 10, 2019

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2018**

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, 2018. 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, 2018**

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 2017-18 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, 2018**

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.

Government-Wide Financial Analysis

**Brookline School District
Statement of Net Position**

Change in net position for fiscal year 2018 compared to fiscal year 2017:

	2017	2018	Increase (Decrease)	% Increase (Decrease)
Current and Other Assets	677,901	642,223	(35,678)	-5.26%
Capital Assets	5,982,594	5,796,011	(186,583)	-3.12%
Total Assets	6,660,495	6,438,234	(222,261)	-8.38%
Deferred Outflow of Resources	1,829,076	1,389,999	(439,077)	-24.01%
Long-term Liabilities Outstanding	8,049,695	7,433,543	(616,152)	-7.65%
Other Liabilities	292,600	313,438	20,838	7.12%
	8,342,295	7,746,981	(595,315)	-0.53%
Deferred Inflows of Resources	320,286	349,820	29,534	9.22%
Net Position:				
Net Investment in Capital Assets	5,182,282	5,295,182	112,900	2.18%
Restricted	34,066	33,436	(630)	-1.85%
Unrestricted	(5,389,358)	(5,597,185)	(207,827)	3.86%
Total Net Position	(173,010)	(268,567)	(95,557)	4.19%

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2018
Statement of Activities**

Change in fund revenue and expenses for fiscal year 2018 compared to fiscal year 2017:

Revenues:	2017	2018	Change	% Change
Program Revenues				
Charges for Services	305,612	363,851	58,239	19.06%
Operating Grants and Contributions	249,315	262,663	13,348	5.35%
Capital Grants and Contributions	51,566	49,650	(1,917)	-3.72%
General Revenues:				
Assessment	5,447,638	5,424,689	(22,949)	-0.42%
Grants and Contributions	2,377,730	2,850,635	472,905	19.89%
Miscellaneous	31,597	46,754	15,157	47.97%
Total Revenues	8,463,458	8,998,242	534,784	88.13%
Program Expenses:				
Instruction	3,992,511	4,019,465	26,954	0.68%
Student Support	593,164	518,189	(74,975)	-12.64%
Instructional Staff	271,741	194,821	(76,920)	-28.31%
General Administration	46,537	42,688	(3,849)	-8.27%
Executive Administration	271,120	271,051	(69)	-0.03%
School Administration	405,104	412,321	7,217	1.78%
Business	607	-	(607)	100.00%
Operation and Maintenance of Plant	607,597	631,363	23,766	3.91%
Student Transportation	325,813	392,649	66,836	20.51%
Central	222	-		
Other	1,959,988	2,167,714	207,726	10.60%
Non-instructional Services	156,729	160,038	3,309	2.11%
Interest on Long-Term Debt	275,337	283,500	8,163	2.96%
Total Expenses	8,906,470	9,093,799	187,551	93.31%
Change in Net Position	(443,012)	(95,558)	347,232	-5.2%
Net Position - Beginning	270,002	(173,010)	(443,012)	-164.08%
Net Position - Ending	(173,010)	(268,568)	(95,558)	55.23%

Specific areas of variance are evidenced above in the change in net position. Some larger variances are due to the following:

Revenues – Overall FY18 received an increase in revenue over in FY17, mostly due to an increase in Pre-K and Kindergarten Tuition by \$58K, the Town’s Impact Fees increase by \$15K and Adequacy Aid increased by \$472K

Expenditures – Expenditures were higher in FY18 than in FY17 primarily due to employee benefits for both Health (\$73K) and Retirement (\$27K) both due to additional employees. Additionally, an increase in

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2018**

Transportation expenses (\$66K) were due impart to additional driver incentives and increase in Special Education costs.

General Fund Budgetary Highlights

Revenues

Revenue recognized by the Brookline School District’s general fund amounted to \$103,991 more than was budgeted, as detailed below. Funds received in excess of what was budgeted came from Impact Fees and Tuition.

<u>Revenue</u>	Original Budget	Actual	Variance
School District Assessment	5,424,689	5,424,689	-
Other Local	173,600	262,471	88,871
State	2,881,420	2,898,194	16,774
Federal	23,000	21,346	(1,654)
Total Revenues	8,502,709	8,606,700	103,991
Use of Fund Balance to Reduce School District Assessment & Other Funding	377,340		
Total Revenues and Use of Fund Balance	8,880,049		

Expenditures

The general fund surplus can be attributed to:

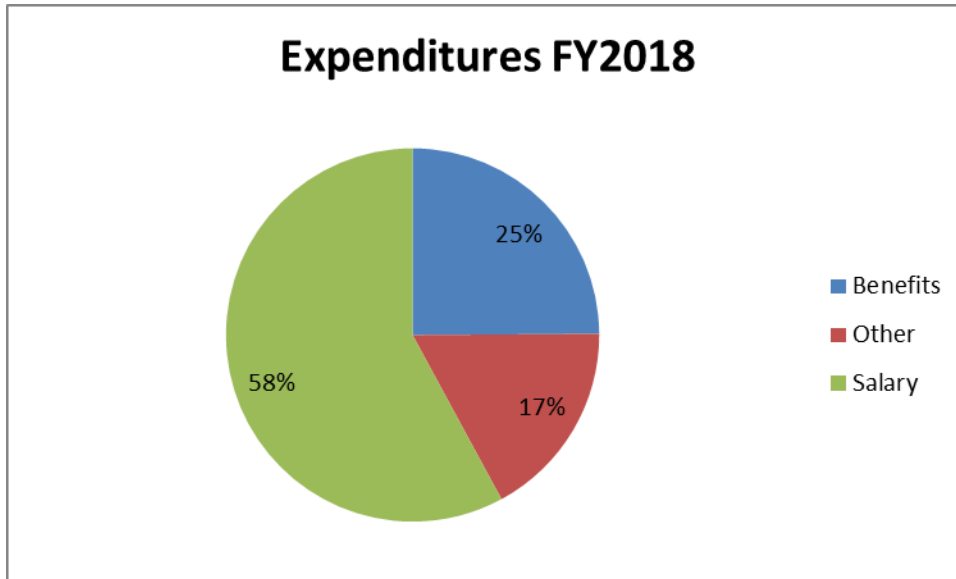
- Instruction - Out of District tuition higher than expected, added SPED student
- Support – Contracted SPED services (in district) lower than expected
- Admin - Network & Hosted services less than expected
- Operation & Maint. – Proactive maintenance of equipment has decreased the overall maintenance cost of Electrical, Plumbing and Heating
- Student Transportation – Gasoline prices have remained lower in FY18 as compared to the budget
- Other Support - Benefits & Retirement higher than expected, more family plans

