

REGIONAL SCHOOL UNIT NO. 5
FINANCIAL REPORT



JUNE 30, 2013

REGIONAL SCHOOL UNIT NO. 5
JUNE 30, 2013

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BASIC FINANCIAL STATEMENTS

| | |
|---|-------------|
| Government-wide Financial Statements | |
| Statement of Net Position | Statement 1 |
| Statement of Activities | Statement 2 |
| | |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds | Statement 3 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | Statement 4 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | Statement 5 |
| Statement of Fiduciary Net Position - Fiduciary Funds | Statement 6 |

Notes to Basic Financial Statements

REQUIRED SUPPLEMENTARY INFORMATION

| | |
|---|-----------|
| General Fund: | |
| Budgetary Comparison Schedule - Budget and Actual - Budgetary Basis | Exhibit 1 |

Notes to Required Supplementary Information

OTHER SUPPLEMENTAL INFORMATION

| | |
|--|-------------|
| Non-major Special Revenue Funds: | |
| Combining Balance Sheet | Exhibit 2-1 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances | Exhibit 2-2 |

| | |
|---|-------------|
| Fiduciary Funds: | |
| Combining Statement of Fiduciary Net Position | Exhibit 3-1 |

| | |
|---|------------|
| Statement of Cash Receipts, Disbursements and Changes in Cash Balances: | |
| Freeport High School Student Activity Funds | Schedule 1 |
| Freeport Middle School Student Activity Funds | Schedule 2 |
| Durham Community School Student Activity Funds | Schedule 3 |
| Pownal Elementary School Activity Funds | Schedule 4 |
| Mast Landing School Activity Funds | Schedule 5 |



INDEPENDENT AUDITORS' REPORT

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

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 Regional School Unit No. 5, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Unit'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 RSU #5, as of June 30, 2013, and the respective changes in financial position thereof 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 and budgetary comparison information on pages 3-11 and 32-35 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 RSU #5's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 nonmajor 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 our report dated January 7, 2014, on our consideration of the Regional School Unit No. 5'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 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 Regional School Unit No. 5's internal control over financial reporting and compliance



Certified Public Accountants
January 7, 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, 2013

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, 2013. 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 \$13,265,145.
- Capital assets of the RSU, net of depreciation, totaling \$27,753,592.

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 position* presents information on all of the RSU's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 position 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 \$13,265,145 for the fiscal year ended June 30, 2013.

Table 1
Fiscal Year Ended June 30, 2013
Statement of Net Position

| | <u>Governmental Activities</u> | |
|----------------------------------|--------------------------------|----------------------|
| | <u>2013</u> | <u>2012</u> |
| Current and other assets | \$ 3,817,169 | \$ 4,294,167 |
| Capital assets | <u>27,753,592</u> | <u>28,485,755</u> |
| Total Assets | <u>31,570,761</u> | <u>32,779,922</u> |
| | | |
| Current and Other Liabilities | <u>18,305,616</u> | <u>19,091,916</u> |
| | | |
| Net Position | | |
| Net Investment in Capital Assets | 12,349,063 | 12,270,178 |
| Restricted | 908,577 | 914,981 |
| Unrestricted | <u>7,505</u> | <u>502,847</u> |
| Total Net Position | <u>\$ 13,265,145</u> | <u>\$ 13,688,006</u> |

Most of the RSU's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is a combination of restricted and unrestricted amounts. Restricted 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 2013 net book value of fixed assets (capital assets, net of depreciation) by asset class.

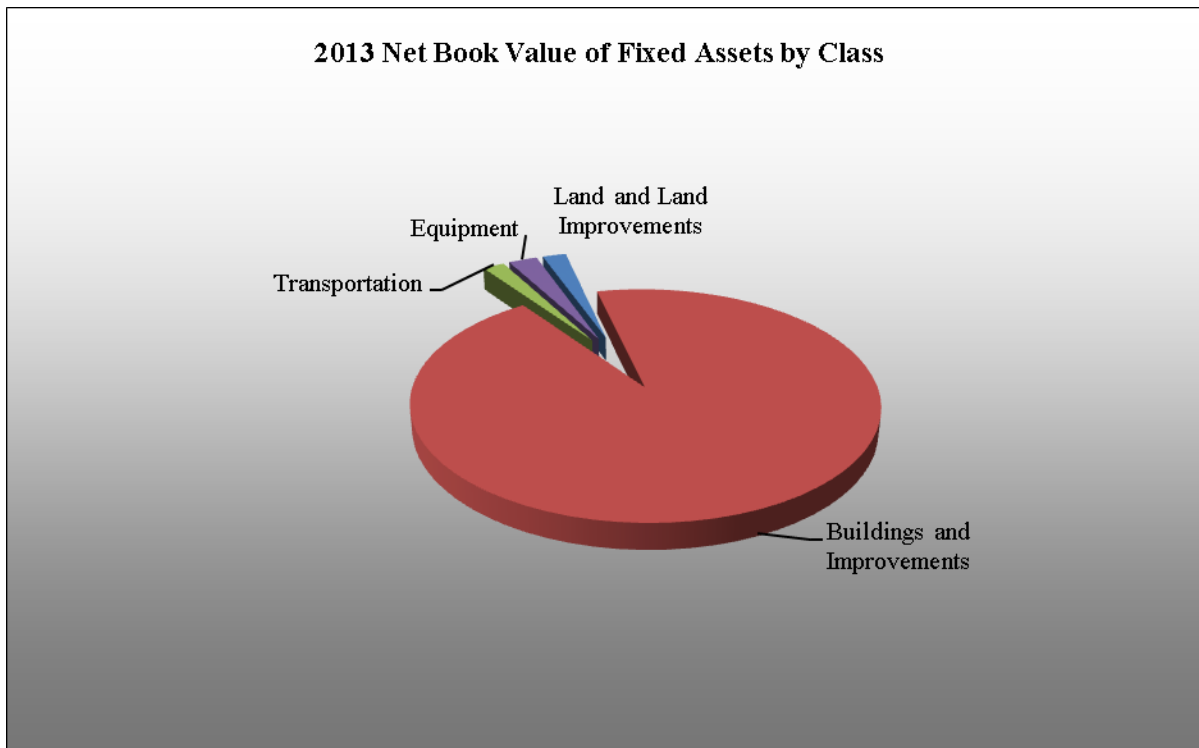


Chart A – Net Book Value of Fixed Asset Classes

Table 2 presents a summary of the RSU's changes in net position for the fiscal year ended June 30, 2013.

Table 2
Fiscal Year ended June 30, 2013
Changes in Net Position
Governmental Activities

| | <u>2013</u> | <u>2012</u> |
|--------------------------------------|---------------------|-----------------------|
| Revenues | | |
| Program Revenues: | | |
| Charges for Services | \$ 1,249,857 | \$ 1,295,893 |
| Operating Grants and Contributions | 2,930,703 | 2,882,827 |
| General Revenues: | | |
| Town Assessments | 18,839,998 | 18,060,312 |
| Subsidies | 5,148,409 | 4,935,014 |
| Interest Earned | 5,742 | 5,546 |
| Miscellaneous | <u>116,375</u> | <u>28,569</u> |
| Total Revenues | <u>28,291,084</u> | <u>27,208,161</u> |
| Expenses | | |
| Instruction & Support | 14,642,034 | 14,610,512 |
| Debt Service | 1,394,367 | 1,451,374 |
| Instructional Staff Support Services | 1,512,462 | 1,508,819 |
| Student Transportation | 1,315,466 | 1,162,791 |
| Operation & Maintenance | 2,805,121 | 2,798,094 |
| Student Support Services | 748,533 | 677,454 |
| General Administration | 584,057 | 600,746 |
| School Administration | 1,127,862 | 1,144,189 |
| Intergovernmental | 1,868,785 | 1,784,082 |
| Capital Outlay | 456,117 | 382,175 |
| Program Expenditures | 814,988 | 803,282 |
| Adult and Community Education | 866,217 | 834,927 |
| Other Public Instructional Programs | <u>577,936</u> | <u>532,533</u> |
| Total Expenses | <u>28,713,945</u> | <u>28,290,978</u> |
| Increase (decrease) in Net Position | <u>\$ (422,861)</u> | <u>\$ (1,082,817)</u> |

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

Table 3
Fiscal Year ended June 30, 2013
Net Cost of Governmental Activities

| <u>Function/Program</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|--|-------------------------------|-----------------------------|
| Instruction & Support | \$ 16,903,029 | \$ 16,084,009 |
| Transportation | 1,315,466 | 1,315,466 |
| Operations & Maintenance | 2,805,121 | 2,805,121 |
| Administration | 1,711,919 | 1,711,919 |
| Capital/Site Improvements/Debt Service | 1,850,484 | 1,850,484 |
| Other | <u>4,127,926</u> | <u>766,386</u> |
| Total governmental activities | <u>\$ 28,713,945</u> | <u>\$ 24,533,385</u> |

General Fund Revenues Budget to Actual Summary

| | Final Budget | Actual | Variance |
|----------------------|----------------------|----------------------|---------------------|
| Revenues: | | | |
| Town Assessments | \$ 18,839,998 | \$ 18,839,998 | \$ - |
| Charges for Services | 109,390 | 95,743 | (13,647) |
| Intergovernmental | 5,341,105 | 5,191,066 | (150,039) |
| Other | <u>105,644</u> | <u>120,788</u> | <u>15,144</u> |
| | <u>\$ 24,396,137</u> | <u>\$ 24,247,595</u> | <u>\$ (148,542)</u> |

The following chart depicts program revenues by source.

