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CERTIFIED PUBLIC ACCOUNTANTS

REGIONAL SCHOOL UNIT NO. 5
FINANCIAL REPORT



JUNE 30, 2012



Communication • Trust • Commitment

REGIONAL SCHOOL UNIT NO. 5

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

School Board of Directors
Regional School Unit No. 5
Freeport, Maine

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 5, as of June 30, 2012, and for the year then ended, which collectively comprise RSU #5's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of Regional School Unit No. 5's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 Regional School Unit No. 5 as of June 30, 2012, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 2012, on our consideration of Regional School Unit No. 5's internal control over financial reporting and our tests of its compliance with certain provision 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 and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional School Unit No. 5's basic financial statements. The combining individual fund exhibits and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



Certified Public Accountants
February 4, 2013



Durham • Freeport • Pownal

Regional School Unit No. 5

17 West St

Freeport, ME 04032

**Management's Discussion and
Analysis Required Supplementary
Information**

Year Ended June 30, 2012

Our discussion and analysis of Regional School Unit No. 5's (the RSU) financial condition provides a narrative overview and analysis of the RSU's financial activities for the fiscal year ending June 30, 2012. It is the belief of management that all the information contained herein is accurate in all material respects and reflects fairly the financial position and operations of the RSU. This management's discussion and analysis is designed to offer further explanation of the information contained herein. We encourage readers to consider the information that we have furnished in the RSU's basic financial statements that follow this section.

The management discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion Analysis for State and Local Governments (currently GASB Codification Section 2200). Certain comparative information between the current year and the prior year is included in the MD&A.

FINANCIAL HIGHLIGHTS

Financial highlights for the past year include the following:

- Assets of the RSU exceeding its liabilities by \$13,688,006.
- Capital assets of the RSU, net of depreciation, totaling \$28,485,755.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the RSU's basic financial statements. The RSU's basic financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE STATEMENTS

Government-wide statements are designed to provide readers with a broad overview of the RSU's finances, in a manner similar to a private-sector company.

The *statement of net assets* presents information on all of the RSU's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the RSU is improving or deteriorating.

The *statement of activities* presents information showing how the RSU's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, accrued salaries).

Additionally, to assess the RSU's overall health, one needs to consider additional non-financial factors such as the condition of school buildings and other facilities.

Both of the government-wide financial statements distinguish functions of the RSU that are principally supported by the local assessments from other functions that are intended to recover a significant portion of their costs through user fees and charges.

In the government-wide financial statements, the RSU's activities are reported in one category:

- **Governmental activities:** Most of the RSU's basic services are included here, such as regular and special education, transportation, and administration. Local assessments, local non-tax revenues, and state revenues finance most of these activities.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The RSU's funds can be divided into two categories: government funds, and fiduciary funds.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental-wide financial statements. However, unlike the governmental-wide statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the governmental-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the RSU's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the RSU. Fiduciary funds are not reflected in the governmental-wide financial statement because the resources of those funds are not available to support the RSU's own programs.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. As can be seen in the following table, RSU assets exceeded liabilities by \$13,688,006 for the fiscal year ended June 30, 2012.

Table 1
Fiscal Year Ended June 30, 2012
Statement of Net Assets

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 4,294,167	\$ 5,465,055
Capital assets	<u>28,485,755</u>	<u>29,167,586</u>
Total Assets	<u>32,779,922</u>	<u>34,632,641</u>
Current and other liabilities	<u>19,091,916</u>	<u>19,861,818</u>
Net Assets		
Invested in capital assets, net of related debt	12,270,178	12,163,097
Restricted	914,981	1,485,192
Unrestricted	<u>502,847</u>	<u>1,122,534</u>
Total Net Assets	<u>\$ 13,688,006</u>	<u>\$ 14,770,823</u>

Most of the RSU's net assets are invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are a combination of designated and undesignated amounts. Designated balances are amounts set aside by management to finance future purchases or capital projects planned by the RSU.

The chart below provides a graphic depiction of the distribution of the 2012 net book value of fixed assets (capital assets, net of depreciation) by asset class.

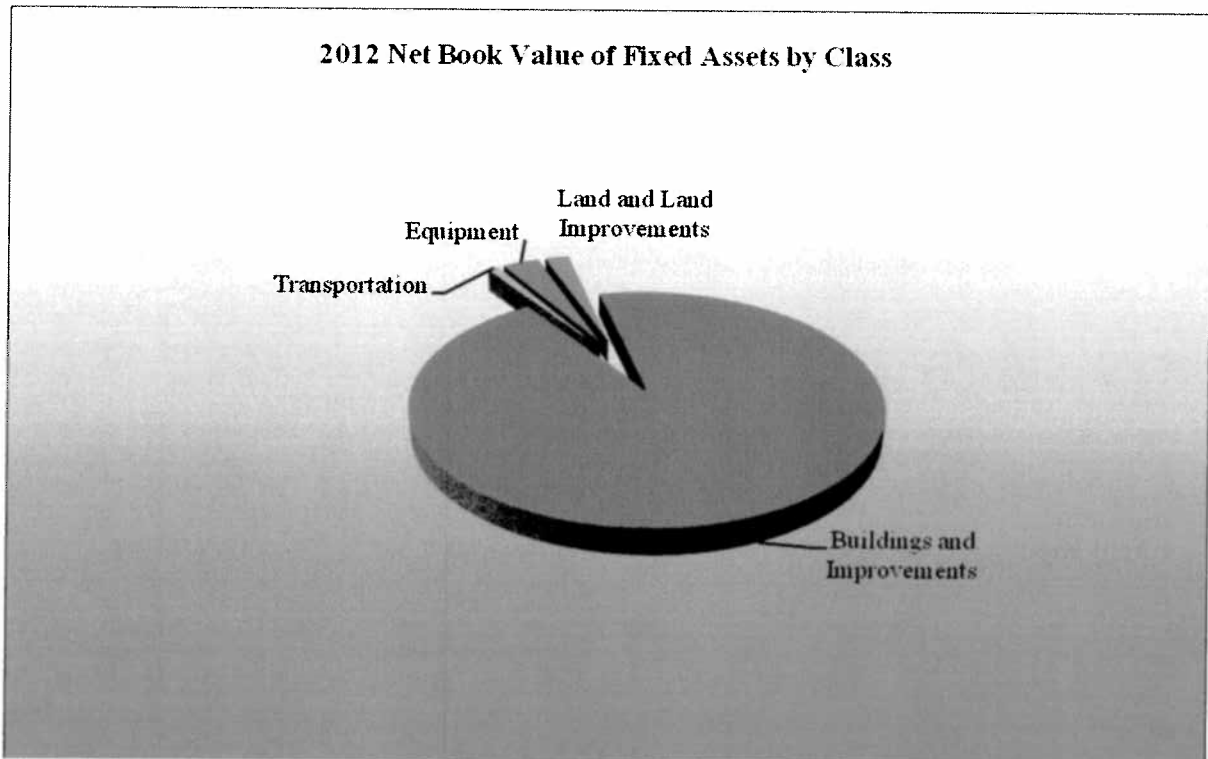


Chart A – Net Book Value of Fixed Asset Classes

Table 2 presents a summary of the RSU's changes in net assets for the fiscal year ended June 30, 2012.

Table 2
Fiscal Year ended June 30, 2012
Changes in Net Assets
Governmental Activities

	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 1,295,893	\$ 1,084,780
Operating Grants and Contributions	2,882,827	3,999,234
General Revenues:		
Town Assessments	18,060,312	18,005,575
Subsidies	4,935,014	4,873,731
Interest Earned	5,546	37,550
Miscellaneous	28,569	153,093
Member Contributions	-	10,704
Total Revenues	<u>27,208,161</u>	<u>28,164,667</u>
Expenses		
Instruction & Support	14,610,512	14,277,584
Debt Service	1,451,374	1,803,930
Instructional Staff Support Services	1,508,819	1,244,492
Student Transportation	1,162,791	1,169,531
Operation & Maintenance	2,798,094	2,880,328
Student Support Services	677,454	624,063
General Administration	600,746	621,872
School Administration	1,144,189	1,115,179
Intergovernmental	1,784,082	1,818,159
Capital Outlay	382,175	298,472
Program Expenditures	803,282	784,506
Adult and Community Education	834,927	903,961
Other Public Instructional Programs	532,533	472,757
Transfer to Agency Fund	-	26,143
Total Expenses	<u>28,290,978</u>	<u>28,040,977</u>
Increase (decrease) in net assets	<u>\$ (1,082,817)</u>	<u>\$ 123,690</u>

Table 3 shows the total cost of each of the RSU's major functional activities.

Table 3
Fiscal Year ended June 30, 2012
Net Cost of Governmental Activities

<u>Function/Program</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Instruction & Support	\$ 16,796,785	\$ 15,940,195
Transportation	1,162,791	1,162,791
Operations & Maintenance	2,798,094	2,798,094
Administration	1,744,935	1,744,935
Capital/Site Improvements/Debt Service	1,833,549	1,833,549
Other	3,954,824	632,694
Total governmental activities	<u>\$ 28,290,978</u>	<u>\$ 24,112,258</u>

General Fund Revenues Budget to Actual Summary

	Final Budget	Actual	Variance
Revenues:			
Town Assessments	\$ 18,060,312	\$ 18,060,312	\$ -
Charges for Services	101,400	806,944	705,544
Intergovernmental	5,132,278	4,980,418	(151,860)
Other	27,500	31,595	4,095
	<u>\$ 23,321,490</u>	<u>\$ 23,879,269</u>	<u>\$ 557,779</u>

The following chart depicts program revenues by source.

