

**FIVE TOWN CSD**

**Annual Financial Report**

**For the Year Ended June 30, 2017**

**FIVE TOWN CSD  
Financial Statements  
For the Year Ended June 30, 2017**

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Financial Statements  
For the Year Ended June 30, 2017**

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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, 2017, 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 the Five Town CSD, as of June 30, 2017, 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, 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 the 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 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 2, 2017 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 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 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.



October 2, 2017  
South Portland, Maine

**FIVE TOWN CSD**  
**Management's Discussion and Analysis**  
**June 30, 2017**

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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, 2017. 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 2017 was \$13,164,962; an increase of \$581,160 over last year as a result of this year's operations. During the year, the District had expenses that were \$581,160 less than the \$14,341,737 generated in tax and other revenues.

The General Fund ended the year with a \$(197,679) GAAP fund balance compared to last year's balance of \$(297,321), which includes the accrued teacher summer salaries amounts.

Long-term liabilities have decreased by \$1,028,068 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 and liabilities 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**

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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 them. 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 are 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 No Child Left Behind 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**

	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 2,114,575	\$ 1,955,687
Capital assets	17,157,292	17,673,383
<b>Total assets</b>	<b>19,271,867</b>	<b>19,629,070</b>
Deferred outflows related to pensions	210,901	238,234
Long-term liabilities	4,939,108	5,967,176
Other liabilities	1,365,907	1,309,518
<b>Total liabilities</b>	<b>6,305,015</b>	<b>7,276,694</b>
Deferred inflows related to pensions	12,791	6,808
Net investment in capital assets	12,394,429	11,906,736
Restricted	489,580	501,717
Unrestricted	280,953	175,349
<b>Total net position</b>	<b>\$ 13,164,962</b>	<b>\$ 12,583,802</b>

**CHANGE IN NET POSITION**  
**Governmental Activities**

	<b>2017</b>	<b>2016</b>
Revenues:		
Program revenues:		
Charges for services	\$ 1,057,384	\$ 939,719
Operating grants and contributions	1,132,469	1,155,022
Capital grants and contributions	-	-
General revenues:		
Local assessments	9,903,100	10,370,292
Local assessments - Adult Education	224,211	212,991
State allocations	1,972,157	1,329,874
Investment earnings	1,452	1,212
Miscellaneous/loss on disposal	50,964	2,116
<b>Total revenues</b>	<b>14,341,737</b>	<b>14,011,226</b>
Expenses:		
Instruction	4,751,374	4,690,595
Special education	1,071,287	988,352
Vocational programs	1,019,905	1,016,246
Other instruction	482,017	415,285
Student and staff support	1,158,955	1,112,636
Transportation	387,734	368,246
Administration	900,929	894,703
Operation and maintenance of plant	1,736,990	1,613,960
Maine PERS - on-behalf payments	686,131	655,562
Program expenditures	837,173	871,406
Food service	442,510	419,032
Capital maintenance	24,810	80,807
Debt service interest	260,762	322,448
<b>Total expenses</b>	<b>13,760,577</b>	<b>13,449,278</b>
<b>Change in net position</b>	<b>\$ 581,160</b>	<b>\$ 561,948</b>

**FIVE TOWN CSD**  
**Management's Discussion and Analysis, Continued**

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Net position of the District's governmental activities increased \$581,160. 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 \$280,953 at June 30, 2017.

The District's total revenues increased 2.36%. The total cost of all programs and services was \$13,760,577, which was a 2.31% increase.

The District *decreased* the local assessment by an average of 4.31%.

### **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 \$788,955.

The District's General Fund deficit of \$(197,679) 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 books and the State of Maine NEO data accurately shows a budgetary balance of \$917,903 for the General Fund.

### **Capital Asset and Debt Administration**

#### ***Capital Assets***

Significant capital asset additions during 2017 included:

New Wireless Infrastructure - \$60,191

#### **Debt**

At year-end, the District had \$4,797,863 in outstanding bonds, capital leases, and litigation claims.

### **Economic Factors and Next Year's Budget and Rates**

The Members of the District's Board of Directors approved a fiscal year 2018 budget of \$12,701,653, or a 2.63% expenditure increase with the local assessments to the towns increased by an average of 3.7%.

### **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, Cathy Murphy 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, 2017**

	<b>Governmental activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 270,062
Investments	1,706,618
Due from other governments	85,228
Inventory	10,658
Prepaid expenses	42,009
Capital assets, not being depreciated	50,324
Capital assets, net	17,106,968
Total assets	19,271,867
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	210,901
Total deferred outflows of resources	210,901
<b>LIABILITIES</b>	
Accrued wages and benefits	1,137,520
Accounts payable	182,024
Unearned revenue	6,076
Accrued interest	40,287
Noncurrent liabilities:	
Due within one year	1,026,655
Due in more than one year	3,912,453
Total liabilities	6,305,015
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	12,791
Total deferred inflows of resources	12,791
<b>NET POSITION</b>	
Net investment in capital assets	12,394,429
Restricted	489,580
Unrestricted	280,953
<b>Total net position</b>	<b>\$ 13,164,962</b>