<u>Expenditures</u>	Original Budget	Actual	Variance
Instruction	3,566,861	3,581,438	(14,577)
Student & Instructional Support	782,323	699,901	82,422
General, Executive & School Admin	748,510	726,060	22,450
Operation & Maintenance of Plant	648,332	615,972	32,360
Student Transportation	411,647	391,312	20,335
Other Support Services	2,102,051	2,152,466	(50,415)
Debt Service	480,325	480,325	-
Total Appropriation & Expenditures	8,740,049	8,647,474	92,575

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2018**

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.



DEBT ADMINISTRATION

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

	CSDA Construction (Bond 1999B)	Roof (Bond 2012B)
REMAINING DEBT PAYMENTS		
FY19	432,550	46,100
FY20	431,025	44,750
FY21		38,500
FY22		37,100
FY23		35,700
	863,575	202,150

**BROOKLINE SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FISCAL YEAR ENDING JUNE 30, 2018**

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. Alternative methods to provide access to reserve/contingency funds should be explored to ensure availability for funds should revenues fall below estimates or significant expenses arise throughout the course of the year.

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, 4 Lund Lane, Brookline, NH 03049, by telephone at 603-324-5999, or via email at kelly.seeley@sau41.org.

BASIC FINANCIAL STATEMENTS

EXHIBIT 1
BROOKLINE SCHOOL DISTRICT
Statement of Net Position
June 30, 2018

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 222,282
Intergovernmental receivables	354,374
Other receivables	43,027
Inventory	7,098
Prepaid items	15,442
Capital assets, net of accumulated depreciation:	
Land improvements	26,925
Buildings and building improvements	5,743,648
Machinery, equipment and vehicles	25,438
Total assets	6,438,234
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	1,389,999
LIABILITIES	
Accounts payable	59,572
Accrued salaries and benefits	50,245
Intergovernmental payable	497
Accrued interest payable	203,124
Noncurrent obligations:	
Due within one year:	
Bonds payable	196,526
Unamortized bond premium	2,210
Compensated absences payable	4,413
Due in more than one year:	
Bonds payable	293,253
Unamortized bond premium	8,840
Termination benefits payable	353,600
Other postemployment benefits liability	312,647
Net pension liability	6,262,054
Total liabilities	7,746,981
DEFERRED INFLOWS OF RESOURCES	
Unearned revenue	28,746
Deferred amounts related to pensions	316,325
Deferred amounts related to OPEB	4,748
Total deferred inflows of resources	349,819
NET POSITION	
Net investment in capital assets	5,295,182
Restricted for endowments:	
Nonexpendable	31,601
Expendable	1,835
Unrestricted	(5,597,185)
Total net position	\$ (268,567)

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, 2018

	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Instruction	\$ 4,019,465	\$ 237,173	\$ 200,934	\$ -
Support services:				
Student	518,189	-	-	-
Instructional staff	194,821	-	15,784	-
General administration	42,688	-	-	-
Executive administration	271,051	-	-	-
School administration	412,321	-	-	-
Operation and maintenance of plant	631,363	2,105	6,877	-
Student transportation	392,649	-	-	-
Other	2,167,714	-	-	-
Non-instructional services	160,038	124,573	39,068	-
Interest on long-term debt	283,500	-	-	49,650
Total governmental activities	\$ 9,093,799	\$ 363,851	\$ 262,663	\$ 49,650
General revenues:				
School district assessment				5,424,689
Grants and contributions not restricted to specific programs				2,850,635
Miscellaneous				46,754
Total general revenues				8,322,078
Change in net position				(95,557)
Net position, beginning, as restated, see Note III.E.				(173,010)
Net position, ending				\$ (268,567)

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

EXHIBIT 3
BROOKLINE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2018

	General	Grants	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 143,877	\$ -	\$ 78,405	\$ 222,282
Receivables, net of allowance for uncollectible:				
Accounts	43,027	-	-	43,027
Intergovernmental	196,193	117,903	40,278	354,374
Interfund receivable	111,026	-	-	111,026
Inventory	-	-	7,098	7,098
Prepaid items	15,442	-	-	15,442
Total assets	<u>\$ 509,565</u>	<u>\$ 117,903</u>	<u>\$ 125,781</u>	<u>\$ 753,249</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 50,949	\$ 6,877	\$ 1,746	\$ 59,572
Accrued salaries and benefits	50,245	-	-	50,245
Intergovernmental payable	428	-	69	497
Interfund payable	-	111,026	-	111,026
Total liabilities	<u>101,622</u>	<u>117,903</u>	<u>1,815</u>	<u>221,340</u>
Deferred inflows of resources:				
Deferred revenue	<u>17,091</u>	<u>-</u>	<u>11,655</u>	<u>28,746</u>
Fund balances:				
Nonspendable	15,442	-	38,699	54,141
Restricted	-	-	1,835	1,835
Committed	265,454	-	71,777	337,231
Assigned	47,403	-	-	47,403
Unassigned	62,553	-	-	62,553
Total fund balances	<u>390,852</u>	<u>-</u>	<u>112,311</u>	<u>503,163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 509,565</u>	<u>\$ 117,903</u>	<u>\$ 125,781</u>	<u>\$ 753,249</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, 2018