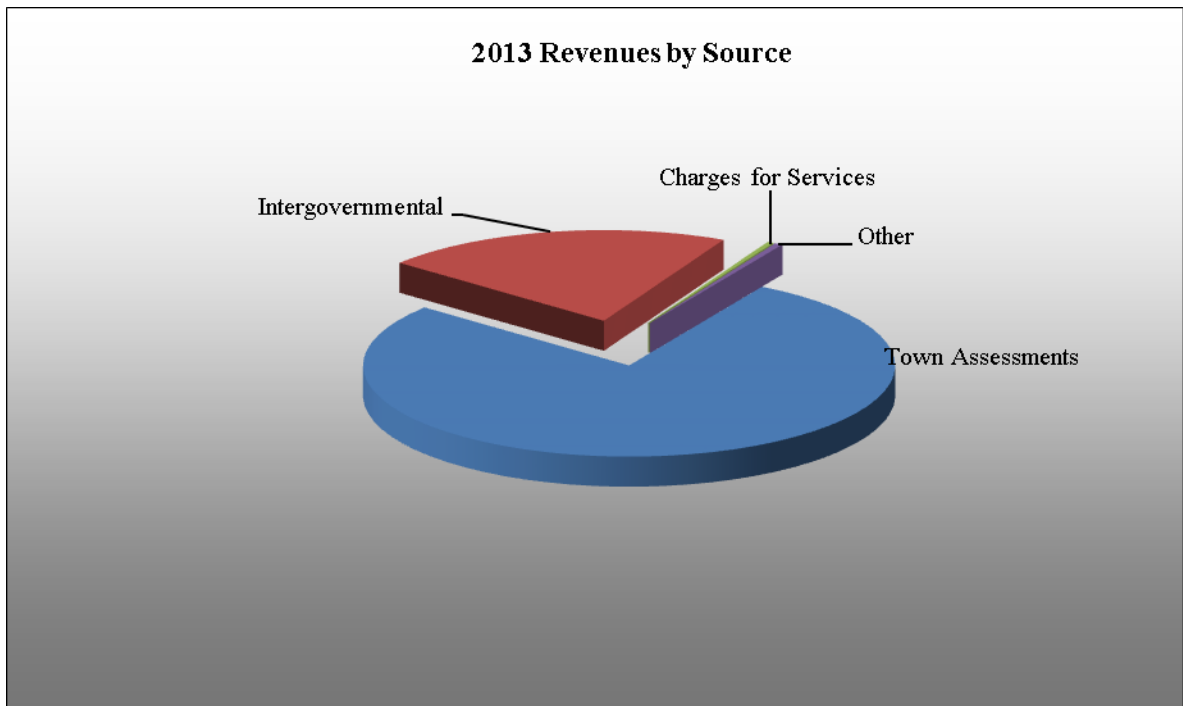


Chart B – Revenues by Source

General Fund Expenditures Budget to Actual Summary

| Expenditures: | Final Budget | Actual | Variance |
|--------------------------------------|----------------------|----------------------|-------------------|
| Instruction | \$ 13,911,480 | \$ 13,799,791 | \$ 111,689 |
| Debt Service | 2,291,879 | 2,285,250 | 6,629 |
| Instructional Staff Support Services | 1,581,983 | 1,512,462 | 69,521 |
| School Administration | 1,156,841 | 1,127,862 | 28,979 |
| Operation and Maintenance of Plant | 2,135,080 | 2,026,101 | 108,979 |
| Student Support Services | 755,902 | 748,533 | 7,369 |
| General Administration | 620,344 | 584,057 | 36,287 |
| Other Public Instructional Programs | 582,783 | 577,936 | 4,847 |
| Student Transportation | 1,352,475 | 1,342,582 | 9,893 |
| Site Improvements | 411,380 | 452,429 | (41,049) |
| Adult Education | 232,390 | 187,107 | 45,283 |
| | <u>\$ 25,032,537</u> | <u>\$ 24,644,110</u> | <u>\$ 388,427</u> |

Chart C graphically depicts expenditures by function.

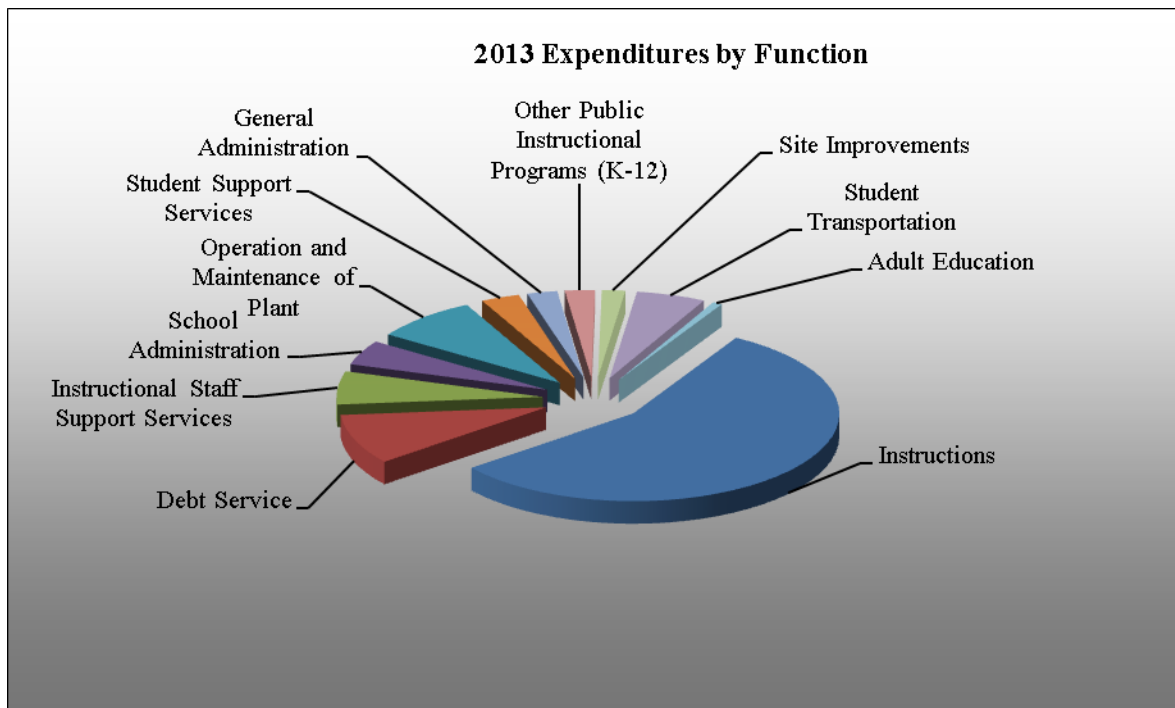


Chart C – Expenditures by Function

FINANCIAL ANALYSIS OF THE RSU'S FUNDS

As of June 30, 2013, the RSU's governmental funds balance totaled \$1,579,364.

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, 2013, the RSU had \$27,753,592 invested in a broad range of capital assets, including land, buildings, furniture and equipment.

Table 4
Governmental Activities Capital Assets
(Net of Depreciation)

| | <u>2013</u> | <u>2012</u> |
|------------------------|----------------------|----------------------|
| Land | \$ 447,285 | \$ 447,285 |
| Land Improvements | 104,664 | 112,001 |
| Building Improvements | 26,020,086 | 26,799,001 |
| Equipment and Vehicles | <u>1,181,557</u> | <u>1,127,468</u> |
| Total | <u>\$ 27,753,592</u> | <u>\$ 28,485,755</u> |

DEBT ADMINISTRATION

At the end of the year RSU had a total of \$15,069,941 of general obligation long-term debt. In addition, the capital lease purchase obligations for the buses and technology equipment totaled \$231,799.