*See accompanying notes to basic financial statements.*

**FIVE TOWN CSD**  
**Statement of Activities**  
**For the year ended June 30, 2017**

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	\$ 4,751,374	368,570	31,425	-	(4,351,379)
Special education	1,071,287	-	33,598	-	(1,037,689)
Vocational programs	1,019,905	-	-	-	(1,019,905)
Other instruction	482,017	-	-	-	(482,017)
Student and staff support	1,158,955	-	-	-	(1,158,955)
Transportation	387,734	-	-	-	(387,734)
Administration	900,929	-	-	-	(900,929)
Operation and maintenance of plant	1,736,990	-	-	-	(1,736,990)
Maine PERS - on-behalf payments	686,131	-	686,131	-	-
Program expenditures	837,173	397,292	268,274	-	(171,607)
Food service	442,510	291,522	113,041	-	(37,947)
Capital maintenance	24,810	-	-	-	(24,810)
Interest on debt	260,762	-	-	-	(260,762)
<b>Total governmental activities</b>	<b>13,760,577</b>	<b>1,057,384</b>	<b>1,132,469</b>	<b>-</b>	<b>(11,570,724)</b>
<b>Total primary government</b>	<b>\$ 13,760,577</b>	<b>1,057,384</b>	<b>1,132,469</b>	<b>-</b>	<b>(11,570,724)</b>
General revenues:					
Local assessments				\$ 9,903,100	
Local assessments - Adult Education				224,211	
State allocation				1,972,157	
Investment earnings				1,452	
Miscellaneous				50,964	
<b>Total general revenues</b>				<b>12,151,884</b>	
Change in net position					581,160
Net position--beginning					12,583,802
<b>Net position--ending</b>				<b>\$</b>	<b>13,164,962</b>

*See accompanying notes to basic financial statements.*

**FIVE TOWN CSD  
Balance Sheet  
Governmental Funds  
June 30, 2017**

	General Fund	School Lunch Fund	Capital Reserve	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 224,448	238	-	45,376	270,062
Investments	1,706,618	-	-	-	1,706,618
Due from other governments	63,533	5,270	-	16,425	85,228
Inventory	-	10,658	-	-	10,658
Interfund receivables	-	-	514,716	451,788	966,504
Prepaid expenditures	-	-	42,009	-	42,009
<b>Total assets</b>	<b>\$ 1,994,599</b>	<b>16,166</b>	<b>556,725</b>	<b>513,589</b>	<b>3,081,079</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accrued wages and benefits	1,115,582	8,370	-	13,568	1,137,520
Accounts payable	46,185	-	-	-	46,185
Unearned revenue	-	6,076	-	-	6,076
Interfund payables	1,030,511	61,391	-	10,441	1,102,343
<b>Total liabilities</b>	<b>2,192,278</b>	<b>75,837</b>	<b>-</b>	<b>24,009</b>	<b>2,292,124</b>
Fund balances (deficits):					
Nonspendable	-	-	42,009	-	42,009
Restricted by grantors and donors	-	-	-	489,580	489,580
Committed - capital reserve	-	-	514,716	-	514,716
Assigned	-	-	-	-	-
Unassigned	(197,679)	(59,671)	-	-	(257,350)
<b>Total fund balances (deficit)</b>	<b>(197,679)</b>	<b>(59,671)</b>	<b>556,725</b>	<b>489,580</b>	<b>788,955</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,994,599</b>	<b>16,166</b>	<b>556,725</b>	<b>513,589</b>	
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.					17,157,292
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:					
Accrued interest					(40,287)
Legal judgments against the District					(35,000)
Net pension liability, including deferred outflows and inflows of resources					56,865
Capital leases					(55,658)
Bonds payable					(4,707,205)
<b>Net position of governmental activities</b>					<b>\$ 13,164,962</b>

*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, 2017**

	General Fund	School Lunch Fund	Capital Reserve	Other Governmental Funds	Totals
Revenues:					
Local assessments	\$ 9,903,100	-	-	224,211	10,127,311
Intergovernmental	2,723,311	113,041	-	268,274	3,104,626
Charges for services	368,570	291,522	-	86,468	746,560
Interest earned	1,452	-	-	799	2,251
Other revenues	115,705	-	-	245,284	360,989
Total revenues	13,112,138	404,563	-	825,036	14,341,737
Expenditures:					
Current:					
Instruction	4,727,378	-	-	-	4,727,378
Special education	1,106,287	-	-	-	1,106,287
Vocational programs	1,019,905	-	-	-	1,019,905
Other instruction	482,017	-	-	-	482,017
Student and staff support	1,158,955	-	-	-	1,158,955
Transportation	387,734	-	-	-	387,734
Administration	900,929	-	-	-	900,929
Operation and maintenance of plant	1,187,624	-	-	-	1,187,624
Maine PERS - on-behalf payments	686,131	-	-	-	686,131
Program expenditures	-	-	-	837,173	837,173
Food service	-	431,577	-	-	431,577
Debt service	1,217,536	-	-	-	1,217,536
Capital outlay	-	-	111,325	-	111,325
Total expenditures	12,874,496	431,577	111,325	837,173	14,254,571
Excess (deficiency) of revenues over (under) expenditures	237,642	(27,014)	(111,325)	(12,137)	87,166
Other financing sources (uses):					
Transfer in	-	13,000	125,000	-	138,000
Transfer out	(138,000)	-	-	-	(138,000)
Total other financing sources (uses)	(138,000)	13,000	125,000	-	-
Net change in fund balances	99,642	(14,014)	13,675	(12,137)	87,166
Fund balances (deficits), beginning of year	(297,321)	(45,657)	543,050	501,717	701,789
<b>Fund balances (deficits), end of year</b>	<b>\$ (197,679)</b>	<b>(59,671)</b>	<b>556,725</b>	<b>489,580</b>	<b>788,955</b>

