

**HCCPS Board of Trustees
Meeting Agenda
November 8, 2017**

The Hilltown Cooperative Charter Public School was founded in 1995 as a Massachusetts Public Charter School. Our mission is:

- ❖ To engage students in a school which uses experiential, hands-on activities, the arts, and interdisciplinary studies to foster critical thinking skills and a joy of learning.
- ❖ To sustain a cooperative, intimate community of students, staff, families and local community members, which guides and supports the school and its educational program.
- ❖ To cultivate children's individual voices and a shared respect for each other, our community, and the world around us.

Facilitator: Penny Leveritt

6:30 Welcoming (read mission statement) (15 min)

Announcements, appreciations, acknowledgements
Agenda check; Appoint timekeeper, listkeeper
Thank You Note check
BOT Visibility this month
Approve Minutes from October meeting

6:45 Public Comment period (10 min)

6:55 On-Site (Facilities) Committee Redefinition: Charles (10 min – decision)

7:05 1st Quarter Financials: Chris G (15 min – decision)

7:20 Financial Audit: Chris G (10 min – decision)

7:30 Board Admin Housekeeping: Amy R (15 min – discussion)

7:45 Update on Evaluation review process: Penny (5 min – update)

7:50 New Business (5 min – identify only)

7:55 Committee Reports (5 min – questions only)

8:00 Meeting Wrap-up/ Evaluation/Minutes Finalization (5 min)

Confirm date/facilitator, snack bringer, newsletter blurb, agenda check for next meeting

8:05 Review Action Items in this meeting's minutes (5 min)

8:10 Adjournment



FACILITIES COMMITTEE

A Standing Committee of the Board of Trustees Of the Hilltown Cooperative Charter Public School *Committee Description Revised October 2017*

Purpose: Research, evaluate, and recommend major projects to maintain and enhance the buildings and grounds of the school. Prepare a capital project budget annually based on established priorities.

Responsibilities and Goals:

The Committee shall advise on repairs and capital improvements or renovations to the school's building and grounds. Necessary improvements are those needed in order for the school to have a safe, healthy environment and for the site to meet the school's programmatic and curricular needs.

The preferred size of this Committee is 4-5 members. Some of the specialized skills and experience which can contribute to the resources of the On-Site Committee include construction experience, project management, public project oversight and development, architectural or engineering skills, landscape design, as well as the ability to devote the necessary time to help with the Committee's work.

The On-Site Committee typically meets once a month on a mutually agreed upon day and time. The Committee is chaired by a member of the Board of Trustees. Committee meeting times are posted and meeting minutes are submitted to the Board of Trustees.

Hilltown Co-op Charter Public School
Report - Revenues & Expenditures vs. Budget
 July through September 2017

	Jul - Sep 17	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
State Sources				
Per-Pupil Revenue	685,467	2,741,695	-2,056,228	25%
Total State Sources	685,467	2,741,695	-2,056,228	25%
State Grants-DOE Administered				
SPED 240		33,582	-33,582	
SPED 274		3,000	-3,000	
Teacher Quality 140		4,028	-4,028	
Title I 305		13,016	-13,016	
Total State Grants-DOE Administered		53,626	-53,626	
Friends of HCCS Grant				
FOH Rolling Arts Grants		1,500	-1,500	
Total Friends of HCCS Grant		1,500	-1,500	
Private Grants				
Commty Fndn Class Projects		2,000	-2,000	
Webster Grant	20,000			
Total Private Grants	20,000	2,000	18,000	1,000%
Fundraising Income				
General Fundraising		12,500	-12,500	
Field Trip Fund	6,499	7,600	-1,101	86%
Pizza	4,062	3,000	1,062	135%
Winter Fair		7,500	-7,500	
Total Fundraising Income	10,560	30,600	-20,040	35%
Other sources				
Earnings on Investments	321	1,200	-879	27%
School Lunch Receipts	1,052	10,000	-8,948	11%
Special Trip Receipts				
Prisms Special Trip Receipts	600			
Purples Special Trip Receipts	4,747			
Special Trip Receipts - Other		32,000	-32,000	
Total Special Trip Receipts	5,347	32,000	-26,653	17%
SPED Medicaid reimbursement	5,454	20,000	-14,546	27%
Total Other sources	12,174	63,200	-51,026	19%
Kid's Club Income	11,925	78,000	-66,075	15%
Student Activity Fees	2,720	11,000	-8,280	25%
Miscellaneous Income	1,145	1,000	145	114%
Total Income	743,991	2,982,621	-2,238,630	25%
Expense				
Personnel Costs				
Personnel				
Teachers	94,700	1,225,077	-1,130,377	8%
Teaching Assistants				
Graduate Intern Stipend	2,727	30,000	-27,273	9%
Teaching Assistants - Other	17,146	170,106	-152,960	10%
Total Teaching Assistants	19,874	200,106	-180,232	10%

Hilltown Co-op Charter Public School
Report - Revenues & Expenditures vs. Budget
 July through September 2017

	Jul - Sep 17	Budget	\$ Over Budget	% of Budget
Director of Administration	21,209	91,904	-70,695	23%
Director of Teaching & Learning	21,209	91,904	-70,695	23%
Director of Family & Community	9,544	41,357	-31,813	23%
Student Services Coordinator	5,363	69,722	-64,359	8%
Administrative Assistant	9,778	42,372	-32,594	23%
Bookkeeper/Purchasing Agent	10,288	44,579	-34,291	23%
Kids' Club Coordinator	682	15,000	-14,318	5%
Kids' Club Staff	1,495	19,120	-17,625	8%
Nurse/Health Educator	3,979	51,728	-47,749	8%
Counselor	4,876	63,384	-58,508	8%
Stipends - Student Activities		3,500	-3,500	
Stipends - Program	1,000	9,000	-8,000	11%
Substitute Teachers	592	14,000	-13,409	4%
Technology Teacher/Coordinator	3,520	45,761	-42,241	8%
Program Support	2,643	45,000	-42,357	6%
Longevity Pay		10,000	-10,000	
Total Personnel	210,749	2,083,514	-1,872,765	10%
Payroll Taxes				
FICA	2,932	33,574	-30,642	9%
Medicare	2,892	30,211	-27,319	10%
SUTA	427	4,167	-3,740	10%
UHIC	151	2,285	-2,134	7%
Total Payroll Taxes	6,402	70,237	-63,835	9%
Fringe Benefits				
College Credit Reimbursement		1,000	-1,000	
HRA Benefit	10,388	35,000	-24,612	30%
Health Diversion		14,000	-14,000	
Health insurance	67,597	239,000	-171,403	28%
Worker's Compensation Insurance	8,561	16,500	-7,939	52%
Total Fringe Benefits	86,546	305,500	-218,954	28%
Total Personnel Costs	303,697	2,459,251	-2,155,554	12%
Consultant & Other Svcs-Fixed				
Accounting Consultant		1,000	-1,000	
Administrative Services	7,230	8,000	-770	90%
Annual Audit	3,500	12,000	-8,500	29%
FSA/HRA Service	320	2,200	-1,880	15%
Payroll Service	544	3,000	-2,456	18%
SPED Advisor		1,000	-1,000	
SPED Contractors	6,622	60,000	-53,378	11%
SPED Summer Services	2,669	4,000	-1,331	67%
Total Consultant & Other Svcs-Fixed	20,885	91,200	-70,315	23%
Consultant & Other Svcs				
Child Care	187	300	-113	62%
Curriculum Consultants		7,000	-7,000	
Legal Fees	900	4,000	-3,100	23%
Staff development	3,533	8,500	-4,967	42%
Total Consultant & Other Svcs	4,620	19,800	-15,180	23%

Hilltown Co-op Charter Public School
Report - Revenues & Expenditures vs. Budget
 July through September 2017

	Jul - Sep 17	Budget	\$ Over Budget	% of Budget
Occupancy				
Cleaning Services	5,595	50,000	-44,405	11%
Copier Service Contract	666	3,000	-2,334	22%
Electricity	5,804	25,883	-20,079	22%
Elevator Maintenance	951	2,815	-1,864	34%
Fire/Sprinkler Alarm services	1,636	1,500	136	109%
Heat	135	6,000	-5,865	2%
HVAC Maintenance	3,388	7,247	-3,859	47%
Insurance-Liability/Property	21,658	25,000	-3,342	87%
Interest Expense - USDA Loan	24,123	95,973	-71,850	25%
Internet	520	1,700	-1,180	31%
Landscaping	2,363	5,000	-2,637	47%
Minor Repair/Maintenance	3,270	15,000	-11,730	22%
Plowing/Snow Removal		7,500	-7,500	
Rental of Equipment	947	3,788	-2,841	25%
Telephone	262	1,200	-938	22%
Trash Removal/Recycling	1,264	3,672	-2,408	34%
Water/Sewer		4,000	-4,000	
Total Occupancy	72,584	259,278	-186,694	28%
Supplies				
Educational Supplies/Textbooks				
*Atelier supplies	2,029	2,400	-371	85%
*Blues Ed Supps	317	550	-233	58%
*Indigos Ed Supplies	414	550	-136	75%
*Greens Ed Supps	195	550	-355	36%
*Yellows Ed Supps	207	550	-343	38%
*Oranges Ed Supps	327	550	-223	59%
*Reds Ed Supps	342	550	-208	62%
*Purples Ed Supps				
Purples - PI	155	440	-285	35%
Purples - PK	272	440	-168	62%
Total *Purples Ed Supps	427	880	-453	49%
*Prisms Ed Supps				
*Prisms-BA	66	330	-264	20%
*Prisms-JM	181	330	-149	55%
*Prisms-RM	172	330	-158	52%
*Prisms-JVB	277	330	-53	84%
Total *Prisms Ed Supps	696	1,320	-624	53%
*Minicourses	72	400	-328	18%
*Music/movement supplies				
*Music Supplies - MD	453	470	-17	96%
*Music Supplies - JW	67	190	-124	35%
*Music/movement supplies - Other	6		6	100%
Total *Music/movement supplies	525	660	-135	80%
*Physical Education Supplies	17	510	-493	3%
*SPED Ed Supps	1,680	2,750	-1,070	61%
*Title I Ed Supps		300	-300	
*Other Ed Supplies/Textbooks**	4,085	8,002	-3,917	51%
Educational Supplies/Textbooks - Other				
Total Educational Supplies/Textbooks	11,332	20,522	-9,190	55%