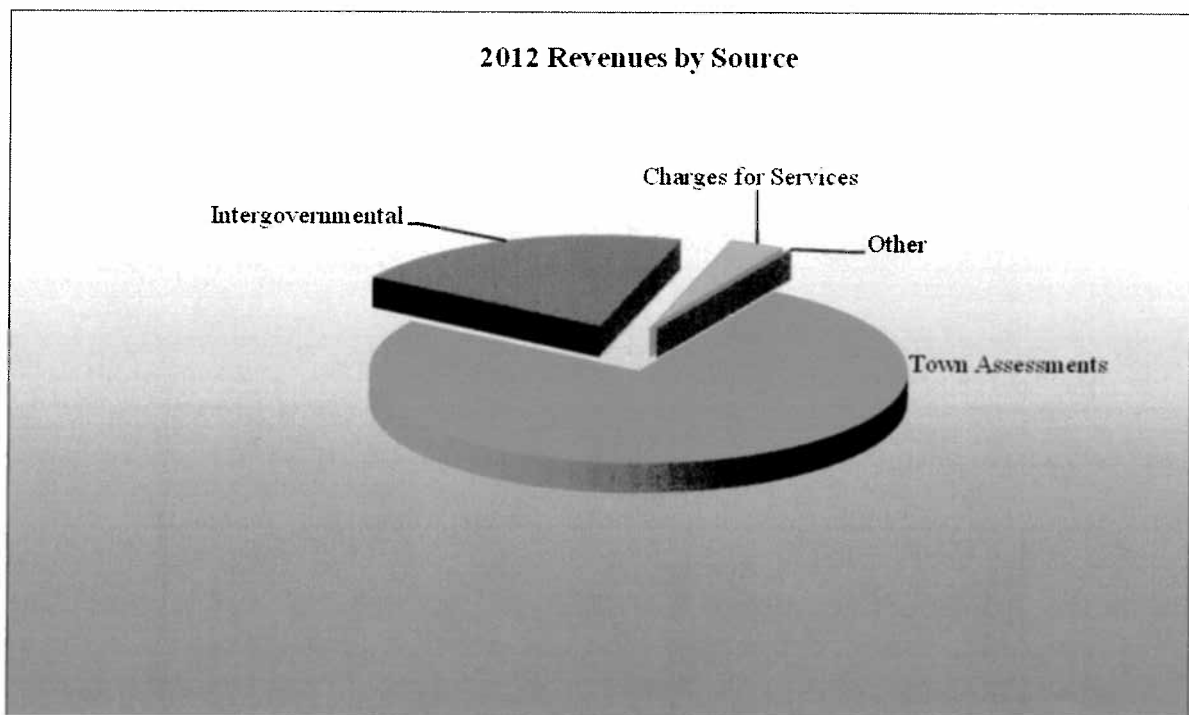


Chart B – Revenues by Source

General Fund Expenditures Budget to Actual Summary

	Final Budget	Actual	Variance
Expenditures:			
Instruction	\$ 13,276,538	\$ 12,916,367	\$ 360,171
Debt Service	2,342,025	2,342,022	3
Instructional Staff Support Services	1,577,104	1,508,819	68,285
School Administration	1,179,623	1,144,189	35,434
Operation and Maintenance of Plant	2,095,549	2,015,690	79,859
Student Support Services	677,455	677,453	2
School Administration	603,961	600,746	3,215
Other Public Instructional Programs	546,461	532,534	13,927
Student Transportation	1,264,637	1,257,445	7,192
Site Improvements	229,525	355,388	(125,863)
Adult Education	224,400	211,770	12,630
Community Education	-	623,157	(623,157)
	<u>\$ 24,017,278</u>	<u>\$ 24,185,580</u>	<u>\$ (168,302)</u>

Chart C graphically depicts expenditures by function.

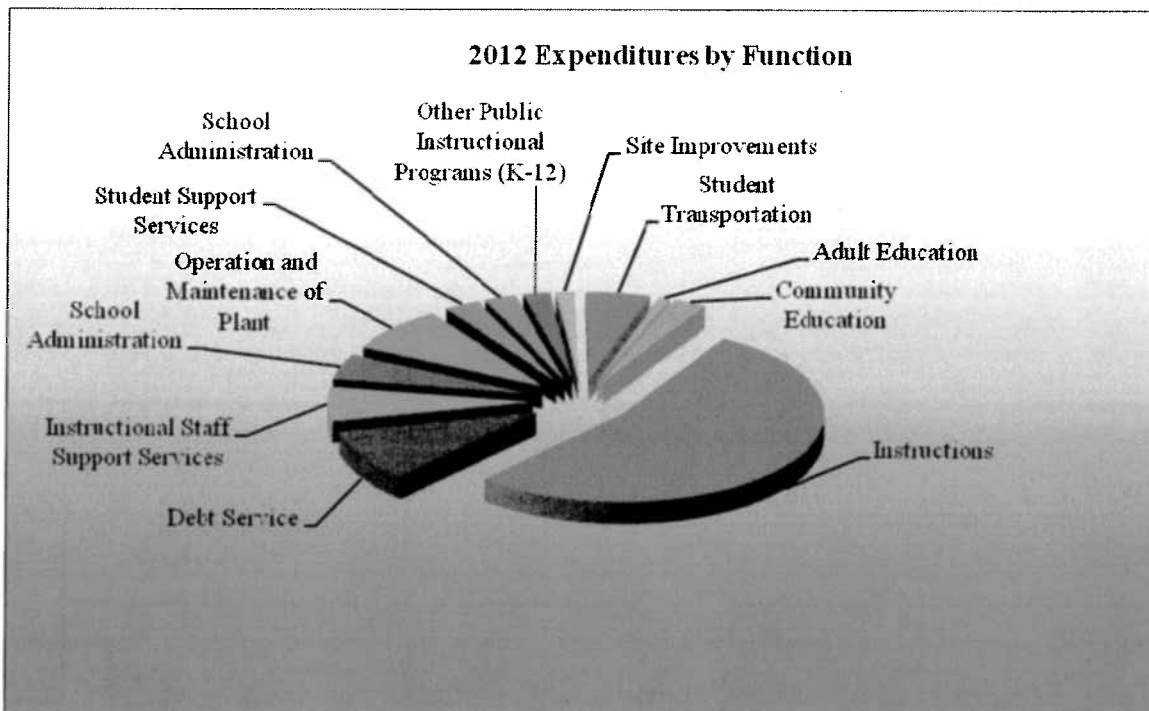


Chart C - Expenditures by Function

FINANCIAL ANALYSIS OF THE RSU'S FUNDS

As of June 30, 2012, the RSU's governmental funds balance totaled \$2,127,611.

As noted earlier, the RSU uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The financial performance of the RSU as a whole is reflected in its governmental funds.

Governmental funds: The focus of the RSU's governmental funds is to provide information on near-term inflows, outflows, and balances available for spending. Governmental funds report the differences between their assets and liabilities as fund balances. Reserved amounts reflect that which is not available to be spent while undesignated amounts reflect amounts that are.

Budgetary highlights: The RSU holds an annual district budget meeting in May of each year for purposes of voting on the budget as recommended by the Board of Directors for the upcoming school year.

CAPITAL ASSETS

At June 30, 2012, the RSU had \$28,485,755 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table 4
Governmental Activities Capital Assets
(Net of Depreciation)

	<u>2012</u>
Land	\$ 447,285
Land Improvements	112,001
Building Improvements	26,799,001
Equipment and Vehicles	<u>1,127,468</u>
Total	<u>\$ 28,485,755</u>

DEBT ADMINISTRATION

At the end of the year RSU had a total of \$15,956,410 of general obligation long-term debt. In addition, the capital lease purchase obligations for the buses and technology equipment totaled \$151,961.

The following is a summary of long-term debt transactions and capital lease obligations of the RSU for the year ended June 30, 2012.

Table 5
Fiscal Year Ended June 30, 2012
General Long Term Debt and Lease Obligations

<u>General Long-Term Debt and Lease Obligations</u>	
	<u>2012</u>
Debt payable at July 1	\$ 16,893,106
Debt Additions	221,053
Debt Retired	<u>(1,005,788)</u>
Debt Payable at June 30	<u>\$ 16,108,371</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2011-2012 school year, the RSU saw an increase in State Aid to Education of \$368,152. The RSU received \$442,607 in American Recovery and Reinvestment Act funds, which were applied in an effort to reduce the overall tax rates to member communities. The total shared local budget and non shared debt service required for the approved 2011-2012 budget totaled \$18,060,312 broken down as follows: Durham \$3,115,569; Freeport \$13,275,403; Pownal \$1,669,340. In December 2012 the Governor announced a \$138,193 curtailment in State Aid to Education funds. This will result in lower revenues than anticipated and expenditures have been adjusted to offset this reduction.