*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, 2017**

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Net change in fund balances--total governmental funds (from Statement 4)	\$	87,166
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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 (\$610,706) exceeded capital outlays (\$94,615).</p>		
		(516,091)
<p>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 assets. This is the amount of principal repayments on bonds and leases (\$1,003,784).</p>		
		1,003,784
<p>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 increase in net pension liability with related deferred inflows and outflows of resources.</p>		
		(44,032)
<p>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 (\$15,333) and the decrease in legal judgments against the District (\$35,000).</p>		
		50,333
<b>Change in net position of governmental activities (see Statement 2)</b>		<b>\$ 581,160</b>

*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, 2017**

	General Fund			Variance with final budget positive (negative)
	Budget		Actual	
	Original	Final		
<b>Revenues:</b>				
Local assessments	\$ 9,903,100	9,903,100	9,903,100	-
Intergovernmental	1,999,291	1,999,291	2,037,180	37,889
Charges for services	306,720	306,720	368,570	61,850
Interest earned	2,500	2,500	1,452	(1,048)
Other revenues	71,000	71,000	115,705	44,705
<b>Total revenues</b>	<b>12,282,611</b>	<b>12,282,611</b>	<b>12,426,007</b>	<b>143,396</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction	4,775,082	4,733,690	4,721,495	12,195
Special education	1,084,331	1,106,287	1,106,287	-
Vocational programs	1,019,905	1,019,905	1,019,905	-
Other instruction	462,581	482,017	482,017	-
Student and staff support	1,165,071	1,165,071	1,158,955	6,116
Transportation	414,151	414,151	387,734	26,417
Administration	897,971	897,971	900,929	(2,958)
Operation and maintenance of plant	1,276,803	1,276,803	1,187,624	89,179
Undistributed	50,000	50,000	-	50,000
Debt service	1,217,536	1,217,536	1,217,536	-
<b>Total expenditures</b>	<b>12,363,431</b>	<b>12,363,431</b>	<b>12,182,482</b>	<b>180,949</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(80,820)</b>	<b>(80,820)</b>	<b>243,525</b>	<b>324,345</b>
<b>Other financing sources (uses):</b>				
Transfer to food service	(13,000)	(13,000)	(13,000)	-
Use of fund balance	93,820	93,820	-	(93,820)
<b>Total other financing sources (uses)</b>	<b>80,820</b>	<b>80,820</b>	<b>(13,000)</b>	<b>(93,820)</b>
<b>Net change in fund balance - budgetary basis</b>	<b>-</b>	<b>-</b>	<b>230,525</b>	<b>230,525</b>
<b>Reconciliation to GAAP basis:</b>				
Transfer to capital reserve			(125,000)	
Change in accrued teacher summer salaries and accrued hourly payroll			(5,883)	
<b>Net change in fund balance - GAAP basis</b>			<b>99,642</b>	
<b>Fund balance (deficit), beginning of year</b>			<b>(297,321)</b>	
<b>Fund balance (deficit), end of year</b>			<b>\$ (197,679)</b>	

*See accompanying notes to basic financial statements.*

**FIVE TOWN CSD**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

		Private- purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$	605,770	174,164
Interfund receivables		135,839	-
<b>Total assets</b>	<b>\$</b>	<b>741,609</b>	<b>174,164</b>
<b>LIABILITIES AND NET POSITION</b>			
Liabilities:			
Due to student groups and other organizations		-	174,164
<b>Total liabilities</b>		-	174,164
Net position:			
Held in trust		741,609	-
<b>Total net position</b>		741,609	-
<b>Total liabilities and net position</b>	<b>\$</b>	<b>741,609</b>	<b>174,164</b>

*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, 2017**

		<b>Private- purpose Trust Funds</b>
<b>Additions:</b>		
Contributions	\$	244,411
Interest and dividends		3,685
Total additions		248,096
<b>Deductions:</b>		
Scholarships and other		35,817
Change in net position		212,279
Net position, beginning of year		529,330
<b>Net position, end of year</b>	<b>\$</b>	<b>741,609</b>

*See accompanying notes to basic financial statements.*

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements**

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**THE REPORTING ENTITY**

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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.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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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 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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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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**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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**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-half 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** - General 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 fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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 30<sup>th</sup> 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 and liabilities 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.
  - *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.



**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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- *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**

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**STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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**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. Overspent Appropriations**

The following appropriations were overspent for the year ended June 30, 2017:

Administration	\$ 2,958
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**C. Deficit Fund Balance** - At June 30, 2017, the following funds had a deficit fund balance:

General Fund	\$ 197,679
Special Revenue Funds:	
School Lunch Fund	59,671
EE Reduction Benefits	72

These deficits will be funded by future operating revenues.

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**RISK MANAGEMENT**

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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, 2017.

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**DEPOSITS AND INVESTMENTS**

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**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, 2017, the District reported deposits of \$1,049,996 with a bank balance of \$1,068,699. As of June 30, 2017, \$631,860 of the District's bank balance of \$1,068,699 was exposed to custodial credit risk as it was collateralized by underlying securities held by the bank, but the securities were not in the District's name. The remaining \$436,839 was covered by F.D.I.C. insurance.