The following is a summary of long-term debt transactions and capital lease obligations of the RSU for the year ended June 30, 2013.

Table 5
Fiscal Year Ended June 30, 2013
General Long Term Debt and Lease Obligations

| | <u>General Long-Term Debt and Lease Obligations</u> | |
|-------------------------|---|----------------------|
| | <u>2013</u> | <u>2012</u> |
| Debt payable at July 1 | \$ 16,108,371 | \$ 16,893,106 |
| Debt Additions | 236,127 | 221,053 |
| Debt Retired | <u>(1,042,758)</u> | <u>(1,005,788)</u> |
| Debt Payable at June 30 | <u>\$ 15,301,740</u> | <u>\$ 16,108,371</u> |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In the 2012-2013 school year, the RSU saw a slight decrease in State Aid to Education of \$20,563. The total shared local budget and non shared debt service required for the approved 2012-2013 budget totaled \$18,839,998 broken down as follows: Durham \$3,447,212; Freeport \$13,631,935; Pownal \$1,760,851. In December 2012 the Governor announced a \$138,193 curtailment in State Aid to Education funds. This resulted in lower revenues than anticipated and expenditures had to be adjusted to offset this reduction.

During the 2012-2013 school year teachers and staff members in all of the schools have continued to work collaboratively in professional development groups and shared resources to ensure equal education opportunities to all students in the RSU. With fewer Durham tuition students choosing to attend Brunswick High School, monies once paid out to other districts continue to be invested within district, providing greater educational opportunities within RSU5. The 2012-2013 school year saw 1,933 students enrolled in RSU5 being our highest year on record.

In June of 2013 the district passed the 2013-2014 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 creatively to create a responsible budget for the 2013-2014 school year that resulted in a \$950,166 increase to be shared by the member communities. In 2013-2014, four additional staff members joined RSU5 to address the special education needs within the district. After the 2013-2014 budget was approved by the voters, the Legislature of the State of Maine voted to shift the cost of funding the 2.65% teacher retirement to the local communities. With this vote they added additional monies to general purpose aid to education which will allow RSU5 to receive additional State Aid. Because the vote happened after the voters approved the budget, the district does not have the authority to spend the funds and it is expected that they will lapse into fund balance if received from the State.

The 2013-2014 budget year also brought shifts in the member communities state valuations. In previous years the member communities saw increases in state valuation rates. 2013-2014 was the first year we saw decreases in the state valuations of both Freeport and Pownal. State valuation is directly related to local monies required to be raised by each community in order to receive state aid to education. This shift caused more of the budget to be shared across the remaining additional local monies to be raised. As a result the following increases were realized in the member communities assessments: Durham \$442,108; Freeport \$659,120; and Pownal \$219,770.

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, 2013

BASIC FINANCIAL INFORMATION

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF NET POSITION
JUNE 30, 2013

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS: | |
| Cash/Investments | \$ 3,313,200 |
| Accounts Receivable | 449,259 |
| Inventories | 46,756 |
| Due from Students | 5,443 |
| Due from Fiduciary Funds | 2,511 |
| Capital Assets: | |
| Land and Land Improvements | 551,949 |
| Other Capital Assets, Net of Depreciation | 27,201,643 |
| TOTAL ASSETS | <u>31,570,761</u> |
| LIABILITIES: | |
| Accounts Payable | 199,549 |
| Accrued Expenses | 300,412 |
| Accrued Salaries and Benefits | 1,737,844 |
| Accrued Interest | 84,978 |
| Long-term Liabilities | |
| Compensated Absences Payable | 663,282 |
| Bonds and Leases Due within One Year | 1,039,543 |
| Bonds and Leases Due in More Than One Year (Including Bond Premiums of \$17,811) | 14,280,008 |
| | <u>18,305,616</u> |
| TOTAL LIABILITIES | |
| NET POSITION: | |
| Net Investment in Capital Assets | 12,349,063 |
| Restricted for: | |
| Capital Projects | 439,787 |
| Special Revenues | 468,790 |
| Unrestricted | 7,505 |
| TOTAL NET POSITION | <u><u>\$ 13,265,145</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, 2013

| | Program Revenues | | Net (Expense) Revenue and Changes In Net Position | |
|--|-------------------------|--|---|------------------------|
| Expenses | Charges for Services | Operating Grants and Contributions | Governmental Activities | |
| FUNCTIONS | | | | |
| Primary Government | | | | |
| Governmental Activities | | | | |
| Instructions | \$ 14,642,034 | \$ 95,512 | \$ 723,508 | \$ (13,823,014) |
| Debt Service | 1,394,367 | - | - | (1,394,367) |
| Instructional Staff Support Services | 1,512,462 | - | - | (1,512,462) |
| School Administration | 1,127,862 | - | - | (1,127,862) |
| Operation and Maintenance of Plant | 2,805,121 | - | - | (2,805,121) |
| Student Support Services | 748,533 | - | - | (748,533) |
| General Administration | 584,057 | - | - | (584,057) |
| Other Public Instructional Programs (K-12) | 577,936 | - | - | (577,936) |
| Site and Capital Improvements | 456,117 | - | - | (456,117) |
| Student Transportation | 1,315,466 | - | - | (1,315,466) |
| Adult and Community Education | 866,217 | 811,442 | 42,657 | (12,118) |
| Program Expenditures | 814,988 | 342,903 | 295,753 | (176,332) |
| Maine State Retirement on Behalf Payments | 1,868,785 | - | 1,868,785 | - |
| Total Governmental Activities | 28,713,945 | 1,249,857 | 2,930,703 | (24,533,385) |
| TOTAL PRIMARY GOVERNMENT | \$ 28,713,945 | \$ 1,249,857 | \$ 2,930,703 | \$ (24,533,385) |

General Revenues and Special Items:

| | |
|-------------------------------------|----------------------|
| Taxes: | |
| Local Assessments - K - 12 | \$ 18,756,998 |
| Local Assessments - Adult Education | 83,000 |
| State Allocation | 5,148,409 |
| Investment Earnings | 5,742 |
| Miscellaneous | 116,375 |
| | 24,110,524 |
| Change in Net Position | (422,861) |
| Net Position - July 1, 2012 | 13,688,006 |
| Net Position - June 30, 2013 | \$ 13,265,145 |

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

| | <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 | \$ 1,498,335 | \$ 660,918 | \$ 623,615 | \$ 530,332 | \$ 3,313,200 |
| Accounts Receivable | 83,953 | 18,088 | - | 347,218 | 449,259 |
| Due from Other Funds | 1,329,766 | - | - | - | 1,329,766 |
| Inventories | - | 46,756 | - | - | 46,756 |
| Due from Students | - | 5,443 | - | - | 5,443 |
| TOTAL ASSETS | <u>\$ 2,912,054</u> | <u>\$ 731,205</u> | <u>\$ 623,615</u> | <u>\$ 877,550</u> | <u>\$ 5,144,424</u> |
| LIABILITIES AND FUND BALANCES: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 156,895 | \$ 802 | \$ 3,688 | \$ 38,164 | \$ 199,549 |
| Accrued Expenses | 300,412 | - | - | - | 300,412 |
| Accrued Salaries and Benefits | 1,694,840 | 18,162 | - | 24,842 | 1,737,844 |
| Due to Other Funds | - | 754,605 | 180,140 | 392,510 | 1,327,255 |
| Total Liabilities | <u>2,152,147</u> | <u>773,569</u> | <u>183,828</u> | <u>455,516</u> | <u>3,565,060</u> |
| Fund Balances: | | | | | |
| Nonspendable | - | 46,756 | - | - | 46,756 |
| Restricted for: | | | | | |
| Special Revenues | - | - | - | 422,034 | 422,034 |
| Capital Projects Funds | - | - | 439,787 | - | 439,787 |
| Committed for: | | | | | |
| Capital Improvements and Fuel Oil Expenditures | 144,016 | - | - | - | 144,016 |
| Assigned for: | | | | | |
| Use of Fund Balance | 496,000 | - | - | - | 496,000 |
| Adult Education | 1,633 | - | - | - | 1,633 |
| Unassigned | 118,258 | (89,120) | - | - | 29,138 |
| Total Fund Balances | <u>759,907</u> | <u>(42,364)</u> | <u>439,787</u> | <u>422,034</u> | <u>1,579,364</u> |
| TOTAL LIABILITIES AND FUND BALANCES: | <u>\$ 2,912,054</u> | <u>\$ 731,205</u> | <u>\$ 623,615</u> | <u>\$ 877,550</u> | |

