

FIVE TOWN CSD

Annual Financial Report

For the Year Ended June 30, 2018

FIVE TOWN CSD
Financial Statements
For the Year Ended June 30, 2018

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**FIVE TOWN CSD
Financial Statements
For the Year Ended June 30, 2018**

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Independent Auditor's Report

Board of Directors
Five Town CSD

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Five Town CSD, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Five Town CSD, as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year 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, the schedule of the District's proportionate share of net pension liability, the schedule of the District's proportionate share of the net OPEB liability, and the schedule of District contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Five Town CSD's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Maine Department of Education, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 11, 2018 on our consideration of Five Town CSD's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Five Town CSD's 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 Five Town CSD's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Remya Kristen Ouellette".

October 11, 2018
South Portland, Maine

FIVE TOWN CSD
Management's Discussion and Analysis
June 30, 2018

In this section of the Annual Financial Report, the managers of Five Town CSD discuss and analyze the District's financial performance for the fiscal year ended June 30, 2018. Please read it in conjunction with the Independent Auditor's Report on pages 1-3, and the District's Basic Financial Statements which begin on page 11.

Financial Highlights

The District's net position for FY 2018 was \$13,898,019; an increase of \$733,057 over last year as a result of this year's operations. During the year, the District had expenses that were \$733,057 less than the \$14,813,565 generated in tax and other revenues.

The General Fund ended the year with a \$139,152 GAAP fund balance compared to last year's deficit of \$(197,679), which includes the accrued teacher summer salaries amounts.

Long-term liabilities have decreased by \$826,594 as the District continues to pay down the debt services for previous construction projects and capital leases on a yearly basis.

Using this Annual Report

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (starting on page 13) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements (starting on page 19) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds.

Reporting on the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These statements use the accrual basis of accounting, which is the basis used by private sector companies.

FIVE TOWN CSD
Management's Discussion and Analysis, Continued

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the district and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the State of Maine in the form of annual foundation allocations and debt service subsidies. All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's net position and changes in it. The District's net position (the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's average daily attendance or the property tax base of its member communities and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, we divide the District into two kinds of activities:

Governmental activities - Most of the District's basic services are reported here, including instruction, guidance, co-curricular activities, food services, transportation, maintenance, and general administration. Annual assessments to member communities, State subsidies, tuition, fees, and federal grants finance most of these activities. Fiduciary funds are excluded from the Statement of Net Position and Statement of Activities.

Business-type activities - Activities that are intended to recover all or a significant portion of their costs through user fees and charges are reported as business-type activities. The District currently reports no business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 13 and provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Every Student Succeeds Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes. The District has two types of funds, Governmental and Fiduciary. Both types are discussed in more detail in the following paragraphs.

Governmental funds - All of the District's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and for student scholarships. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 17.

FIVE TOWN CSD
Management's Discussion and Analysis, Continued

We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-wide Financial Analysis

NET POSITION		
Governmental Activities		
	2018	2017
Current and other assets	\$ 2,539,510	\$ 2,114,575
Capital assets	16,779,306	17,157,292
Total assets	19,318,816	19,271,867
Deferred outflows related to pensions	225,309	210,901
Long-term liabilities	4,112,514	4,939,108
Other liabilities	1,496,057	1,365,907
Total liabilities	5,608,571	6,305,015
Deferred inflows related to pensions	37,535	12,791
Net investment in capital assets	12,741,467	12,394,429
Restricted	519,637	489,580
Unrestricted	636,915	280,953
Total net position	\$ 13,898,019	\$ 13,164,962
CHANGE IN NET POSITION		
Governmental Activities		
Revenues:		
Program revenues:		
Charges for services	\$ 1,095,847	\$ 1,057,384
Operating grants and contributions	1,200,658	1,132,469
General revenues:		
Local assessments	10,230,092	9,903,100
Local assessments - Adult Education	238,120	224,211
State allocations	2,009,357	1,972,157
Investment earnings	4,930	1,452
Miscellaneous/loss on disposal	34,561	50,964
Total revenues	14,813,565	14,341,737
Expenses:		
Instruction	4,597,365	4,751,374
Special education	1,070,359	1,071,287
Vocational programs	1,079,957	1,019,905
Other instruction	508,264	482,017
Student and staff support	1,100,807	1,158,955
Transportation	418,622	387,734
Administration	933,639	900,929
Operation and maintenance of plant	1,753,216	1,736,990
Maine PERS - on-behalf payments	777,476	686,131
Program expenditures	805,425	837,173
Food service	408,478	442,510
Capital maintenance	428,469	24,810
Debt service interest	198,431	260,762
Total expenses	14,080,508	13,760,577
Change in net position	\$ 733,057	\$ 581,160

FIVE TOWN CSD
Management's Discussion and Analysis, Continued

Net position of the District's governmental activities increased \$733,057. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$636,915 at June 30, 2018.

The District's total revenues increased 3.29%. The total cost of all programs and services was \$14,080,508, which was a 2.32% increase.

The District increased the local assessment by an average of 3.37% from the prior year.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet in Statement 3) reported a combined fund balance of \$1,061,527.

The District's General Fund balance of \$139,152 reported on Statement 4 occurs due to accounting standards that require accrued summer wages to be included in the prior year's budget. The District reports certain revenues and expenditures in different periods for statutory and financial reporting purposes. The District's books and the State of Maine NEO data shows a budgetary balance of \$1,248,249 for the General Fund.

Capital Asset and Debt Administration

Capital Assets

Significant capital asset additions during 2018 included:

- Strom Auditorium Projector \$26,635
- Security Upgrade \$17,950
- Track Replacement \$217,165

Debt

At year-end, the District had \$4,037,839 in outstanding bonds and capital leases.

Economic Factors and Next Year's Budget and Rates

The Members of the District's Board of Directors approved a fiscal year 2019 budget of \$12,544,433, or a 1.24% expenditure decrease with the local assessments to the towns increased by an average of 1.03%.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Manager, JC Miller, or the Superintendent, Maria Libby, Five Town CSD, 7 Lions Lane, Camden, Maine 04843, or by phone at 207-236-3358.