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

**DEPOSITS AND INVESTMENTS, CONTINUED**

Deposits have been reported as follows:

Reported in governmental funds	\$ 270,062
Reported in fiduciary funds	779,934
<b>Total deposits</b>	<b>\$ 1,049,996</b>

**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, 2017, 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	\$ 1,706,618	1,706,618	-	-
<b>Total investments</b>	<b>\$ 1,706,618</b>	<b>1,706,618</b>	-	-

Investments have been reported as follows:

Reported in governmental funds	\$ 1,706,618
<b>Total investments</b>	<b>\$ 1,706,618</b>

*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 \$1,706,618 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**

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**INTERFUND RECEIVABLES AND PAYABLES**

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Individual interfund receivables and payables at June 30, 2017 were as follows:

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	1,030,511
School Lunch Fund	-	61,391
Capital Reserve Fund	514,716	-
Nonmajor special revenue funds:		
Adult Education fund	72,684	-
School Categorical Funds	-	10,441
MaineCare Fund	1,046	-
F1 Visa Fund	88,992	-
Other programs	289,066	-
Total nonmajor special revenue funds	451,788	10,441
Fiduciary funds:		
Private-purpose trust funds	135,839	-
Total fiduciary funds	135,839	-
<b>Total all funds</b>	<b>\$ 1,102,343</b>	<b>1,102,343</b>

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**INTERFUND TRANSFERS**

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Individual fund transfers for the year ended June 30, 2017 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
General fund	\$ -	138,000
Major special revenue funds:		
School lunch fund	13,000	-
Capital reserve fund	125,000	-
Total major special revenue funds	138,000	-
<b>Total transfers</b>	<b>\$ 138,000</b>	<b>138,000</b>

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**

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**CAPITAL ASSETS**

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Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance <u>6/30/16</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/17</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 24,000	-	-	24,000
Construction in process	-	26,324	-	26,324
Total capital assets, not being depreciated	24,000	26,324	-	50,324
Capital assets, being depreciated:				
Buildings and improvements	25,283,181	60,191	-	25,343,372
Equipment	873,028	8,100	5,455	875,673
Furniture and fixtures	147,788	-	29,784	118,004
Total capital assets, being depreciated	26,303,997	68,291	35,239	26,337,049
Less accumulated depreciation:				
Buildings and improvements	(8,179,230)	(551,638)	-	(8,730,868)
Equipment	(354,220)	(53,015)	(5,455)	(401,780)
Furniture and fixtures	(121,164)	(6,053)	(29,784)	(97,433)
Total accumulated depreciation	(8,654,614)	(610,706)	(35,239)	(9,230,081)
Capital assets, being depreciated, net	17,649,383	(542,415)	-	17,106,968
<b>Governmental activities capital assets, net</b>	<b>\$ 17,673,383</b>	<b>(516,091)</b>	<b>-</b>	<b>17,157,292</b>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,510
Food service	10,933
<u>Operations and maintenance of plant</u>	<u>598,263</u>
<b>Total depreciation expense</b>	<b>\$ 610,706</b>

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**LONG-TERM DEBT**

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**A. Changes in Long-term Liabilities**

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	Beginning <u>balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>balance</u>	Due within <u>one year</u>
<b>Governmental activities:</b>					
Bonds payable	\$ 5,648,646	-	941,441	4,707,205	941,441
Capital leases	118,001	-	62,343	55,658	50,214
Litigation claims	70,000	-	35,000	35,000	35,000
Net pension liability	130,529	10,716	-	141,245	-
<b>Governmental activities long-term liabilities</b>	<b>\$ 5,967,176</b>	<b>10,716</b>	<b>1,038,784</b>	<b>4,939,108</b>	<b>1,026,655</b>

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

**LONG-TERM DEBT, CONTINUED**

**B. Bonds**

Bonds payable at June 30, 2017 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 6/30/17</u>
High School construction	10/28/99	\$ 18,828,817	4.41-5.91%	11/1/21	4,707,205
<b>Total bonds payable</b>					<b>\$ 4,707,205</b>

**C. Capital Leases**

The District has entered into various lease agreements to finance the cost of energy retrofit projects, 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>
Lighting retrofit	\$ 61,207
Computers	124,772
Copiers	13,347

Capital leases payable at June 30, 2017 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 6/30/17</u>
Capital leases payable:					
Lighting retrofit	1/12/15	\$ 61,207	2.72%	7/12/17	20,674
Copiers	8/25/15	13,347	2.83%	8/25/20	7,998
Computers #1 - 2016	9/15/15	63,527	3.08%	10/15/17	21,223
Computers #2 - 2016	11/5/15	17,280	3.00%	11/15/17	5,763
<b>Total capital leases payable</b>					<b>\$ 55,658</b>

**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, 2017 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>
2018	\$ 50,214	1,734	941,441	232,101
2019	2,664	235	941,441	177,205
2020	2,780	120	941,441	83,430
2021	-	-	941,441	55,620
2022	-	-	941,441	27,810
<b>Totals</b>	<b>\$ 55,658</b>	<b>2,089</b>	<b>4,707,205</b>	<b>576,166</b>

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, 2017, the District's direct debt of \$4,707,205 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 School 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](http://www.maineopers.org).

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

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MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM, CONTINUED

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**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, 2017, was 13.38% of annual payroll of which 3.36% of payroll was required from the School District and 10.02% was required from the State. Contributions to the pension plan from the District were \$181,814 for the year ended June 30, 2017.

***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, 2016, 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, 2017, 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	\$ 141,245
State's proportionate share of the net pension liability associated with the District	11,187,649
<b>Total</b>	<b>\$ 11,328,894</b>

At June 30, 2016, the District's proportion of the SET Plan was 0.0080%.

For the year ended June 30, 2017, the District recognized pension expense of \$768,041 and revenue of \$542,195 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, 2017, 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	\$ 2,466	-
Changes of assumptions	-	3,628
Net difference between projected and actual earnings on pension plan investments	26,621	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,163
District contributions subsequent to the measurement date	181,814	-
<b>Total</b>	<b>\$ 210,901</b>	<b>12,791</b>

An amount of \$181,814 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, 2018. 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:

2018	\$ 1,299
2019	(4,700)
2020	12,703
2021	6,994

**Actuarial Assumptions** - The total pension liability in the June 30, 2016 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 Annuity Mortality Table, for males and females.