During the 2011-2012 school year teachers and staff members in all of the schools have continued to work collaboratively to ensure equal education opportunities to all students in the RSU. A larger number of Durham tuition students continue to attend Freeport High School, which allows monies once paid out to other districts to be invested within district, providing financial support to create greater educational opportunities in 2012-2013. Enrollment remained stable in 2011-2012 but unexpectedly increased by 3% in 2012-2013. As a result, the Board of Directors authorized the use of Contingency funds to add an additional teacher at Mast Landing.

In June of 2012 the district passed the 2012-2013 budget, which supports the work required to reach the goals established in the 2009-2010 Strategic Plan and Capital Plan. Administration, staff, and the Board worked collaboratively to create a responsible budget for the 2012-2013 school year that resulted in a \$574,997 increase to be shared by the member communities. The RSU will be receiving \$335,330 in additional State Aid to Education, but communities will be required to raise an additional \$225,532 to receive this additional funding.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the RSU's finances and demonstrate The District's accountability for the money it receives. If you have questions about any of the information provided in this report or wish to request additional financial information, please contact RSU No. 5 Business Office at 17 West Street, Freeport, ME 04032.

REGIONAL SCHOOL UNIT NO. 5
JUNE 30, 2012

BASIC FINANCIAL INFORMATION

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Governmental Activities</u>
ASSETS:	
Cash/Investments	\$ 3,588,541
Accounts Receivable	643,272
Inventory	40,571
Due from Students	1,894
Internal Balances	19,889
Capital Assets:	
Land and Land Improvements	559,287
Other Capital Assets, Net of Depreciation	27,926,468
TOTAL ASSETS	<u>32,779,922</u>
LIABILITIES:	
Current:	
Accounts Payable	129,412
Accrued Expenses	372,739
Accrued Salaries and Benefits	1,664,403
Compensated Absences Payable	709,785
Accrued Interest	88,282
Bond Premiums	18,924
Long-Term Debt and Capital Lease Obligations	
Due within One Year	886,469
Due in More Than One Year	15,221,902
TOTAL LIABILITIES	<u>19,091,916</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	12,270,178
Restricted for:	
Capital Projects	442,146
Special Revenues	277,867
Other Purposes	194,968
Unrestricted	502,847
TOTAL NET ASSETS	<u><u>\$ 13,688,006</u></u>

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		Program Revenues		Net (Expense) Revenue and Changes In Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
FUNCTIONS				
Primary Government				
Governmental Activities				
Instructions	\$ 14,610,512	\$ 69,463	\$ 787,127	\$ (13,753,922)
Debt Service	1,451,374	-	-	(1,451,374)
Instructional Staff Support Services	1,508,819	-	-	(1,508,819)
School Administration	1,144,189	-	-	(1,144,189)
Operation and Maintenance of Plant	2,798,094	-	-	(2,798,094)
Student Support Services	677,454	-	-	(677,454)
General Administration	600,746	-	-	(600,746)
Other Public Instructional Programs (K-12)	532,533	-	-	(532,533)
Site and Capital Improvements	382,175	-	-	(382,175)
Student Transportation	1,162,791	-	-	(1,162,791)
Adult and Community Education	834,927	806,944	45,404	17,421
Program Expenditures	803,282	419,486	266,214	(117,582)
Maine State Retirement on Behalf Payments	1,784,082	-	1,784,082	-
Total Governmental Activities	<u>28,290,978</u>	<u>1,295,893</u>	<u>2,882,827</u>	<u>(24,112,258)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 28,290,978</u>	<u>\$ 1,295,893</u>	<u>\$ 2,882,827</u>	<u>\$ (24,112,258)</u>

General Revenues and Special Items:

Taxes:	
Local Assessments - K - 12	\$ 17,977,312
Local Assessments - Adult Education	83,000
State Allocation	4,935,014
Investment Earnings	5,546
Miscellaneous	28,569
Operating Transfer	-
Total General Revenues	<u>23,029,441</u>
Change in Net Assets	<u>(1,082,817)</u>
Net Assets - July 1, 2011	<u>14,770,823</u>
Net Assets - June 30, 2012	<u>\$ 13,688,006</u>

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General Fund</u>	<u>School Lunch Program</u>	<u>Durham Elementary Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Cash/Investments	\$2,162,709	\$ 726,618	\$ 532,216	\$ 166,998	\$ 3,588,541
Accounts Receivable	36,897	12,262	-	594,113	643,272
Due from Other Funds	1,318,155	-	-	-	1,318,155
Inventories	-	40,571	-	-	40,571
Due from Students	-	1,894	-	-	1,894
TOTAL ASSETS	<u>\$3,517,761</u>	<u>\$ 781,345</u>	<u>\$ 532,216</u>	<u>\$ 761,111</u>	<u>\$ 5,592,433</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts Payable	\$ 90,305	\$ -	\$ -	\$ 39,107	\$ 129,412
Accrued Expenses	372,739	-	-	-	372,739
Accrued Salaries and Benefits	1,647,119	3,837	-	13,449	1,664,405
Due to Other Funds	-	755,199	90,070	452,997	1,298,266
Total Liabilities	<u>2,110,163</u>	<u>759,036</u>	<u>90,070</u>	<u>505,553</u>	<u>3,464,822</u>
Fund Balances:					
Nonspendable	-	40,571	-	-	40,571
Restricted for:					
Community Education	113,516	-	-	-	113,516
Capital Improvements and Fuel Oil Expenditures	81,452	-	-	-	81,452
Special Revenues	-	-	-	255,558	255,558
Capital Projects Funds	-	-	442,146	-	442,146
Assigned for:					
Use of Fund Balance	741,400	-	-	-	741,400
Unassigned	471,230	(18,262)	-	-	452,968
Total Fund Balances	<u>1,407,598</u>	<u>22,309</u>	<u>442,146</u>	<u>255,558</u>	<u>2,127,611</u>
TOTAL LIABILITIES AND FUND BALANCES:	<u>\$3,517,761</u>	<u>\$ 781,345</u>	<u>\$ 532,216</u>	<u>\$ 761,111</u>	

Amounts reported for governmental activities in the Statement of Net Assets (Statement 1) are different because (see Note 2, also):

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 28,485,755

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	(15,956,410)
Bond Premiums	(18,924)
Capital Leases Payable	(151,961)
Compensated Absences Payable	(709,785)
Accrued Interest	(88,280)
Net Assets of Governmental Activities	<u>\$13,688,006</u>

The Accompanying Notes are an Integral Part of these Statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	School Lunch Program	Durham Elementary Construction	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Local Assessments	\$ 18,060,312	\$ -	\$ -	\$ -	\$ 18,060,312
Intergovernmental	4,980,418	266,214	-	1,219,400	6,466,032
Charges for Services	806,944	364,077	-	-	1,171,021
Interest Earned	3,026	-	2,520	-	5,546
Intergovernmental on Behalf Payments	1,784,082	-	-	-	1,784,082
Miscellaneous	28,569	-	-	124,872	153,441
Total Revenues	<u>25,663,351</u>	<u>630,291</u>	<u>2,520</u>	<u>1,344,272</u>	<u>27,640,434</u>
EXPENDITURES:					
Instructions	12,979,420	-	-	1,422,493	14,401,913
Debt Service	2,342,022	-	-	-	2,342,022
Instructional Staff Support Services	1,508,819	-	-	-	1,508,819
School Administration	1,144,189	-	-	-	1,144,189
Operation and Maintenance of Plant	2,015,690	-	-	-	2,015,690
Student Support Services	677,453	-	-	-	677,453
General Administration	600,746	-	-	-	600,746
Other Public Instructional Programs (K-12)	532,534	-	-	-	532,534
Site and Capital Improvements	355,388	-	26,787	-	382,175
Student Transportation	1,415,445	-	-	-	1,415,445
Adult Education	211,770	-	-	-	211,770
Community Education	623,157	-	-	-	623,157
Program Expenditures	-	782,266	-	21,016	803,282
Maine State Retirement on Behalf Payments	1,784,082	-	-	-	1,784,082
Total Expenditures	<u>26,190,715</u>	<u>782,266</u>	<u>26,787</u>	<u>1,443,509</u>	<u>28,443,277</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(527,364)	(151,975)	(24,267)	(99,237)	(802,843)
OTHER FINANCING SOURCES (USES):					
Capital Lease Proceeds	221,053	-	-	-	221,053
Operating Transfers	48,162	105,000	(153,162)	-	-
	<u>269,215</u>	<u>105,000</u>	<u>(153,162)</u>	<u>-</u>	<u>221,053</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(258,149)	(46,975)	(177,429)	(99,237)	(581,790)
FUND BALANCES - JULY 1, 2011	<u>1,665,747</u>	<u>69,284</u>	<u>619,575</u>	<u>354,795</u>	<u>2,709,401</u>
FUND BALANCES - JUNE 30, 2012	<u>\$ 1,407,598</u>	<u>\$ 22,309</u>	<u>\$ 442,146</u>	<u>\$ 255,558</u>	<u>\$ 2,127,611</u>

The reconciliation of the net change in fund balances of governmental funds to the change in net assets in the statement of activities is presented on a separate schedule on the next page.