BASIC FINANCIAL STATEMENTS

FIVE TOWN CSD
Statement of Net Position
June 30, 2018

	Governmental activities
ASSETS	
Cash and cash equivalents	\$ 268,411
Investments	2,059,787
Due from other governments	196,226
Inventory	15,086
Capital assets, not being depreciated	24,000
Capital assets, net	16,755,306
Total assets	19,318,816
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	225,309
Total deferred outflows of resources	225,309
LIABILITIES	
Accrued wages and benefits	1,137,287
Accounts payable	334,427
Unearned revenue	6,269
Accrued interest	18,074
Noncurrent liabilities:	
Due within one year	1,032,610
Due in more than one year	3,079,904
Total liabilities	5,608,571
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	37,535
Total deferred inflows of resources	37,535
NET POSITION	
Net investment in capital assets	12,741,467
Restricted	519,637
Unrestricted	636,915
Total net position	\$ 13,898,019

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Statement of Activities
For the year ended June 30, 2018

Function/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Primary Government Governmental activities
Governmental activities:					
Instruction	\$ 4,597,365	403,139	30,000	-	(4,164,226)
Special education	1,070,359	-	29,733	-	(1,040,626)
Vocational programs	1,079,957	-	-	-	(1,079,957)
Other instruction	508,264	9,881	-	-	(498,383)
Student and staff support	1,100,807	-	1,624	-	(1,099,183)
Transportation	418,622	-	-	-	(418,622)
Administration	933,639	-	-	-	(933,639)
Operation and maintenance of plant	1,753,216	23,056	-	-	(1,730,160)
Maine PERS - on-behalf payments	777,476	-	777,476	-	-
Program expenses	805,425	339,981	254,990	-	(210,454)
Food service	408,478	319,790	106,835	-	18,147
Capital maintenance	428,469	-	-	-	(428,469)
Interest on debt	198,431	-	-	-	(198,431)
Total governmental activities	14,080,508	1,095,847	1,200,658	-	(11,784,003)
Total primary government	\$ 14,080,508	1,095,847	1,200,658	-	(11,784,003)
General revenues:					
Local assessments				\$	10,230,092
Local assessments - Adult Education					238,120
State allocation					2,009,357
Unrestricted investment earnings					4,930
Miscellaneous					34,561
Total general revenues					12,517,060
Change in net position					733,057
Net position--beginning					13,164,962
Net position--ending				\$	13,898,019

See accompanying notes to basic financial statements.

**FIVE TOWN CSD
Balance Sheet
Governmental Funds
June 30, 2018**

	General Fund	School Lunch Fund	Capital Reserve	Other Governmental Funds	Totals
ASSETS					
Cash and cash equivalents	\$ 225,045	226	-	43,140	268,411
Investments	2,059,787	-	-	-	2,059,787
Due from other governments	94,120	15,758	-	86,348	196,226
Inventory	-	15,086	-	-	15,086
Interfund receivables	-	-	417,721	485,349	903,070
Total assets	\$ 2,378,952	31,070	417,721	614,837	3,442,580
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued wages and benefits	1,109,097	9,910	-	18,280	1,137,287
Accounts payable	183,625	18,009	-	-	201,634
Unearned revenue	-	6,269	-	-	6,269
Interfund payables	947,078	9,474	-	79,311	1,035,863
Total liabilities	2,239,800	43,662	-	97,591	2,381,053
Fund balances (deficits):					
Restricted by grantors and donors	-	-	-	519,637	519,637
Committed - capital reserve	-	-	417,721	-	417,721
Assigned	125,000	-	-	-	125,000
Unassigned	14,152	(12,592)	-	(2,391)	(831)
Total fund balances (deficit)	139,152	(12,592)	417,721	517,246	1,061,527
Total liabilities and fund balances	\$ 2,378,952	31,070	417,721	614,837	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					16,779,306
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:					
Accrued interest					(18,074)
Net pension liability, including deferred outflows and inflows of resources					113,099
Capital leases					(272,075)
Bonds payable					(3,765,764)
Net position of governmental activities					\$ 13,898,019

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General Fund	School Lunch Fund	Capital Reserve	Other Governmental Funds	Totals
Revenues:					
Local assessments	\$ 10,230,092	-	-	238,120	10,468,212
Intergovernmental	2,846,566	106,835	-	254,990	3,208,391
Charges for services	413,020	319,790	-	102,179	834,989
Interest earned	4,930	-	-	1,646	6,576
Other revenues	59,241	-	-	236,156	295,397
Total revenues	13,553,849	426,625	-	833,091	14,813,565
Expenditures:					
Current:					
Instruction	4,770,304	-	-	-	4,770,304
Special education	1,105,359	-	-	-	1,105,359
Vocational programs	1,079,957	-	-	-	1,079,957
Other instruction	508,264	-	-	-	508,264
Student and staff support	1,100,807	-	-	-	1,100,807
Transportation	418,622	-	-	-	418,622
Administration	933,639	-	-	-	933,639
Operation and maintenance of plant	1,217,505	-	-	-	1,217,505
Maine PERS - on-behalf payments	777,476	-	-	-	777,476
Program expenditures	-	-	-	805,425	805,425
Food service	-	397,546	-	-	397,546
Debt service	1,162,085	-	-	-	1,162,085
Capital outlay	355,306	-	264,004	-	619,310
Total expenditures	13,429,324	397,546	264,004	805,425	14,896,299
Excess (deficiency) of revenues over (under) expenditures	124,525	29,079	(264,004)	27,666	(82,734)
Other financing sources (uses):					
Proceeds from capital leases	355,306	-	-	-	355,306
Transfer in	-	18,000	125,000	-	143,000
Transfer out	(143,000)	-	-	-	(143,000)
Total other financing sources (uses)	212,306	18,000	125,000	-	355,306
Net change in fund balances	336,831	47,079	(139,004)	27,666	272,572
Fund balances (deficits), beginning of year	(197,679)	(59,671)	556,725	489,580	788,955
Fund balances (deficits), end of year	\$ 139,152	(12,592)	417,721	517,246	1,061,527

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2018

Net change in fund balances--total governmental funds (from Statement 4)	\$	272,572
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$613,142) exceeded capital outlays (\$235,156).		
		(377,986)
Bond and capital lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount of principal repayments on bonds and leases (\$1,080,330) that exceeded lease proceeds (\$355,306).		
		725,024
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the decrease in net pension liability with related deferred inflows and outflows of resources.		
		56,234
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This is the decrease in accrued interest (\$22,213) and the decrease in legal judgments against the District (\$35,000).		
		57,213
Change in net position of governmental activities (see Statement 2)	\$	733,057

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Budgetary Basis - General Fund
For the year ended June 30, 2018