The actuarial assumptions used in the June 30, 2016 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
US equities	20%	5.7%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real estate	10%	5.2%
Infrastructure	10%	5.3%
Hard assets	5%	5.0%
Fixed income	25%	2.9%
<b>Total</b>	<b>100%</b>	

**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	\$ 226,169	\$ 141,245	\$ 70,461

**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, 2017.

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

**BUDGETARY ACCOUNTING**

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

Fund balance - June 30, 2017 - GAAP basis (Statement 4)	\$ (197,679)
Teacher summer salaries and accrued hourly payroll and benefits	1,115,582
<b>Fund balance, June 30, 2017 - budgetary basis</b>	<b>\$ 917,903</b>

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 30<sup>th</sup> 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 \$686,131. These amounts have been included as an intergovernmental revenue and an education expenditure in the General Fund on Statement 2 and Statement 4 (GAAP basis). There is no effect on the fund balance at the end of the year.

**FUND BALANCE**

As of June 30, 2017, fund balance components consisted of the following:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>
General Fund	\$ -	-	-	- *
Capital Reserve	42,009	-	514,716	-
Special Revenue Funds:				
School Grants and Other Programs	-	489,580	-	-
<b>Totals</b>	<b>\$ 42,009</b>	<b>\$ 489,580</b>	<b>514,716</b>	-

\*The actual amount of fund balance budgeted for the fiscal year 2018 budget is \$43,820. The School Board also voted to transfer \$125,000 of unused contingency into the Capital Maintenance reserve in 2018. The School District cannot assign an amount of funds if the result of that assignment would cause a deficit in unassigned fund balance.

**FIVE TOWN CSD**  
**Notes to Basic Financial Statements, Continued**

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**NET POSITION**

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**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, 2017:

Capital assets	\$ 26,387,373
Accumulated depreciation	(9,230,081)
Bonds payable	(4,707,205)
Capital leases	(55,658)
<b><u>Total net investment in capital assets</u></b>	<b><u>\$ 12,394,429</u></b>

**CONTINGENCIES**

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In 2015 there was litigation filed against the District that alleges the District did not provide adequate services and accommodations for a special needs student. This case was settled during mediation in 2016 and the District is required to pay the student's family a total of \$226,000 prior to August 1, 2017. \$191,000 of the settlement had been paid as of June 30, 2017. The remaining amount will be paid shortly after year-end. The District maintains insurance for such events and utilizes such proceeds as well as savings achieved in other areas to cover the cost of the required payment.

**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\*

<b><u>SET Plan</u></b>	<b><u>2017**</u></b>	<b><u>2016**</u></b>	<b><u>2015**</u></b>
District's proportion of the net pension liability	0.0080%	0.0097%	0.0084%
District's proportionate share of the net pension liability	\$ 141,245	130,529	90,251
State's proportionate share of the net pension liability associated with the District	11,187,649	5,494,004	4,442,374
<b>Total</b>	<b>11,328,894</b>	<b>5,624,533</b>	<b>4,532,625</b>
District's covered payroll	5,411,131	5,223,599	4,782,609
District's proportionate share of the net pension liability as a percentage of its covered payroll	2.61%	2.50%	1.89%
Plan fiduciary net position as a percentage of of the total pension liability	76.21%	81.18%	83.91%

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

\* Only four years of information available

**FIVE TOWN CSD**  
**Notes to Required Supplementary Information**

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**Changes of Benefit Terms - None**

**Changes of Assumptions** - The following are changes in actuarial assumptions used in the most recent valuation:

	<u>2017</u>	<u>2016</u>
Discount rate	6.875%	7.125%
Inflation rate	2.75%	3.5%
Salary increases	2.75% to 14.5%	3.5% to 13.50%
Cost of living increase	2.20%	2.55%
Long-term expected real rate of return on assets:		
US equities	5.7%	5.2%
Real estate	5.2%	3.7%
Infrastructure	5.3%	4.0%
Hard assets	5.0%	4.8%
Fixed income	2.9%	0.7%

In addition, mortality rates prior valuations were based on the RP2000 Combined Mortality Table projected forward to 2015 using Scale AA, which, in the most recent valuation, changed to mortality rates that were based on the RP2014 Total Data Set Healthy Annuity Mortality Table.

## **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, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 224,448	224,335
Investments	1,706,618	1,438,176
Due from other governments	63,533	38,927
<b>Total assets</b>	<b>\$ 1,994,599</b>	<b>1,701,438</b>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accrued wages and benefits	1,115,582	1,109,699
Accounts payable	46,185	55,852
Interfund payables	1,030,511	833,208
<b>Total liabilities</b>	<b>2,192,278</b>	<b>1,998,759</b>
Fund balance (deficit):		
Unassigned	(197,679)	(297,321)
<b>Total fund balance (deficit)</b>	<b>(197,679)</b>	<b>(297,321)</b>
<b>Total liabilities and fund balance</b>	<b>\$ 1,994,599</b>	<b>1,701,438</b>

**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, 2017**  
**(with comparative actual amounts for June 30, 2016)**