Hilltown Co-op Charter Public School
Report - Revenues & Expenditures vs. Budget
 July through September 2017

10/18/17

Accrual Basis

	Jul - Sep 17	Budget	\$ Over Budget	% of Budget
Food and Supplies	196	714	-518	27%
Household Supplies	822	5,610	-4,788	15%
Office Supplies	1,314	3,570	-2,256	37%
Playground Supplies	57	510	-453	11%
Postage		1,530	-1,530	
Printing and Reproduction	508	612	-104	83%
Testing & Evaluation Supplies	1,070	3,800	-2,730	28%
Total Supplies	15,299	36,868	-21,569	41%
Equipment				
Minor Equipment	695	3,000	-2,305	23%
SPED Equipment	1,400	8,000	-6,600	18%
Tech Repair/Replacement	2,753	10,000	-7,247	28%
Total Equipment	4,848	21,000	-16,152	23%
Grant-funded expenses				
Community Fdn. Class Projects		2,000	-2,000	
Friends of HCCS Grant Expense				
FOH Rolling Arts Grants		1,500	-1,500	
Total Friends of HCCS Grant Expense		1,500	-1,500	
Webster Grant Expenditures	2,313			
Total Grant-funded expenses	2,313	3,500	-1,187	66%
Other expenses				
Advertising	45	1,500	-1,455	3%
BOT Discretionary Fund		500	-500	
Community Domain Expense	170	3,000	-2,830	6%
Community Service Projects		1,000	-1,000	
Graduation Expenses	136	1,000	-864	14%
Field trips				
Yellows Field Trips	162			
Purples Field Trips	59			
Prisms Field Trips	120			
Field trips - Other		7,600	-7,600	
Total Field trips	341	7,600	-7,259	4%
Kid's Club Food/Supplies	516	3,500	-2,984	15%
MCSA Dues	5,483	5,300	183	103%
Miscellaneous Expenses	125	1,000	-875	12%
School Lunch Expense	1,342	12,000	-10,658	11%
Special Trip Expenses				
Prisms Special Trip Expense	600			
Special Trip Expenses - Other	8,657	40,000	-31,343	22%
Total Special Trip Expenses	9,257	40,000	-30,743	23%
Student Activity Expenses	23	5,000	-4,977	0%
Travel	58	500	-442	12%
Fundraising Expenses		2,100	-2,100	
Total Other expenses	17,497	84,000	-66,503	21%
Directors' Discretionary Fund	262	2,500	-2,238	10%
Total Expense	442,004	2,977,397	-2,535,393	15%
Net Ordinary Income	301,987	5,224	296,763	5,781%

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10/18/17

Accrual Basis

Hilltown Co-op Charter Public School
Report - Revenues & Expenditures vs. Budget
July through September 2017

	<u>Jul - Sep 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Other Income/Expense				
Other Expense				
Depreciation Expenses	21,058		21,058	100%
BOT approved Exp Related	5,510	17,481	-11,971	32%
Board Designated Expenditures				
BOT Appvd Capital Improvements	6,689			
Total Board Designated Expenditures	<u>6,689</u>			
Total Other Expense	<u>33,258</u>	<u>17,481</u>	<u>15,777</u>	<u>190%</u>
Net Other Income	<u>-33,258</u>	<u>-17,481</u>	<u>-15,777</u>	<u>190%</u>
Net Income	<u><u>268,729</u></u>	<u><u>-12,257</u></u>	<u><u>280,986</u></u>	<u><u>-2,192%</u></u>

Hilltown Co-op Charter Public School

Balance Sheet

As of September 30, 2017

	<u>Sep 30, 17</u>
ASSETS	
Current Assets	
Checking/Savings	
Easthampton Savings	
ESB-6 month CD	91,858.98
ESB-Checking	836,927.17
Total Easthampton Savings	<u>928,786.15</u>
Florence Savings	
Money Market-FSB	303.23
Total Florence Savings	<u>303.23</u>
Total Checking/Savings	<u>929,089.38</u>
Other Current Assets	
Security Deposit	3,194.51
Total Other Current Assets	<u>3,194.51</u>
Total Current Assets	<u>932,283.89</u>
Fixed Assets	
Property 1-3 Industrial Pkwy	
Building	3,317,751.35
Land	472,974.91
Total Property 1-3 Industrial Pkwy	<u>3,790,726.26</u>
Accum. Depreciation - Building	-90,476.49
Property Improvements	74,250.00
Property and Equipment	
Classroom Equip./Furnishings	18,471.78
Total Property and Equipment	<u>18,471.78</u>
Accumulated Depreciation - F&E	-4,173.56
Total Fixed Assets	<u>3,788,797.99</u>
TOTAL ASSETS	<u><u>4,721,081.88</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	27,376.55
Total Accounts Payable	<u>27,376.55</u>
Other Current Liabilities	
Payroll Liabilities	
Dental Plan Payable	-534.94
Employee Health	-5,684.39
Employee Life	117.14
Long Term Disability	-56.84
MA Retirement	-210.26
Sect 125 - FSA	-4,415.41
Total Payroll Liabilities	<u>-10,784.70</u>
Total Other Current Liabilities	<u>-10,784.70</u>
Total Current Liabilities	<u>16,591.85</u>

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10/18/17

Accrual Basis

Hilltown Co-op Charter Public School

Balance Sheet

As of September 30, 2017

	<u>Sep 30, 17</u>
Long Term Liabilities	
Note Payable - USDA	3,500,459.69
Total Long Term Liabilities	<u>3,500,459.69</u>
Total Liabilities	3,517,051.54
Equity	
BOT Approved Capital Projects	25,750.00
Res'd for Expansion Related	11,510.63
Contingency Fund	282,914.52
Investments in Fixed Assets	296,883.36
Undesignated Fund Balance	318,243.06
Net Income	268,728.77
Total Equity	<u>1,204,030.34</u>
TOTAL LIABILITIES & EQUITY	<u>4,721,081.88</u>



Richard Abbott

Certified Public Accountant

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October 25, 2017

To the Board of Trustees of
Hilltown Cooperative Charter Public School

I have audited the financial statements of Hilltown Cooperative Charter Public School for the year ended June 30, 2017, and have issued our report. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the *Uniform Guidance* that I communicate to you the following information related to my audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Hilltown Cooperative Charter Public School are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during FY 2017. I noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. I evaluated the key factors and assumptions used to develop the most sensitive estimates affecting the financial statements in determining that they are reasonable in relation to the financial statements taken as a whole. The most sensitive estimates affecting the financial statements was:

- Management's estimate of the depreciation of fixed assets which is based upon the fixed assets useful lives.

The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The board designated net assets.
- The related party disclosure regarding the Friends of the Hilltown Cooperative Charter School, Inc. and Beloved Earth cleaning company

Difficulties Encountered in Performing the Audit

I encountered no significant difficulties in dealing with management in performing and completing my audit.

Corrected and Uncorrected Audit Differences

Professional standards require me to accumulate all audit differences identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The corrected differences, “proposed adjusting journal entries” are included with this communication and management is in agreement with them and they have been entered into the accounting records. There were no uncorrected differences identified

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to my satisfaction, that could be significant to the financial statements or the auditor’s report. I am pleased to report that no such disagreements arose during the course of my audit.