Total fund balances of governmental funds (Exhibit 3)	\$	503,163
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	\$	9,492,943
Less accumulated depreciation		<u>(3,696,932)</u>
		5,796,011
Interfund receivables and payables between governmental funds are eliminated on the statement of net position.		
Receivables	\$	(111,026)
Payables		<u>111,026</u>
		-
Interest on long-term debt is not accrued in governmental funds.		
		(203,124)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds payable	\$	489,779
Unamortized bond premium		11,050
Compensated absences payable		4,413
Termination benefits payable		353,600
Other postemployment benefits liability		312,647
Net pension liability		<u>6,262,054</u>
		(7,433,543)
Deferred outflows and inflows of resources related to pensions and to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$	1,389,999
Deferred inflows of resources related to pensions		(316,325)
Deferred inflows of resources related to OPEB		<u>(4,748)</u>
		1,068,926
Net position of governmental activities (Exhibit 1)	\$	<u><u>(268,567)</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, 2018

	General	Grants	Other Governmental Funds	Total Governmental Funds
REVENUES				
School district assessment	\$ 5,424,689	\$ -	\$ -	\$ 5,424,689
Other local	262,511	-	148,094	410,605
State	2,898,194	6,877	2,184	2,907,255
Federal	21,346	197,463	36,884	255,693
Total revenues	<u>8,606,740</u>	<u>204,340</u>	<u>187,162</u>	<u>8,998,242</u>
EXPENDITURES				
Current:				
Instruction	3,582,958	179,304	15,933	3,778,195
Support services:				
Student	510,069	8,120	-	518,189
Instructional staff	186,825	7,664	332	194,821
General administration	42,688	-	-	42,688
Executive administration	271,051	-	-	271,051
School administration	412,321	-	-	412,321
Operation and maintenance of plant	624,486	6,877	-	631,363
Student transportation	391,312	1,337	-	392,649
Other	2,156,399	1,038	-	2,157,437
Non-instructional services	-	-	172,357	172,357
Debt service:				
Principal	205,169	-	-	205,169
Interest	275,156	-	-	275,156
Total expenditures	<u>8,658,434</u>	<u>204,340</u>	<u>188,622</u>	<u>9,051,396</u>
Deficiency of revenues under expenditures	<u>(51,694)</u>	<u>-</u>	<u>(1,460)</u>	<u>(53,154)</u>
Other financing sources (uses):				
Transfers in	2,082	-	-	2,082
Transfers out	-	-	(2,082)	(2,082)
Total other financing sources and uses	<u>2,082</u>	<u>-</u>	<u>(2,082)</u>	<u>-</u>
Net change in fund balances	(49,612)	-	(3,542)	(53,154)
Fund balances, beginning	440,464	-	115,853	556,317
Fund balances, ending	<u>\$ 390,852</u>	<u>\$ -</u>	<u>\$ 112,311</u>	<u>\$ 503,163</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, 2018

Net change in fund balances of total governmental funds (Exhibit 5)		\$ (53,154)
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	\$ 12,901	
Depreciation expense	<u>(199,484)</u>	(186,583)
Transfers in and out between governmental funds are eliminated on the operating statement.		
Transfers in	\$ (2,082)	
Transfers out	<u>2,082</u>	-
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but has no effect on net position.		
Principal repayment of bonds	\$ 205,169	
Amortization of bond premium	<u>2,210</u>	207,379
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	\$ (10,554)	
Increase in compensated absences payable	(304)	
Decrease in termination benefits payable	19,981	
Increase in other postemployment benefits liabilities	<u>(10,277)</u>	(1,154)
Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employee contributions, is reported as pension expense.		
School District pension contributions	\$ 666,897	
Cost of benefits, net of employee contributions	<u>(728,942)</u>	(62,045)
Change in net position of governmental activities (Exhibit 2)		<u><u>\$ (95,557)</u></u>

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

EXHIBIT 7
BROOKLINE SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures and Changes in Unassigned Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
School district assessment	\$ 5,424,689	\$ 5,424,689	\$ -
Other local	173,600	262,471	88,871
State	2,881,420	2,898,194	16,774
Federal	23,000	21,346	(1,654)
Total revenues	<u>8,502,709</u>	<u>8,606,700</u>	<u>103,991</u>
EXPENDITURES			
Current:			
Instruction	3,566,861	3,581,438	(14,577)
Support services:			
Student	550,762	510,069	40,693
Instructional staff	231,561	189,832	41,729
General administration	47,927	42,688	5,239
Executive administration	271,051	271,051	-
School administration	429,532	412,321	17,211
Operation and maintenance of plant	648,332	615,972	32,360
Student transportation	411,647	391,312	20,335
Other	2,102,051	2,152,466	(50,415)
Debt service:			
Principal	205,169	205,169	-
Interest	275,156	275,156	-
Total expenditures	<u>8,740,049</u>	<u>8,647,474</u>	<u>92,575</u>
Deficiency of revenues under expenditures	<u>(237,340)</u>	<u>(40,774)</u>	<u>196,566</u>
Other financing sources (uses):			
Transfers in	-	2,082	2,082
Transfers out	(140,000)	(140,000)	-
Total other financing sources and uses	<u>(140,000)</u>	<u>(137,918)</u>	<u>2,082</u>
Net change in fund balance	<u>\$ (377,340)</u>	(178,692)	<u>\$ 198,648</u>
Increase in nonspendable fund balance		(11,095)	
Decrease in committed fund balance		15,000	
Unassigned fund balance, beginning		237,340	
Unassigned fund balance, ending		<u>\$ 62,553</u>	