REGIONAL SCHOOL UNIT NO. 5
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, 2012

Net change in fund balances - total governmental funds (from Statement 4) \$ (581,790)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 1, also):

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 and reported as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current period:

Capital Additions	249,915
Depreciation	(931,746)
	(681,831)

Repayment of principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded capital lease proceeds in the current period:

New Capital Lease	(221,053)
Capital Lease Repayments	119,319
Long Term Debt Repayment	886,469
	784,735

Revenues in the fund statements that have already been recognized in prior years in the statement of activities.

(432,273)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

4,179

Some expenses reported in the Statement of Activities, such as accrued compensated absences, do not use current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(175,837)

Change in net assets of governmental activities (see Statement 2) \$ (1,082,817)

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:				
Town Assessments (Includes Adult Education)	\$ 18,060,312	\$ 18,060,312	\$ 18,060,312	\$ -
Charges for Services	101,400	101,400	806,944	705,544
State Shared Revenues	5,132,278	5,132,278	4,980,418	(151,860)
Miscellaneous	27,500	27,500	31,595	4,095
TOTAL REVENUES	<u>23,321,490</u>	<u>23,321,490</u>	<u>23,879,269</u>	<u>557,779</u>
EXPENDITURES - BY FUNCTIONS:				
Instructions	13,418,237	13,276,538	12,916,367	360,171
Debt Service	2,342,025	2,342,025	2,342,022	3
Instructional Staff Support Services	1,503,346	1,577,104	1,508,819	68,285
School Administration	1,143,736	1,179,623	1,144,189	35,434
Operation and Maintenance of Plant	2,089,769	2,095,549	2,015,690	79,859
Student Support Services	687,006	677,455	677,453	2
General Administration	594,090	603,961	600,746	3,215
Other Public Instructional Programs (K-12)	541,877	546,461	532,534	13,927
Student Transportation	1,243,267	1,264,637	1,257,445	7,192
Site Improvements	229,525	229,525	355,388	(125,863)
Adult Education	224,400	224,400	211,770	12,630
Community Education	-	-	623,157	(623,157)
TOTAL EXPENDITURES - BY FUNCTIONS	<u>24,017,278</u>	<u>24,017,278</u>	<u>24,185,580</u>	<u>(168,302)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(695,788)	(695,788)	(306,311)	389,477
OTHER FINANCING SOURCES (USES)				
Transfer Out to School Lunch Program	(105,000)	(105,000)	(105,000)	-
Transfer in from Capital Projects	153,162	153,162	153,162	-
Budgeted Use of Surplus	647,626	647,626	-	(647,626)
	<u>695,788</u>	<u>695,788</u>	<u>48,162</u>	<u>(647,626)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	-	(258,149)	(258,149)
FUND BALANCE - JULY 1, 2011	<u>1,665,747</u>	<u>1,665,747</u>	<u>1,665,747</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2012	<u>\$ 1,665,747</u>	<u>\$ 1,665,747</u>	<u>\$ 1,407,598</u>	<u>\$ (258,149)</u>

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS - BUDGETARY BASIS TO THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (GAAP)
FOR THE YEAR ENDED JUNE 30, 2012

Explanation of Differences between Budgetary Revenues and Expenditures
(Statement 6) and GAAP Revenues and Expenditures (Statement 4)

Revenues

Total Revenues as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Statement 6)	\$ 23,879,269
Differences-budget to GAAP	
On behalf payments for Maine State Retirement Contributions made by the State of Maine	<u>1,784,082</u>
Total Revenues as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Statement 4)	<u><u>\$ 25,663,351</u></u>

Expenditures

Total Expenditures as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual (Statement 6)	\$ 24,185,580
Capital Lease Outlay	221,053
Differences-budget to GAAP	
On behalf payments for Maine State Retirement Contributions made by the State of Maine	<u>1,784,082</u>
Total Expenditures as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Statement 4)	<u><u>\$ 26,190,715</u></u>

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency Funds</u>
ASSETS:	
Cash/Investments	\$ 312,881
 LIABILITIES:	
Due to Other Funds	19,889
Due to Other Groups	<u>292,992</u>
	<u>312,881</u>
 NET ASSETS:	
Held in Trust for Other Purposes	<u><u>\$ -</u></u>

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

Regional School Unit No. 5 (RSU #5) is a Quasi-Municipal Corporation having received its Certificate of Organization on July 1, 2009, pursuant to Title 20-A and Chapter 103 of the Maine Revised Statutes, as amended. The Regional School's territory includes the Towns of Freeport, Durham, and Pownal, Maine. It provides the educational needs for grades kindergarten through 12 for the residents of these communities. RSU #5 has an eleven member Board of Directors, of which six are residents of Freeport, three from Durham, and two from Pownal.

In evaluating RSU #5 as a reporting entity, management has addressed all potential component units for which RSU #5 may or may not be financially accountable and, as such, be includable within RSU #5's basic financial statements. In accordance with GASB Codification, RSU #5 (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on RSU #5. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based on the application of these criteria, RSU #5 has not identified any component units that should be included in the financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

The accounting policies of RSU#5 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 policies.

Basis of Presentation

RSU#5's basic financial statements consist of government-wide statements, comprised of the statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The government-wide financial statements report information about the School Unit as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of RSU#5 at year end. The statement of activities points out the extent to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

function, service, program, or department. Program revenues include charges paid by the recipient of goods or services offered by the program, grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. Member assessments and other items not properly included among program revenues are reported as general revenues. 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 RSU#5

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, (even though the latter are excluded from the government-wide financial statements). The focus is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. GASB sets forth minimum criteria (percentages of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

RSU#5 uses individual funds to maintain its financial records during the year in order to aid financial management and to demonstrate legal compliance. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The following funds are used by RSU #5:

Governmental Funds:

Governmental funds are identified as either general, special revenue, or capital projects, based upon the following guidelines.

The *General Fund* is the operating fund of RSU #5 and is always classified as a major fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Fiduciary Funds (Not included in the government-wide statements:)

Trust and Agency Funds are used to account for assets held by RSU #5 in a trustee capacity or as an agent for individuals, private organizations and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

Accrual

Both the governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

Governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or 60 days thereafter to be used to pay current liabilities. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. However, debt service expenditures, as well as certain compensated absences, claims and judgments are recorded when payment is due. Allocation of costs, such as depreciation, is not recognized in the governmental funds. Reimbursements due for federally funded projects are accrued as revenue at the same time the expenditures are made, or if received in advance, are deferred until expenditures are made.

Budgetary Accounting

Budgets are adopted for the general fund only. Formal budgetary integration is employed as a management control device during the year for the general fund. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles. A comparison of budget to actual is presented in these financial statements.

Cash and Investments

RSU #5's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Deposits can only be made in financial institutions insured by the FDIC. RSU #5's policy authorizes investments in obligations of the U. S. Treasury and U. S. Agencies, repurchase agreements, certain certificates of deposit and certain money market funds. RSU #5 invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return. Investments are reported at fair value except for money market investments that have a remaining maturity at time of purchase of one year or less stated at amortized cost.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

School lunch inventories are valued at the lower of cost (first-in, first-out basis) or market.

Capital Assets

Capital assets, which include property, plant and equipment, are defined by RSU #5 as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. These assets are reported in the governmental column in the government-wide financial statements. Such assets are reported at cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets, other than land, is provided on the straight-line basis over their estimated useful lives. Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight-line depreciation is used based on the following estimated useful lives:

Land Improvements - 15 to 30 years
Buildings and Building Improvements - 20 to 50 years
Furniture and Equipment - 5 to 20 years
Vehicles - 8 to 15 years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures upon acquisition. Fixed assets are not capitalized and the related depreciation is not reported in the fund financial statements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets and Fund Equity Classifications

Net assets are required to be classified into the following three components:

Invested in capital assets, net of related debt - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Capital assets	\$ 31,053,058
Accumulated depreciation	(2,567,303)
Bonds and notes payable	(16,108,371)
Accrued Interest	(88,282)
Accrued Bond premiums	<u>(18,924)</u>
Total invested in capital assets	
Net of related debt	<u>\$ 12,270,178</u>

Restricted - This component consists of constraints placed on the use of net assets which are externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Fund Balance

In the fund financial statements, governmental fund balance is presented in five possible categories that comprise a hierarchy based on the extent to which RSU#5 is bound to honor constraints on the specific purposes for which those funds can be spent. The categories are as follows:

Nonspendable - includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

Restricted - represents those portions of fund equity that have externally enforceable legal restrictions.

Committed - describes the portion of the fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making and that remain binding unless removed in the same manner.

Assigned - reflects the amounts constrained by the RSU #5's "intent" to be used for specific purposes, but are neither restricted nor committed. The School Board has the authority to assign amounts to be used for specific purposes.

Unassigned - represents amounts that are available for any purpose.

RSU #5 has no formal revenue spending policy for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the combined balance sheet of the governmental funds and fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide statements.