Management Representations

I have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

There were no findings for the year ended June 30, 2017, that were required to be reported under *Government Auditing Standards* or *Uniform Guidance* nor were there prior year findings to be evaluated.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves

This information is intended solely for the use of the trustees and management of Hilltown Cooperative Charter Public School and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely yours,

Richard Abbott, CPA

**Hilltown Coop Charter Public School
Proposed Adjusting Journal Entries**

Reference	Type	Date Account Number	Description	Debit	Credit	Net Income Effect	Workpaper
1	Adjusting	06/30/17					
		000-1400	Classroom Equipment	11,971.78			
		001-6824	BOT Approved Expenses Related		11,971.78		
			To capitalize purchase & installation of paging system			11,971.78	2.G-200
2	Adjusting	06/30/17					
		001-6602	Depreciation Expense	11,305.77			
		000-1451	Accumulated Depreciation - F & E		598.56		
		000-1452	Accumulated Depreciation - Buildi		10,707.21		
			To adjust depreciation recorded for the year			(11,305.77)	2.G-400
3	Adjusting	06/30/17					
		000-1452	Accumulated Depreciation - Buildi		17,570.28		
		000-3020	Investments in Fixed Assets	17,570.28			
		000-1470	Building - 1-3 Industrial Pkwy	503.50			
		000-3000	Undesignated Fund Balance		503.50		
			To correct entry for accumulated depreciation leasehold improvement			0.00	2.G-100
4	Adjusting	06/30/17					
		520-4040	Comm/Mass Retirement Plan Cont		454,907.00		
		520-7000	Comm/Mass Retirement Plan Cont	454,907.00			
			To record required disclosure amount of teachers penson paid by the state based on info provided by MTRS			0.00	2.D-450-1
5	Adjusting	06/30/17					
		000-3020	Investments in Fixed Assets		33,478.86		
		000-3000	Undesignated Fund Balance	33,478.86			
			To adjusted fund balance to reflect up to date net investment in fixed asset			0.00	2.J-200
				<u>529,737.19</u>	<u>529,737.19</u>	<u>666.01</u>	
TOTAL							

Hilltown Cooperative Charter Public School
 Schedule Of Findings And Questioned Costs
 Year Ended June 30, 2017

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency identified that was not considered to be material weakness? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency identified that was not considered to be material weakness? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Uniform Guidance* 2 CFR 200.516(a) No

Identification of major programs:

CFDA Number

Name of Federal Program

10.766

Community Facilities Loans & Grants

The threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as a low-risk auditee? No

*Hilltown Cooperative Charter Public School
1 Industrial Parkway
Easthampton, MA 01027*

October 25, 2017

Richard Abbott, Certified Public Accountant
163 Northampton Street, Ste. B
Easthampton, MA 01027

This representation letter is provided in connection with your audit of the financial statements of Hilltown Cooperative Charter Public School, which comprise the statement of net position as of June 30, 2017, and 2016, the statement of revenue, expenses, and changes in net position, the statement of cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 25, 2017, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 23, 2017, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimate, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 9) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Hilltown Cooperative Charter Public School is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - i) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - ii) Additional information that you have requested from us for the purpose of the audit.
 - iii) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - iv) Minutes of the meetings of Hilltown Cooperative Charter Public School or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - i) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements Management,
 - ii) Employees who have significant roles in internal control, or
 - iii) Others where the fraud could have a material effect on the financial statements.

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting Hilltown Cooperative Charter Public School's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with laws, regulations whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

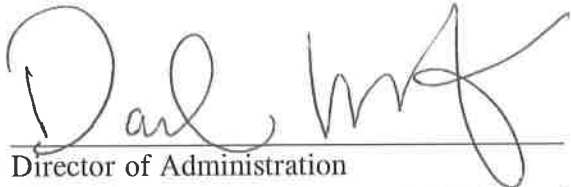
Government—specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) The Hilltown Cooperative Charter Public School has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 24) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 25) There are no violations or possible violations of laws and regulations, provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The Hilltown Cooperative Charter Public School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- 28) The Hilltown Cooperative Charter Public School has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 30) The financial statements properly classify all funds and activities.
- 31) Provisions for uncollectible receivables have been properly identified and recorded.
- 32) Capital assets including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 33) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 34) The financial reports contained in the copy of the USDA loan application dated February 10, 2016, for the purchase of the School building are true copies of the reports submitted to the USDA with the original application.
- 35) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
 - c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
 - d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements including when applicable, those set forth in the OMB Compliance Supplement, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- m) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- n) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- o) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

- p) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- q) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- r) We have charged costs to federal awards in accordance with applicable cost principles.
- s) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- t) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- u) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.



Director of Administration
Hilltown Cooperative Charter Public School



Treasurer
Hilltown Cooperative Charter Public School

Hilltown Cooperative Charter Public School
Financial Statements
and
Independent Auditor's Report
June 30, 2017 and 2016

Richard Abbott
Certified Public Accountant
Easthampton, MA

Hilltown Cooperative Charter Public School

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Richard Abbott

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Independent Auditor's Report

To The Board Of Trustees
Hilltown Cooperative Charter Public School
1 Industrial Parkway
Easthampton, MA 01027

I have audited the accompanying financial statements of Hilltown Cooperative Charter Public School (the School) as of and for the years ended June 30, 2017, and 2016, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended and the related notes to the financial statements, which collectively comprise the School'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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Hilltown Cooperative Charter Public School as of June 30, 2017 and 2016, and the changes in its net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not 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 statement in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted in inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated 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 consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic consolidated financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated October 25, 2017, on my consideration of the School's internal control over financial reporting and my tests of compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of my audit testing of internal controls over financial reporting and compliance and the results of the testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

October 25, 2017

Richard Abbott, CPA

Hilltown Cooperative Charter Public School
Management Discussion and Analysis (Unaudited)
June 30, 2017

The following discussion and analysis of the Hilltown Cooperative Charter Public School (the School) financial performance provides an overview of the School's financial activities for the fiscal year ended June 30, 2017 and comparative information for 2016. Please read it in conjunction with the School's basic financial statements and the related notes to the financial statements, which begin on page 7.

The School As A Whole

The School received their charter on December 9, 1994 to operate as a public charter school in the Commonwealth of Massachusetts. The initial charter was awarded for a five-year period and is subject to renewal by the Commonwealth of Massachusetts Board of Education. The School's most recent charter renewal is in effect from July 1, 2016 through June 30, 2020. During the fiscal years ended June 30, 2017 and 2016, the School operated kindergarten through eighth grade and their enrollment was comprised of 218 and 210 students, respectively. Maximum capacity of the School is 218 students.

Using This Annual Report

This annual report consists of a series of financial statements. In accordance with *Governmental Accounting Standards Board Statement No. 34 Basic Financial Statement – Management's Discussion and Analysis - for State and Local Governments* (GASB 34), the School is considered a special purpose government entity that engages in only business type activities. All of the financial activity of the School is recorded in an enterprise fund within the proprietary fund group. In accordance with GASB No. 34 and GASB No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the School issues a *Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows*. These statements provide information about the financial activities of the School, as a whole. This annual report also contains notes to the financial statements which provide additional information that is essential to a full understanding of the information provided in the basic financial statements.

Financial Statements

The *Statement of Net Position* presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the School as a whole, as of the end of the fiscal year. The *Statement of Net Position* is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the School to the readers of the financial statements. Assets are resources with present service capacity that the School presently controls. Liabilities are present obligations to sacrifice resources that the School has little or no discretion to avoid. A deferred outflow of resources is a consumption of net assets by the School that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net assets by the School that is applicable to a future reporting period. Net position represents the difference between all other elements in a statement of financial position and is displayed in three components - *net investment in capital assets; restricted* (distinguishing between major categories of restrictions); and *unrestricted*.

The *net investment in capital assets* component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Hilltown Cooperative Charter Public School
Management Discussion and Analysis (Unaudited)
June 30, 2017

Financial Statements - continued

The *restricted* component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

The *unrestricted* component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Over time, readers of the financial statements will be able to evaluate the School's fiscal health (liquidity and solvency) or financial position by analyzing the increases and decreases in net position to determine if the School's financial health is improving or deteriorating. The reader will also need to consider other non-financial factors such as changes in economic conditions and new or amended charter school legislation when evaluating the overall financial health of the School. This statement is also a good source for readers to determine how much the School owes to vendors and creditors and the available assets that can be used to satisfy those liabilities.

The *Statement of Revenues, Expenses and Changes in Net Position* reports the financial (revenue and expenses) activities of the School and divides it into two categories: *Operating activities* and *Non-operating activities*. Operating activities include all financial activities associated with the operation of the School and its related programs. Consequently, all non-operating activities include all financial activities not related to the operation of a charter school. Changes in total net position as presented on the *Statement of Net Position* are based on the activity presented in this statement. This statement helps to determine whether the Schools had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of Cash Flows* provides information about the School's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities* and provides answers to such questions as "from where did cash come?," "for what was cash used?," and "what was the change in the cash balance during the reporting period?" This statement also is an important tool in helping users assess the School's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the School's financial statements.

The *Schedule of Expenditures of Federal Awards* is presented for the purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. The Schedule of Expenditures of Federal Awards can be found on page 17 of this report.