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

EXHIBIT 8
BROOKLINE SCHOOL DISTRICT
Grants Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (GAAP Basis)
For the Fiscal Year Ended June 30, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
State	\$ -	\$ 6,877	\$ 6,877
Federal	200,000	197,463	(2,537)
Total revenues	<u>200,000</u>	<u>204,340</u>	<u>4,340</u>
EXPENDITURES			
Current:			
Instruction	181,350	179,304	2,046
Support services:			
Student	8,200	8,120	80
Instructional staff	8,000	7,664	336
Operations and maintenance	-	6,877	(6,877)
Student transportation	1,400	1,337	63
Other	1,050	1,038	12
Total expenditures	<u>200,000</u>	<u>204,340</u>	<u>(4,340)</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning		<u>-</u>	
Fund balance, ending		<u>\$ -</u>	

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

EXHIBIT 9
BROOKLINE SCHOOL DISTRICT
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2018

	Agency
ASSETS	
Cash and cash equivalents	\$ 21,445
LIABILITIES	
Due to student groups	21,445
NET POSITION	\$ -

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, 2018**

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, 2018.

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, 2018**

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, 2018**

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

Fiduciary Funds

The School District reports the following type of 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.B.5. *Change in Accounting Principle*

The School District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* for the year ended June 30, 2018. This statement replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This results in a change in the measurement and presentation of the District’s total OPEB liability reported in the Statement of Net Position. The prior year’s net position was restated as shown in Note III.E. to account for this change.

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

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first-out (FIFO) method. The inventory of governmental funds is recorded as expenditures when consumed rather than when purchased.

Prepaid items are payments to vendors that benefit future reporting periods and are reported on the consumption basis. Such items 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 acquisition 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:

	Years
Land improvements	20
Buildings and building improvements	50-115
Machinery, equipment and vehicles	15-20

I.C.4. *Deferred Outflows/Inflows of Resources*

Although certain revenues and expenditures are measurable, they are not available or recognized, because the activity represents a consumption or acquisition of equity that applies to a future period and so will not be recognized as an outflow or inflow of resources until then.

Deferred inflows of resources in the governmental fund financial statements represent parent deposits for the fiscal year 2019 kindergarten program; and donated commodities that are held in inventory to be used in the subsequent year. In addition to these, deferred outflows and inflows of resources in the governmental activities consist of resources related to pensions and OPEB that will be recognized in a subsequent period.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

I.C.5. *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.6. *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 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.7. *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.8. *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 endowments, 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; expenditures paid in advance for contract services, staff courses and summer events reported in the General Fund; and the principal portion of endowments for school purposes in the Permanent Fund.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

- Committed, which represents the balance of the expendable trust funds, established by School District Meeting for support services (maintenance), whose purpose can only be changed by vote of the same, and the balances of special revenue funds.
- Assigned, which represents encumbrances for professional services and building improvements, authorized by approved purchase orders.
- Unassigned, which represents the fund balance in the General Fund in excess of that classified as nonspendable, restricted, committed or assigned.

I.C.9. *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

II.A. 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 2018, \$237,340 of the fund balance from the fiscal year 2017 was so used, and \$140,000 was appropriated from surplus.

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 legally 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, 2018**

II.B. Reconciliation of Budgetary Basis to GAAP

General Fund

Revenues and other financing sources:	
Per Exhibit 7 (budgetary basis)	\$ 8,608,782
Adjustment:	
Perspective difference:	
Expendable trust fund activity	40
Per Exhibit 5 (GAAP basis)	<u>\$ 8,608,822</u>
Expenditures and other financing uses:	
Per Exhibit 7 (budgetary basis)	\$ 8,787,474
Adjustments:	
Basis difference:	
Encumbrances, beginning	35,065
Encumbrances, ending	(47,403)
Perspective difference:	
Transfer to expendable trust fund	(140,000)
Construction services paid out of expendable trust fund	23,298
Per Exhibit 5 (GAAP basis)	<u>\$ 8,658,434</u>

For the Grants Fund, there is no difference between the budgetary basis and GAAP.

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, 2018**

III.A.2. Capital Assets

Changes in Capital Assets

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

	Balance, beginning	Additions	Deductions	Balance, ending
Governmental activities:				
At cost:				
Land improvements	\$ 230,400	\$ -	\$ -	\$ 230,400
Buildings and building improvements	9,218,189	-	-	9,218,189
Machinery, equipment and vehicles	63,453	12,901	(32,000)	44,354
Total capital assets being depreciated	<u>9,512,042</u>	<u>12,901</u>	<u>(32,000)</u>	<u>9,492,943</u>
Total all capital assets	<u>9,512,042</u>	<u>12,901</u>	<u>(32,000)</u>	<u>9,492,943</u>
Less accumulated depreciation:				
Land improvements	(191,955)	(11,520)	-	(203,475)
Buildings and building improvements	(3,288,150)	(186,391)	-	(3,474,541)
Machinery, equipment and vehicles	(49,343)	(1,573)	32,000	(18,916)
Total accumulated depreciation	<u>(3,529,448)</u>	<u>(199,484)</u>	<u>32,000</u>	<u>(3,696,932)</u>
Net book value, capital assets being depreciated	<u>5,982,594</u>	<u>(186,583)</u>	<u>-</u>	<u>5,796,011</u>
Net book value, all capital assets	<u>\$ 5,982,594</u>	<u>\$ (186,583)</u>	<u>\$ -</u>	<u>\$ 5,796,011</u>

Depreciation Expense

Depreciation expense in the amount of \$199,484 was charged to the School District's instruction function.