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Revenues:				
Local assessments:				
Camden	\$ 3,767,139	3,767,139	-	3,809,008
Rockport	3,486,881	3,486,881	-	3,840,119
Appleton	454,553	454,553	-	445,923
Hope	634,789	634,789	-	601,477
Lincolntown	1,559,738	1,559,738	-	1,673,765
Total local assessments	9,903,100	9,903,100	-	10,370,292
Intergovernmental:				
State allocation	1,960,991	1,972,157	11,166	1,329,874
State Agency Client grant	8,300	33,598	25,298	37,147
National Board Salary Supplement	30,000	31,425	1,425	33,000
Medicaid reimbursement	-	-	-	10
Total intergovernmental	1,999,291	2,037,180	37,889	1,400,031
Charges for services:				
Tuition	295,720	359,460	63,740	221,667
Athletic receipts	11,000	9,110	(1,890)	10,941
Total charges for services	306,720	368,570	61,850	232,608
Investment income:				
General investment earnings	2,500	1,452	(1,048)	1,212
Total investment income	2,500	1,452	(1,048)	1,212
Other revenues:				
HAL revenue - Curriculum ITS	5,000	2,350	(2,650)	2,350
Rentals	17,000	21,206	4,206	16,330
E-Rate revenue	49,000	43,535	(5,465)	4,131
Miscellaneous revenue	-	48,614	48,614	51,592
Total other revenues	71,000	115,705	44,705	74,403
Total revenues	12,282,611	12,426,007	143,396	12,078,546

**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, 2017**  
**(with comparative actual amounts for June 30, 2016)**

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Expenditures:				
Current:				
Instruction:				
Instructional services 9-12	\$ 4,379,676	4,379,676	-	4,220,143
ESL	27,337	26,232	1,105	24,516
Instructional services - Horizon	42,317	38,369	3,948	44,578
Zenith program	284,360	277,218	7,142	267,824
Total instruction	4,733,690	4,721,495	12,195	4,557,061
Special education programs:				
Instructional services	946,221	967,606	(21,385)	880,973
Administration	154,766	135,570	19,196	258,531
State Agency Client grant	5,300	3,111	2,189	4,848
Total special education programs	1,106,287	1,106,287	-	1,144,352
Vocational programs	1,019,905	1,019,905	-	1,016,246
Other instruction - Extra/co-curricular	482,017	482,017	-	415,285
Student and staff support:				
Guidance 9-12	524,645	542,425	(17,780)	488,370
Health	92,758	95,495	(2,737)	92,209
Curriculum development	72,463	67,580	4,883	72,491
Library 9-12	102,984	100,581	2,403	93,426
Technical services	363,381	345,656	17,725	359,723
Assessment	8,840	7,218	1,622	6,417
Total student and staff support	1,165,071	1,158,955	6,116	1,112,636
Transportation	414,151	387,734	26,417	368,246
Administration:				
School Board	71,673	64,565	7,108	83,390
Business Office	136,697	140,889	(4,192)	131,378
Office of Superintendent	234,316	228,761	5,555	194,292
Principal's office and staff	455,285	466,714	(11,429)	446,673
Total administration	897,971	900,929	(2,958)	855,733
Operations and maintenance of plant:				
Operations of building	1,222,664	1,145,235	77,429	1,093,847
Auditorium	54,139	42,389	11,750	50,678
Total operations and maintenance of plant	1,276,803	1,187,624	89,179	1,144,525

**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, 2017**  
**(with comparative actual amounts for June 30, 2016)**

	2017		Variance positive (negative)	2016 Actual
	Budget	Actual		
Current, continued:				
Undistributed	\$ 50,000	-	50,000	38,970
Debt service	1,217,536	1,217,536	-	1,273,159
Total expenditures	12,363,431	12,182,482	180,949	11,926,213
Excess (deficiency) of revenues over (under) expenditures	(80,820)	243,525	324,345	152,333
Other financing sources (uses):				
Use of fund balance	93,820	-	(93,820)	-
Transfer to food service	(13,000)	(13,000)	-	(5,000)
Total other financing sources (uses)	80,820	(13,000)	(93,820)	(5,000)
Net change in fund balance - budgetary basis	-	230,525	230,525	147,333
Reconciliation to GAAP basis:				
Transfer to capital reserve		(125,000)		(50,000)
Change in accrued teacher summer salaries and accrued hourly payroll		(5,883)		(151,724)
Net change in fund balance		99,642		(54,391)
Fund balance (deficit), beginning of year		(297,321)		(242,930)
<b>Fund balance (deficit), end of year</b>	<b>\$</b>	<b>(197,679)</b>		<b>(297,321)</b>

## **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**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2017**

	Adult Education Fund	School Categoricals Fund	MaineCare Fund	F1 Visa Fund	Other Programs	Total
<b>ASSETS</b>						
Cash and equivalents	\$ 3,312	-	-	-	42,064	45,376
Due from other governments	-	16,425	-	-	-	16,425
Interfund receivables	72,684	-	1,046	88,992	289,066	451,788
<b>Total assets</b>	<b>\$ 75,996</b>	<b>16,425</b>	<b>1,046</b>	<b>88,992</b>	<b>331,130</b>	<b>513,589</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accrued wages and benefits	9,505	4,063	-	-	-	13,568
Accounts payable	-	-	-	-	-	-
Interfund payables	-	10,441	-	-	-	10,441
Total liabilities	9,505	14,504	-	-	-	24,009
Fund balances:						
Restricted	66,491	1,921	1,046	88,992	331,130	489,580
Total fund balances	66,491	1,921	1,046	88,992	331,130	489,580
<b>Total liabilities and fund balances</b>	<b>\$ 75,996</b>	<b>16,425</b>	<b>1,046</b>	<b>88,992</b>	<b>331,130</b>	<b>513,589</b>