Hilltown Cooperative Charter Public School
Management Discussion and Analysis (Unaudited)
June 30, 2017

Financial Highlights

The following financial highlights are for the fiscal year 2017 with comparative information from the fiscal year 2016:

- * The School held total assets of \$4,695,153 and \$1,131,910 at June 30, 2017 and 2016, respectively, of which \$222,633 and \$210,776 were investments in capital assets, respectively, and the majority of the remaining assets consisted of cash, certificates of deposit, accounts receivable, and prepaid expenses.
- * The School held total liabilities of \$3,759,849 and \$213,064 at June 30, 2017 and 2016, respectively. \$297,444 of the liabilities at June 30, 2017 were current and \$3,462,405 were non-current. All of the liabilities at June 30, 2016 were current.
- * Total net position for the School were \$935,304 and \$918,846 at June 30, 2017 and 2016, respectively, of which \$712,671 and \$708,070 was unrestricted and \$222,633 and \$210,776 was investments in capital assets, respectively. At June 30, 2017 and 2016, the board had designated net position for use in the amount of \$367,344 and \$261,765, respectively.
- * The School purchased the building that they had been leasing, this purchase occurred on September 15, 2016. The total the School had invested in the building and improvements at June 30, 2017 was \$3,790,726. The School had an investment in building improvements at June 30, 2016 in the amount of \$223,796.
- * The School earned total revenues of \$3,457,127 and \$3,199,972 for the years ended June 30, 2017 and 2016, respectively, of which 99% and 98% were operating revenues. For the years ended June 30, 2017 and 2016, 1% and 2% was from non-operating revenues in each year, respectively. The revenue amount for 2017 and 2016 included contribution income of \$46,302 and \$69,812, respectively which was 1% and 2% of total revenue for each year. Included in total revenues was on behalf of pension contributions in the amount of \$454,907 and \$274,755, respectively. These amounts represents the Commonwealth of Massachusetts contributions to the Massachusetts Teachers' Retirement System on behalf of eligible employees of the school.
- * The School had total expenses of \$3,440,669 and \$3,089,329 for the years ended June 30, 2017 and 2016, respectively. Included in the 2017 and 2016 total expenses was on behalf of pension contributions of \$454,907 and \$274,755, respectively which represents the Commonwealth of Massachusetts contribution to the Massachusetts Teachers' Retirement System on behalf of eligible employees of the school.
- * The School had a net income, for the years ended 2017 and 2016 of \$16,458 and \$110,643, respectively. In fiscal year 2017, the net income was comprised of operating income of \$51,697 and non-operating income of \$(35,239). In fiscal year 2016, the net income was comprised of operating income of \$53,972, non-operating income of \$56,671.

Hilltown Cooperative Charter Public School
Management Discussion and Analysis (Unaudited)
June 30, 2017

Financial Highlights - continued

Budgetary Highlights

The School's annual budget was amended as the year progressed. For the fiscal year ended June 30, 2017, the School incurred \$2,985,762 in actual expenditures (exclusive of on behalf of pension contributions of \$454,907) compared to budgeted expenditures of \$2,950,603. The school received \$3,002,220 in income for the fiscal year ended June 30, 2017 (exclusive of on behalf of pension contributions and capital campaign income) compared to budget income of \$2,952,938.

The School had a capital budget of \$50,000 for the year ending June 30, 2017. Of that amount \$32,519 was expended in the year ending June 30, 2017.

The School budgeted tuition for fiscal years 2017 and 2016 based on enrollment of 218 and 210 for each year, respectively and using the average per pupil rate from the sending districts of the previous year.

School's Financial Activities

Most of the School's funding is received from the Commonwealth of Massachusetts Department of Elementary and Secondary Education and is based on a standard rate per pupil. The School received \$2,720,117 in per pupil funding in fiscal year 2017, versus \$2,595,522 in per pupil funding in fiscal year 2016. This represents 91% and 89% of the School's revenue for each year (exclusive of on behalf of pension contributions), respectively. In addition, the School received various federal, Commonwealth of Massachusetts, and private grants, which totaled \$65,691 and \$75,730 for fiscal years 2017 and 2016, respectively.

Other Financial Factors

On September 15, 2016, the School purchased the school building that it had been leasing using the proceeds of a \$3,550,000 USDA loan which is payable over 40 years. The total cost of the building including closing costs was \$3,566,930. The improvements made to the school building since the inception of the lease continue to be assets on the books as the purchase price negotiated was exclusive of these building improvements.

Contacting The School's Financial Management

This financial report is designed to provide the reader with a general overview of the School's finances and to show the accountability for the funds received. If you have questions about this report or need additional information, contact the Business Office of the Hilltown Cooperative Charter Public School.

Hilltown Cooperative Charter Public School
Statement of Net Position
June 30, 2017 and 2016

	Assets	
	2017	2016
Current Assets		
Cash	\$ 826,329	\$ 802,459
Certificate of Deposit	91,825	91,687
Accounts Receivable	142	1,000
Prepaid Expenses	38,551	5,299
Total Current Assets	956,847	900,445
Noncurrent Assets		
Building & Improvements (Net)	3,720,983	206,226
Furniture & Equipment (Net)	14,623	4,550
Deposits	2,700	20,689
Total Noncurrent Assets	3,738,306	231,465
Total Assets	\$ 4,695,153	\$ 1,131,910
	Liabilities And Net Position	
Current Liabilities		
Accounts Payable	\$ 41,813	\$ 21,027
Accrued Wages Payable	203,587	184,277
Accrued Payroll Liability	(7,110)	1,476
Accrued Expenses	8,586	6,284
Notes Payable - Current	50,568	-
Total Current Liabilities	297,444	213,064
Noncurrent Liabilities		
Notes Payable - Non-Current	3,462,405	-
Total Noncurrent Liabilities	3,462,405	-
Net Position		
Investment In Capital Assets	222,633	210,776
Unrestricted	712,671	708,070
Total Net Position	935,304	918,846
Total Liabilities And Net Position	\$ 4,695,153	\$ 1,131,910

See Accompanying Independent Auditor's Report And Notes To Financial Statements

Hilltown Cooperative Charter Public School
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating revenues		
Tuition	\$ 2,720,117	\$ 2,595,522
On Behalf Pension Payment	454,907	274,755
Government Grants	53,753	72,069
Medicaid & Other Reimbursements	36,423	28,971
Private Grants	11,938	13,528
After School Fees	93,811	86,450
Field Trip Income	20,593	32,410
School Lunch Receipts	7,316	13,997
Student Activity Fees	10,706	11,062
Total operating revenues	<u>3,409,564</u>	<u>3,128,764</u>
Operating expenses		
Wages	2,000,983	1,807,522
Payroll Taxes	65,350	59,099
Fringe Benefits	272,584	252,103
On Behalf Pension Payment	454,907	274,755
Consulting & Contracted Services	119,146	109,174
Depreciation Expense	54,072	13,460
Dues & Subscriptions	5,225	5,098
Educational Supplies & Textbooks	32,945	30,718
Equipment	7,247	4,718
Food Services	9,193	17,156
Interest Expense	72,881	-
Instructional Technology	7,944	8,000
Occupancy	261,507	424,201
Other Operating Expenses	45,597	24,461
Transportation & Field Trips	21,167	44,327
Total Operating Expenses	<u>3,430,748</u>	<u>3,074,792</u>
Operating Income	<u>(21,184)</u>	<u>53,972</u>
Non-Operating Revenues & (Expenses)		
Fundraising Income	46,302	69,812
Investment Income	1,261	1,396
Fundraising Expense	(3,565)	(4,109)
Other Non-Operating Expense	(6,356)	(10,428)
Total Non-Operating Revenues (Net)	<u>37,642</u>	<u>56,671</u>
Change in Net Position	16,458	110,643
Net Position at Beginning of Year	<u>918,846</u>	<u>808,203</u>
Net Position at End of Year	<u>\$ 935,304</u>	<u>\$ 918,846</u>

See Accompanying Independent Auditor's Report Notes To Financial Statements

Hilltown Cooperative Charter Public School
Statement of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flow from Operating Activities:		
Receipts from Tuition	\$ 2,720,117	\$ 2,595,522
Receipts from Grants	65,691	85,597
Receipts from Programs	169,101	172,724
Payments to Employees	(1,981,673)	(1,798,249)
Payments for Payroll Related Expenses	(358,227)	(299,428)
Payments to Vendors & Suppliers	(501,211)	(386,130)
Payments on Facility Lease	(62,500)	(270,000)
Net Change in Cash - Operating Activities	51,298	100,036
Cash Flows from Investing Activities:		
Proceeds from Certificate of Deposit	183,451	183,018
Reinvestments in Certificate of Deposit	(183,589)	(183,325)
Net Change in Cash - Investing Activities	(138)	(307)
Cash Flows from Non-Capital Financing Activities:		
Non-Operating Receipts	48,563	76,508
Non-Operating Disbursements	(9,921)	(10,251)
Net Change in Cash - Non-Capital Financing Activities	38,642	66,257
Cash Flows from Capital & Related Financing Activities:		
Building Purchase	(16,930)	-
Building Improvement Purchase	-	(34,577)
Equipment Purchase	(11,972)	-
Payments on Note Payable	(37,030)	-
Net Change in Cash - Capital & Related Financing Activities	(65,932)	(34,577)
Increase (Decrease) in Cash	23,870	131,409
Cash at Beginning of the Year	802,459	671,050
Cash at End of the Year	\$ 826,329	\$ 802,459
Reconciliation of Operating Income to Net Change in Cash - Operating Activities:		
Change in Net Position	\$ (21,184)	\$ 53,972
Adjustments to Reconcile Change in Net Position to Net Change in Cash - Operating Activities:		
Depreciation	54,072	13,460
Change in Assets & Liabilities:		
Prepaid Expense	(33,252)	56,959
Deposits	17,989	(15,329)
Accounts Payable	20,647	(4,358)
Accrued Wages Payable	19,310	9,273
Accrued Payroll Liabilities	(8,586)	(6,241)
Accrued Expenses	2,302	(7,700)
Net Change in Cash - Operating Activities	\$ 51,298	\$ 100,036
Supplemental Disclosure of Cash Flow Information		
Non-Cash Operating Activity - On Behalf of Pension Payment for Employees	\$ 454,907	\$ 274,755
Proceeds of Note Payable Used to Purchase School Building	3,550,000	-
Interest Paid and Charged to Expense	72,881	-

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

1. Nature of Organization

The Hilltown Cooperative Charter Public School (the School) was established on December 9, 1994 after receiving their charter from the Commonwealth of Massachusetts under Chapter 71, Section 89 of the General Laws of Massachusetts. The initial charter was issued for a five-year period and has been renewed three times by the Commonwealth of Massachusetts Department of Elementary and Secondary Education (DESE) until June 30, 2020 at which time it will again be subject to renewal. The School is considered a special purpose governmental entity and operates as a public school. DESE provides approximately 92% of the funding to the School through a per pupil rate and federal and state grants. The School is located at One Industrial Parkway, Easthampton, Massachusetts.