	General Fund			Variance with final budget positive (negative)
	Budget		Actual	
	Original	Final		
Revenues:				
Local assessments	\$ 10,269,228	10,269,228	10,230,092	(39,136)
Intergovernmental	1,950,427	1,950,427	2,069,090	118,663
Charges for services	410,475	410,475	413,020	2,545
Interest earned	1,500	1,500	4,930	3,430
Other revenues	26,202	26,202	59,241	33,039
Total revenues	12,657,832	12,657,832	12,776,373	118,541
Expenditures:				
Current:				
Instruction	4,950,581	4,941,402	4,776,789	164,613
Special education	1,152,961	1,152,961	1,105,359	47,602
Vocational programs	1,079,957	1,079,957	1,079,957	-
Other instruction	499,085	508,264	508,264	-
Student and staff support	1,129,334	1,129,334	1,100,807	28,527
Transportation	443,377	443,377	418,622	24,755
Administration	959,316	959,316	933,639	25,677
Operation and maintenance of plant	1,256,955	1,256,955	1,217,505	39,450
Undistributed	50,000	50,000	-	50,000
Debt service	1,162,086	1,162,086	1,162,085	1
Total expenditures	12,683,652	12,683,652	12,303,027	380,625
Excess (deficiency) of revenues over (under) expenditures	(25,820)	(25,820)	473,346	499,166
Other financing sources (uses):				
Transfer to food service	(18,000)	(18,000)	(18,000)	-
Use of fund balance	43,820	43,820	-	(43,820)
Total other financing sources (uses)	25,820	25,820	(18,000)	(43,820)
Net change in fund balance - budgetary basis	-	-	455,346	455,346
Reconciliation to GAAP basis:				
Transfer to capital reserve			(125,000)	
Change in accrued teacher summer salaries and accrued hourly payroll			6,485	
Net change in fund balance - GAAP basis			336,831	
Fund balance (deficit), beginning of year			(197,679)	
Fund balance, end of year			\$ 139,152	

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Private- purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents	\$	611,851	169,302
Interfund receivables		132,793	-
Total assets	\$	744,644	169,302
LIABILITIES AND NET POSITION			
Liabilities:			
Due to student groups		-	169,302
Total liabilities		-	169,302
Net position:			
Held in trust		744,644	-
Total net position		744,644	-
Total liabilities and net position	\$	744,644	169,302

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2018

		Private- purpose Trust Funds
<hr/>		
Additions:		
Contributions	\$	41,863
Interest and dividends		4,437
Total additions		46,300
<hr/>		
Deductions:		
Scholarships and other		43,265
<hr/>		
Change in net position		3,035
<hr/>		
Net position, beginning of year		741,609
<hr/>		
Net position, end of year	\$	744,644

See accompanying notes to basic financial statements.

FIVE TOWN CSD
Notes to Basic Financial Statements

THE REPORTING ENTITY

The Five Town CSD (District), organized on June 10, 1994 to provide education to children in grades 9 to 12, is located in central Maine's coastal region. The District's Board of Directors consists of 11 elected members representing the Towns of Appleton, Hope, Lincolnville, Camden, and Rockport.

Under provisions of state law, the District had a transition period that began on July 1, 1994, under which it was authorized to perform all acts of a community school district except the assumption of the control and operation of grades 9 to 12. The District assumed control and operation of grades 9 to 12 on July 1, 1999.

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

This report includes all funds of the District. An analysis of certain criteria was made to determine if other governmental units should be included in this report. In evaluating how to define the reporting entity for financial reporting purposes, management has considered all potential component units. The criterion used defines the reporting entity as the primary government and those component units for which the primary government is financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the primary government, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Application of this criterion and determination of type of presentation involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens.

It is the District's judgment, based on all pertinent facts derived from the analysis of these criteria that there are no entities that would be considered potential component units within the District that should be included as part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Five Town CSD conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements:

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. All revenues not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs not paid through other funds.

School Lunch Fund - Transactions related to resources obtained and used in providing children's lunches are accounted for in the School Lunch Fund.

Capital Reserve Fund - The Capital Reserve Fund is used to account for financial resources segregated for capital needs. Such resources are derived from transfers from the General Fund.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In addition, the District reports non-major funds as follows:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The nonmajor Special Revenue Funds include Adult Education, School Categoricals Fund, MaineCare Fund, F1 Visa Fund, and Other Programs.

2. Fiduciary and Agency Fund Types:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension-trust funds, investment-trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust funds are private purpose trust which accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position.

2. Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

1. Revenues - Exchange and Non-exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: local assessments available as an advance, interest, grants, and student fees.

2. Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

- E. Budgetary Accounting** - Budgets are formally adopted for the General and Adult Education Funds each year by a referendum vote, and are prepared on a basis consistent with generally accepted accounting principles except for accrued wages and benefits, and Maine Public Employees Retirement System on-behalf payments as described later in these notes. Other special revenue funds, school lunch fund and capital project funds do not have legally adopted budgets but have adopted budgets through formal authorizations by the Board of Directors and through grant agreements.
- F. Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is used during the year by the District. All encumbrances lapse at year end except those authorized to be carried forward.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- G. Interfund Transactions** - During the course of normal operations, the District has several transactions between funds. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.
- H. Inventories** - Food services inventories are valued at the lower of cost (first-in, first-out basis) or market, and are offset with a reserve for inventories. Inventories include the value of the U.S. Department of Agriculture commodities donated to the School Lunch Fund.
- I. Capital Assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated acquisition value as of the date received. The School District maintains a capitalization threshold of \$7,500. The District does not possess any material infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated lives</u>
Buildings and improvements	20-50 years
Furniture and fixtures	5-20 years
Equipment	5-10 years

- J. Compensated Absences** - Under terms of union contracts and personnel administration policies, employees are granted vacation and sick time in varying amounts. Vacation time must be used by June 30th and sick time is only paid out to certain ed techs and secretaries who meet specific retirement criteria specified in the union contract.
- K. Use of Estimates** - Preparation of the District's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.
- L. Fund Balance** - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:
- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
 - *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
- *Assigned* – resources that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations, is used during the year by the District. All encumbrances lapse at year end except those authorized to be carried forward. These amounts are reported as assigned fund balance. The voters at the District budget meeting have the responsibility for committing fund balance amounts and likewise would be required to modify or rescind those commitments. For assigned fund balance amounts, the Superintendent has the authority to assign unspent budgeted amounts to specific purposes in the General Fund at year end. The Board of Directors approves the assigned amounts either before or after year end.

Although the District does not have a formal policy, when both restricted and unrestricted resources are available for use, it is the government’s intention to use restricted resources first, then unrestricted resources as they are needed. When committed, assigned, and unassigned resources are available for use, it is the government’s intention to use committed or assigned resources first, and then unassigned resources as they are needed.

M. Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Deferred Inflows and Outflows of Resources - In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, deferred outflows of resources and deferred inflows of resources, represent a consumption or acquisition of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until that time. The governmental activities have deferred outflows and inflows that relate to the net pension liability, which include the District’s contributions subsequent to the measurement date, which is recognized as a reduction of the net pension liability in the subsequent year. They also include changes in assumptions, differences between expected and actual experience, and changes in proportion and differences between the District’s contributions and proportionate share of contributions, which are deferred and amortized over the average expected remaining service lives of active and inactive members in the plan. Also included is the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized over a five-year period.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information - The District budget committee is responsible for preparing and submitting a budget to the voters. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for teacher summer salaries and benefits which are budgeted on a cash basis and Maine Public Employees Retirement System on-behalf payments. Maine Public Employees Retirement System contributions are made by the State of Maine on behalf of the District.

The level of control (level at which expenditures may not exceed budget) is the warrant article. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

B. Deficit Fund Balance - At June 30, 2018, the following funds had a deficit fund balance:

Special Revenue Funds:	
School Lunch Fund	\$ 12,592
MaineCare Fund	919
EE Reduction Benefits	1,472

These deficits will be funded by future operating revenues.

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, or destruction of assets, errors and omissions, and natural disasters for which the District either carries commercial insurance or participates in a public entity risk pool. The District participates in public entity risk pools sponsored by the Maine School Management Association (MSMA) for both Workers' Compensation coverage and Unemployment coverage.

Based on the coverage provided by these pools, as well as coverage provided by commercial insurance purchased, the District is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-District Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, the District reported deposits of \$1,049,564 with a bank balance of \$1,054,191. As of June 30, 2018, \$250,000 of the District's bank balance of \$1,054,191 was covered by the FDIC. The remaining \$804,191 was collateralized by underlying securities held by the bank in the District's name.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Deposits have been reported as follows:

Reported in governmental funds	\$ 268,411
Reported in fiduciary funds	781,153
Total deposits	\$ 1,049,564

B. Investments

Maine statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. Generally, the District invests such excess funds in repurchase agreements.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Although repurchase agreements are classified as investments on the financial statements, they do not meet the definition of investments in Governmental Accounting Standards Board Statement No. 72 and, as such, are not classified within the fair value hierarchy.

At June 30, 2018, the District had the following investments and maturities:

	<u>Fair value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
Repurchase agreements	\$ 2,059,787	2,059,787	-	-
Total investments	\$ 2,059,787	2,059,787	-	-

Investments have been reported as follows:

Reported in governmental funds	\$ 2,059,787
Total investments	\$ 2,059,787

Interest Rate Risk: The District does not have a formal policy with respect to interest rate risk. However, the District's practice is to invest excess funds in overnight repurchase agreements thereby eliminating interest rate risk.

Custodial Credit Risk-District's investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$2,059,787 investment in repurchase agreements, 100% was subject to custodial credit risk because it was collateralized by underlying securities held by the related bank, which were not in the District's name.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables at June 30, 2018 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	947,078
School Lunch Fund	-	9,474
Capital Reserve Fund	417,721	-
Nonmajor special revenue funds:		
Adult Education Fund	93,507	-
School Categorical Funds	-	78,392
MaineCare Fund	-	919
F1 Visa Fund	66,518	-
Other programs	325,324	-
Total nonmajor special revenue funds	485,349	79,311
Fiduciary funds:		
Private-purpose trust funds	132,793	-
Total fiduciary funds	132,793	-
Total all funds	\$ 1,035,863	1,035,863

INTERFUND TRANSFERS

Individual fund transfers for the year ended June 30, 2018 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	143,000
School lunch fund	18,000	-
Capital reserve fund	125,000	-
Total transfers	\$ 143,000	143,000

The transfers to the School Lunch fund and the Capital Reserve fund were approved by the Board of Directors.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance <u>06/30/17</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/18</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 24,000	-	-	24,000
Construction in process	26,324	-	(26,324)	-
Total capital assets, not being depreciated	50,324	-	(26,324)	24,000
Capital assets, being depreciated:				
Buildings and improvements	25,343,372	235,115	-	25,578,487
Equipment	875,673	26,365	-	902,038
Furniture and fixtures	118,004	-	-	118,004
Total capital assets, being depreciated	26,337,049	261,480	-	26,598,529
Less accumulated depreciation:				
Buildings and improvements	(8,730,868)	(561,508)	-	(9,292,376)
Equipment	(401,780)	(45,581)	-	(447,361)
Furniture and fixtures	(97,433)	(6,053)	-	(103,486)
Total accumulated depreciation	(9,230,081)	(613,142)	-	(9,843,223)
Capital assets, being depreciated, net	17,106,968	(351,662)	-	16,755,306
Governmental activities capital assets, net	\$ 17,157,292	(351,662)	(26,324)	16,779,306

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,510
Food service	10,932
<u>Operations and maintenance of plant</u>	<u>600,700</u>
Total depreciation expense	\$ 613,142

LONG-TERM DEBT

A. Changes in Long-term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2018:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
Governmental activities:					
Bonds payable	\$ 4,707,205	-	941,441	3,765,764	941,441
Capital leases	55,658	355,306	138,889	272,075	91,169
Litigation claims	35,000	-	35,000	-	-
Net pension liability	141,245	-	66,570	74,675	-
Governmental activities					
long-term liabilities	\$ 4,939,108	355,306	1,181,900	4,112,514	1,032,610

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

B. Bonds

Bonds payable at June 30, 2018 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 6/30/18</u>
High School construction	10/28/99	\$ 18,828,817	4.41-5.91%	11/1/21	3,765,764
Total bonds payable					\$ 3,765,764

C. Capital Leases

The District has entered into various lease agreements to finance the cost of computers and copiers. These leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of their inception. The following is a summary of equipment leased under capital lease agreements:

	<u>Governmental Activities</u>
Computers	\$ 350,536
Copiers	18,117

Capital leases payable at June 30, 2018 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/18</u>
Capital leases payable:					
Copiers	8/25/15	\$ 13,347	2.83%	8/25/20	5,444
Computers #3 – 2018	7/25/17	350,536	0.00%	7/25/20	262,902
Copiers	9/27/17	4,770	4.52%	9/27/21	3,729
Total capital leases payable					\$ 272,075

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

The annual requirements to amortize all long-term liabilities outstanding as of June 30, 2018 are as follows:

<u>Year ended June 30,</u>	<u>Capital leases</u>		<u>Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 91,169	407	941,441	54,321
2020	91,324	252	941,441	-
2021	88,586	90	941,441	-
2022	996	46	941,441	-
Totals	\$ 272,075	795	3,765,764	54,321

All debt service requirements are paid by the General Fund.

