

**MAINE SCHOOL ADMINISTRATIVE
DISTRICT NO. 28**

Annual Financial Statements

For the Year Ended June 30, 2018

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Financial Statements
For the Year Ended June 30, 2018

Table of Contents

	<u>Statement</u>	<u>Page</u>
Independent Auditor’s Report		1-3
Management’s Discussion and Analysis		4-7
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	11
Statement of Activities	2	12
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	13
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds	4	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Budgetary Basis – General Fund	6	16
Statement of Fiduciary Net Position – Fiduciary Funds	7	17
Notes to Basic Financial Statements		18-35
Required Supplementary Information		36-39
	<u>Exhibit</u>	<u>Page</u>
Combining and Individual Fund Financial Statements:		
General Fund:		
Comparative Balance Sheets	A-1	43
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Budgetary Basis	A-2	44-46
School Grants and Other Programs (Special Revenue Fund):		
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	B	49
Fiduciary Funds:		
Combining Statement of Net Position	C	53
	<u>Schedule</u>	<u>Page</u>
Schedules:		
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances:		
Rockport Elementary School Activity Funds Agency Fund	1	57
Camden-Rockport Middle School Agency Fund	2	58
Schedule of Expenditures of Federal Awards	3	59

Independent Auditor's Report

Board of Directors
Maine School Administrative District No. 28

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 Maine School Administrative District No. 28, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for Maine School Administrative District No. 28, as of June 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the District's proportionate share of the net pension liability, schedule of District's proportionate share of the net OPEB liability, and the schedule of District contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Maine School Administrative District No. 28's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2018, on our consideration of Maine School Administrative District No. 28's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Maine School Administrative District No. 28's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Maine School Administrative District No. 28's internal control over financial reporting and compliance.



October 11, 2018
South Portland, Maine

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Management's Discussion and Analysis
June 30, 2018

In this section of the Annual Financial Report, the managers of Maine School Administrative District No. 28 discuss and analyze the District's financial performance for the fiscal year ended June 30, 2018. Please read it in conjunction with the independent auditors' report on pages 1-3, and the District's Basic Financial Statements which begin on page 11.

Financial Highlights

The District's net position for FY 2018 was \$7,560,686; an increase of \$322,420 over last year as a result of this year's operations. During the year, the District had expenses that were \$322,420 less than the \$14,929,253 revenues generated in tax and other revenues.

The General Fund ended the year with a \$695,750 GAAP balance compared to last year's balance of \$1,085,485 which includes the accrued teacher summer salaries amount.

Long-term liabilities have increased by \$27,233,364. A new construction project for Camden Rockport Middle School and the resulting bond issue is the reason for the large increase. New leases and changes in the net pension liability were offset by the continued pay down of the debt service for previous construction projects and capital leases.

Using this Annual Report

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

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

The notes to the financial statements (starting on page 18) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

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

Reporting on the District as a Whole

The Statement of Net Position and the Statement of Activities

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Management's Discussion and Analysis, Continued

All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

In the Statement of Net Position and the Statement of Activities, we report the following activities:

Governmental activities – All of the District's basic services are reported here, including the instruction, guidance, co-curricular activities, food services, transportation, maintenance, and general administration. Annual assessments to member communities, State subsidies, tuition, fees, and federal grants finance most of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities. All of the District's fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 17. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Agency Funds - The District oversees two Trust and Agency type funds including the individual accounts established by each school for student activities. The District is financially accountable for the accounts.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Management's Discussion and Analysis, Continued

Government-wide Financial Analysis

Our analysis focuses on the net position (Statement 1) and changes in net position (Statement 2) of the District's governmental activities.

NET POSITION
Governmental Activities

	2018	2017
Current and other assets	\$ 31,323,915	\$ 3,426,624
Capital assets	15,942,715	15,624,930
Total assets	47,266,630	19,051,554
Deferred outflows related to pensions	248,551	273,491
Long-term liabilities	37,945,115	10,711,751
Other liabilities	1,981,505	1,368,141
Total liabilities	39,926,620	12,079,892
Deferred inflows related to pensions	27,876	6,887
Net investment in capital assets	3,362,260	5,181,340
Restricted	2,122,376	325,865
Unrestricted	2,076,050	1,731,061
Total net position	\$ 7,560,686	\$ 7,238,266