The School's mission is:

To engage students in a school that uses experiential hands-on activities in the arts and interdisciplinary studies to foster critical thinking skills and a joy of learning.

To sustain a cooperative, intimate community of students, staff, families, and local community members, which guides and supports the School and its educational program.

To cultivate children's individual voices and a shared respect for each other, our community, and the world around us.

2. Summary of Significant Accounting Policies

The accounting policies of the School conform to accounting principles generally accepted in the United States as applicable to governmental units. The following is a summary of the School's significant accounting policies:

Financial Statement Presentation

The School, in accordance with *Governmental Accounting Standards Board (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, is considered a special purpose governmental entity that engages in only business type activities and is not a component unit of another governmental entity. Therefore, the financial statements are prepared using the accrual basis of accounting and all of the activity is recorded in the enterprise fund. The School's financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

Basis Of Accounting

The accrual method of accounting is used for all governmental entities that operate as business type entities. Accordingly, revenue is recognized when earned and capital assets and expenditures are recorded when received and incurred, respectively. Pursuant to GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the School has elected to apply the provisions of all relevant pronouncements of Financial Accounting Standards Board (FASB) that do not conflict with or contradict GASB pronouncements.

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Tax Status

The School was established under a charter granted by DESE and operates as part of the Commonwealth of Massachusetts and is, therefore, generally exempt from income taxes under Section 115 of the Internal Revenue Code.

Cash and Cash Equivalents

For the purpose of the Statement of Net Position and the Statement of Cash Flows, the School considers all investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2017, and 2016, the School held no cash equivalents. For the purposes of these financial statements, the School's cash consisted of checking accounts and a money market account. The school also has a term certificate of deposit which is not considered cash for the purposes of these financial statements.

Accounts Receivable

Accounts receivable are presented at their original invoiced amount. Management's periodic evaluation of the adequacy of the allowance is based on its past experience. There is no allowance for doubtful accounts as management considers all receivables to be collectible and the School has no history of significant uncollectible receivables.

Operating Revenue and Expenses

Operating revenue and expenses generally result from providing educational and instructional services in connection with the School's principal ongoing operations. The principal operating revenues include tuition and grants. Operating expenses include educational costs, occupancy costs, administrative expense, and depreciation on capital assets. All other revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

Capital Assets

Property and equipment are recorded at cost or at fair market value at the date of donation. Capital assets purchased with a cost or value greater than \$5,000 are capitalized. Depreciation is computed on the straight-line basis using estimated useful lives of 3 to 5 years for equipment and 10 years for furniture and fixtures. The Building is depreciated over a period of 40 years and building improvements are depreciated over an expected life of 10 to 20 years.

Classification of Net Position

The Unrestricted Net Position of the organization as reported on the Statement of Net Position represents the portion of the of overall net position that is available to support operations. The Investment in Capital Assets Net Position represents the book value of capital assets net of any related debt. The Restricted Net Position represents the funds received or committed to specific uses or programs, the school had no restricted funds at June 30, 2017 or June 30, 2016.

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The School's financial instruments, none of which are held for trading purposes, include cash and accounts receivable. The School estimates that the fair value of all financial instruments at June 30, 2017 and 2016 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying financial statements.

Reclassification

Reclassifications are made to account balances in the prior year financial statements when necessary to conform to the current year presentation.

3. Deposits With Financial Institutions

At June 30, 2017 and 2016, the school's total bank account balance was \$918,153 and \$894,146, respectively. The School maintains its cash accounts at two financial institutions. This balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000. Management acknowledges the possibility of risk in this arrangement, however, the size and longevity of the depository institutions minimizes such risk. In addition, the bank accounts are maintained at Massachusetts chartered savings banks that maintain additional insurance through the Depositors Insurance Fund (DIF), a private industry sponsored insurance company.

As required by Governmental Accounting Standards Board Statement No. 40, *Deposits and Investment Risk Disclosures*, the following represents a summary of deposits as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Insured through the Federal Deposit Insurance Corporation	\$250,303	\$250,303
Insured through Depositors Insurance Fund	<u>667,850</u>	<u>643,843</u>
Total	<u>\$918,153</u>	<u>\$894,146</u>

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

4. Capital Assets

Changes in capital assets during fiscal years 2017 and 2016 are as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
Capital Assets				
Building Improvements	\$223,796	\$ -	\$ -	\$ 223,796
Building & Land	-	<u>3,566,930</u>	-	<u>3,566,930</u>
Subtotal Building & Improvements	<u>223,796</u>	<u>3,566,930</u>	-	<u>3,790,726</u>
Less Accumulated Depreciation				
Building Improvements	(17,570)	(13,499)	-	(31,069)
Building	-	<u>(38,674)</u>	-	<u>(38,674)</u>
Subtotal Accumulated Depreciation	<u>(17,570)</u>	<u>(52,173)</u>	-	<u>(69,743)</u>
Buildings & Improvements (Net)	<u>206,226</u>	<u>3,514,757</u>	-	<u>3,720,983</u>
Furniture & Equipment	6,500	11,972	-	18,472
Less Accumulated Depreciation	<u>(1,950)</u>	<u>(1,899)</u>	-	<u>(3,849)</u>
Furniture & Equipment (Net)	<u>4,550</u>	<u>10,703</u>	-	<u>14,623</u>
Net Capital Assets	<u>\$210,776</u>	<u>\$3,524,830</u>	<u>\$ -</u>	<u>\$3,735,606</u>
	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
Capital Assets				
Building Improvements	\$189,219	\$34,577	\$ -	\$223,796
Less Accumulated Depreciation	<u>(5,411)</u>	<u>(12,159)</u>	-	<u>(17,570)</u>
Buildings & Improvements (Net)	<u>183,808</u>	<u>22,418</u>	-	<u>206,226</u>
Furniture & Equipment	6,500	-	-	6,500
Less Accumulated Depreciation	<u>(650)</u>	<u>(1,300)</u>	-	<u>(1,950)</u>
Furniture & Equipment (Net)	<u>5,850</u>	<u>(1,300)</u>	-	<u>4,550</u>
Net Capital Assets	<u>\$189,658</u>	<u>\$21,118</u>	<u>\$ -</u>	<u>\$210,776</u>

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

5. Note Payable

The School has a note payable with the USDA dated September 15, 2016. The note is secured by the School's assets. The note was for \$3,550,000 and is payable in monthly installment over 40 years. Monthly principal and interest payments are \$12,212. The interest rate on the note is fixed at 2.75%. The note balance at June 30, 2017 was \$3,512,973, the current portion was \$50,568 and the noncurrent portion is \$3,462,405.

Future scheduled maturities of this long-term debt are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 50,568	\$ 95,976	\$ 146,544
2019	51,973	94,571	146,544
2020	53,417	93,127	146,544
2021	54,901	91,643	146,544
2022	56,427	90,117	146,544
2022 - 2027	306,550	426,170	732,720
2027 - 2032	351,595	381,125	732,720
2032 - 2037	403,272	329,448	732,720
2037 - 2042	462,557	270,163	732,720
2042 - 2047	530,570	202,150	732,720
2047 - 2052	608,595	124,125	732,720
2052 - 2057	<u>582,548</u>	<u>35,625</u>	<u>618,173</u>
Total Future Scheduled Maturities	<u>\$3,512,973</u>	<u>\$2,234,240</u>	<u>\$5,747,213</u>

6. Line of Credit

The school has a line of credit with a bank. The line of credit is for amounts up to \$75,000 and carries an interest rate of the bank's prime rate plus 1% with a 4.50% floor on the rate. The loan is secured with the certificate of deposit that the school has with the bank. As of June 30, 2017, and 2016, there were no amounts outstanding on the line of credit.

7. Operating Lease

The school leases a copier machine under a five-year operating lease effective August 1, 2013 through July 31, 2018. The lease expense for the copier was \$3,788 each year for 2017 and 2016. The school leased their building for two and one-half months in the current year before purchasing it. Rent expense for that period was \$75,000.