III.B. Long-Term Liabilities

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 liabilities are as follow:

	Original Amount	Issue Date	Maturity Date	Interest Rate %	Outstanding at June 30, 2018	Current Portion
General obligation bonds payable:						
School renovations	\$ 5,367,912	2000	2020	5.2	\$ 304,779	\$ 156,526
CSDA roof renovations	\$ 386,400	2013	2023	2.32	185,000	40,000
					<u>489,779</u>	<u>196,526</u>
Unamortized bond premium					11,050	2,210
Compensated absences payable:						
Accrued vacation leave					4,413	4,413
Termination benefits payable					353,600	-
Other postemployment benefits liability					312,647	-
Net pension liability					6,262,054	-
					<u>\$ 7,433,543</u>	<u>\$ 203,149</u>

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year ended June 30, 2018:

	General Obligation Bonds Payable	Unamortized Bond Premium	Compensated Absences Payable	Termination Benefits Payable	Other Postemployment Benefits Liability	Net Pension Liability	Total
Balance, beginning	\$ 694,948	\$ 13,260	\$ 4,109	\$ 373,581	\$ 302,370	\$ 6,656,679	\$ 8,044,947
Additions	-	-	304	-	10,277	-	10,581
Reductions	(205,169)	(2,210)	-	(19,981)	-	(394,625)	(621,985)
Balance, ending	<u>\$ 489,779</u>	<u>\$ 11,050</u>	<u>\$ 4,413</u>	<u>\$ 353,600</u>	<u>\$ 312,647</u>	<u>\$ 6,262,054</u>	<u>\$ 7,433,543</u>

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
2019	\$ 196,526	\$ 282,124	\$ 478,650
2020	188,253	287,522	475,775
2021	35,000	3,500	38,500
2022	35,000	2,100	37,100
2023	35,000	700	35,700
Totals	<u>\$ 489,779</u>	<u>\$ 575,946</u>	<u>\$ 1,065,725</u>

III.C. Payments Within the Reporting Entity

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 interfund amount of \$111,026 due to the General Fund represents an overdraft of pooled cash from the Grants Fund.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

III.D. Components of Fund Balance

The components of fund balance, as described in Note I.C.8., are classified for the following purposes:

	<u>General</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:			
Endowments	\$ -	\$ 31,601	\$ 31,601
Inventory	-	7,098	7,098
Prepaid items	15,442	-	15,442
Total nonspendable	<u>15,442</u>	<u>38,699</u>	<u>54,141</u>
Restricted for support services	<u>-</u>	<u>1,835</u>	<u>1,835</u>
Committed for:			
Instruction	125,008	-	125,008
Support services	50,000	40,119	90,119
Operation and maintenance of plant	90,446	-	90,446
Non-instructional services	-	31,658	31,658
Total committed	<u>265,454</u>	<u>71,777</u>	<u>337,231</u>
Assigned to:			
Instruction	239	-	239
Support services	3,236	-	3,236
Operation and maintenance of plant	43,928	-	43,928
Total assigned	<u>47,403</u>	<u>-</u>	<u>47,403</u>
Unassigned	<u>62,553</u>	<u>-</u>	<u>62,553</u>
Total fund balances	<u>\$ 390,852</u>	<u>\$ 112,311</u>	<u>\$ 503,163</u>

III.E. Restatement of Net Position

The net position of the Governmental Activities at July 1, 2017 was restated by \$87,356 from a negative \$80,906 to a negative \$173,010, reflecting the change in accounting principle for reporting the other postemployment benefits liability.

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 New Hampshire Public Risk Management Exchange (Primex) Workers' Compensation and Property/Liability Programs. These programs are considered public entity risk pools, currently operating as common risk management and insurance programs for member governmental entities.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

The Primex Workers' Compensation and Property/Liability Programs are pooled risk management programs under RSA 5-B and RSA 281-A. Workers compensation and property/liability coverage runs from July 1 to June 30. Primex provided property and employer's liability coverage in varying amounts and statutory coverage for workers' compensation.

Contributions paid for fiscal year 2018 to be recorded as an insurance expenditure/expense totaled \$22,227 for property liability, and \$21,251 for workers' compensation coverage. There were no unpaid contributions for the year ended June 30, 2018. The School District also paid \$5,086 for unemployment compensation for the fiscal year. The member agreement permits Primex to make additional assessments to members should there be a deficiency in assets to meet its liabilities. At this time, Primex 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 at www.nhrs.org or 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 was 17.36% for teachers and 11.38% for other employees. Employer contributions from the School District during the fiscal years 2016, 2017 and 2018 were \$544,031, \$566,980 and \$666,897 respectively. The amounts are paid on a monthly basis as due.

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

At June 30, 2018, the School District reported a liability of \$6,262,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating municipalities and school districts, actuarially determined. As of June 30, 2017, the School District's proportion was 0.1273%, which was an increase of 0.0021% from its proportion measured as of June 30, 2016.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

For the year ended June 30, 2018, the School District recognized pension expense of \$728,942. At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 80,110	\$ 156,877
Net differences between projected and actual earnings on pension plan investments	-	79,750
Changes in assumptions	628,793	-
Differences between expected and actual experience	14,199	79,698
School District contributions subsequent to the measurement date	<u>666,897</u>	<u>-</u>
	<u>\$ 1,389,999</u>	<u>\$ 316,325</u>

The School District reported \$666,897 as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follow:

<u>Year Ended June 30,</u>	
2019	\$ 79,437
2020	231,134
2021	182,154
2022	<u>(85,948)</u>
	<u>\$ 406,777</u>

Actuarial Assumptions

The total pension liability was determined using the actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	5.6% average, including inflation
Investment rate of return	7.25% per year

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Mortality rates were based on the RP-2014 Healthy Annuitant and Employee generational mortality tables for males and females with credibility adjustments, adjusted for fully generational mortality improvements using Scale MP-2015, based on the last experience study.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
School District's proportionate share of net pension liability	\$ 8,249,841	\$ 6,262,054	\$ 4,633,058

Other actuarial assumptions, as well as detailed information about the pension plan's fiduciary net position, are available in the separately issued NHRS report.