Amounts reported for governmental activities in the Statement of Net Position (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. 27,753,592

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 | (15,069,941) |
| Bond Premiums | (17,811) |
| Capital Leases Payable | (231,799) |
| Compensated Absences Payable | (663,282) |
| Accrued Interest | (84,978) |
| Net Position of Governmental Activities | <u>\$ 13,265,145</u> |

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

| | General Fund | School Lunch Program | Durham Elementary Construction | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|----------------------------|--------------------------------------|--------------------------------|--------------------------------|
| REVENUES: | | | | | |
| Local Assessments | \$ 18,839,998 | \$ - | \$ - | \$ - | \$ 18,839,998 |
| Intergovernmental | 5,191,066 | 295,753 | - | 723,508 | 6,210,327 |
| Charges for Services | 95,743 | 326,954 | - | 715,699 | 1,138,396 |
| Interest Earned | 4,413 | - | 1,329 | - | 5,742 |
| Intergovernmental on Behalf Payments | 1,868,785 | - | - | - | 1,868,785 |
| Miscellaneous | 116,375 | - | - | 111,460 | 227,835 |
| Total Revenues | <u>26,116,380</u> | <u>622,707</u> | <u>1,329</u> | <u>1,550,667</u> | <u>28,291,083</u> |
| EXPENDITURES: | | | | | |
| Instructions | 13,851,361 | - | - | 828,649 | 14,680,010 |
| Debt Service | 2,285,250 | - | - | - | 2,285,250 |
| Instructional Staff Support Services | 1,512,462 | - | - | - | 1,512,462 |
| School Administration | 1,127,862 | - | - | - | 1,127,862 |
| Operation and Maintenance of Plant | 2,026,101 | - | - | - | 2,026,101 |
| Student Support Services | 748,533 | - | - | - | 748,533 |
| General Administration | 584,057 | - | - | - | 584,057 |
| Other Public Instructional Programs (K-12) | 577,936 | - | - | - | 577,936 |
| Site and Capital Improvements | 452,429 | - | 3,688 | - | 456,117 |
| Student Transportation | 1,527,139 | - | - | - | 1,527,139 |
| Adult Education | 187,107 | - | - | - | 187,107 |
| Community Education | - | - | - | 679,110 | 679,110 |
| Program Expenditures | - | 792,380 | - | 22,608 | 814,988 |
| Maine State Retirement on Behalf Payments | 1,868,785 | - | - | - | 1,868,785 |
| Total Expenditures | <u>26,749,022</u> | <u>792,380</u> | <u>3,688</u> | <u>1,530,367</u> | <u>29,075,457</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (632,642) | (169,673) | (2,359) | 20,300 | (784,374) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Capital Lease Proceeds | 236,127 | - | - | - | 236,127 |
| Transfers In (Out) | (251,176) | 105,000 | - | 146,176 | - |
| | (15,049) | 105,000 | - | 146,176 | 236,127 |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | (647,691) | (64,673) | (2,359) | 166,476 | (548,247) |
| FUND BALANCES - JULY 1, 2012 | <u>1,407,598</u> | <u>22,309</u> | <u>442,146</u> | <u>255,558</u> | <u>2,127,611</u> |
| FUND BALANCES (DEFICIT) - JUNE 30, 2013 | <u>\$ 759,907</u> | <u>\$ (42,364)</u> | <u>\$ 439,787</u> | <u>\$ 422,034</u> | <u>\$ 1,579,364</u> |

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

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 TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds (from Statement 4) \$ (548,247)

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 | 236,127 |
| Depreciation | (968,289) |
| | (732,162) |

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

| | |
|--------------------------|-----------|
| New Capital Lease | (236,127) |
| Capital Lease Repayments | 156,288 |
| Long Term Debt Repayment | 886,469 |
| | 806,630 |

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.

4,416

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.

46,502

Change in net position of governmental activities (see Statement 2) \$ (422,861)

The Accompanying Notes are an Integral Part of these Statements.

REGIONAL SCHOOL UNIT NO. 5
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

| | <u>Agency Funds</u> |
|----------------------------------|-------------------------|
| ASSETS: | |
| Cash/Investments | \$ 324,641 |
| LIABILITIES: | |
| Due to Other Funds | 2,511 |
| Due to Other Groups | <u>322,130</u> |
| | <u>324,641</u> |
| NET POSITION: | |
| 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, 2013

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 the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

The financial statements of RSU #5 have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The following is a summary of the more significant policies.

Basis of Presentation

Government-Wide Financial Statements

The government-wide financial statements, comprised of the statement of net position and the statement of activities, report information on all the non-fiduciary activities of RSU #5. The statements distinguish between those activities of RSU #5 that are governmental and those that are considered business-type activities.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each program of the governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The comparison of program revenues and direct expenses identifies the extent to which each program is self-financing or draws from the general revenues of RSU #5.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and reporting treatment applied to a fund is determined by its measurement focus. The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flow takes place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized (recorded) in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current fiscal period. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within 60 days after the end of the fiscal year. Revenue sources susceptible to accrual include intergovernmental revenues and investment earnings. Expenditures are recognized when the corresponding liabilities are incurred, except for principal and interest on general long-term debt, which are recognized when due, and compensated absences, which are recognized when paid to the employees. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Fiduciary funds are reported using the economic resources measurement focus.

Fund Accounting

Fund financial statements report detailed information about RSU #5. Since the focus is on major funds rather than reporting funds by type, each major fund is presented in a separate 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

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. The School Lunch Program is a major special revenue fund. This fund is used to account for school lunch activity that is legally restricted to the School Lunch Program.

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, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 net position. 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, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position and Fund Equity Classifications

Net position is required to be classified in the government-wide statements into the following three components:

Net Investment in Capital Assets - 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 | \$ 31,289,186 |
| Accumulated Depreciation | (3,535,594) |
| Bonds and Notes Payable | (15,301,740) |
| Accrued Interest | (84,978) |
| Accrued Bond Premiums | <u>(17,811)</u> |
| Total Net Investment in Capital Assets | <u>\$ 12,349,063</u> |

Restricted - This component consists of constraints placed on the use of net position 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 position that does not meet the definition of “restricted” or “net investment in capital assets”.

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. This highest level of authority is a majority vote of the residents.

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, 2013

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 retirement. No current expenditure is reported for these amounts in the governmental fund statements.

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 - 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.

Deposits

RSU #5 does not have a deposit policy for custodial credit risk. As of June 30, 2013, RSU #5 reported deposits of \$3,607,331 with a bank balance of \$3,758,112. Of RSU #5’s bank balances, \$285,947 was covered by FDIC insurance and \$3,472,165 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.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2 - DEPOSITS AND INVESTMENTS (Continued)

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, 2013, investments for the governmental activities consisted of the following:

| | <u>Fair Value</u> | <u>Less than 1 Year</u> |
|-----------|-----------------------|-----------------------------|
| MSMA Pool | <u>\$ 30,507</u> | <u>\$ 30,507</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 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Individual interfund receivables and payable balances at June 30, 2013 were as follows:

| <u>Fund</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|--------------------------------|----------------------------------|-------------------------------|
| General Fund | \$ 1,329,766 | \$ - |
| School Lunch Program | - | 754,605 |
| Durham Elementary Construction | - | 180,140 |
| Nonmajor Special Revenue Funds | - | 392,510 |
| Agency Funds | - | 2,511 |
| | <u>\$ 1,329,766</u> | <u>\$ 1,329,766</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, 2013

Note 3 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (Continued)

Transfers

Interfund transfers for the year ended June 30, 2013 consisted of the following:

| <u>Fund</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|----------------------|---------------------|----------------------|
| General Fund | \$ - | \$ 251,176 |
| School Lunch Program | 105,000 | |
| Community Education | <u>146,176</u> | <u>-</u> |
| | <u>\$ 251,176</u> | <u>\$ 251,176</u> |

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.