Operating transfers are used to move unrestricted resources from various funds to finance programs that the School must account for in other funds in accordance with budgetary authorizations.

Compensated Absences

Pursuant to the terms of the contract agreements, employees can accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee retirements.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets, liabilities, the disclosure of contingent liabilities, and the reported revenues and expenses

Note 2 - RECONCILIATION OF BUDGETARY VS. FUND FINANCIAL STATEMENTS

As required by generally accepted accounting principles (GAAP), RSU #5 has reported a revenue and expenditure for Maine State Retirement contributions in the amount of \$1,784,082 made by the State of Maine on behalf of RSU #5. Since the amount has not been budgeted, there is a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America. The amount has been included as an intergovernmental revenue and expenditure in the General Fund on Statement 4. There is no effect on the fund balance at the end of the year.

Note 3 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, RSU #5 will not be able to recover the value of its deposits and investments that are in the possession of an outside party.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

RSU #5 does not have a deposit policy for custodial credit risk. As of June 30, 2012, RSU #5 reported deposits of \$3,864,255 with a bank balance of \$4,507,788. Of RSU #5's bank balances, \$850,334 was covered by FDIC insurance and \$3,657,454 was exposed to custodial credit risk. The balance exposed to custodial credit risk was collateralized by government securities held by the pledging bank, but not in RSU#5's name.

Investments

Maine statutes authorize RSU #5 to invest in obligations of the U.S. Treasury and U.S. Agencies and repurchase agreements. RSU #5 has no investment policy that would further limit its investment choices. Generally, RSU #5 invests such excess funds in repurchase agreements.

At June 30, 2012, investments for the governmental activities consisted of the following:

	<u>Fair Value</u>	<u>Less than 1 Year</u>
MSMA Pool	<u>\$ 37,167</u>	<u>\$ 37,167</u>

Concentration of Credit Risk

RSU #5 places no limit on the amount invested in any one issuer. All of RSU #5's investments for the governmental activities are in external investment pools.

Note 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Individual interfund receivables and payable balances at June 30, 2012 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,318,155	\$ -
School Lunch Program		755,199
Durham Elementary Construction	-	90,070
Nonmajor Special Revenue Funds	-	452,997
Agency Funds	-	19,889
	<u>\$ 1,318,155</u>	<u>\$ 1,318,155</u>

The purpose of interfund loans is to charge revenues and expenditures to the appropriate fund when that activity is accounted for through the centralized checking account. The balances represent each fund's portion of the centralized account.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 4 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

Transfers

Interfund transfers for the year ended June 30, 2012 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 48,162	\$ -
School Lunch Program	105,000	-
Durham Elementary Construction	-	153,162
	<u>\$ 153,162</u>	<u>\$ 153,162</u>

Note 5 - CAPITAL ASSETS

Capital asset activity during the fiscal year:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Capital Assets Not Being Depreciated:				
Land	\$ 447,285	\$ -	\$ -	\$ 447,285
Total	<u>447,285</u>	<u>-</u>	<u>-</u>	<u>447,285</u>
Capital Assets Being Depreciated:				
Land Improvements	137,240	-	-	137,240
Building and Improvements	28,844,654	-	-	28,844,654
Transportation	227,243	192,715	-	419,958
Equipment	<u>1,146,722</u>	<u>57,200</u>	<u>-</u>	<u>1,203,922</u>
Total	<u>30,355,859</u>	<u>249,915</u>	<u>-</u>	<u>30,605,774</u>
Accumulated Depreciation:				
Land Improvements	16,826	8,413	-	25,239
Building and Improvements	1,263,249	782,404	-	2,045,653
Transportation	100,395	59,379	-	159,774
Equipment	<u>255,088</u>	<u>81,551</u>	<u>-</u>	<u>336,639</u>
Total	<u>1,635,558</u>	<u>931,747</u>	<u>-</u>	<u>2,567,305</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,167,586</u>	<u>\$ (681,832)</u>	<u>\$ -</u>	<u>\$ 28,485,754</u>

Depreciation was charged to functions as follows:

Operations and Maintenance	\$ 782,404
Transportation	59,380
Instructions	<u>89,963</u>
Total Depreciation	<u>\$ 931,747</u>

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-Term Debt Obligations

The following is a summary of long-term debt transactions of RSU #5 for the year ended June 30, 2012:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Bonds and Notes Payable:					
General Obligation Bonds	\$ 16,842,879	\$ -	\$ (886,469)	\$ 15,956,410	\$ 886,469

General long-term debt consists of the following:

Maine Municipal Bond Bank:

New Durham Elementary School Construction Bond, maturing 11/1/29, annual principal payments of \$886,469 plus semi-annual interest payments; variable interest rate from 2.075% to 5.575%; authorized and issued \$17,729,348.

\$ 15,956,410

The annual requirement to amortize debt outstanding as of June 30, 2012 is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 886,469	\$ 519,776	\$ 1,406,245
2014	886,469	500,672	1,387,141
2015	886,469	482,278	1,368,747
2016	886,469	463,884	1,350,353
2017	886,469	445,490	1,331,959
2018-2022	4,432,335	1,878,437	6,310,772
2023-2027	4,432,335	1,061,336	5,493,671
2028-2030	<u>2,659,395</u>	<u>213,695</u>	<u>2,873,090</u>
	<u>\$ 15,956,410</u>	<u>\$ 5,565,568</u>	<u>\$ 21,521,978</u>

Interest expense was \$538,879 for the year.

Under a provision of state law, the State of Maine reimburses RSU #5 for a portion of the financing costs of various approved school construction projects. RSU #5's State aid subsidy is dependent upon continued annual appropriation by the State legislature. State aid for annual principal and interest payments for various school debt obligations were received for the year ended June 30, 2012.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 6 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (Continued)

Capital Lease Obligations

RSU #5 leases capital assets under agreements that are classified as capital leases. The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2012, are as follows:

	<i>Year Ending June 30</i>	Amount
	2013	\$ 158,336
Total minimum lease payments		158,336
Less: Amount representing interest		<u>(6,375)</u>
Present value of net minimum lease payments		151,961
Less: Current maturities of capital lease obligations		<u>74,948</u>
Long-term capital lease obligations		<u>\$ 77,013</u>

Note 7 - COMMITMENTS

RSU #5 is obligated to pay their portion of the debt service that has been issued in prior years for their building construction, equipment and vehicle purchases, and various other school projects. The bonds and notes payable are in the name of the Town of Freeport and the Town of Durham, and reported on their financial statements. The following are the amounts that RSU #5 is obligated to pay:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 667,181	\$ 244,832	\$ 912,013
2014	584,290	222,785	807,075
2015	584,290	202,497	786,787
2016	584,290	183,917	768,207
2017	580,767	163,212	743,979
2018-2022	2,416,900	478,816	2,895,716
2023-2027	759,175	134,604	893,779
2028-2030	<u>326,504</u>	<u>26,237</u>	<u>352,741</u>
	<u>\$ 6,503,397</u>	<u>\$ 1,656,900</u>	<u>\$ 8,160,297</u>

Note 8 - CONTINGENT LIABILITIES

Grant Funds

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although RSU #5 expects such amounts, if any, to be immaterial.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 8 - CONTINGENT LIABILITIES (Continued)

Litigation

RSU #5 is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, RSU #5 has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of RSU #5.

Note 9 - OTHER DISCLOSURES

Risk Management

RSU #5 is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which RSU #5 either carries commercial insurance, or participates in a public entity risk pool. Currently, RSU #5 participates in several public entity risk pools sponsored by the Maine School Management Association. Based on the coverage provided by the pools, as well as coverage provided by commercial insurance purchased, RSU #5 is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2012. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2012.

Note 10 - RETIREMENT PLAN

Maine State Retirement - Teacher Group

Description of the Plan - All school teachers, and other qualified educators, participate in the Maine State Retirement System's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine State Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 7.65% of their compensation to the retirement system. Employee contributions for the year ended June 30, 2012 totaled \$932,575. State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,784,082 (16.36%) for the fiscal year 2012. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis financial statements (Statement 2 and 4). There is no contribution required by the School except for federally funded teachers, for which the School contributed 16.36% of their compensation. This cost amounted to \$82,859 for the year ended June 30, 2012 and is charged to the applicable grant.

In addition, RSU #5 participates in the Social Security Retirement Program. RSU #5's contributions to Social Security were approximately \$347,859 for the year ended June 30, 2012.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

Note 11 - SELECTED COMPONENTS OF FUND BALANCE

The following presents the components of fund balances that are aggregated on Statement 3 as of June 30, 2012 as follows:

	<u>Restricted</u>
General Fund:	
Capital Reserve	\$ 7,439
Fuel Stabilization	74,013
Other Governmental Funds:	
Special Revenues	
Title IA Disadvantaged	15,909
Title IIA Teacher Quality	21,548
Local Entitlement	10,921
Title VI Rural Low Income	549
Student Aspirations	32,276
Donations	50,782
Laptop Protection	15,615
SAMSHA	101
Let's Go	2,044
Mentoring	10,497
Health Grant	442
Dollars for Scholars	1,879
Performing Arts Center	11,454
Healthy Maine Partnerships	44,374
Unemployment Compensation	<u>37,167</u>
Total	<u>\$ 337,010</u>

Note 12 - FUEL COST STABILIZATION FUND

Fuel cost stabilization fund was established as a contingency fund against rising costs of fuel. The fund was established by taxpayer vote, and additions to the fund would require taxpayer approval.