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.

IV.D. Other Postemployment Benefits

Plan Description

Benefits provided to retirees follow New Hampshire Revised Statutes Annotated 100-A:50 (Medical Insurance Coverage). This statute states that the School District "shall permit its employees upon retirement to continue to participate in the same medical insurance or health care group or plan as its active employees. Retired employees shall be deemed to be part of the same group as active employees of the same employer for purposes of determining medical insurance premiums. Coverage for spouses, other family members and beneficiaries of retirees shall also be permitted to the extent that coverage is provided for the spouses, other family members and beneficiaries of active

**BROOKLINE SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED
 JUNE 30, 2018**

employees ...” In addition, the statute states “Each political subdivision, as employer, may elect to pay the full cost of group medical insurance or health care coverage for its retirees, or may require each retiree to pay any part or all of the cost of the retiree’s participation.”

Since the same premiums are charged to active employees and retirees, and the School District is unable to obtain age-adjusted premium information for the retirees, GAAP requires the School District to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

The School District offers postemployment medical benefits to School District retirees and their covered dependents. The School District offers coverage as follows:

- Employees hired before July 1, 2011: retire after (1) attaining age 60 or (2) attaining age 50 with 10 or more years of service or (3) age plus service is at least 70 with 20 or more years of service
- Employees hired on or after July 1, 2011: retire after (1) attaining age 65 or (2) attaining age 60 with 30 or more years of service

Medical coverage continues to the spouse after the death of the retiree, provided the spouse makes the required contributions. Dental and life insurance benefits are not offered to retirees. The current monthly medical premium rates are as follow:

<u>Non-Medicare Plans</u>	<u>Individual</u>	<u>Family</u>
AB5(07)-RX10/20/30	\$895	\$1,791
BC3T10(07)-RX10/20/45	\$962	\$1,924
MTBSOS20/40/1KDED(07)- RX10/20/45	\$682	\$1,365

Currently, there are 103 active and retired employees that receive health benefits from the School District. The School District recognizes the cost of providing health insurance annually as expenditures in the General Fund as payments are made. For the year ended June 30, 2018, the School District recognized nothing for its share of insurance premiums for currently enrolled retirees.

Total OPEB Liability

The School District’s total OPEB liability of \$312,647 was determined by an actuarial valuation as of July 1, 2017, rolled forward to the measurement date using actuarial assumptions, applied to all periods included in the measurement.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions and inputs:

Valuation Date:	July 1, 2017
Discount Rate:	3.87%, compounded annually, for the measurement as of June 30, 2018 and 3.58%, compounded annually, for the measurement as of June 30, 2017
Actuarial Cost Method:	Entry Age Normal. The costs of each employee’s postemployment benefits are allocated as a level basis over the earnings of the employee between date of hire and assumed exit age.
Amortization Method:	Level dollar amount over thirty (30) years on an open amortization period for pay-as-you-go funding

Heath Care Costs Trend Rates:	<u>Year</u>	<u>Trend</u>
	1	8.00%
	2	7.50%
	3	7.00%
	4	6.50%
	5	6.00%
	6	5.50%
	Ultimate	3.80%

Mortality Rates:	Pre-Retirement: RP-2014 Employees Mortality Tables for males and females projected with generational mortality improvement using scale MP-2015
	Post-Retirement: RP-2014 Healthy Annuitant Mortality Tables for males and females, projected with a generational mortality improvement using scale MP-2015

Inflation: 2.6 percent, based on the 2017 Social Security Trustees Report

Discount Rate

The discount rate was based on the *Bond Buyer 20-Bond General Obligation Index* based on a tax-exempt, high-quality municipal bond rate.

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

Healthcare Trend Rates

Healthcare trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. Trend rates after year 6 grade down to the ultimate rate utilizing the *Society of Actuaries Getzen Medical Trend Model*. The ultimate trend rate is reached in 2075. The principal components of health trends are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.

Sensitivity of Total OPEB Liability

Assumptions and methods used to determine the total OPEB liability are sensitive to changes in the discount rate and healthcare trend rates. The following presents the total OPEB liability calculated using the current discount rate of 3.87%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
School District's total OPEB liability	\$333,065	\$312,647	\$293,439

The following presents the total OPEB liability calculated using the current healthcare trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current rate.

	1% Decrease (7.00%)	Current Healthcare Cost Trend Rate (8.00%)	1% Increase (9.00%)
School District's total OPEB liability	\$ 281,380	\$ 312,647	\$ 349,011

OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the School District recognized OPEB expense of \$30,276; and reported deferred inflows of resources related to OPEB of \$4,748, due to changes in actuarial

**BROOKLINE SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

experience and actuarial assumptions. The amount recognized as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	
2019	\$ (1,046)
2020	(1,046)
2021	(1,046)
2022	(1,046)
2023	(564)
	<u>\$ (4,748)</u>

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT 10
BROOKLINE SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios

	Fiscal Year 2018	Fiscal Year 2017
Total OPEB liability:		
Service cost	\$ 19,936	\$ 50,067
Interest	10,340	7,249
Changes in assumptions	(4,748)	(10,482)
Benefit payments	(15,251)	(13,046)
Net change in total OPEB liability	10,277	33,788
Total OPEB liability, beginning	302,370	268,582
Total OPEB liability, ending	<u>\$ 312,647</u>	<u>\$ 302,370</u>
Covered payroll	\$ 4,765,960	\$ 4,671,671
Total OPEB liability as a percentage of covered payroll	6.56%	6.47%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 11
BROOKLINE SCHOOL DISTRICT
Schedule of School District's OPEB Contributions