Note 4 - CAPITAL ASSETS

Capital asset activity during the fiscal year:

| | <u>Balance June 30, 2012</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance June 30, 2013</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 | 570,828 | 184,557 | - | 755,385 |
| Equipment | <u>1,053,052</u> | <u>51,570</u> | <u>-</u> | <u>1,104,622</u> |
| Total | <u>30,605,774</u> | <u>236,127</u> | <u>-</u> | <u>30,841,901</u> |
| Accumulated Depreciation: | | | | |
| Land Improvements | 25,239 | 7,337 | - | 32,576 |
| Building and Improvements | 2,045,653 | 778,915 | - | 2,824,568 |
| Transportation | 159,774 | 86,916 | - | 246,690 |
| Equipment | <u>336,639</u> | <u>95,121</u> | <u>-</u> | <u>431,760</u> |
| Total | <u>2,567,305</u> | <u>968,289</u> | <u>-</u> | <u>3,535,594</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 28,485,754</u> | <u>\$ (732,162)</u> | <u>\$ -</u> | <u>\$ 27,753,592</u> |

Depreciation was charged to functions as follows:

| | |
|----------------------------|-------------------|
| Operations and Maintenance | \$ 779,020 |
| Transportation | 87,703 |
| Instructions | <u>101,566</u> |
| Total Depreciation | <u>\$ 968,289</u> |

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 4 - CAPITAL ASSETS (Continued)

Included in the capital assets above are capital assets that were obtained with capital leases. They are as follows:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> |
|----------------|-------------------|-------------------------------------|
| Instruction | \$ 201,569 | \$ 62,884 |
| Transportation | <u>493,427</u> | <u>108,825</u> |
| Total | <u>\$ 694,996</u> | <u>\$ 171,709</u> |

Note 5 - CHANGES IN LONG-TERM LIABILITIES

The following is a summary of long-term liability activity of RSU #5 for the year ended June 30, 2013:

| 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 | \$ 15,956,410 | \$ - | \$ (886,469) | \$ 15,069,941 | \$ 886,469 |
| Capital Leases Payable | 151,961 | 236,127 | (156,289) | 231,799 | 153,074 |
| Compensated Absences (Net Increase) | <u>709,785</u> | <u>-</u> | <u>(46,503)</u> | <u>663,282</u> | <u>-</u> |
| | <u>\$ 16,818,156</u> | <u>\$ 236,127</u> | <u>\$ (1,089,261)</u> | <u>\$ 15,965,022</u> | <u>\$ 1,039,543</u> |

Note 6 - LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

Long-Term Debt Obligations

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.

\$ 15,069,941

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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

Long-Term Debt Obligations (Continued)

The annual requirement to amortize debt outstanding as of June 30, 2013 is as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|----------------------|---------------------|----------------------|
| 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 | 886,469 | 427,095 | 1,313,564 |
| 2019-2023 | 4,432,335 | 1,725,406 | 6,157,741 |
| 2024-2028 | 4,432,335 | 903,376 | 5,335,711 |
| 2029-2030 | <u>1,772,926</u> | <u>97,591</u> | <u>1,870,517</u> |
| | <u>\$ 15,069,941</u> | <u>\$ 5,045,792</u> | <u>\$ 20,115,733</u> |

Interest expense was \$519,776 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, 2013.

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, 2013, are as follows:

| | <i>Year Ending</i> <i>June 30</i> | Amount |
|---|--------------------------------------|------------------|
| | 2014 | \$ 160,649 |
| | 2015 | <u>81,481</u> |
| Total minimum lease payments | | 242,130 |
| Less: Amount representing interest | | <u>(10,331)</u> |
| Present value of net minimum lease payments | | 231,799 |
| Less: Current maturities of capital lease obligations | | <u>153,074</u> |
| Long-term capital lease obligations | | <u>\$ 78,725</u> |

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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> |
|-------------|---------------------|---------------------|---------------------|
| 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 | 580,767 | 139,598 | 720,365 |
| 2019-2023 | 2,159,969 | 377,168 | 2,537,137 |
| 2024-2028 | 544,175 | 110,911 | 655,086 |
| 2029-2030 | <u>217,669</u> | <u>11,982</u> | <u>229,651</u> |
| | <u>\$ 5,836,217</u> | <u>\$ 1,412,070</u> | <u>\$ 7,248,287</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.

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.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013. 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, 2013.

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, 2013 totaled \$910,110. State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,868,785 (16.33%) for the fiscal year 2013. 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 16.33% of their compensation. This cost amounted to \$13,898 for the year ended June 30, 2013 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 and Medicare were approximately \$361,370 for the year ended June 30, 2013.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 11 - COMPONENTS OF FUND BALANCE

As of June 30, 2013, fund balance components consisted of the following:

| | <u>Nonspendable</u> | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> | <u>Unassigned</u> |
|--------------------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | |
| Community Education | \$ - | \$ - | \$ - | \$ - | \$ - |
| Capital Reserve | - | - | 70,003 | - | - |
| Fuel Oil Reserve | - | - | 74,013 | - | - |
| Use of Fund Balance | - | - | - | 496,000 | - |
| Adult Education | - | - | - | 1,633 | - |
| Unassigned | - | - | - | - | 118,258 |
| School Lunch Program | 46,756 | - | - | - | (89,120) |
| Other Governmental Funds: | | | | | |
| Special Revenues | | | | | |
| Title IA Disadvantaged | - | 23,989 | - | - | - |
| Title IIA Teacher Quality | - | 2,795 | - | - | - |
| Local Entitlement | - | 42,215 | - | - | - |
| Student Aspirations | - | 34,214 | - | - | - |
| Donations | - | 29,201 | - | - | - |
| Laptop Protection | - | 14,520 | - | - | - |
| SAMSHA | - | 101 | - | - | - |
| Let's Go | - | 2,044 | - | - | - |
| Mentoring | - | 10,497 | - | - | - |
| Health Grant | - | 442 | - | - | - |
| Dollars for Scholars | - | 1,879 | - | - | - |
| Performing Arts Center | - | 19,938 | - | - | - |
| Healthy Maine Partnerships | - | 26,927 | - | - | - |
| Community Education | - | 182,765 | - | - | - |
| Unemployment Compensation | - | 30,507 | - | - | - |
| Capital Projects Funds | | | | | |
| Durham Elementary Construction | - | 439,787 | - | - | - |
| Total | <u>\$ 46,756</u> | <u>\$ 861,821</u> | <u>\$ 144,016</u> | <u>\$ 497,633</u> | <u>\$ 29,138</u> |

Note 12 - 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 13 - RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. The reclassifications had no effect on previously reported results of operations or net position.

REGIONAL SCHOOL UNIT NO. 5
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

Note 14 - SUBSEQUENT EVENTS

In July 2013, the School Committee approved a lease-purchase agreement for copiers with Gorham Leasing Company, for a 3-year term at a fixed rate of 2.87%. Total amount financed will be \$43,468.

In October 2013, the School Committee approved a lease-purchase agreement for the purchase of two vans with Gorham Leasing Company, for a 3-year term at a fixed rate of 2.5%. Total amount financed will be \$39,310.

In November 2013, the School Committee approved a lease-purchase agreement for a school bus with Gorham Leasing Company, for a 3-year term at a fixed rate of 2.84%. Total amount financed will be \$88,418.

During a November 5, 2013 referendum, the voters approved the issuance of general obligation bonds not to exceed \$14,638,009 to construct and equip renovations and additions to Freeport High School. Prior to that referendum, the Board voted that the Superintendent not take any action on the bonds until directed to do so by the Board.

In December 2013, the Town of Freeport residents voted to withdraw from the RSU and to begin negotiations to develop a withdrawal plan. After the withdrawal plan is complete, another vote by the residents of the Town of Freeport will be required in order to accept the plan.

In preparing these financial statements, RSU #5 has evaluated events and transactions for potential recognition or disclosure through January 7, 2014, the date the financial statements were available to be issued.

REGIONAL SCHOOL UNIT NO. 5
JUNE 30, 2013

REQUIRED SUPPLEMENTARY INFORMATION

REGIONAL SCHOOL UNIT NO. 5
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS
YEAR ENDED JUNE 30, 2013