**FIVE TOWN CSD**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the year ended June 30, 2017**

	Adult Education Fund	School Categoricals Fund	MaineCare Fund	F1 Visa Fund	Other Programs	Totals
Revenues:						
Local assessments	\$ 224,211	-	-	-	-	224,211
Intergovernmental	79,117	189,157	-	-	-	268,274
Charges for services	62,498	-	-	23,970	-	86,468
Investment income	-	-	-	-	799	799
Other income	12,137	-	-	-	233,147	245,284
Total revenues	377,963	189,157	-	23,970	233,946	825,036
Expenditures:						
Current:						
Recreation - cultural	-	-	-	-	168,149	168,149
Education	372,836	191,336	-	72,609	38,696	675,477
Total expenditures	372,836	191,336	-	72,609	206,845	843,626
Net change in fund balance - budgetary basis	5,127	(2,179)	-	(48,639)	27,101	(18,590)
Reconciliation to GAAP basis:						
Change in accrued payroll	6,453	-	-	-	-	6,453
Net change in fund balance	11,580	(2,179)	-	(48,639)	27,101	(12,137)
Fund balances, beginning of year	54,911	4,100	1,046	137,631	304,029	501,717
<b>Fund balances, end of year</b>	<b>\$ 66,491</b>	<b>1,921</b>	<b>1,046</b>	<b>88,992</b>	<b>331,130</b>	<b>489,580</b>



**FIVE TOWN CSD**  
**School Categorical and Other Programs**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the year ended June 30, 2017**

	Fund balances beginning of year	Program revenues			Program expenditures	Fund balances (deficits) end of year
		Federal	State	Other		
Federal and state programs:						
Local Entitlement	\$ -	149,069	-	-	149,069	-
AEFLA Grant	-	28,741	-	-	28,741	-
Proficiency Grant	-	-	9,847	-	8,132	1,715
PEPG Educator Effectiveness Grant	4,100	-	1,500	-	5,394	206
<b>Total federal and state programs</b>	<b>4,100</b>	<b>177,810</b>	<b>11,347</b>	<b>-</b>	<b>191,336</b>	<b>1,921</b>
Other programs:						
EE Reduction benefits	222	-	-	16,982	17,276	(72)
Bisbee Sport Fund	94,456	-	-	70,739	66,779	98,416
Bisbee Washington Fund	2,292	-	-	118,036	95,628	24,700
ADF	55,487	-	-	442	115	55,814
R. Clark Bequest	51,351	-	-	357	2,150	49,558
Emily Hall	30,531	-	-	212	-	30,743
Carl & Stella Hopkins Fund	5,275	-	-	37	-	5,312
Zenith McLean	402	-	-	3	-	405
Zenith Housing	20,143	-	-	140	-	20,283
Zenith Homeless	21,022	-	-	146	-	21,168
Zenith Greenhouse	1,005	-	-	7	-	1,012
Nurse Grant SLVC	555	-	-	3	304	254
Trailblazers	-	-	-	4,200	-	4,200
MLTI protection plan	5,847	-	-	20,345	9,913	16,279
Windplanners Donations	206	-	-	-	206	-
Professional Development	8,618	-	-	2,251	8,732	2,137
Bleacher Account	6,617	-	-	46	5,742	921
<b>Total other programs</b>	<b>304,029</b>	<b>-</b>	<b>-</b>	<b>233,946</b>	<b>206,845</b>	<b>331,130</b>
<b>Total</b>	<b>\$ 308,129</b>	<b>177,810</b>	<b>11,347</b>	<b>233,946</b>	<b>398,181</b>	<b>333,051</b>

## **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, 2017**

	Balances beginning of year	Additions		Deductions	Balances end of year
		Interest earned	Contributions and other receipts		
Private-purpose trust funds:					
Scholarship Funds:					
Alfred Litzermman Memorial Scholarship	\$ 2,208	9	-	500	1,717
Amelia Bucholz Scholarship	640	4	661	500	805
Appleton H.S. Alumni Association	27,040	135	-	-	27,175
B. G. Gushee Scholarship	4,907	25	-	-	4,932
Basil Arau Scholarship	13,009	65	-	-	13,074
A. Mosher Bradford Scholarship	2,887	14	-	-	2,901
Camden Rotary	1,107	6	-	-	1,113
Carelton Wood	216	1	-	-	217
Chickawaukee	713	4	-	-	717
David Eaton Scholarship	4,543	23	-	-	4,566
Sarah Doubleday	9,143	59	3,670	1,000	11,872
Emma M. Brewster Scholarship	371	1	-	100	272
Ernest Earl Mahoney Scholarship	4,793	24	-	-	4,817
Eugene T. Pitney Scholarship	1,090	5	-	-	1,095
Florence Kimball Fine Arts Scholarship	4,472	21	-	250	4,243
Forest Priestly Memorial	2,698	12	-	250	2,460
Gladys P. Larrabee	17,653	86	-	500	17,239
Harold Tribou	1,947	10	-	-	1,957
Ken & Prudence Dickey Bus	211,063	1,054	-	-	212,117
Leforest Doucette	1,029	5	-	-	1,034
Linwood Thorndike	542	2	200	300	444
Lincolnville Central School	500	-	-	500	-
Marcia A. Brown Scholarship	(1)	-	-	-	(1)
Megunticook Fish & Game	284	1	-	-	285
Miscellaneous	6,760	34	-	-	6,794
Nancy Crawford	25	-	-	-	25
Olive Coates Trust	43,473	220	29,880	29,250	44,323
Polson - Back to school	463	2	-	-	465
RC Gushee	2,875	14	-	-	2,889
Reny Charitable	3,018	25	3,000	1,000	5,043
Richard Sorenson	190	1	-	-	191
Rockport Alumni Association	-	7	2,000	667	1,340
Sarah Hunter Memorial Scholarship	8,485	40	-	500	8,025
Senior Class	340	2	-	-	342
Simel Education Trust	91,208	1,479	205,000	-	297,687
T.W. Williams Scholarship	28,716	141	-	500	28,357
Timothy Crockett Scholarship	29,900	149	-	-	30,049
West Bay Rotary	1,023	5	-	-	1,028
<b>Total private-purpose trusts</b>	<b>\$ 529,330</b>	<b>3,685</b>	<b>244,411</b>	<b>35,817</b>	<b>741,609</b>