Future minimum payments required under the operating lease for the copier are as follows:

Year ending June 30, 2018	\$3,788
Year ending June 30, 2019	<u>631</u>
Total Lease Commitment	<u>\$4,419</u>

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

8. Government Grants

For the years ended June 30, 2017, and 2016, amounts received from the following grants were included in revenues:

	<u>2017</u>	<u>2016</u>
Massachusetts Dept. Of Education		
Special Education	\$36,582	\$32,637
Teacher Quality	4,028	4,207
Title I	13,143	15,314
Rural Education Achievement Program	<u>-</u>	<u>19,911</u>
Total Government Grants	<u>\$53,753</u>	<u>\$72,069</u>

There were no government grant receivable balances as of June 30, 2017 or June 30, 2016.

9. Designated Net Position

During the fiscal year 2017 the Board of Trustees voted to designate \$267,344 of net position as a contingency fund and \$100,000 of net position as a capital projects fund. In fiscal year 2016 \$261,765 of net position was designated as a contingency fund.

10. Retirement Plans

The School's teaching staff and certain administrators participate individually in the Massachusetts Teachers Retirement System (MTRS). All qualified teachers and administrators are covered by and must participate in MTRS. All qualified teachers and administrators who qualify for the plan, along with the School are exempt from federal social security taxes for these employees. Benefits vest fully after 10 years of qualified employment and an employee may receive retirement benefits after 20 years of service or having reached the age of 55 if the participant (1) has a record of 10 years of creditable service, (2) was first employed by the school after January 1, 1978, (3) voluntarily left School employment on or after that date, and (4) left an accumulated annuity deduction in the fund. This retirement plan requires an employee contribution of eight to eleven percent (depending on the plan and the employment date) of their compensation.

The MTRS retirement plan, under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is required by statute to determine the net pension liability for all participants. The net pension liability for the retirement plan at the June 30, 2017 measurement date was determined by an actuarial valuation prepared as of January 1, 2016, rolled forward to June 30, 2016. The School's share of MTRS net pension liability is \$4,459,590.

The School also maintains a IRC Section 403(b) Tax Deferred Annuity Plan that is entirely funded by employees' contributions.

Hilltown Cooperative Charter Public School

Notes to the Financial Statements

June 30, 2017 and 2016

11. On Behalf Pension Payments

In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the School is required to recognize its proportional share of pension revenue and expenses, as reported by MTRS, as on-behalf payments in their combining financial statements. As of June 30, 2017, and 2016, the School recognized \$454,907 and \$274,755, respectively of on-behalf revenues and expenses.

12. Related Party Transactions

The Friends of the Hilltown Cooperative Charter School, Inc. is a tax exempt 501(c)(3) charitable organization that solely supports the efforts of the school by soliciting charitable donations. These funds are contributed to the school for specific uses and for general operations. During the year ended June 30, 2017 and 2016, the school received \$23,638 and \$42,802, respectively in contributions from the Friends of the Hilltown Cooperative Charter School, Inc.

The School contracts the cleaning service for the school building with a company that is owned by one of the members of the Board of Trustees. During the year ending June 30, 2017 the company was paid \$39,718 for its services. Of this amount \$3,010 was included as accounts payable at June 30, 2017.

13. Subsequent Events

The school has evaluated subsequent events through October 25, 2017 which is the date the financial statements were issued. There are no recognized subsequent events, events that provide additional evidence about conditions that existed at the statement of net assets date, or non-recognized subsequent events, or events that provide evidence about conditions that did not exist at the statement of net assets date, which are necessary to disclose to keep the financial statements from being misleading.

Hilltown Cooperative Charter Public School
Schedule of Expenditures of Federal Awards
For The Year Ended June 30, 2017

<u>Federal Grantor Program Title</u>	<u>Type Program</u>	<u>Federal CFDA Number</u>	<u>Total Federal Awards Expended</u>
US Department of Agriculture			
Community Facilities Loans & Grants	A	10.766	\$3,550,000
Total US Department of Agriculture			<u>3,550,000</u>
US Department of Education			
Passed through Massachusetts Department of Secondary & Elementary Education			
Special Education	B	84.027a	\$36,582
Title I Grants to Local Educational Agencies	B	84.010	13,143
Improving Teacher Quality	B	84.367	<u>4,028</u>
Total US Department of Education			<u>53,753</u>
Total Expenditures of Federal Awards			<u>\$3,603,753</u>

Notes To Schedule of Federal Awards

1. Basis of Presentation

This Schedule of Expenditures of Federal Awards includes the federal grant activity of Hilltown Cooperative Charter Public School for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2, Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Policies

This Schedule of Federal Awards is presented using the accrual method of accounting, which is described in note 2 to the financial statements. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Subrecipients

There were no pass-through federal awards to subrecipients by Hilltown Cooperative Charter Public School for the year being reported on.

4. Loan Balance

This Schedule of Federal Awards includes a USDA loan. The outstanding balance of that loan at June 30, 2017 was \$3,512,973.



Richard Abbott

Certified Public Accountant

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Independent Auditor's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards*

To The Board Of Trustees
Hilltown Cooperative Charter Public School
1 Industrial Parkway
Easthampton, MA 01027

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Hilltown Cooperative Charter Public School which comprise the statement of net assets as of June 30, 2017, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements for the year ended June 30, 2017, and have issued my report thereon October 25, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Hilltown Cooperative Charter Public School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hilltown Cooperative Charter Public School's internal control. Accordingly, I do not express an opinion on the effectiveness of Hilltown Cooperative Charter Public School'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 School's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material deficiencies or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses, as defined above. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hilltown Cooperative Charter Public School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 25, 2017

Richard Abbott, CPA



Richard Abbott

Certified Public Accountant

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Independent Auditors' Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by Uniform Guidance

To The Board Of Trustees
Hilltown Cooperative Charter Public School
1 Industrial Parkway
Easthampton, MA 01027

Report on Compliance for Each Major Federal Program

I have audited Hilltown Cooperative Charter Public School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2017. Hilltown Cooperative Charter Public School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Hilltown Cooperative Charter Public School's federal major programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles*, and *Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major program. However, my audit does not provide a legal determination of the Hilltown Cooperative Charter Public School's compliance.

Opinion on Each Major Program

In my opinion, Hilltown Cooperative Charter Public School, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major programs, for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Hilltown Cooperative Charter Public School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit, I considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control and compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

October 25, 2017

Richard Abbott, CPA

Hilltown Cooperative Charter Public School
 Schedule Of Findings And Questioned Costs
 Year Ended June 30, 2017

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency identified that was not considered to be material weakness? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency identified that was not considered to be material weakness? No

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a) No

Identification of major programs:

CFDA Number

Name of Federal Program

10.766

Community Facilities Loans & Grants

The threshold for distinguishing Types A and B programs: \$750,000

Auditee qualified as a low-risk auditee? No

Hilltown Cooperative Charter Public School
Schedule Of Findings And Questioned Costs
Year Ended June 30, 2017

B. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None

C. Federal Award Findings and Questioned Costs

None

D. Status of Prior Audit Findings

None

ACCEPTANCE OF THE BOARD OF TRUSTEES

We, the Board of Trustees of the Hilltown Cooperative Charter Public School, have voted to accept the representations of management and the expression of the opinions made by Richard Abbott, Certified Public Accountant as embodied in the financial statements and independent auditor's reports for the year ended June 30, 2017 and 2016.

We also certify that the representations made by management and the disclosures in the financial statements are accurate and have been correctly and completely disclosed as required by accounting principles generally accepted in the United States of American and the *Commonwealth of Massachusetts Charter School Audit Guide* for the period end June 30, 2017 and 2016.



Board President or Treasurer
or Other Designated Person

Date 10/25/17

MCAS Overview

“Data is better at helping you think of questions than answering them”

-Joe the Board Member

Directions: Please review the HCCPS MCAS 2.0 (The Next Generation*) scores at your leisure. If you are interested, consider exploring the DOE website. It offers more angles of analysis and definitions of terms.

Submit questions to Joe and Lara by email. We will go over questions at a subsequent board meeting.

Overview: Our performance was pretty high. We were in the top half of achievement everywhere except 4th grade ELA and 7th grade math. Our growth percentiles in those areas were right in the state average. Meanwhile, 8th grade math (same teacher, same curriculum) had an achievement percentile of 70%, which is excellent**. 6th grade growth percentiles are over 60 in both ELA and math, which is considered high growth. We were the highest ranking charter school in 8th grade science.

*Because this is a new test, our data cannot be compared to past years.

**Because our school is so small, we need to look at the data keeping in mind that a 10% difference is approximately two kids. Sample size should be considered when making meaning of the data.