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| REVENUES: | | | | |
| Town Assessments (Includes Adult Education of \$83,000) | \$ 18,839,998 | \$ 18,839,998 | \$ 18,839,998 | \$ - |
| Charges for Services: | | | | |
| Adult Education | 109,390 | 109,390 | 95,743 | (13,647) |
| State Shared Revenues: | | | | |
| General | 5,236,105 | 5,236,105 | 5,097,912 | (138,193) |
| Medicaid Reimbursement | 20,000 | 20,000 | 31,657 | 11,657 |
| State Agency Client | 45,000 | 45,000 | 18,840 | (26,160) |
| Adult Education Subsidy | 40,000 | 40,000 | 42,657 | 2,657 |
| | <u>5,341,105</u> | <u>5,341,105</u> | <u>5,191,066</u> | <u>(150,039)</u> |
| Other: | | | | |
| Interest Earnings | - | - | 4,413 | 4,413 |
| Miscellaneous | 105,644 | 105,644 | 116,375 | 10,731 |
| | <u>105,644</u> | <u>105,644</u> | <u>120,788</u> | <u>15,144</u> |
| TOTAL REVENUES | <u>24,396,137</u> | <u>24,396,137</u> | <u>24,247,595</u> | <u>(148,542)</u> |
| EXPENDITURES-BY FUNCTIONS: | | | | |
| Instructions: | | | | |
| Elementary and Junior High | 7,232,057 | 7,103,613 | 6,926,769 | 176,844 |
| Secondary | 3,751,884 | 3,751,884 | 3,656,500 | 95,384 |
| Special Education | 2,724,424 | 2,836,650 | 3,024,118 | (187,468) |
| Gifted and Talented | 219,333 | 219,333 | 192,404 | 26,929 |
| | <u>13,927,698</u> | <u>13,911,480</u> | <u>13,799,791</u> | <u>111,689</u> |
| Debt Service: | | | | |
| Elementary and Junior High | 99,580 | 99,580 | 92,953 | 6,627 |
| Secondary | 391,691 | 391,691 | 391,691 | - |
| Undistributed-System Wide | 1,800,608 | 1,800,608 | 1,800,606 | 2 |
| | <u>2,291,879</u> | <u>2,291,879</u> | <u>2,285,250</u> | <u>6,629</u> |
| Instructional Staff Support Services: | | | | |
| Elementary and Junior High | 733,459 | 733,459 | 706,080 | 27,379 |
| Secondary | 413,735 | 413,735 | 387,923 | 25,812 |
| Undistributed-System Wide | 434,789 | 434,789 | 418,459 | 16,330 |
| | <u>1,581,983</u> | <u>1,581,983</u> | <u>1,512,462</u> | <u>69,521</u> |
| School Administration: | | | | |
| Elementary and Junior High | 850,565 | 850,565 | 842,516 | 8,049 |
| Secondary | 331,735 | 306,276 | 285,346 | 20,930 |
| | <u>1,182,300</u> | <u>1,156,841</u> | <u>1,127,862</u> | <u>28,979</u> |

REGIONAL SCHOOL UNIT NO. 5
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL - GENERAL FUND - BUDGETARY BASIS (Continued)
YEAR ENDED JUNE 30, 2013

| | <u>Original Budget</u> | <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 | \$ 1,354,239 | \$ 1,354,239 | \$ 1,256,825 | \$ 97,414 |
| Secondary | 424,875 | 424,875 | 456,092 | (31,217) |
| Undistributed-System Wide | 381,552 | 355,966 | 313,184 | 42,782 |
| | <u>2,160,666</u> | <u>2,135,080</u> | <u>2,026,101</u> | <u>108,979</u> |
| Student Support Services: | | | | |
| Elementary and Junior High | 419,393 | 435,611 | 433,547 | 2,064 |
| Secondary | 320,291 | 320,291 | 314,986 | 5,305 |
| | <u>739,684</u> | <u>755,902</u> | <u>748,533</u> | <u>7,369</u> |
| General Administration: | | | | |
| Undistributed-System Wide | 620,344 | 620,344 | 584,057 | 36,287 |
| Other Public Instructional Programs (K-12): | | | | |
| Elementary | 224,535 | 224,535 | 217,050 | 7,485 |
| Secondary | 332,789 | 358,248 | 360,886 | (2,638) |
| | <u>557,324</u> | <u>582,783</u> | <u>577,936</u> | <u>4,847</u> |
| Other Outlays: | | | | |
| Student Transportation | 1,326,889 | 1,352,475 | 1,342,582 | 9,893 |
| Site Improvements | 411,380 | 411,380 | 452,429 | (41,049) |
| Adult Education | 232,390 | 232,390 | 187,107 | 45,283 |
| | <u>1,970,659</u> | <u>1,996,245</u> | <u>1,982,118</u> | <u>14,127</u> |
| TOTAL EXPENDITURES-BY FUNCTIONS | <u>25,032,537</u> | <u>25,032,537</u> | <u>24,644,110</u> | <u>388,427</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | (636,400) | (636,400) | (396,515) | 239,885 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer Out to School Lunch Program | (105,000) | (105,000) | (105,000) | - |
| Transfer Out to Special Revenue Fund | - | - | (146,176) | (146,176) |
| Budgeted Use of Surplus | 741,400 | 741,400 | - | (741,400) |
| | <u>636,400</u> | <u>636,400</u> | <u>(251,176)</u> | <u>(887,576)</u> |
| EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (647,691)</u> | <u>\$ (647,691)</u> |

REGIONAL SCHOOL UNIT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 \$1,868,785 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.

Capital lease proceeds and expenditures have been reported on the GAAP statements but not on the budgetary basis statements. There is no effect on the fund balance at the end of the year.

Explanation of the Differences between General Fund Budgetary Comparison Schedule Revenues and Expenditures (Exhibit 1) and General Fund GAAP Revenues and Expenditures (Statement 4) are as follows:

Revenues

| | |
|--|----------------------|
| Total Revenues as reported on Budgetary Comparison Schedule | |
| Budget and Actual- Budgetary Basis (Exhibit 1) | \$ 24,247,595 |
| Differences-budget to GAAP | |
| On behalf payments for Maine State Retirement Contributions | |
| made by the State of Maine | <u>1,868,785</u> |
| Total Revenues as reported on Statement of Revenues, Expenditures, | |
| and Changes in Fund Balances-Governmental Funds (Statement 4) | <u>\$ 26,116,380</u> |

Expenditures

| | |
|---|----------------------|
| Total Expenditures as reported on Budgetary Comparison Schedule | |
| Budget and Actual- Budgetary Basis (Exhibit 1) | \$ 24,644,110 |
| Capital Lease Outlay | 236,127 |
| Differences-budget to GAAP | |
| On behalf payments for Maine State Retirement Contributions | |
| made by the State of Maine | <u>1,868,785</u> |
| Total Expenditures as reported on Statement of Revenues, | |
| Expenditures, | <u>\$ 26,749,022</u> |
| and Changes in Fund Balances-Governmental Funds (Statement 4) | |

REGIONAL SCHOOL UNIT NO. 5
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2013

Note 2 - RECONCILIATION OF BUDGETARY VS. FUND FINANCIAL STATEMENTS (Continued)

| | |
|--|--------------------|
| Other Financing Sources (Uses) | |
| Total Other Financing Sources (Uses) as reported on Budgetary Comparison Schedule - Budget and Actual- Budgetary Basis (Exhibit 1) | \$ (251,176) |
| Capital Lease Proceeds | <u>236,127</u> |
| Total Other Financing Sources (Uses) as reported on Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Statement 4) | <u>\$ (15,049)</u> |

REGIONAL SCHOOL UNIT NO. 5
JUNE 30, 2013

OTHER SUPPLEMENTAL INFORMATION

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, 2013

| | ASSETS | | | LIABILITIES AND FUND BALANCE | | | | | Total Liabilities and Fund Balance |
|----------------------------|----------------------|------------------------|-------------------|------------------------------|---------------------|--------------------------|-------------------|-------------------|---|
| | Cash/ Investments | Accounts Receivable | Total Assets | Accounts Payable | Accrued Salaries | Due to Other Funds | Fund Balance | | |
| Title 1A Disadvantaged | \$ - | \$ 143,839 | \$ 143,839 | \$ 5,528 | \$ 9,490 | \$ 104,832 | \$ 23,989 | \$ 143,839 | |
| Teacher II Teacher Quality | - | 28,812 | 28,812 | 4,878 | - | 21,139 | 2,795 | 28,812 | |
| Local Entitlement | - | 174,567 | 174,567 | 3,688 | 1,502 | 127,162 | 42,215 | 174,567 | |
| Preschool | 471 | - | 471 | - | 471 | - | - | 471 | |
| Title VI Rural Low Income | - | - | - | - | - | - | - | - | |
| Student Aspirations | 34,214 | - | 34,214 | - | - | - | 34,214 | 34,214 | |
| Donations | 29,201 | - | 29,201 | - | - | - | 29,201 | 29,201 | |
| Laptop Protection | 14,520 | - | 14,520 | - | - | - | 14,520 | 14,520 | |
| SAMSHA | 101 | - | 101 | - | - | - | 101 | 101 | |
| Let's Go | 2,044 | - | 2,044 | - | - | - | 2,044 | 2,044 | |
| Mentoring | 10,497 | - | 10,497 | - | - | - | 10,497 | 10,497 | |
| Health Grant | 442 | - | 442 | - | - | - | 442 | 442 | |
| Dollars for Scholars | 1,879 | - | 1,879 | - | - | - | 1,879 | 1,879 | |
| Performing Arts Center | 19,938 | - | 19,938 | - | - | - | 19,938 | 19,938 | |
| Healthy Maine Partnerships | 26,927 | - | 26,927 | - | - | - | 26,927 | 26,927 | |
| Community Education | 359,591 | - | 359,591 | 24,070 | 13,379 | 139,377 | 182,765 | 359,591 | |
| Unemployment Compensation | 30,507 | - | 30,507 | - | - | - | 30,507 | 30,507 | |
| Total: | \$ 530,332 | \$ 347,218 | \$ 877,550 | \$ 38,164 | \$ 24,842 | \$ 392,510 | \$ 422,034 | \$ 877,550 | |