	Fiscal Year 2018	Fiscal Year 2017
Actuarially determined contribution	\$ 37,262	\$ 48,457
Contributions in relation to the actuarially determined contribution	15,493	13,002
Contribution deficiency	\$ 52,755	\$ 61,459
Covered-employee payroll	\$ 4,765,960	\$ 4,671,671
Contributions as a percentage of covered-employee payroll	1.11%	1.32%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 12
BROOKLINE SCHOOL DISTRICT
Schedule of the School District's Proportionate Share of the Net Pension Liability
New Hampshire Retirement System

For the Year Ended June 30,	School District's Proportion of Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered- Employee Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.1320%	\$ 5,681,386	\$ 3,633,782	156.35%	59.82%
2015	0.1324%	\$ 4,969,879	\$ 3,649,101	136.19%	66.32%
2016	0.1285%	\$ 5,090,605	\$ 3,574,549	142.41%	65.47%
2017	0.1252%	\$ 6,656,679	\$ 3,719,911	178.95%	58.30%
2018	0.1273%	\$ 6,262,054	\$ 3,965,026	157.93%	62.66%

The note to the required supplementary information is an integral part of this schedule.

EXHIBIT 13
BROOKLINE SCHOOL DISTRICT
Schedule of the School District's Pension Contributions
New Hampshire Retirement System

For the Year Ended June 30,	Contractually Required Contribution	Contribution in Relation to the Contractually Required Contribution	Contribution Deficiency	School District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$ 503,143	\$ (503,143)	\$ -	\$ 3,633,782	13.85%
2015	\$ 505,609	\$ (505,609)	\$ -	\$ 3,649,101	13.86%
2016	\$ 544,755	\$ (544,755)	\$ -	\$ 3,574,549	15.24%
2017	\$ 566,980	\$ (566,980)	\$ -	\$ 3,719,911	15.24%
2018	\$ 666,897	\$ (666,897)	\$ -	\$ 3,965,026	16.82%

The note to the required supplementary information is an integral part of this schedule.

**BROOKLINE SCHOOL DISTRICT
NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

The Schedule of Changes in the School District's Total OPEB Liability and Related Ratios, the Schedule of the School District's OPEB Contributions, the Schedule of the School District's Proportionate Share of the Net Pension Liability, and the Schedule of the School District's Pension Contributions are meant to present related information for ten years. Because this is first year that the School District has presented the OPEB information under the new measurement standard, and the fourth year for the pension information, only two years and five years, respectively, are presented. An additional year's information will be added each year until there are ten years shown.

COMBINING NONMAJOR AND INDIVIDUAL FUND SCHEDULES

EXHIBIT 14
BROOKLINE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2018

	Special Revenue Funds		Permanent Fund	Total
	Food Service	Other		
ASSETS				
Cash and cash equivalents	\$ 39,242	\$ 39,163	\$ -	\$ 78,405
Intergovernmental receivable	5,592	1,250	33,436	40,278
Inventory	7,098	-	-	7,098
Total assets	<u>\$ 51,932</u>	<u>\$ 40,413</u>	<u>\$ 33,436</u>	<u>\$ 125,781</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,452	\$ 294	\$ -	\$ 1,746
Intergovernmental payable	69	-	-	69
Total liabilities	<u>1,521</u>	<u>294</u>	<u>-</u>	<u>1,815</u>
Deferred inflows of resources:				
Deferred revenue	<u>11,655</u>	<u>-</u>	<u>-</u>	<u>11,655</u>
Fund balances:				
Nonspendable	7,098	-	31,601	38,699
Restricted	-	-	1,835	1,835
Committed	31,658	40,119	-	71,777
Total fund balances	<u>38,756</u>	<u>40,119</u>	<u>33,436</u>	<u>112,311</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 51,932</u>	<u>\$ 40,413</u>	<u>\$ 33,436</u>	<u>\$ 125,781</u>

EXHIBIT 15
BROOKLINE SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2018

	Special Revenue Funds		Permanent Fund	Total
	Food Service	Other		
REVENUES				
Local	\$ 124,573	\$ 22,069	\$ 1,452	\$ 148,094
State	2,184	-	-	2,184
Federal	36,884	-	-	36,884
Total revenues	<u>163,641</u>	<u>22,069</u>	<u>1,452</u>	<u>187,162</u>
EXPENDITURES				
Current:				
Instruction	-	15,933	-	15,933
Support services:				
Instructional staff	-	332	-	332
Non-instructional services	<u>172,357</u>	<u>-</u>	<u>-</u>	<u>172,357</u>
Total expenditures	<u>172,357</u>	<u>16,265</u>	<u>-</u>	<u>188,622</u>
Excess (deficiency) of revenues over (under) expenditures	(8,716)	5,804	1,452	(1,460)
Other financing uses:				
Transfers out	<u>-</u>	<u>-</u>	<u>(2,082)</u>	<u>(2,082)</u>
Net change in fund balances	(8,716)	5,804	(630)	(3,542)
Fund balances, beginning	<u>47,472</u>	<u>34,315</u>	<u>34,066</u>	<u>115,853</u>
Fund balances, ending	<u>\$ 38,756</u>	<u>\$ 40,119</u>	<u>\$ 33,436</u>	<u>\$ 112,311</u>