Note 13 - PURPOSE OF STUDENT ACTIVITY FUNDS

The purpose of the Student Activity Funds is to maintain accountability of the various extracurricular activities for the students of Regional School Unit No. 5.

Note 14 - SUBSEQUENT EVENTS

In preparing these financial statements, RSU #5 has evaluated events and transactions for potential recognition or disclosure through February 4, 2013, the date the financial statements were available to be issued.

REGIONAL SCHOOL UNIT NO. 5
JUNE 30, 2012

SUPPLEMENTAL DATA

GENERAL FUND

The General Fund accounts for all revenues and expenditures of RSU #5 which are not accounted for in other funds. Most governmental services are provided by the General Fund including administrative services.

REGIONAL SCHOOL UNIT NO. 5
COMPARATIVE BALANCE SHEETS - GENERAL FUND
JUNE 30, 2012

	<u>2012</u>	<u>2011</u>
ASSETS:		
Cash/Investments	\$ 2,162,709	\$ 2,420,419
Accounts Receivable	36,897	92,839
Due from Other Funds	<u>1,318,155</u>	<u>1,230,068</u>
TOTAL ASSETS	<u><u>\$ 3,517,761</u></u>	<u><u>\$ 3,743,326</u></u>
LIABILITIES AND FUND BALANCE:		
Liabilities		
Accounts Payable	\$ 90,305	\$ 69,553
Accrued Expenses	372,739	198,563
Accrued Salaries and Benefits	<u>1,647,119</u>	<u>1,809,463</u>
	<u>2,110,163</u>	<u>2,077,579</u>
Fund Balance		
Restricted	194,968	-
Assigned	741,400	507,895
Unassigned	<u>471,230</u>	<u>1,157,852</u>
	<u>1,407,598</u>	<u>1,665,747</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 3,517,761</u></u>	<u><u>\$ 3,743,326</u></u>

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:			
Town Assessments (Includes Adult Education of \$83,000)	\$ 18,060,312	\$ 18,060,312	\$ -
Charges for Services:			
Adult Education	101,400	89,875	(11,525)
Community Education	-	717,069	717,069
	<u>101,400</u>	<u>806,944</u>	<u>705,544</u>
State Shared Revenues:			
General	4,919,878	4,904,584	(15,294)
Medicaid Reimbursement	130,000	29,619	(100,381)
State Agency Client	42,400	811	(41,589)
Adult Education Subsidy	40,000	45,404	5,404
	<u>5,132,278</u>	<u>4,980,418</u>	<u>(151,860)</u>
Other:			
Interest Earnings	22,400	3,026	(19,374)
Miscellaneous	5,100	28,569	23,469
	<u>27,500</u>	<u>31,595</u>	<u>4,095</u>
TOTAL REVENUES	<u>23,321,490</u>	<u>23,879,269</u>	<u>557,779</u>
EXPENDITURES-BY FUNCTIONS:			
Instructions:			
Elementary and Junior High	6,849,794	6,652,935	196,859
Secondary	3,597,171	3,360,761	236,410
Special Education	2,686,019	2,759,947	(73,928)
Gifted and Talented	143,554	142,724	830
	<u>13,276,538</u>	<u>12,916,367</u>	<u>360,171</u>
Debt Service:			
Elementary and Junior High	104,092	104,092	-
Secondary	407,047	407,047	-
Undistributed-System Wide	1,830,886	1,830,883	3
	<u>2,342,025</u>	<u>2,342,022</u>	<u>3</u>
Instructional Staff Support Services:			
Elementary and Junior High	723,812	667,116	56,696
Secondary	419,050	407,670	11,380
Undistributed-System Wide	434,242	434,033	209
	<u>1,577,104</u>	<u>1,508,819</u>	<u>68,285</u>
School Administration:			
Elementary and Junior High	868,207	835,838	32,369
Secondary	311,416	308,351	3,065
	<u>1,179,623</u>	<u>1,144,189</u>	<u>35,434</u>

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS (Continued)
YEAR ENDED JUNE 30, 2012

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
EXPENDITURES-BY FUNCTIONS (Continued):			
Operation and Maintenance of Plant:			
Elementary and Junior High	\$ 1,391,953	\$ 1,357,137	\$ 34,816
Secondary	437,623	425,061	12,562
Undistributed-System Wide	265,973	233,492	32,481
	<u>2,095,549</u>	<u>2,015,690</u>	<u>79,859</u>
Student Support Services:			
Elementary and Junior High	415,665	409,976	5,689
Secondary	261,790	267,477	(5,687)
	<u>677,455</u>	<u>677,453</u>	<u>2</u>
General Administration:			
Undistributed-System Wide	<u>603,961</u>	<u>600,746</u>	<u>3,215</u>
Other Public Instructional Programs (K-12):			
Elementary	204,870	189,932	14,938
Secondary	341,591	342,602	(1,011)
	<u>546,461</u>	<u>532,534</u>	<u>13,927</u>
Other Outlays:			
Student Transportation	1,264,637	1,257,445	7,192
Site Improvements	229,525	355,388	(125,863)
Adult Education	224,400	211,770	12,630
Community Education	-	623,157	(623,157)
	<u>1,718,562</u>	<u>2,447,760</u>	<u>(729,198)</u>
TOTAL EXPENDITURES-BY FUNCTIONS	<u>24,017,278</u>	<u>24,185,580</u>	<u>(168,302)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(695,788)	(306,311)	389,477
OTHER FINANCING SOURCES (USES):			
Transfer Out to School Lunch Program	(105,000)	(105,000)	-
Transfer In from Capital Projects	153,162	153,162	-
Budgeted Use of Surplus	647,626	-	(647,626)
	<u>695,788</u>	<u>48,162</u>	<u>(647,626)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ (258,149)</u>	<u>\$ (258,149)</u>

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF CHANGES IN FUND BALANCE - GENERAL FUND
YEAR ENDED JUNE 30, 2012

	<u>Unassigned</u>	<u>Assigned</u>	<u>Restricted</u>			
		<u>Use of Fund Balance</u>	<u>Adult and Community Education</u>	<u>Capital Improvement</u>	<u>Fuel Stabilization</u>	<u>Total</u>
FUND BALANCE - JULY 1, 2011	\$ 1,157,852	\$ 494,800	\$ 13,095	\$ -	\$ -	\$ 1,665,747
RECLASS TO UNASSIGNED THE BUDGETED USE OF FUND BALANCE FOR 2012	494,800	(494,800)	-	-	-	-
ESTABLISHMENT OF RESERVES	(216,500)	-	-	115,250	101,250	-
RECLASS FROM UNASSIGNED THE BUDGETED USE OF FUND BALANCE FOR 2013	(741,400)	741,400	-	-	-	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(223,522)</u>	<u>-</u>	<u>100,421</u>	<u>(107,811)</u>	<u>(27,237)</u>	<u>(258,149)</u>
FUND BALANCE - JUNE 30, 2012	<u>\$ 471,230</u>	<u>\$ 741,400</u>	<u>\$113,516</u>	<u>\$ 7,439</u>	<u>\$ 74,013</u>	<u>\$ 1,407,598</u>

OTHER GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue Funds account for specific resources, the expenditure of which is restricted by law or administrative action for particular purposes.

REGIONAL SCHOOL UNIT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>ARRA Local Entitlement</u>	<u>Title IA Disadvantaged</u>	<u>Title II Teacher Quality</u>	<u>Local Entitlement</u>	<u>Preschool</u>	<u>Title VI Rural Low Income</u>	<u>Student Aspirations</u>	<u>ARRA Ed Jobs Grant</u>
ASSETS:								
Cash/Investment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,276	\$ -
Accounts Receivable	-	80,902	61,946	138,130	8,744	892	-	250,119
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 80,902</u>	<u>\$ 61,946</u>	<u>\$ 138,130</u>	<u>\$ 8,744</u>	<u>\$ 892</u>	<u>\$ 32,276</u>	<u>\$ 250,119</u>
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 11,109	\$ 23,468	\$ -	\$ -	\$ -	\$ -
Accrued Salaries	-	11,158	-	2,022	58	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-
Due to Other Funds	-	53,835	29,289	101,719	8,686	343	-	250,119
	-	64,993	40,398	127,209	8,744	343	-	250,119
Fund Balance	-	15,909	21,548	10,921	-	549	32,276	-
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 80,902</u>	<u>\$ 61,946</u>	<u>\$ 138,130</u>	<u>\$ 8,744</u>	<u>\$ 892</u>	<u>\$ 32,276</u>	<u>\$ 250,119</u>