CHANGE IN NET POSITION
Governmental Activities

Revenues:

 Program revenues:

Charges for services	\$ 524,782	\$ 474,532
Operating grants and contributions	1,570,209	1,418,732

 General revenues:

Local assessments	12,203,181	11,990,460
State allocations	549,444	462,225
Investment earnings	63,309	2,413
Miscellaneous	18,328	18,161

Total revenues	14,929,253	14,366,523
----------------	------------	------------

Expenses:

Administration	1,179,107	1,108,352
Instruction	5,060,677	5,082,835
Other instruction	114,490	90,750
Student and staff support	998,482	927,242
Special education	2,077,040	1,837,373
Operation and maintenance	2,253,900	2,266,610
Transportation	768,531	690,859
Maine PERS - on-behalf payments	843,595	751,287
Debt service - interest	247,710	376,521
Capital maintenance expenses	143,640	34,845
School lunch program	351,308	350,548
School grants and other programs	568,353	524,302

Total expenses	14,606,833	14,041,524
----------------	------------	------------

Change in net position	\$ 322,420	\$ 324,999
-------------------------------	-------------------	-------------------

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Management's Discussion and Analysis, Continued

The District's total revenues increased by 4%. The total cost of all programs and services was \$14,606,833.

The District increased the local assessment by an average of 2%.

The District's Funds

As the District completed the year, its governmental funds (as presented in the balance sheet in Statement 3) reported a combined fund balance of \$29,405,633.

The District's General Fund balance of \$695,750 reported on Statement 4 occurs due to auditing standards that require accrued summer wages to be included in the prior year's budget. The District reports certain revenues and expenditures in different periods for statutory and financial reporting purposes. The District books, and the State of Maine NEO information accurately shows a balance of \$1,970,146 for the General Fund under the budgetary basis of accounting.

Capital Asset and Debt Administration

Capital Assets

Significant capital asset additions during 2018 included:

Bus Barn Renovation \$26,745
Blue Bird Bus \$58,936

Debt

At year-end, the District had \$34,770,608 in bonds and notes outstanding through local banks and capital leases, up \$24,327,018 from last year. This large increase is due to the issuance of bonds to fund the middle school construction project.

Economic Factors and Next Year's Budget and Rates

The Members of the District's Board of Directors approved a fiscal year 2019 budget of \$15,671,018 or a 17.25% increase, with the local assessments to the Towns increasing by an average of \$2,084,991 or 17.09%.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Manager, JC Miller, or the Superintendent, Maria Libby, Maine School Administrative District No. 28, 7 Lions Lane, Camden, Maine 04843, or by phone at 207-236-3358.

BASIC FINANCIAL STATEMENTS

These financial statements provide an overview of the financial position of all fund types and of the operating results by fund. They also serve as an introduction to the more detailed schedules that follow. The notes to the combined financial statements are an integral part of the basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Statement of Net Position
June 30, 2018

		Governmental activities
ASSETS		
Cash and cash equivalents	\$	28,585,326
Investments		2,354,704
Accounts receivable		11,142
Due from other governments		360,126
Inventory		12,617
Capital assets, not being depreciated		1,069,829
Capital assets, net		14,872,886
Total assets		47,266,630
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions		248,551
Total deferred outflows of resources		248,551
LIABILITIES		
Accrued wages and benefits		1,300,544
Accounts payable		67,737
Accrued interest		63,222
Bond anticipation note		550,001
Noncurrent liabilities:		
Due within one year		1,145,245
Due in more than one year		36,799,870
Total liabilities		39,926,619
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions		27,876
Total deferred inflows of resources		27,876
NET POSITION		
Net investment in capital assets		3,362,260
Restricted for capital projects and grants		2,122,376
Unrestricted		2,076,050
Total net position	\$	7,560,686

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Statement of Activities
For the year ended June 30, 2018