The statutes of the State of Maine provide, in part, that the aggregate principal amount of bonds and notes issued by a School Administrative District for capital outlay purposes shall not exceed, at any one time outstanding, the limit of indebtedness of the sum of 10% of the total of the last preceding state valuation of the member municipalities, plus an amount set by the State Board of Education at the time of initial approval of the school construction project not to exceed 4% of the state valuation of the participating municipalities. At June 30, 2018, the District's direct debt of \$3,765,764 was within the minimum statutory limit of 10% of the five participating municipalities.

STATE REIMBURSEMENT FOR DEBT SERVICE EXPENDITURES

The State of Maine reimburses the District for a portion of financing costs of the new school building. Continuation of such reimbursements is dependent upon continued appropriations by the State Legislature.

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

General Information about the Pension Plan

Plan Description - Employees of the District are provided with pensions through the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan), a cost-sharing multiple-employer defined benefit pension plan, administered by the Maine Public Employees Retirement System (MPERS). Benefit terms are established in Maine statute. MPERS issues a publicly available financial report that can be obtained at www.maineopers.org.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

Benefits Provided - The SET Plan provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. For SET plan members, normal retirement age is 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. MPERS also provides disability and death benefits, which are established by statute.

Contributions - Employee contribution rates are defined by law or Board rule and depend on the terms of the plan under which an employee is covered. Employer contributions are determined by actuarial valuations. The contractually required contribution rates are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Maine statute requires the State to contribute a portion of the District's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The District's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the District and 11.08% was required from the State. Contributions to the pension plan from the District were \$222,168 for the year ended June 30, 2018.

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

The net pension liabilities were measured as of June 30, 2017, and the total pension liabilities used to calculate the net pension liabilities were determined by actuarial valuations as of that date. The District's proportion of the net pension liability was based on projections of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating School Administrative Districts and the State.

SET Plan - At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 74,675
State's proportionate share of the net pension liability associated with the District	6,320,975
Total	\$ 6,395,650

At June 30, 2017, the District's proportion of the SET Plan was 0.0051%.

For the year ended June 30, 2018, the District recognized pension expense of \$898,457 and revenue of \$620,055 for support provided by the State for the SET Plan.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,141	-
Changes of assumptions	-	1,167
Net difference between projected and actual earnings on pension plan investments	-	1,098
Changes in proportion and differences between District contributions and proportionate share of contributions	-	35,270
District contributions subsequent to the measurement date	222,168	-
Total	\$ 225,309	37,535

An amount of \$222,168 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (22,420)
2020	(8,476)
2021	499
2022	(3,997)

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>SET Plan</u>
Inflation	2.75%
Salary Increases, per year	2.75% to 14.5%
Investment return, per annum, compounded annually	6.875%
Cost of living benefit increases, per annum	2.20%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	4.2%
Diversifiers	10.0%	5.9%
Total	100.0%	

Discount Rate - The discount rate used to measure the total pension liability was 6.875% for the SET Plan. The projection of cash flows used to determine the discount rates assumed that employee contributions will be made at the current contribution rate and that contributions from participating local districts will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.875% for the SET Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.875%) or 1 percentage-point higher (7.875%) than the current rate:

<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
District's proportionate share of the net pension liability	\$ 131,032	74,675	28,144

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

Payables to the Pension Plan - None as of June 30, 2018.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description - The District sponsors a post-retirement benefit plan providing group term life insurance to retiring Teachers. The plan is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Maine Public Employees Retirement System (MPERS). The MPERS Board of Trustees has the authority to establish and amend the benefit terms and financing requirements. MPERS issues a publicly available financial report that is available at www.maineopers.org.

Benefits Provided - MPERS provides basic group life insurance benefits, during retirement, to retirees who participated in the plan prior to retirement for a minimum of 10 years. The level of coverage is initially set to an amount equal to the retirees average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School District were \$11,361 for the year ended June 30, 2018. Employers and employees are not required to contribute to the OPEB plan.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the District reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the District was \$125,356 as of June 30, 2018. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the District's proportion was 0.00%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$11,361 and also revenues of \$11,361 for support provided by the State. At June 30, 2018, the District reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

Actuarial Assumptions - The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	2.75% - 14.50%
Investment rate of return	6.875%

Mortality rates were based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, with adjustments ranging 104% to 120% based on actuarially determined demographic differences.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study conducted for the period June 30, 2012 to June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method which best estimates ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Public equities	70.0%	6.0%
Real estate	5.0%	5.2%
Traditional credit	16.0%	3.0%
US Government Securities	9.0%	2.3%
Total	100.0%	

Discount Rate - The rate used to measure the total OPEB liability for the plan was 6.875%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plans fiduciary net position was projected to be available to make all projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in a separately issued MPERS financial report.

BUDGETARY ACCOUNTING

The following is a reconciliation of the General Fund GAAP and budgetary fund balances:

Fund balance - June 30, 2018 - GAAP basis (Statement 4)	\$ 139,152
<u>Teacher summer salaries and accrued hourly payroll and benefits</u>	<u>1,109,097</u>
Fund balance, June 30, 2018 - budgetary basis	\$ 1,248,249

The accrued wages represents summer salaries for teachers whose contract obligations have been fulfilled, but are unpaid at June 30 and payment for wages earned as of June 30th but paid in July and August.

Additionally, as required by accounting principles generally accepted in the United States of America, the District has recorded a revenue and expenditure for Maine Public Employees Retirement System contributions made by the State of Maine on behalf of the District. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$777,476.

FIVE TOWN CSD
Notes to Basic Financial Statements, Continued

BUDGETARY ACCOUNTING, CONTINUED

These amounts have been included as an intergovernmental revenue and an education expense/expenditure in the General Fund on Statement 2 and Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

FUND BALANCE

As of June 30, 2018, fund balance components consisted of the following:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund – reserve contributions	\$ -	-	125,000
Capital Reserve	-	417,721	-
Special Revenue Funds:			
School Grants and Other Programs	519,637	-	-
Totals	\$ 519,637	417,721	125,000

In addition, the School Lunch Fund and the Other Governmental Funds report an unassigned fund deficit of \$12,592 and \$2,391, respectively.