Grade and Subject	Meeting or Exceeding Expectations		Exceeding Expectations		Meeting Expectations		Partially Meeting Expectations		Not Meeting Expectations		Included	Avg. Scaled Score	SGP	Included in SGP	Ach.PTCL
	School	State	School	State	School	State	School	State	School	State					
GRADE 03 - READING	48	47	5	8	43	39	48	42	5	10	21	500.4	N/A	N/A	51
GRADE 03 - MATHEMATICS	52	49	0	7	52	42	48	38	0	13	21	500.3	N/A	N/A	50
GRADE 04 - ENGLISH LANGUAGE ARTS	48	48	0	7	48	41	43	42	10	10	21	496.7	48.5	20	39
GRADE 04 - MATHEMATICS	52	49	5	6	48	43	38	39	10	13	21	500.3	50.0	20	56
GRADE 05 - ENGLISH LANGUAGE ARTS	48	49	0	6	48	43	52	42	0	10	23	499.5	37.0	23	51
GRADE 05 - MATHEMATICS	61	46	9	7	52	39	35	44	4	10	23	502.4	54.0	23	64
GRADE 06 - ENGLISH LANGUAGE ARTS	52	51	3	7	48	43	48	39	0	10	31	503.2	73.0	27	65
GRADE 06 - MATHEMATICS	52	50	3	7	48	42	39	39	10	11	31	502.1	62.0	27	62
GRADE 07 - ENGLISH LANGUAGE ARTS	52	50	19	6	32	44	35	39	13	11	31	500.6	66.0	28	60
GRADE 07 - MATHEMATICS	40	47	7	9	33	38	53	42	7	12	30	495.9	51.0	27	44
GRADE 08 - ENGLISH LANGUAGE ARTS	75	49	4	8	71	41	25	39	0	11	28	510.0	44.5	28	88
GRADE 08 - MATHEMATICS	54	48	4	9	50	39	43	42	4	11	28	504.2	24.0	28	70
GRADES 03 - 08 - ENGLISH LANGUAGE ARTS	54	49	6	7	48	42	41	41	5	10	155	502.1	51.5	126	62
GRADES 03 - 08 - MATHEMATICS	51	48	5	8	47	40	43	41	6	12	154	500.8	51.0	125	56

Click on any Grade and Subject rows in the table to view Achievement Level in graph.

Note: School achievement percentiles (1-99) compare each group's average scaled score to the average scaled scores of the same group from all public schools across the state. Only students enrolled in the same school since October 1 are included in calculations, and groups with fewer than 10 students do not receive percentiles.

DOMAIN COUNCIL MEETING MINUTES

17 October 2017

Attending: Penny Leveritt, Dan Klatz, Deirdre Arthen, Scott Remick, Lara Ramsey

Meeting Start: 5:15 pm

Location: HCCPS School

AGENDA:

Roles:

The continuation of the development of staff job roles/task lists was discussed. The Coordinator of Student Services job role/task list has been completed. The job description/task list for the Tech Coordinator could be a good option to do next – Lara and Dan will tag team that one. Then perhaps the Nurse job description (Dan), then Administrative Assistant and Bookkeeper (Dan.)

Evaluation update

Deirdre is working on a self-assessment. Scott will create a template for it and get it to Deirdre, who will use her existing draft and fit it into template.

LRP update

The LRP update should be included at the December BOT meeting. In advance, GABS should work on the LRP spreadsheet and the Directors' reports will get into the packet.

Perhaps we should look at revising the current LRP after this year, now that two major portions of the LRP (increasing school size and moving the school) have been done, and we have Directors in two new positions.

MCAS

The scores for last school year's MCAS will be out soon. Dan and Lara have previewed them. The test results so far seem to parallel what we would expect from our students. There will be no accountability rating in the MCAS report this year because of a significant adjustment to the tests. Participation rate this time was higher. There are often no surprises, and because we are a small school, we know where any lower scores might occur and why.

Lara will present the MCAS results and findings at the December BOT meeting.

Teaching and learning committee

Outside of a BOT meeting a board member brought up the idea of forming a Teaching and Learning Committee to Lara. Domain Council discussed this and determined that suggestions such as forming a new board committee should probably come to the Domain Council first before going to the full board.

The Domain Council discussed that it might be helpful for the board to be presented with more background information about the process for determining teaching methods and curriculum and the philosophy behind it, but that would be lead by Lara and Dan as a way to engage the board more fully with the teaching and learning process.

This can be presented at the December BOT, as it may fit will with the MCAS discussion.

The topic of a Teaching and Learning Committee could be placed on the January meeting, based on the outcome of the MCAS/Education topics that we have planned for the December meeting.

Next Meeting: Wednesday, November 1, at 5:15pm.

6:15 pm – Meeting ended

Respectfully Submitted, Penny Leveritt

DOMAIN COUNCIL MEETING MINUTES

1 November 2017

Attending: Penny Leveritt, Dan Klatz, Deirdre Arthen, Scott Remick, Lara Ramsey

Meeting Start: 5:15 pm

Location: HCCPS School

Domain Council Meeting AGENDA:

BOT Meeting agenda:

1st Q financials, for approval

Audit, to be approved

Site Committee new name, purpose, responsibilities, for approval (Facilities Committee to January)

Clerk Housekeeping, doc updating

Topics for future BOT meetings:

Deb Jacobson/Finance Cmt in January

Director Hiring process in December

Draft 10-year Capital Plan in December

SEPAC:

From an email trail from former SEPAC members, there was concern expressed about the perception of an unclear relationship/communication between SEPAC and the BOT.

Domain council discussed ways to increase openness and communication between the SEPAC and the BOT. For instance, it is important that Justin and Lara be at the SEPAC meetings, SEPAC notes should continue to be included in BOT meeting packets as they have been for a couple years, Lara (with Justin and a SEPAC representative) could present a report at a BOT meeting (the April might be a good time) on how SPED is going at Hilltown. And perhaps have the SEPAC help formulate SPED related questions on the parent satisfaction survey.

MCAS info sharing:

Lara talked with BOT member Joe Wyman, who is a Data Specialist for the District and School Assistance Center about the recent MCAS reports, and with Dan and a professional at Smith College, to gain a better understanding of the reports and what they mean to Hilltown. As mentioned at the previous Domain Council meeting, Lara will give a report on and there will be a discussion about the latest MCAS results at the December meeting, but to give the BOT time to process and look over the information, the report will be handed out during the "New Business" section of the November Board meeting.

Next Meeting: Tuesday, November 14, at 5:15pm.

6:10 pm – Meeting ended

Respectfully Submitted

Penny Leveritt



**Domain Directors Report to the Board of Trustees
November, 2017**

- 1) The Family Dance and Cakewalk was again a great success. We hired a keyboard player but our other musicians were teachers – Joanna Morse and J. Witbeck. Penny Schultz filled in as caller for Marguerite Durant, who had a family funeral to attend. Families brought in more than 20 cakes to give away, Meghan Siudzinsky worked with Kids Club to bake 5 dozen cupcakes and everyone went home happy.
- 2) Work is happening this week on a sound wall between the music and humanities rooms. You may recall that this was part of the capital budget passed in June, and addresses (hopefully) a serious problem with the environment in the humanities room
- 3) Our admissions application has gone live—take a look:

<https://appro.rediker.com/apwebonlinereg/index.aspx?schoolid=FF9141DF6A44459188441C7D8096D41F>

This will allow us to maintain our waiting list and conduct our lottery in a highly efficient manner, and will integrate with our main database system once new families enroll.
- 4) We officially have a small, whole-school Community Library. Our first twenty books arrived thanks to a grant procured by Deb Haas, the school nurse. The books have been vetted for socially responsible messages and include stories featuring people of color, families with different structures, families who live in different kinds of places, and characters that are gender non-conforming. Parents and teachers can check out books to share with their children, and children wanting to browse the collection can do so outside the Director's offices.
- 5) I attended the first SEPAC meeting of the year and learned that parents are not aware of our weekly SST meetings to review the school experience of students with IEPs, 504s, and to note new student concerns. Justin and I will work with Gillian (chair) and all of SEPAC to provide more information on our in-house systems that support and honor all students' learning experiences.
- 6) The whole school traveled to UMass to see the Festival of South African Dance. The trip was funded by a generous grant from the Webster Foundation. Marguerite offered preliminary curriculum to her music classes and connected classroom teachers with the history and footage of gumboot dancing.

Minutes for Finance Committee 10/25/17

Attendees:

Deb Jacobson
Carla Clark
Kate Saccento
Dan Klatz
Rich Abbott (auditor/guest)
Matt Dube
Chris Greenfield (T)

Agenda:

1. Review and Approve 9.27.17 Minutes (no concerns, approved, Deb moved to approve, Matt seconded)
2. Receive and review Audit
3. Review 1st Quarter Actual to Budget

Receive and Review Audit

Rich's Summary

- Rich reviewed both the board letter and summary as well as the full financial packet
- This year USDA Loan - brings compliance testing (additional)
- Every year subject to government auditing standards
- Accounting estimates outlined
- 1st page, notes to the financial statement (nothing interesting)
- "No difficulties in auditing"
- Emphasize - RELATED PARTY DISCLOSURE (not bad, just a disclosure); Beloved Earth Cleaning Company*
- Layman's Summary: No Findings/No Material Issues, Standard Findings in these type of audits
- Auditors Opinion: Conforms with GAAP
- Notes outside audit: Policies and Procedures are dated (2008), consider updating (example, double signator on \$5000 checks)
- Notes outside audit: Controls regarding revenue and expenses
- Notes outside audit: Controls on residency of students
- Chris checked with the committee that a)they are comfortable with the findings and b)that they are comfortable bringing this to the Board
- Chris and Dan signed the required documents

*Note: Board must request Board Member recuse herself

Review 1st Quarter Actual to Budget

- Committee reviewed the Balance Sheet: Deb pointed out that combining Net Income and Undesignated Fund Balance is more appropriate for assessment (it's flat)
- Committee of Revenues and Expenses v Budget - committee reviewed
- Committee moved to present both the Balance Sheet and the Actual to Budget to the Board as stands (Deb moved, Matt seconded)

November FC Meeting: 11/22/17 (Please let me know if you will be there or need to change)

December FC Meeting: 12/20/17 (THIS IS A CHANGE AMY, ALL)

FOH September Meeting

Attendance: Barbara Oegg, Myssie Casinghino, Lara Ramsey, Joanne Benkley

Time: 6:30 p.m.