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, 2013

| | Fund Balances Beginning of Year | Transfer in from Other Fund | Program Revenues | | Program Expenditures | Fund Balances End of Year |
|----------------------------|---------------------------------|-----------------------------|-------------------|-------------------|----------------------|---------------------------|
| | | | Intergovernmental | Other | | |
| Title 1A Disadvantaged | \$ 15,909 | \$ - | \$ 143,839 | \$ - | \$ 135,759 | \$ 23,989 |
| Teacher II Teacher Quality | 21,548 | - | 74,172 | - | 92,925 | 2,795 |
| Local Entitlement | 10,921 | - | 491,413 | - | 460,119 | 42,215 |
| Preschool | - | - | 14,084 | - | 14,084 | - |
| Title VI Rural Low Income | 549 | - | - | - | 549 | - |
| Student Aspirations | 32,276 | - | - | 18,766 | 16,828 | 34,214 |
| Donations | 50,782 | - | - | 29,780 | 51,361 | 29,201 |
| Laptop Protection | 15,615 | - | - | 35,813 | 36,908 | 14,520 |
| SAMSHA | 101 | - | - | - | - | 101 |
| Let's Go | 2,044 | - | - | - | - | 2,044 |
| Mentoring | 10,497 | - | - | - | - | 10,497 |
| Health Grant | 442 | - | - | - | - | 442 |
| Dollars for Scholars | 1,879 | - | - | - | - | 1,879 |
| Performing Arts Center | 11,454 | - | - | 11,153 | 2,669 | 19,938 |
| Healthy Maine Partnerships | 44,374 | - | - | - | 17,447 | 26,927 |
| Community Education | - | 146,176 | - | 715,699 | 679,110 | 182,765 |
| Unemployment Compensation | 37,167 | - | - | 15,948 | 22,608 | 30,507 |
| Total: | \$ 255,558 | \$ 146,176 | \$ 723,508 | \$ 827,159 | \$ 1,530,367 | \$ 422,034 |

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 POSITION -
FIDUCIARY FUNDS
JUNE 30, 2013

| | | Agency Funds | | | | | |
|---------------------------|---------------|--|---|---|---|--|----------------|
| | | Freeport High School Student Activity Funds <u>(Schedule 1)</u> | Freeport Middle School Student Activity Funds <u>(Schedule 2)</u> | Durham Elementary School Student Activity Funds <u>(Schedule 3)</u> | Pownal Elementary School Student Activity Funds <u>(Schedule 4)</u> | Mast Landing School Student Activity Funds <u>(Schedule 5)</u> | <u>Total</u> |
| ASSETS: | | | | | | | |
| Cash/Investment | \$ 19,405 | \$ 195,099 | \$ 49,519 | \$ 35,373 | \$ 11,510 | \$ 13,735 | \$ 324,641 |
| Due to Other Funds | 2,511 | - | - | - | - | - | 2,511 |
| Due to Other Groups | 16,894 | 195,099 | 49,519 | 35,373 | 11,510 | 13,735 | 322,130 |
| | <u>19,405</u> | <u>195,099</u> | <u>49,519</u> | <u>35,373</u> | <u>11,510</u> | <u>13,735</u> | <u>324,641</u> |
| TOTAL NET POSITION | <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, 2013

| | Balance 06/30/12 | Receipts | Disbursements | Balance 06/30/13 |
|------------------------|-----------------------------|-----------------|----------------------|-----------------------------|
| Art Club | \$ 100 | \$ 350 | \$ 363 | \$ 87 |
| Art Supplies | 90 | - | - | 90 |
| Athletics | 55,110 | 125,900 | 118,058 | 62,952 |
| Band | 6,707 | 1,738 | 2,988 | 5,457 |
| Beautification Project | 4,996 | - | - | 4,996 |
| Bradley Fellowship | 3,483 | 5,000 | 1,193 | 7,290 |
| Ceramics | 477 | 775 | 737 | 515 |
| Chorus | 1,477 | 394 | 176 | 1,695 |
| Class 2008 | (1,015) | 1,015 | - | - |
| Class 2012 | 1,417 | 95 | 1,512 | - |
| Class 2013 | 13,784 | 2,585 | 16,554 | (185) |
| Class 2014 | 4,807 | 13,643 | 5,789 | 12,661 |
| Class 2015 | 2,614 | 6,015 | 3,013 | 5,616 |
| Class 2016 | - | 4,031 | 2,087 | 1,944 |
| Disks | 210 | - | 65 | 145 |
| Drama General | 775 | - | - | 775 |
| Drama/Musical | 3,948 | 2,600 | 3,884 | 2,664 |
| Draper Unity Grant | 452 | - | 452 | - |
| Earth Club | - | 50 | 50 | - |
| Engineering Class | 312 | 238 | 193 | 357 |
| English | 54 | 69 | 15 | 108 |
| Environment Club | 40 | - | - | 40 |
| Equipment | 158 | - | - | 158 |
| Falcon Newspaper | 789 | - | - | 789 |
| Fishing Club | 1,922 | 1,536 | 1,349 | 2,109 |
| Food Charity | - | 160 | - | 160 |
| Food Classes | 652 | 1,625 | 1,008 | 1,269 |
| Foreign Language | 267 | 120 | - | 387 |
| Freeport to Freeport | - | 1,954 | 1,909 | 45 |
| Garden Grant | 28 | - | - | 28 |
| Gay/Straight All | 895 | 1,011 | 738 | 1,168 |
| General Fund | 9,992 | - | 1,015 | 8,977 |
| Health Team | 88 | 164 | - | 252 |
| Homecoming | 1,509 | 1,385 | 760 | 2,134 |
| JMG | 2,970 | 400 | 219 | 3,151 |
| Laptop | 507 | 240 | 615 | 132 |
| Library | 539 | 227 | 128 | 638 |
| Math Department | 319 | 83 | - | 402 |
| Math Team | 336 | 113 | 280 | 169 |
| Media Workshop | 662 | 40 | 453 | 249 |
| Megan Beane | 119 | - | - | 119 |
| Sub-total | <u>121,590</u> | <u>173,556</u> | <u>165,603</u> | <u>129,543</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, 2013

| | <u>Balance</u> <u>06/30/12</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>06/30/13</u> |
|---------------------------|-----------------------------------|-------------------|----------------------|-----------------------------------|
| Melmac Scholarship | \$ 1,000 | \$ 1,500 | \$ 1,000 | \$ 1,500 |
| Model UN | 589 | 4,520 | 5,079 | 30 |
| Muir, Bryce Scholarship | 402 | - | 200 | 202 |
| National Honor Society | 150 | - | 94 | 56 |
| NGP | 19 | - | - | 19 |
| NYC Trip | 1,973 | - | - | 1,973 |
| Office Clearing | - | 1,860 | 1,186 | 674 |
| One Act Plays | 811 | 4,293 | 1,394 | 3,710 |
| Oxfam | 362 | - | 362 | - |
| PG | 3,288 | - | - | 3,288 |
| PG 6 2012 | 3,620 | 298 | 106 | 3,812 |
| PG 2014 | - | 3,604 | - | 3,604 |
| PG 2015 | - | 1,150 | - | 1,150 |
| PG 2016 | - | 2,675 | - | 2,675 |
| Photography | 2,184 | 1,464 | 2,902 | 746 |
| Postage | - | 1,593 | 1,475 | 118 |
| Principal's Contingency | 3,703 | 7,583 | 9,226 | 2,060 |
| Project Graduation - 2007 | 1,066 | - | - | 1,066 |
| Project Graduation - 2013 | - | 37,166 | 29,041 | 8,125 |
| PTSO | 732 | 3,029 | 1,487 | 2,274 |
| Quebec Trip | 1,990 | 2,825 | 2,555 | 2,260 |
| RSVP | - | 350 | 152 | 198 |
| Scholarships | 230 | 5,650 | 5,650 | 230 |
| Science | 6 | 61 | - | 67 |
| Science Olympiad | 574 | 50 | 21 | 603 |
| Service Club | 330 | - | - | 330 |
| Social Planning Board | 717 | - | - | 717 |
| Social Studies | 310 | 1,008 | 1,199 | 119 |
| Student Council | 340 | 253 | 143 | 450 |
| Student Services | 382 | 10,383 | 10,260 | 505 |
| Student Tech Team | - | 311 | 173 | 138 |
| Summer School | 6,922 | 2,503 | 1,913 | 7,512 |
| Sunshine Fund | 177 | 331 | 398 | 110 |
| TATMAC | - | 442 | - | 442 |
| Tech Club | 55 | - | - | 55 |
| Thomas Max Scholarship | 150 | - | - | 150 |
| Videography | 246 | 100 | 235 | 111 |
| World Affairs Massey | 840 | - | - | 840 |
| Yearbook | 7,177 | 23,535 | 17,075 | 13,637 |
| Sub-total | <u>40,345</u> | <u>118,537</u> | <u>93,326</u> | <u>65,556</u> |
| Grand Total | <u>\$ 161,935</u> | <u>\$ 292,093</u> | <u>\$ 258,929</u> | <u>\$ 195,099</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, 2013