NET POSITION

Net Position - Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District's net investment in capital assets is calculated as follows at June 30, 2018:

Capital assets	\$ 26,622,529
Accumulated depreciation	(9,843,223)
Bonds payable	(3,765,764)
Capital leases	(272,075)
Total net investment in capital assets	\$ 12,741,467

FIVE TOWN CSD
Required Supplementary Information

Schedule of District's Proportionate Share of the Net Pension Liability
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

<u>SET Plan</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
District's proportion of the net pension liability	0.0051%	0.0080%	0.0097%	0.0084%
District's proportionate share of the net pension liability	\$ 74,675	141,245	130,529	90,251
State's proportionate share of the net pension liability associated with the District	6,320,975	11,187,649	5,494,004	4,442,374
Total	6,395,650	11,328,894	5,624,533	4,532,625
District's covered payroll	5,411,131	5,223,599	4,782,609	4,680,371
District's proportionate share of the net pension liability as a percentage of its covered payroll	1.38%	2.70%	2.73%	1.93%
Plan fiduciary net position as a percentage of of the total pension liability	80.78%	76.21%	81.18%	83.91%

* Only four years of information available

** The amounts presented for each fiscal year were determined as of the prior fiscal year.

FIVE TOWN CSD
Required Supplementary Information, Continued

Schedule of District Contributions
Maine Public Employees Retirement System State Employee and Teacher Plan (SET)

Last 10 Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
SET Plan					
Contractually required contribution	\$ 222,168	181,814	175,513	126,739	124,030
Contributions in relation to the contractually required contribution	(222,168)	(181,814)	(175,513)	(126,739)	(124,030)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	5,596,168	5,411,131	5,223,599	4,782,609	4,680,371
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%	2.65%

* Only five years of information available

FIVE TOWN CSD
Required Supplementary Information, Continued

Schedule of District's Proportionate Share of the Net OPEB Liability

Last 10 Fiscal Years*

	<u>2018</u>
District's proportion of the net OPEB liability	0.00%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	125,356
Total	\$ 125,356
Plan fiduciary net position as a percentage of of the total OPEB liability	47.29%

* Only one year of information available. Amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

FIVE TOWN CSD
Notes to Required Supplementary Information

Changes of Benefit Terms (Pension) - None

Changes of Assumptions (Pension) - The following are changes in actuarial assumptions used in the most recent valuations:

	<u>2016</u>	<u>2015</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.50%
Salary increases	2.75%-14.50%	3.50-13.50%
Cost of living increases	2.20%	2.55%

Mortality rates:

In 2015, mortality rates were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA. In 2016 and going forward, mortality rates were based on the RP2014 Total Data Set Health Annuitant Mortality Table.

** This schedule is intended to show information for ten years, but only the years in which changes occurred have been displayed. Additional years' information will be displayed as it becomes available.*

Changes of Benefit Terms (OPEB) - None

Changes of Assumptions (OPEB) - None

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

These statements provide a more detailed view of the "basic financial statements" presented in the preceding subsection.

Combining statements are presented when there is more than one of a given fund type.

GENERAL FUND

The General Fund is the general operating fund of the District. All revenues that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid through other funds.

**FIVE TOWN CSD
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017**

	2018	2017
ASSETS		
Cash and equivalents	\$ 225,045	224,448
Investments	2,059,787	1,706,618
Due from other governments	94,120	63,533
Total assets	\$ 2,378,952	1,994,599
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued wages and benefits	1,109,097	1,115,582
Accounts payable	183,625	46,185
Interfund payables	947,078	1,030,511
Total liabilities	2,239,800	2,192,278
Fund balance (deficit):		
Assigned - reserve contributions	125,000	-
Unassigned	14,152	(197,679)
Total fund balance (deficit)	139,152	(197,679)
Total liabilities and fund balance	\$ 2,378,952	1,994,599

FIVE TOWN CSD
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2018
(With comparative actual amounts for June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Revenues:				
Local assessments:				
Camden	\$ 3,956,734	3,941,162	(15,572)	3,767,139
Rockport	3,607,580	3,593,382	(14,198)	3,486,881
Appleton	464,169	462,560	(1,609)	454,553
Hope	685,984	683,608	(2,376)	634,789
Lincolnvile	1,554,761	1,549,380	(5,381)	1,559,738
Total local assessments	10,269,228	10,230,092	(39,136)	9,903,100
Intergovernmental:				
State allocation	1,912,127	2,009,357	97,230	1,972,157
State Agency Client	8,300	29,733	21,433	33,598
National Board Salary Supplement	30,000	30,000	-	31,425
Total intergovernmental	1,950,427	2,069,090	118,663	2,037,180
Charges for services:				
Tuition	400,475	403,139	2,664	359,460
Athletic receipts	10,000	9,881	(119)	9,110
Total charges for services	410,475	413,020	2,545	368,570
Investment income:				
General investment earnings	1,500	4,930	3,430	1,452
Total investment income	1,500	4,930	3,430	1,452
Other revenues:				
HAL revenue - Curriculum ITS	3,000	776	(2,224)	2,350
Rentals	16,000	23,056	7,056	21,206
E-Rate revenue	7,202	1,624	(5,578)	43,535
Miscellaneous revenue	-	33,785	33,785	48,614
Total other revenues	26,202	59,241	33,039	115,705
Total revenues	12,657,832	12,776,373	118,541	12,426,007

FIVE TOWN CSD
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2018
(With comparative actual amounts for June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures:				
Current:				
Instruction:				
Instructional services 9-12	\$ 4,580,999	4,427,467	153,532	4,379,676
ESL	28,805	27,615	1,190	26,232
Instructional services - Horizon	42,670	37,690	4,980	38,369
Zenith program	288,928	284,017	4,911	277,218
Total instruction	4,941,402	4,776,789	164,613	4,721,495
Special education programs:				
Instructional services	973,808	958,203	15,605	967,606
Administration	173,853	147,156	26,697	135,570
State Agency Client grant	5,300	-	5,300	3,111
Total special education programs	1,152,961	1,105,359	47,602	1,106,287
Vocational programs	1,079,957	1,079,957	-	1,019,905
Other instruction - Extra/co-curricular	508,264	508,264	-	482,017
Student and staff support:				
Guidance 9-12	526,166	508,114	18,052	542,425
Health	100,205	98,280	1,925	95,495
Curriculum development	60,329	50,248	10,081	67,580
Library 9-12	109,721	106,752	2,969	100,581
Technical services	326,388	331,913	(5,525)	345,656
Assessment	6,525	5,500	1,025	7,218
Total student and staff support	1,129,334	1,100,807	28,527	1,158,955
Transportation	443,377	418,622	24,755	387,734
Administration:				
School Board	67,785	43,754	24,031	64,565
Business Office	145,811	155,000	(9,189)	140,889
Office of Superintendent	239,530	249,302	(9,772)	228,761
Principal's office and staff	506,190	485,583	20,607	466,714
Total administration	959,316	933,639	25,677	900,929
Operations and maintenance of plant:				
Operations of building	1,205,880	1,154,574	51,306	1,145,235
Auditorium	51,075	62,931	(11,856)	42,389
Total operations and maintenance of plant	1,256,955	1,217,505	39,450	1,187,624

FIVE TOWN CSD
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2018
(With comparative actual amounts for June 30, 2017)