**FIVE TOWN CSD**  
**Agency Fund - High School Activity Funds**  
**Statement of Cash Receipts, Disbursements and Changes in Balances**  
**For the year ended June 30, 2017**

	Balances beginning of year	Additions	Deductions	Balances end of year
AP	\$ 3,923	19,795	18,503	5,215
Amnesty International	632	-	33	599
Anime Club	120	1,738	1,793	65
Art Club	40	-	-	40
Athletic Account	2,183	592	499	2,276
Athletic Reimbursement	-	1,977	1,977	-
Athletic Trainer Vehicle	-	2,000	2,000	-
Alpine Ski	821	4,395	2,559	2,657
Band	1,087	4,867	4,413	1,541
Baseball-Softball Boosters	261	-	-	261
Basketball Boosters	23	170	-	193
Botany	4,341	3,586	2,569	5,358
Captains Council	703	-	240	463
Chorus	1,394	3,034	2,939	1,489
Civil Rights	2,245	-	-	2,245
Class of 2006	1,054	-	1,054	-
Class of 2007	1,110	-	625	485
Class of 2008	2,864	-	-	2,864
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	2,271	500	-	2,771
Class of 2017	7,240	8,580	13,382	2,438
Class of 2018	2,425	10,803	4,147	9,081
Class of 2019	382	-	160	222
Class of 2020	100	705	273	532
Club for Community	430	268	101	597
Coffee	44	380	445	(21)
Community Fund	194	180	190	184
Consumer Science	15	-	15	-
Digital Film	708	-	-	708
Doc Littlefield	864	-	-	864
Drama	3,798	20,577	20,381	3,994
Dramafest	2,193	982	861	2,314
Empty Bowl	1,034	2,597	3,282	349
FCA	659	250	500	409
Field Hockey	2,063	3,720	2,360	3,423
Football Boosters	105	4,610	3,190	1,525
Gamers Guild	33	20	-	53
General	732	1,491	2,162	61
Golf	8	-	-	8
Habitat for Humanity	250	1,291	1,300	241
Ice Hockey	78	-	-	78
<b>Subtotal</b>	<b>\$ 59,813</b>	<b>99,108</b>	<b>91,953</b>	<b>66,968</b>

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

		Balances beginning of year	Additions	Deductions	Balances end of year
IA	\$	635	3,020	3,655	-
Jewelry		205	910	1,113	2
Kiva Club		329	-	-	329
Lacrosse Boosters		151	-	-	151
Laptop Fund		1,259	34,539	16,619	19,179
Latin Club		(348)	4,177	3,140	689
Liberian Education Fund		1,016	2,446	2,924	538
Library		663	261	63	861
Life Skills		2,521	3,178	3,643	2,056
Math Team		-	170	-	170
Mountain biking		24	4,379	2,717	1,686
Musicals		8,346	31,152	35,556	3,942
Nordic Ski Team		8,357	6,061	4,600	9,818
NHS		1,633	2,735	3,199	1,169
Outing Club		200	-	-	200
PALS		180	-	93	87
Peers		2	-	-	2
Photography		618	-	-	618
Phys Ed		-	550	545	5
Physics		598	990	600	988
Principal's Fund		1,901	1,907	2,218	1,590
Project Fund		6,036	541	850	5,727
Sailing		19	-	-	19
School Store		583	1,725	2,276	32
Senior Banquet		4,142	6,300	6,860	3,582
Soccer Boosters		7,305	10,328	10,171	7,462
Student Camp		1,259	-	1,248	11
Student Council		862	627	1,027	462
Student Trips		55,860	205,250	242,296	18,814
Sunshine Club		-	615	398	217
Swim Team		819	-	-	819
Tennis Team		151	-	-	151
Track Team		2,519	2,657	2,313	2,863
Washington Trip		4,871	21,425	20,410	5,886
Wellness Program		3,336	6,558	4,854	5,040
Windplanners		2,470	412	1,144	1,738
Windsong		441	-	-	441
X-Country		5,308	3,620	3,911	5,017
Yearbook		5,469	14,376	16,058	3,787
Zenith		1,082	-	34	1,048
<b>Totals</b>	<b>\$</b>	<b>190,635</b>	<b>470,017</b>	<b>486,488</b>	<b>174,164</b>

**Five Town CSD**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2017**

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	\$ 32,534		-
Special Education Cluster:					
Local Entitlement	84.027	3046	149,069		-
Total Special Education Cluster				149,069	
Total U. S. Department of Education			181,603		-
U. S. Department of Agriculture, passed through					
Maine Department of Education:					
Child Nutrition Cluster:					
National School Lunch Program	10.555	3024	71,006		-
National School Lunch Program - Breakfast Program	10.553	3014	14,765		-
National School Lunch Program - Donated Commodities	10.555	N/A	22,061		-
Total Child Nutrition Cluster				107,832	
Total U. S. Department of Agriculture			107,832		-
<b>Totals</b>			<b>\$ 289,435</b>		<b>-</b>

*See accompanying notes to schedule of expenditures of federal awards.*