| | Balance 6/30/12 | Receipts | Disbursements | Balance 6/30/2013 |
|----------------------------|----------------------------|-------------------|----------------------|------------------------------|
| Acadia | \$ - | \$ 7,095 | \$ 5,525 | \$ 1,570 |
| Athletics | 62 | 98 | 13 | 147 |
| Band | 236 | 330 | 376 | 190 |
| Band-Students | 26 | 1,402 | 1,428 | - |
| Class 2012 | 3,775 | - | 3,775 | - |
| Class 2013 | 6,721 | 786 | 2,540 | 4,967 |
| Class 2014 | 437 | 6,208 | 4,471 | 2,174 |
| Class 2015 | - | 22,454 | 22,434 | 20 |
| Coffee Fund | - | 1,137 | 1,034 | 103 |
| Drama | 573 | 924 | 681 | 816 |
| Experiential Learning | - | 115 | - | 115 |
| Fab Friday | 1,063 | 7,426 | 7,764 | 725 |
| Favreau-Technology | 408 | 500 | - | 908 |
| Gardening Club | 983 | 115 | 199 | 899 |
| General Fund | 3,720 | 8,245 | 3,862 | 8,103 |
| Guidance | 1,009 | 189 | 662 | 536 |
| JMG | - | 575 | - | 575 |
| Latham Grant | 277 | - | - | 277 |
| Lets Go Grant | 38 | - | - | 38 |
| Library | 233 | 641 | 690 | 184 |
| Mrs. Pritchard's Class | 51 | 14,639 | 14,638 | 52 |
| Musical Performances | 1,212 | 3,700 | 1,393 | 3,519 |
| OM-DI | 1,329 | 1,319 | 2,241 | 407 |
| Parent Team | 2,277 | 6,205 | 5,491 | 2,991 |
| Park Place | 484 | - | 484 | - |
| Peer Helpers | 217 | - | 99 | 118 |
| Postage | 3,008 | 834 | 1,048 | 2,794 |
| Project Adventure | 1,134 | - | - | 1,134 |
| Puffin Fund | 1,748 | 840 | 1,229 | 1,359 |
| Robotics Grant | 1,387 | - | 1,165 | 222 |
| Lisa Roney | 100 | - | - | 100 |
| Scholarship Fund | 1,821 | 1,966 | 2,871 | 916 |
| School Photographer Rebate | 18 | - | 18 | - |
| Science-O'Brien | 275 | 475 | - | 750 |
| Space Camp | 2,682 | 33,397 | 28,314 | 7,765 |
| Special Olympics | 384 | - | 384 | - |
| Sports Boosters | - | 5,756 | 2,057 | 3,699 |
| Sunshine Fund | 305 | 130 | 319 | 116 |
| Textbooks | 632 | 80 | 712 | - |
| Touch Tank | 11 | - | - | 11 |
| Travel Club | 580 | 30,443 | 30,048 | 975 |
| Unsung Hero Grant | 95 | - | 95 | - |
| Whale Watch | 9 | - | 9 | - |
| Yearbook | - | 3,009 | 2,765 | 244 |
| | <u>\$ 39,320</u> | <u>\$ 161,033</u> | <u>\$ 150,834</u> | <u>\$ 49,519</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, 2013

| | <u>Balance</u> <u>06/30/12</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>06/30/13</u> |
|--------------------|-----------------------------------|------------------|----------------------|-----------------------------------|
| Coffee | \$ - | \$ 4,094 | \$ 4,073 | \$ 21 |
| Computer | 336 | - | 209 | 127 |
| Dance | 1,485 | 1,640 | 1,733 | 1,392 |
| Drama | 144 | 873 | - | 1,017 |
| ExxonMobil | 6,099 | - | 1,095 | 5,004 |
| Field Work | 3,131 | 3,763 | 4,060 | 2,834 |
| Garden | - | 1,197 | - | 1,197 |
| General School | 1,114 | 1,275 | 2,303 | 86 |
| Grade 8 | 503 | 2,922 | 2,931 | 494 |
| Jeans Day | 163 | 281 | 300 | 144 |
| JMG | - | 302 | 200 | 102 |
| Laptop Maintenance | 2,000 | - | 2,000 | - |
| Library | 486 | 137 | 64 | 559 |
| Music | 889 | 1,241 | 1,129 | 1,001 |
| Outing Club | 485 | 598 | 595 | 488 |
| Reimbursement | 147 | 1,573 | 1,619 | 101 |
| Sports Gate | 2,364 | - | 299 | 2,065 |
| Student Council | 1,844 | 3,915 | 5,027 | 732 |
| Sunshine Fund | 89 | 200 | 55 | 234 |
| Telecommunications | 4,895 | - | 15 | 4,880 |
| Trips | 9,430 | 9,251 | 6,861 | 11,820 |
| T-Shirts | 673 | - | 338 | 335 |
| Yearbook | 794 | 1,540 | 1,594 | 740 |
| | <u>\$ 37,071</u> | <u>\$ 34,802</u> | <u>\$ 36,500</u> | <u>\$ 35,373</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, 2013

| | <u>Balance</u> <u>06/30/12</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>06/30/13</u> |
|----------------------|---|------------------------|-----------------------------|---|
| Anthem La Acct. | \$ 252 | \$ - | \$ - | \$ 252 |
| Art Funds | 1,455 | - | 24 | 1,431 |
| Assembly Fund | 642 | - | - | 642 |
| Book Foundation | 673 | - | - | 673 |
| Class Of 2010 | - | - | - | - |
| Class Of 2012 | - | - | - | - |
| Class Of 2013 | 122 | 876 | 635 | 363 |
| Class Of 2014 | 179 | - | - | 179 |
| Drama Account | 1,147 | 620 | 497 | 1,270 |
| Fun Account | 2,948 | 222 | 1,069 | 2,101 |
| Garden | 59 | - | - | 59 |
| General Account | 1,157 | 935 | 287 | 1,805 |
| Library Account | 508 | - | - | 508 |
| Postage Account | 94 | 180 | 260 | 14 |
| Rollerskating | 7 | - | - | 7 |
| Snacks | 675 | 15 | - | 690 |
| Soda Account | 87 | 40 | 75 | 52 |
| Summer Day Camp | 369 | - | - | 369 |
| Sunshine Card | 103 | 228 | 142 | 189 |
| Technology A | 240 | - | 33 | 207 |
| Technology Insurance | 943 | - | 943 | - |
| Youth Foundation | - | - | - | - |
| Youth Soccer | 248 | 324 | 294 | 278 |
| Yearbook | 961 | - | 540 | 421 |
| | <u>\$ 12,869</u> | <u>\$ 3,440</u> | <u>\$ 4,799</u> | <u>\$ 11,510</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, 2013

| | <u>Balance</u> <u>06/30/12</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Balance</u> <u>06/30/13</u> |
|--------------------|---|-------------------------|-----------------------------|---|
| Fuel Up to Play 60 | \$ 721 | \$ - | \$ 407 | \$ 314 |
| Guidance | 8 | 213 | - | 221 |
| Library | 87 | 2,017 | 1,260 | 844 |
| Music/Art | 380 | 2,441 | 2,865 | (44) |
| Office | 6,607 | 6,013 | 5,438 | 7,182 |
| PTC | 3,920 | 27,080 | 26,023 | 4,977 |
| School Store | 137 | 222 | 238 | 121 |
| Spring Hill | 162 | 670 | 832 | - |
| Wellness Program | 120 | - | - | 120 |
| | <u>\$ 12,142</u> | <u>\$ 38,656</u> | <u>\$ 37,063</u> | <u>\$ 13,735</u> |