	2018		Variance positive (negative)	2017 Actual
	Budget	Actual		
Expenditures, continued:				
Current, continued:				
Undistributed	\$ 50,000	-	50,000	-
Debt service	1,162,086	1,162,085	1	1,217,536
Total expenditures	12,683,652	12,303,027	380,625	12,182,482
Excess (deficiency) of revenues over (under) expenditures	(25,820)	473,346	499,166	243,525
Other financing sources (uses):				
Use of fund balance	43,820	-	(43,820)	-
Transfer to food service	(18,000)	(18,000)	-	(13,000)
Total other financing sources (uses)	25,820	(18,000)	(43,820)	(13,000)
Net change in fund balance - budgetary basis	-	455,346	455,346	230,525
Reconciliation to GAAP basis:				
Transfer to capital reserve		(125,000)		(125,000)
Change in accrued teacher summer salaries and accrued hourly payroll		6,485		(5,883)
Net change in fund balance		336,831		99,642
Fund balance (deficit), beginning of year		(197,679)		(297,321)
Fund balance (deficit), end of year	\$	139,152		(197,679)

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

FIVE TOWN CSD
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2018

	Adult Education Fund	School Categoricals Fund	MaineCare Fund	F1 Visa Fund	Other Programs	Total
ASSETS						
Cash and equivalents	\$ 1,079	-	-	-	42,061	43,140
Due from other governments	-	86,348	-	-	-	86,348
Interfund receivables	93,507	-	-	66,518	325,324	485,349
Total assets	\$ 94,586	86,348	-	66,518	367,385	614,837
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued wages and benefits	10,324	7,956	-	-	-	18,280
Interfund payables	-	78,392	919	-	-	79,311
Total liabilities	10,324	86,348	919	-	-	97,591
Fund balances (deficits):						
Restricted	84,262	-	-	66,518	368,857	519,637
Unassigned	-	-	(919)	-	(1,472)	(2,391)
Total fund balances (deficits)	84,262	-	(919)	66,518	367,385	517,246
Total liabilities and fund balances	\$ 94,586	86,348	-	66,518	367,385	614,837

FIVE TOWN CSD
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Adult Education Fund	School Categoricals Fund	MaineCare Fund	F1 Visa Fund	Other Programs	Totals
Revenues:						
Local assessments	\$ 238,120	-	-	-	-	238,120
Intergovernmental	79,103	171,994	-	-	-	251,097
Charges for services	61,242	-	-	21,840	19,097	102,179
Investment income	-	-	-	-	1,646	1,646
Other income	10,548	-	-	-	225,608	236,156
Total revenues	389,013	171,994	-	21,840	246,351	829,198
Expenditures:						
Current:						
Recreation - cultural	-	-	-	-	164,764	164,764
Education	370,424	173,915	1,965	44,314	45,332	635,950
Total expenditures	370,424	173,915	1,965	44,314	210,096	800,714
Net change in fund balance - budgetary basis	18,589	(1,921)	(1,965)	(22,474)	36,255	28,484
Reconciliation to GAAP basis:						
Change in accrued payroll	(818)	-	-	-	-	(818)
Net change in fund balance	17,771	(1,921)	(1,965)	(22,474)	36,255	27,666
Fund balances, beginning of year	66,491	1,921	1,046	88,992	331,130	489,580
Fund balances (deficits), end of year	\$ 84,262	-	(919)	66,518	367,385	517,246

FIVE TOWN CSD
School Categoricals and Other Programs
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Fund balances (deficits) beginning of year	Program revenues			Program expenditures	Fund balances (deficits) end of year
		Federal	State	Other		
Federal and state programs:						
Local Entitlement*	\$ -	145,918	-	-	145,918	-
AEFLA Grant*	-	26,076	-	-	26,076	-
Proficiency Grant	1,715	-	-	-	1,715	-
PEPG Educator Effectiveness Grant	206	-	-	-	206	-
Total school categorical funds	1,921	171,994	-	-	173,915	-
Other programs:						
EE Reduction benefits	(72)	-	-	19,974	21,374	(1,472)
Bisbee Sport Fund	98,416	-	-	73,413	36,561	135,268
Bisbee Washington Fund	24,700	-	-	122,788	127,282	20,206
ADF	55,814	-	-	442	-	56,256
R. Clark Bequest	49,558	-	-	296	-	49,854
Emily Hall	30,743	-	-	184	-	30,927
Carl & Stella Hopkins Fund	5,312	-	-	31	-	5,343
Zenith McLean	405	-	-	2	-	407
Zenith Housing	20,283	-	-	121	-	20,404
Zenith Homeless	21,168	-	-	127	-	21,295
Zenith Greenhouse	1,012	-	-	6	-	1,018
Nurse Grant SLVC	254	-	-	1,502	-	1,756
Trailblazers	4,200	-	-	8,149	7,089	5,260
MLTI protection plan	16,279	-	-	19,097	16,016	19,360
Professional Development	2,137	-	-	213	853	1,497
Bleacher Account	921	-	-	6	921	6
Total other programs	331,130	-	-	246,351	210,096	367,385
Total	\$ 333,051	171,994	-	246,351	384,011	367,385

* Program revenues and expenditures vary from Statement 4 as a result of accrued payroll liabilities and related receivables, which are not considered under the budgetary basis of accounting reflected above.

FIDUCIARY FUNDS

Fiduciary Funds account for assets held by the District in a trustee or agent capacity. These include Private-purpose Trust Funds and Agency Funds.