REGIONAL SCHOOL UNIT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Telecommunications Grant</u>	<u>Donations</u>	<u>Laptop Protection</u>	<u>ExxonMobil Foundation</u>	<u>SAMSHA</u>	<u>Let's Go</u>	<u>Mentoring</u>	<u>Health Grant</u>
ASSETS:								
Cash/Investment	\$ -	\$ 50,782	\$ 19,635	\$ -	\$ 101	\$ 2,044	\$ 10,497	\$ 442
Accounts Receivable	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 50,782</u>	<u>\$ 19,635</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 2,044</u>	<u>\$ 10,497</u>	<u>\$ 442</u>
LIABILITIES AND FUND BALANCE:								
Liabilities:								
Accounts Payable	\$ -	\$ -	\$ 4,020	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Salaries	-	-	-	-	-	-	-	-
Deferred Revenues	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
	-	-	4,020	-	-	-	-	-
Fund Balance	-	50,782	15,615	-	101	2,044	10,497	442
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ 50,782</u>	<u>\$ 19,635</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 2,044</u>	<u>\$ 10,497</u>	<u>\$ 442</u>

REGIONAL SCHOOL UNIT NO. 5
COMBINING BALANCE SHEET - NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Dollars for</u> <u>Scholars</u>	<u>Performing</u> <u>Arts</u> <u>Center</u>	<u>RSU</u> <u>Reorganization</u>	<u>Healthy</u> <u>Maine</u> <u>Partnerships</u>	<u>Unemployment</u> <u>Compensation</u>	<u>Totals</u>	
						<u>2012</u>	<u>2011</u>
ASSETS:							
Cash/Investment	\$ 1,879	\$ 12,175	\$ -	\$ -	\$ 37,167	\$ 166,998	\$ 211,074
Accounts Receivable	-	-	-	53,380	-	594,113	936,354
TOTAL ASSETS	<u>\$ 1,879</u>	<u>\$ 12,175</u>	<u>\$ -</u>	<u>\$ 53,380</u>	<u>\$ 37,167</u>	<u>\$ 761,111</u>	<u>\$ 1,147,428</u>
LIABILITIES AND FUND BALANCE:							
Liabilities:							
Accounts Payable	\$ -	\$ 510	\$ -	\$ -	\$ -	\$ 39,107	\$ 53,909
Accrued Salaries	-	211	-	-	-	13,449	52,552
Deferred Revenues	-	-	-	-	-	-	432,273
Due to Other Funds	-	-	-	9,006	-	452,997	253,899
	-	721	-	9,006	-	505,553	792,633
Fund Balance	<u>1,879</u>	<u>11,454</u>	<u>-</u>	<u>44,374</u>	<u>37,167</u>	<u>255,558</u>	<u>354,795</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,879</u>	<u>\$ 12,175</u>	<u>\$ -</u>	<u>\$ 53,380</u>	<u>\$ 37,167</u>	<u>\$ 761,111</u>	<u>\$ 1,147,428</u>

REGIONAL SCHOOL UNIT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>ARRA Local Entitlement</u>	<u>Title 1A Disadvantaged</u>	<u>Title II Teacher Quality</u>	<u>Local Entitlement</u>	<u>Preschool</u>	<u>Title VI Rural Low Income</u>	<u>Student Aspirations</u>	<u>ARRA Ed Jobs Grant</u>
REVENUES:								
Intergovernmental	\$ -	\$ 112,996	\$ 73,211	\$ 484,145	\$ 13,900	\$ -	\$ -	\$ 442,607
Other	-	-	-	-	-	-	13,350	-
	<u>-</u>	<u>112,996</u>	<u>73,211</u>	<u>484,145</u>	<u>13,900</u>	<u>-</u>	<u>13,350</u>	<u>442,607</u>
EXPENDITURES:								
For Designated Purposes	<u>8,067</u>	<u>128,189</u>	<u>110,169</u>	<u>543,415</u>	<u>18,611</u>	<u>-</u>	<u>10,110</u>	<u>442,607</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,067)	(15,193)	(36,958)	(59,270)	(4,711)	-	3,240	-
OTHER FINANCING SOURCES (USES):								
Member Contributions	-	-	-	-	-	-	-	-
Operating Transfer In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,067)	(15,193)	(36,958)	(59,270)	(4,711)	-	3,240	-
FUND BALANCES - JULY 1	<u>8,067</u>	<u>31,102</u>	<u>58,506</u>	<u>70,191</u>	<u>4,711</u>	<u>549</u>	<u>29,036</u>	<u>-</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 15,909</u>	<u>\$ 21,548</u>	<u>\$ 10,921</u>	<u>\$ -</u>	<u>\$ 549</u>	<u>\$ 32,276</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Telecommunications Grant</u>	<u>Donations</u>	<u>Laptop Protection</u>	<u>ExxonMobil Foundation</u>	<u>SAMSHA</u>	<u>Let's Go</u>	<u>Mentoring</u>	<u>Health Grant</u>
REVENUES:								
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	5,388	36,745	-	-	-	-	-
	<u>-</u>	<u>5,388</u>	<u>36,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES:								
For Designated Purposes	<u>13,950</u>	<u>6,301</u>	<u>44,902</u>	<u>6,281</u>	<u>30</u>	<u>506</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(13,950)	(913)	(8,157)	(6,281)	(30)	(506)	-	-
OTHER FINANCING SOURCES (USES):								
Member Contributions	-	-	-	-	-	-	-	-
Operating Transfer In (Out)	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(13,950)	(913)	(8,157)	(6,281)	(30)	(506)	-	-
FUND BALANCES - JULY 1	<u>13,950</u>	<u>51,695</u>	<u>23,772</u>	<u>6,281</u>	<u>131</u>	<u>2,550</u>	<u>10,497</u>	<u>442</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ 50,782</u>	<u>\$ 15,615</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 2,044</u>	<u>\$ 10,497</u>	<u>\$ 442</u>

REGIONAL SCHOOL UNIT NO. 5
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for the Year ended June 30, 2011)

	<u>Dollars for</u> <u>Scholars</u>	<u>Performing</u> <u>Arts</u> <u>Center</u>	<u>RSU</u> <u>Reorganization</u>	<u>Healthy</u> <u>Maine</u> <u>Partnerships</u>	<u>Unemployment</u> <u>Compensation</u>	<u>Totals</u>	
						<u>2012</u>	<u>2011</u>
REVENUES:							
Intergovernmental	\$ -	\$ -	\$ -	\$ 92,541	\$ -	\$ 1,219,400	\$ 1,448,957
Other	-	13,980	-	-	55,409	124,872	73,864
	<u>-</u>	<u>13,980</u>	<u>-</u>	<u>92,541</u>	<u>55,409</u>	<u>1,344,272</u>	<u>1,522,821</u>
EXPENDITURES:							
For Designated Purposes	<u>-</u>	<u>15,536</u>	<u>6</u>	<u>73,813</u>	<u>21,016</u>	<u>1,443,509</u>	<u>1,640,641</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,556)	(6)	18,728	34,393	(99,237)	(117,820)
OTHER FINANCING SOURCES (USES):							
Member Contributions	-	-	-	-	-	-	9,163
Operating Transfer In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,143)</u>
	-	-	-	-	-	-	(16,980)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(1,556)	(6)	18,728	34,393	(99,237)	(134,800)
FUND BALANCES - JULY 1	<u>1,879</u>	<u>13,010</u>	<u>6</u>	<u>25,646</u>	<u>2,774</u>	<u>354,795</u>	<u>489,595</u>
FUND BALANCES - JUNE 30	<u>\$ 1,879</u>	<u>\$ 11,454</u>	<u>\$ -</u>	<u>\$ 44,374</u>	<u>\$ 37,167</u>	<u>\$ 255,558</u>	<u>\$ 354,795</u>

FIDUCIARY FUNDS

Fiduciary Funds account for assets held by RSU #5 in a trustee or agent capacity. These include Expendable Trust, NonExpendable Trust and Agency Funds. NonExpendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds, since capital maintenance is necessary. Expendable Trust Funds are accounted for in the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not measure the results of operations.

REGIONAL SCHOOL UNIT NO. 5
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
JUNE 30, 2012

Agency Funds						
	Freeport High School Student Activity Funds (Schedule 1)	Freeport Middle School Student Activity Funds (Schedule 2)	Durham Elementary School Student Activity Funds (Schedule 3)	Pownal Elementary School Student Activity Funds (Schedule 4)	Mast Landing School Student Activity Funds (Schedule 5)	Total
ASSETS:						
Cash/Investment	\$ 49,544	\$ 161,935	\$ 39,320	\$ 37,071	\$ 12,869	\$ 312,881
LIABILITIES AND NET ASSETS:						
Due to Other Funds	19,889	-	-	-	-	19,889
Due to Other Groups	29,655	161,935	39,320	37,071	12,869	292,992
	<u>49,544</u>	<u>161,935</u>	<u>39,320</u>	<u>37,071</u>	<u>12,869</u>	<u>312,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The following schedules are presented for purposes of additional analysis and are also not a required part of the basic financial statements of Regional School Unit No. 5. Such information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