EXHIBIT 16
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Estimated and Actual Revenues (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Estimated	Actual	Variance Positive (Negative)
School district assessment:			
Current appropriation	\$ 5,424,689	\$ 5,424,689	\$ -
Other local sources:			
Tuition	160,000	237,173	77,173
Investment earnings	600	3,383	2,783
Impact fees	13,000	19,591	6,591
Rental of property	-	2,105	2,105
Miscellaneous	-	219	219
Total from other local sources	<u>173,600</u>	<u>262,471</u>	<u>88,871</u>
State sources:			
Adequacy aid (grant)	2,145,425	2,145,425	-
Adequacy aid (tax)	686,345	686,345	-
School building aid	49,650	49,650	-
Catastrophic aid	-	16,774	16,774
Total from state sources	<u>2,881,420</u>	<u>2,898,194</u>	<u>16,774</u>
Federal sources:			
Medicaid	<u>23,000</u>	<u>21,346</u>	<u>(1,654)</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>2,082</u>	<u>2,082</u>
Total revenues and other financing sources	8,502,709	<u>\$ 8,608,782</u>	<u>\$ 106,073</u>
Use of fund balance	<u>377,340</u>		
Total revenues, other financing sources and use of fund balance	<u>\$ 8,880,049</u>		

EXHIBIT 17
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Appropriations, Expenditures and Encumbrances (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Encumbered from Prior Year	Appropriations	Expenditures	Encumbered to Subsequent Year	Variance Positive (Negative)
Current:					
Instruction:					
Regular programs	\$ -	\$ 2,481,739	\$ 2,469,517	\$ 218	\$ 12,004
Special programs	1,759	1,085,122	1,113,441	21	(26,581)
Total instruction	<u>1,759</u>	<u>3,566,861</u>	<u>3,582,958</u>	<u>239</u>	<u>(14,577)</u>
Support services:					
Student	-	550,762	510,069	-	40,693
Instructional staff	229	231,561	186,825	3,236	41,729
General administration	-	47,927	42,688	-	5,239
Executive administration	-	271,051	271,051	-	-
School administration	-	429,532	412,321	-	17,211
Operation and maintenance of plant	29,144	648,332	601,188	43,928	32,360
Student transportation	-	411,647	391,312	-	20,335
Other	3,933	2,102,051	2,156,399	-	(50,415)
Total support services	<u>33,306</u>	<u>4,692,863</u>	<u>4,571,853</u>	<u>47,164</u>	<u>107,152</u>
Debt service:					
Principal	-	205,169	205,169	-	-
Interest	-	275,156	275,156	-	-
Total debt service	<u>-</u>	<u>480,325</u>	<u>480,325</u>	<u>-</u>	<u>-</u>
Other financing uses:					
Transfers out	-	140,000	140,000	-	-
Total encumbrances, appropriations, expenditures and other financing uses	<u>\$ 35,065</u>	<u>\$ 8,880,049</u>	<u>\$ 8,775,136</u>	<u>\$ 47,403</u>	<u>\$ 92,575</u>

EXHIBIT 18
BROOKLINE SCHOOL DISTRICT
General Fund
Schedule of Changes in Unassigned Fund Balance (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

Unassigned fund balance, beginning		\$ 237,340
Changes:		
Fund balance used to reduce school district assessment		(237,340)
Fund balance appropriated		(140,000)
Budget summary:		
Revenue surplus (Exhibit 16)	\$ 106,073	
Unexpended balance of appropriations (Exhibit 17)	<u>92,575</u>	
Budget surplus		198,648
Increase in nonspendable fund balance		(11,095)
Decrease in committed fund balance		<u>15,000</u>
Unassigned fund balance, ending		<u><u>\$ 62,553</u></u>

EXHIBIT 19
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Combining Schedule of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2018

	Balance, beginning	Additions	Deductions	Balance, ending
Assets:				
Cash and cash equivalents:				
Captain Samuel Douglass Academy	\$ 16,214	\$ 26,720	\$ 25,384	\$ 17,550
Richard Maghakian Memorial School	3,577	9,793	9,475	3,895
Total assets	<u>\$ 19,791</u>	<u>\$ 36,513</u>	<u>\$ 34,859</u>	<u>\$ 21,445</u>
Liabilities:				
Due to student groups	<u>\$ 19,791</u>	<u>\$ 36,513</u>	<u>\$ 34,859</u>	<u>\$ 21,445</u>

EXHIBIT 20
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - Captain Samuel Douglass Academy
For the Fiscal Year Ended June 30, 2018

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trips	\$ 2,126	\$ 9,330	\$ 8,350	\$ 3,106
General	1,848	334	994	1,188
Library	1,778	85	46	1,817
Miscellaneous	980	1,078	1,073	985
Music	6,477	13,300	13,121	6,656
Running Club	125	-	-	125
School Store	471	-	-	471
Science	60	-	-	60
Soda	562	243	190	615
Yearbook	1,787	2,350	1,610	2,527
Total	<u>\$ 16,214</u>	<u>\$ 26,720</u>	<u>\$ 25,384</u>	<u>\$ 17,550</u>

EXHIBIT 21
BROOKLINE SCHOOL DISTRICT
Student Activities Funds
Summary of Activity - Richard Maghakian Memorial School
For the Fiscal Year Ended June 30, 2018

	Balance, beginning	Additions	Deductions	Balance, ending
Field Trips	\$ 730	\$ 5,436	\$ 5,380	\$ 786
General	1,041	45	268	818
Library	69	223	-	292
Miscellaneous	1,172	3,026	3,029	1,169
Music	376	-	-	376
Soda	189	1,063	798	454
Total	<u>\$ 3,577</u>	<u>\$ 9,793</u>	<u>\$ 9,475</u>	<u>\$ 3,895</u>



Roberts & Greene, PLLC

INDEPENDENT AUDITOR'S COMMUNICATION TO MANAGEMENT

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, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Brookline 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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 Brookline School District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Roberts & Greene, PLLC

Concord, New Hampshire
May 10, 2019