FOH August meeting minutes approved

Barbara to add Joanne to the Google Drive

Discussion of new Curriculum Support Grant with Lara Ramsey

- Should set parameters so that teachers do not apply for grants for items that the school has decided not to fund.
- Applications should be for something creative or a new project, not for routine items like books.
- Would like to have enough money so that each class can apply for a grant.
- Grant applications will be reviewed at the next board meeting.
- Grant recipients need to submit a written report and pictures of how the money was used.
- Myssie and Maryellen will go to the next teacher meeting on Tuesday, October 3rd at 3:20 p.m. to present the grant applications.

New Members – Welcome to Joanne Benkley

Outreach effort/info night recap – For next year look at doing it differently. Perhaps talk at the end. Focus of our talk could be on the Annual Fund.

Facebook – Photos? Events? Get parents to “Friend” the page. How do I find out what field trips or events the classrooms are having?

Update from Myssie on outstanding Quickbooks, Paypal and Bank account item

- Paypal – no update yet
- Quickbooks – Myssie contacted another accountant Shannon Reichelt. They will charge us \$500 to prep the taxes. On or before November 1st we have to file with the state. Myssie will make an appointment with them to go over Quickbooks.
- FSB no longer charges a monthly fee to transfer money into our account so we would like to try and encourage people to give via FSB and not via Paypal.

2017/2018 Budget Overview

Annual Fund Appeal – When should we start planning this? Should we ask Seth to design mailer? Can we get the graphic files from other years?

GABS Meeting Minutes: October 30th, 2017

5:00 PM - Ford Hall, Smith College.

Attendees: Amy, Deirdre (call in), Susannah, Tim (call in), Terra

Regrets:

-Work on calendar/timeline for GABS activity.

-Ensure the BoT Resource Notebook remains current on paper and online. Evaluate and streamline delivery for accessibility.

- COMPLETE table of contents with indications of whether the items are in the physical or electronic format.
- Tab 1 - BoT Calendar
- Tab 2 - BoT Contact List
- Tab 3 - LRP, BoT Annual Goals.
- Tab 4 - Consensus flowchart
- Tab 5 - In entirety.
- Tab 6 - BoT Role in Fundraising, Budget Process, Grievance Procedures
- Tab 7-9 - Open Meeting Law Guidelines.

GABS Timeline:

Month	At GABS	At BoT
July		-Implement BoT Orientation. -Review prior year GABS Goals.
August	vacation	vacation
September	Determine GABS Annual Goals.	
October	Review of LRP. Send interest forms to potential BoT candidates.	Present GABS Annual Goals.
November		Review LRP Status Updates.
December	Review committee goal progress.	BoT Recruitment check-in.

January		Review by-laws with eye for updates and changes.
February		
March	-Review of LRP. -Draft committee report for annual meeting.	-Bring by-law changes to BoT. -Present recommendations for potential BoT members.
April	-Package by-law changes for Annual Meeting. -Prepare proposed slate of BoT candidates/documents for Annual Meeting.	Bring potential BoT candidates.
May (Annual Meeting)		Review LRP Status Updates.
June	- Review/plan BoT Orientation. (See GABS talking points). - Review prior year GABS goals	

For Future Meeting:

- Review LRP progress
- Review Orientation plan
- Voting membership.
- On-site committee status/dissolution?
- Clerk timeline, add in to GABS timeline.
- Review Open Meeting Law Guidelines and Clerk Workload/documentation of BoT Packets.
- Is there anything that can be removed from Board Resources entirely?
- Work on Review existing pathways for proposals to come to the BoT for approval.

Next Meeting: -Wednesday November 29th, 5pm. HCCPS

SEPAC notes

November 2, 2017 6:00 p.m.

Gill, Pamela, Anna, Lara, Heather, Celia

Went around and did introductions.

Began with a review of first draft of mission statement (to be included in the handbook) and four goals for the committee.

Special Education Parent Advisory Council (SEPAC) Mission Statement:

HCCPS SEPAC mission is to provide a network in which parents/guardians/advocates of children with special needs have access to relevant information, training and support; to encourage an atmosphere of effective open communication, understanding, and mutual respect among all students, parents, educators and the community-at-large about issues relevant to Hilltown's Special Education; and to provide advice and recommendations to school leadership and the Board of Trustees regarding special education programs and policies.

Goals:

- SEPAC shall assist in advising HCCPS on matters that pertain to the education and safety of students with disabilities.
- SEPAC will provide information and assistance for navigating the often- complex special education system.
- It will also provide the parent perspective in an advisory capacity to HCCS Special Services administration, which works jointly with SEPAC to identify and address systemic issues involving children with special needs in the school.
- The SEPAC chair will meet regularly with school administration and Board of Trustees to participate in planning, development, and evaluation of the school's special education program.

One parent talked about how fortunate she feels that her son began school at Hilltown; he has been accepted by his peers and was not treated differently based on appearance or other differences. Other parents confirmed that Hilltown is a protective and positive school for students with disabilities and social-emotional and/or learning differences. Emotional accommodations are available.

Question: Could we find out what is done at HCCPS to help students learn about emotions and emotional well-being?

Partial list we have so far:

- BBB (Brain & Body Breaks)
- Mindfulness
- Integrated learning strategies in the Prisms are excellent
- Advisories in Prisms teach explicit lessons on Growth Mindset, Executive Function, and brain science.
- Emilie Woodward is a resource for students on ad hoc and on going basis.

- In younger grades, morning meeting routinely involves inclusive games and community building

We discuss sending out a **needs assessment** to the whole school community. The topic would be a SEPAC needs assessment (not to be confused with a what-does-your-child-need questionnaire). In other words, what do parents need SEPAC to offer the school and community?

A big area that needs to be explained to parents is the **road map** to becoming eligible for special education or a 504.

We need to understand special education laws and policies and the history of practice/compliance at Hilltown. Suggestion: a two-column comparison linking legal policies and Hilltown practices.

CONCERNS

- Big concern mentioned to the chair is compliance of the different processes from becoming eligible for special education, evaluations, to implementation of IEPs.
- Are things able to get done on time? Some participants note that things seem to have gotten better.
- Evaluations have been out of date. We will be audited- time to get the paperwork in order.
- Concerns about whether evaluations done outside the school are accepted- some parents are upset that their outside evaluations aren't being accepted or implemented.
- Would SEPAC consider providing advocacy for parents navigating the system for the first time?

OTHER

Lara explains on-going RTI training and the role it has in the school. We want to confirm that RTI is our form of Child Study.

Lara explains what SST meetings are like and their frequency. Parents would love to know how much is happening for students in SST.

We discussed after-school homework support and explore ideas and options.

One parent expresses concern that special ed in the older grades is about getting work done. She would prefer to see learning strategies being highlighted.

We reviewed the fact that there is such a thing as a disability that Hilltown can't accommodate. We think about the reasons why and the resources parents have within their sending district. Participant expresses that Hilltown is an excellent school for inclusion for a subset of students with disabilities. Even though some people at this meeting are supporters of public school, they send their students with disabilities here because it is the best school for their children.

Positive system developments:

- Direct communication with families on IEPs (invitations by email to parents of students with ed plans make a difference)
- Justin or Lara aiming to be at each meeting
- Meeting notes will be submitted to Board and become part of Board packet
- SEPAC chair will meet with school administrators and Board of Trustees

To do:

Update SEPAC distribution list and check for accuracy (who?)

Two-column comparison linking legal policies and Hilltown practices (who?)

Write and send out SEPAC needs assessment (Gill)

Mission statement for the handbook (Lara)

Compile data from the needs assessment



Personnel Committee Meeting

October 3, 2017, 7:35- 8:10 a.m.

Steve Hoyt, Gaby Blaustein, Lara Ramsey (note-taker)

1. We worked on defining what constitutes an emergency hire and what hiring procedures are followed in that event. Here are our early thoughts and questions.
 - A personnel vacancy qualifies as an emergency hire if a position that is essential to the running of the school becomes open and there are 20 or fewer business days in which to fill the vacancy.
 - In this event, the position will be posted as a long-term sub position.
 - A full interview committee comprised of parents and community representatives is not required.
 - Would we post it externally only, or would we be open to moving an internal person into a long-term sub position and potentially open up a second emergency hire?
 - The person hired as a long-term sub may, upon its official posting, apply for the job as an internal candidate. That person would go through the interview process used for all non-emergency hires.

2. Deirdre indicated to Scott that there is at least one parent interested in joining personnel committee.

3. In our next meeting, we will
 - a. Review the long term planning goals
 - b. Revisit process for how a personnel concern is raised (discuss)