REGIONAL SCHOOL UNIT NO. 5
FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/12</u>
Algebra II Course	\$ -	\$ 2,063	\$ 2,063	\$ -
Art Club	100	-	-	100
Art Supplies	90	-	-	90
Athletics	48,828	126,354	120,072	55,110
Mari Baker Scholarship	-	135	135	-
Band	12,585	460	6,338	6,707
Beautification Project	4,176	10,380	9,560	4,996
Bradley Fellowship	3,242	3,000	2,759	3,483
Ceramics	139	865	527	477
Chorus	1,906	-	429	1,477
Class 2008	303	-	1,318	(1,015)
Class 2009	135	-	135	-
Class 2011	1,571	-	1,571	-
Class 2012	10,539	1,910	11,032	1,417
Class 2013	4,496	16,291	7,003	13,784
Class 2014	2,025	6,068	3,286	4,807
Class 2015	-	5,366	2,752	2,614
Cow Island Trip	-	300	300	-
Disks	210	-	-	210
Drama General	775	-	-	775
Drama/Musical	4,258	4,422	4,732	3,948
Draper Unity Grant	136	914	598	452
Engineering Class	-	500	188	312
English	126	72	144	54
Environment Club	101	-	61	40
Equipment	158	-	-	158
Falcon Newspaper	789	-	-	789
Fiber Arts	841	-	841	-
Fishing Club	1,198	724	-	1,922
Food Classes	117	1,775	1,240	652
Foreign Language	358	44	135	267
Garden Grant	28	-	-	28
Gay/Straight All	895	-	-	895
General Fund	12,950	6,722	9,680	9,992
Health Team	-	1,065	977	88
Homecoming	-	1,705	196	1,509
In and Out	-	2,787	2,787	-
Investment Interest	(875)	875	-	-
JMG	3,674	1,010	1,714	2,970
Koval Scholarship	(100)	100	-	-
Laptop	587	140	220	507
Library	337	363	161	539
Sub-total	<u>116,698</u>	<u>196,410</u>	<u>192,954</u>	<u>120,154</u>

REGIONAL SCHOOL UNIT NO. 5
FREEPORT HIGH SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/12</u>
Math Department	\$ 498	\$ -	\$ 179	\$ 319
Math Team	144	472	280	336
Media Workshop	929	68	335	662
Megan Beane	259	360	500	119
Melmac Scholarship	1,000	1,500	1,500	1,000
Model UN	519	3,900	3,830	589
Muir, Bryce Scholarship	2,002	-	1,600	402
National Honor Society	150	-	-	150
NGP	19	-	-	19
NYC Trip	-	43,307	41,334	1,973
Office Clearing	-	841	841	-
One Act Plays	1,125	3,446	3,760	811
Oxfam	-	362	-	362
PG	9,801	-	6,513	3,288
PG 6 2012	-	34,938	31,318	3,620
Photography	1,804	1,350	970	2,184
Postage	227	2,116	2,343	-
Principal's Contingency	4,469	5,626	6,392	3,703
Project Graduation - 2007	1,066	-	-	1,066
PTSO	939	2,099	2,306	732
Quebec Trip	1,758	2,400	2,168	1,990
Scholarships	630	3,250	3,650	230
Science	387	367	748	6
Science Olympiad	472	420	318	574
Service Club	330	-	-	330
Social Planning Board	717	-	-	717
Social Studies	382	-	72	310
Student Council	515	-	175	340
Student Services	433	8,703	8,754	382
Summer School	10,907	1,250	5,235	6,922
Sunshine Fund	152	219	194	177
Tech Club	55	-	-	55
Thomas Max Scholarship	1,150	-	1,000	150
Videography	269	20	43	246
World Affairs Massey	1,090	-	250	840
Yearbook	10,949	19,996	23,768	7,177
Sub-total	<u>55,147</u>	<u>137,010</u>	<u>150,376</u>	<u>41,781</u>
Grand Total	<u>\$ 171,845</u>	<u>\$ 333,420</u>	<u>\$ 343,330</u>	<u>\$ 161,935</u>

REGIONAL SCHOOL UNIT NO. 5
FREEPORT MIDDLE SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>6/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>6/30/2012</u>
Athletics	\$ 1,153	\$ 209	\$ 1,300	\$ 62
Band	479	693	936	236
Band-Students	274	948	1,196	26
Class 2011	3,975	-	3,975	-
Class 2012	4,338	365	928	3,775
Class 2013	2,172	13,495	8,946	6,721
Class 2014	-	17,465	17,028	437
Coffee Fund	33	881	914	-
Drama	665	-	92	573
Fab Friday	522	5,709	5,168	1,063
Favreau-Technology	500	1,500	1,592	408
Gardening Club	1,302	205	524	983
General Fund	1,857	7,126	5,263	3,720
Guidance	1,075	-	66	1,009
Latham Grant	277	-	-	277
Lets Go Grant	38	-	-	38
Library	30	1,366	1,163	233
Magazine Drive	-	11,832	11,832	-
Mrs. Pritchard's Class	51	-	-	51
Musical Performances	61	1,151	-	1,212
OM-DI	964	870	505	1,329
Parent Team	3,111	5,819	6,653	2,277
Park Place	484	-	-	484
Peer Helpers	471	5	259	217
Postage	3,042	945	979	3,008
Project Adventure	1,134	-	-	1,134
Puffin Fund	878	870	-	1,748
Robotics Grant	1,387	-	-	1,387
Lisa Roney	-	100	-	100
S.T.E.M.	1,859	207	2,066	-
Scholarship Fund	2,051	2,856	3,086	1,821
School Photographer Rebate	58	489	529	18
Science-O'Brien	-	275	-	275
Space Camp	12,884	18,191	28,393	2,682
Special Olympics	384	-	-	384
Student Government	3,220	971	4,191	-
Sunshine Fund	624	451	770	305
Textbooks	390	242	-	632
Touch Tank	11	-	-	11
Travel Club	320	21,509	21,249	580
Unsung Hero Grant	95	-	-	95
Whale Watch	9	-	-	9
Yearbook	1,198	4,694	5,892	-
	<u>\$ 53,376</u>	<u>\$ 121,439</u>	<u>\$ 135,495</u>	<u>\$ 39,320</u>

REGIONAL SCHOOL UNIT NO. 5
DURHAM COMMUNITY SCHOOL STUDENT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/12</u>
Berlin City Grant	\$ -	\$ 3,500	\$ 3,500	\$ -
Calculators	15	-	15	-
Computer	336	-	-	336
Dance	1,717	1,455	1,687	1,485
Drama	-	144	-	144
ExxonMobil	-	6,851	752	6,099
Field Work	4,265	18,864	19,998	3,131
General School	561	7,839	7,286	1,114
Grade 8	1,345	2,260	3,102	503
Guidance	40	-	40	-
Jeans Day	(13)	229	53	163
Laptop Maintenance	2,000	-	-	2,000
Library	427	123	64	486
Music	678	950	739	889
Outing Club	495	636	646	485
Referee - Officials	28	-	28	-
Reimbursement	419	1,254	1,526	147
Sports Gate	2,376	52	64	2,364
Student Council	1,219	6,156	5,531	1,844
Sunshine Fund	175	1,543	1,629	89
Telecommunications	-	4,895	-	4,895
Trips	7,007	10,103	7,680	9,430
T-Shirts	1,012	-	339	673
User Fees	24	-	24	-
Yard Sale	413	-	413	-
Yearbook	870	2,066	2,142	794
	<u>\$ 25,409</u>	<u>\$ 68,920</u>	<u>\$ 57,258</u>	<u>\$ 37,071</u>

REGIONAL SCHOOL UNIT NO. 5
POWNALE ELEMENTARY SCHOOL ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/12</u>
Anthem La Acct.	\$ 252	\$ -	\$ -	\$ 252
Art Funds	1,455	-	-	1,455
Assembly Fund	642	-	-	642
Book Foundation	673	-	-	673
Class Of 2010	754	-	754	-
Class Of 2012	31	-	31	-
Class Of 2013	7	1,391	1,276	122
Class Of 2014	-	179	-	179
Drama Account	206	1,054	113	1,147
Fun Account	2,485	1,016	553	2,948
Garden	59	-	-	59
General Account	1,949	5,380	6,172	1,157
Library Account	508	-	-	508
Postage Account	111	450	467	94
Rollerskating	7	-	-	7
Snacks	657	18	-	675
Soda Account	170	50	133	87
Summer Day Camp	369	-	-	369
Sunshine Card	179	478	554	103
Technology A	240	-	-	240
Technology Insurance	943	-	-	943
Youth Foundation	694	13	707	0
Youth Soccer	474	312	538	248
Yearbook	961	-	-	961
	<u>\$ 13,826</u>	<u>\$ 10,341</u>	<u>\$ 11,298</u>	<u>\$ 12,869</u>

REGIONAL SCHOOL UNIT NO. 5
MAST LANDING SCHOOL ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>06/30/11</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance</u> <u>06/30/12</u>
Fuel Up to Play 60	\$ -	\$ 2,500	\$ 1,779	\$ 721
Guidance	8	-	-	8
Library	538	365	816	87
Music/Art	1,164	2,351	3,135	380
Office	7,002	5,882	6,277	6,607
PTC	3,155	25,716	24,951	3,920
School Store	162	537	562	137
Spring Hill	983	260	1,081	162
Wellness Program	120	-	-	120
	<u>\$ 13,132</u>	<u>\$ 37,611</u>	<u>\$ 38,601</u>	<u>\$ 12,142</u>