FIVE TOWN CSD
Fiduciary Funds - Scholarship Funds
Combining Schedule of Changes in Fiduciary Net Position
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Additions			Balances (deficits) end of year
		Interest earned	Contributions and other receipts	Deductions	
Private-purpose trust funds:					
Scholarship Funds:					
Alfred Litzermman Memorial Scholarship	\$ 1,717	7	-	500	1,224
Amelia Bucholz Scholarship	805	2	300	800	307
Appleton H.S. Alumni Association	27,175	167	1,201	500	28,043
B. G. Gushee Scholarship	4,932	27	-	500	4,459
Basil Arau Scholarship	13,074	75	-	500	12,649
A. Mosher Bradford Scholarship	2,901	17	-	-	2,918
Camden Rotary	1,113	7	-	-	1,120
Carelton Wood	217	1	-	-	218
Chickawaukee	717	4	-	-	721
David Eaton Scholarship	4,566	27	-	-	4,593
Sarah Doubleday	11,872	117	8,633	1,000	19,622
Emma M. Brewster Scholarship	272	-	-	275	(3)
Ernest Earl Mahoney Scholarship	4,817	29	-	-	4,846
Eugene T. Pitney Scholarship	1,095	7	-	-	1,102
Florence Kimball Fine Arts Scholarship	4,243	25	-	-	4,268
Forest Priestly Memorial	2,460	12	-	500	1,972
Gladys P. Larrabee	17,239	100	-	500	16,839
Harold Tribou	1,957	13	-	-	1,970
Ken & Prudence Dickey Bus	212,117	1,271	-	-	213,388
Leforest Doucette	1,034	7	-	-	1,041
Linwood Thorndike	444	4	150	-	598
Marcia A. Brown Scholarship	(1)	-	1	-	-
Megunticook Fish & Game	285	2	-	-	287
Miscellaneous	6,794	41	-	-	6,835
Nancy Crawford	25	-	-	-	25
Olive Coates Trust	44,323	248	27,318	30,180	41,709
Polson - Back to school	465	3	-	-	468
RC Gushee	2,889	5	-	2,000	894
Reny Charitable	5,043	24	1,000	2,000	4,067
Richard Sorenson	191	1	-	-	192
Rockport Alumni Association	1,340	8	3,260	3,260	1,348
Sarah Hunter Memorial Scholarship	8,025	45	-	500	7,570
Senior Class	342	3	-	-	345
Simel Education Trust	297,687	1,783	-	-	299,470
T.W. Williams Scholarship	28,357	168	-	250	28,275
Timothy Crockett Scholarship	30,049	180	-	-	30,229
West Bay Rotary	1,028	7	-	-	1,035
Total private-purpose trusts	\$ 741,609	4,437	41,863	43,265	744,644

FIVE TOWN CSD
Agency Fund - High School Activity Funds
Statement of Cash Receipts, Disbursements, and Changes in Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Additions	Deductions	Balances (deficits) end of year
AP	\$ 5,215	22,185	21,604	5,796
Amnesty International	599	-	-	599
Anime Club	65	-	-	65
Art Club	40	-	-	40
Athletic Account	2,276	777	1,093	1,960
Athletic Reimbursement	-	868	868	-
Alpine Ski	2,657	5,360	4,437	3,580
Band	1,541	2,015	2,647	909
Baseball-Softball Boosters	261	-	-	261
Basketball Boosters	193	150	-	343
Botany	5,358	2,849	1,629	6,578
Captains Council	463	-	73	390
Chorus	1,489	6,240	6,030	1,699
Civil Rights	2,245	-	274	1,971
Class of 2007	485	-	485	-
Class of 2008	2,864	-	300	2,564
Class of 2009	1,755	-	-	1,755
Class of 2010	1,586	-	-	1,586
Class of 2011	1,926	-	-	1,926
Class of 2012	1,542	-	-	1,542
Class of 2013	1,023	-	-	1,023
Class of 2015	3,554	-	-	3,554
Class of 2016	2,771	-	-	2,771
Class of 2017	2,438	168	280	2,326
Class of 2018	9,081	8,665	12,442	5,304
Class of 2019	222	14,132	6,690	7,664
Class of 2020	532	1,383	750	1,165
Class of 2021	-	94	25	69
Club for Community	597	828	582	843
Coffee	(21)	670	647	2
Community Fund	184	500	195	489
Digital Film	708	-	-	708
Doc Littlefield	864	-	-	864
Drama	3,994	5,526	7,540	1,980
Dramafest	2,314	387	366	2,335
Empty Bowl	349	2,367	2,396	320
FCA	409	506	815	100
Field Hockey	3,423	3,586	2,692	4,317
Football Boosters	1,525	7,281	5,017	3,789
Gamers Guild	53	-	-	53
General	61	3,304	2,725	640
Golf	8	-	-	8
Habitat for Humanity	241	-	241	-
Ice Hockey	78	-	-	78
Subtotal	\$ 66,968	89,841	82,843	73,966

FIVE TOWN CSD
Agency Fund - High School Activity Funds
Statement of Cash Receipts, Disbursements, and Changes in Balances, Continued

	Balances (deficits) beginning of year	Additions	Deductions	Balances (deficits) end of year
Jewelry	\$ 2	335	349	(12)
Kiva Club	329	-	-	329
Lacrosse Boosters	151	-	-	151
Laptop Fund	19,179	20,417	38,924	672
Latin Club	689	2,240	2,890	39
Liberian Education Fund	538	1,662	2,100	100
Library	861	422	544	739
Life Skills	2,056	3,039	5,016	79
Math Team	170	-	-	170
Mountain biking	1,686	1,300	543	2,443
Musicals	3,942	34,922	30,742	8,122
Nordic Ski Team	9,818	5,215	5,910	9,123
NHS	1,169	3,983	2,274	2,878
Outing Club	200	-	200	-
PALS	87	-	31	56
Peers	2	-	-	2
Photography	618	-	-	618
Phys Ed	5	200	-	205
Physics	988	1,350	2,095	243
Principal's Fund	1,590	2,384	1,012	2,962
Project Fund	5,727	485	-	6,212
Sailing	19	-	-	19
School Store	32	4,061	4,413	(320)
Senior Banquet	3,582	11,568	11,213	3,937
Soccer Boosters	7,462	7,180	10,494	4,148
Student Camp	11	7,500	7,011	500
Student Council	462	1,299	1,131	630
Student Trips	18,814	116,016	104,363	30,467
Sunshine Club	217	546	714	49
Swim Team	819	-	616	203
Tennis Team	151	-	-	151
Track Team	2,863	1,836	1,894	2,805
Washington Trip	5,886	20,575	20,195	6,266
Wellness Program	5,040	8,982	9,597	4,425
Windplanners	1,738	-	217	1,521
Windsong	441	-	-	441
X-Country	5,017	3,834	7,702	1,149
Yearbook	3,787	12,014	12,338	3,463
Zenith	1,048	-	642	406
Other/miscellaneous	-	3	58	(55)
Totals	\$ 174,164	363,209	368,071	169,302

Five Town CSD
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass- through/ Grantor Number	Total Federal Expenditures	Cluster Totals	Passed Through to Subrecipients
U. S. Department of Education, passed through Maine					
Department of Education:					
Adult Education Basic Grant	84.002	6162	\$ 22,013		-
Special Education Cluster:					
Local Entitlement	84.027	3046	153,874		-
Total Special Education Cluster				153,874	
Total U. S. Department of Education			175,887		-
U. S. Department of Agriculture, passed through					
Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3024	67,922		-
National School Lunch Program - Breakfast Program	10.553	3014	13,427		-
National School Lunch Program - Donated Commodities	10.555	N/A	20,586		-
Total Child Nutrition Cluster				101,935	
Total U. S. Department of Agriculture			101,935		-
Totals			\$ 277,822		-

See accompanying notes to schedule of expenditures of federal awards.