Function/programs	Expenses	Program revenues			Net (expense) revenue and changes in net position
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Governmental activities:					
Administration	\$ 1,179,107	-	-	-	(1,179,107)
Instruction	5,060,677	93,877	-	-	(4,966,800)
Other instruction	114,490	-	-	-	(114,490)
Student and staff support	998,482	-	-	-	(998,482)
Special education	2,077,040	-	22,075	-	(2,054,965)
Operation and maintenance	2,253,900	-	-	-	(2,253,900)
Transportation	768,531	291,064	-	-	(477,467)
Maine PERS - on-behalf payments	843,595	-	843,595	-	-
Debt service - interest	247,710	-	-	-	(247,710)
Capital maintenance expenses	143,640	-	-	-	(143,640)
School lunch	351,308	139,841	123,183	-	(88,284)
School grants and other programs	568,353	-	581,356	-	13,003
Total governmental activities	14,606,833	524,782	1,570,209	-	(12,511,842)
Total primary government	\$ 14,606,833	524,782	1,570,209	-	(12,511,842)

General revenues:	
Local assessments	12,203,181
State allocation	549,444
Unrestricted investment earnings	63,309
Miscellaneous	18,328
Total general revenues and loss on disposal	12,834,262
Change in net position	322,420
Net position--beginning	7,238,266
Net position--ending	\$ 7,560,686

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	School Lunch Fund	Capital Projects Fund	School Construction Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 100	-	-	28,315,859	-	269,367	28,585,326
Investments	2,354,704	-	-	-	-	-	2,354,704
Accounts receivable	11,142	-	-	-	-	-	11,142
Due from other governments	154,274	39,306	-	-	-	166,546	360,126
Interfund loans receivable	-	-	-	-	1,400,219	-	1,400,219
Inventory	-	12,617	-	-	-	-	12,617
Total assets	\$ 2,520,220	51,923	-	28,315,859	1,400,219	435,913	32,724,134
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accrued wages and benefits	1,274,396	7,528	-	-	-	18,620	1,300,544
Accounts payable	56,332	-	-	-	-	4,591	60,923
Unearned revenue	-	6,814	-	-	-	-	6,814
Bond anticipation note	-	-	-	550,001	-	-	550,001
Interfund loans payable	493,742	49,620	-	681,647	-	175,210	1,400,219
Total liabilities	1,824,470	63,962	-	1,231,648	-	198,421	3,318,501
Fund balances (deficits):							
Restricted by grantors and donors	-	-	-	-	-	238,165	238,165
Restricted - capital projects	-	-	-	27,084,211	-	-	27,084,211
Assigned	593,000	-	-	-	1,400,219	-	1,993,219
Unassigned	102,750	(12,039)	-	-	-	(673)	90,038
Total fund balances (deficits)	695,750	(12,039)	-	27,084,211	1,400,219	237,492	29,405,633
Total liabilities and fund balances	\$ 2,520,220	51,923	-	28,315,859	1,400,219	435,913	
Amounts reported for governmental activities in the statement of net position are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							15,942,715
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							(34,550,374)
Unamortized bond premium							(3,009,847)
Capital leases							(220,234)
Net pension liability, including deferred outflows and inflows							56,015
Accrued interest							(63,222)
Net position of governmental activities							\$ 7,560,686

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2018

	General Fund	School Lunch Fund	Capital Projects Fund	School Construction Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
Revenues:							
Local assessments	\$ 12,203,181	-	-	-	-	-	12,203,181
Intergovernmental	1,415,114	123,183	-	-	-	453,483	1,991,780
Charges for services	311,574	139,841	-	-	-	-	451,415
Interest earned	7,258	-	25	56,026	-	1,569	64,878
Other revenues	91,695	-	-	-	-	126,304	217,999
Total revenues	14,028,822	263,024	25	56,026	-	581,356	14,929,253
Expenditures:							
Current:							
Administration	1,179,107	-	-	-	-	-	1,179,107
Instruction	5,118,249	-	-	-	-	-	5,118,249
Other instruction	114,490	-	-	-	-	-	114,490
Student and staff support	998,482	-	-	-	-	-	998,482
Special education	2,077,040	-	-	-	-	-	2,077,040
Operation and maintenance	1,502,185	-	-	-	-	-	1,502,185
Transportation	695,971	-	-	-	-	-	695,971
Maine PERS - on-behalf payments	843,595	-	-	-	-	-	843,595
Program expenditures	-	-	-	-	-	568,353	568,353
School lunch program	-	338,398	-	-	-	-	338,398
Debt service	1,229,438	-	-	-	-	-	1,229,438
Capital outlay	101,023	-	15,925	1,181,662	-	-	1,298,610
Total expenditures	13,859,580	338,398	15,925	1,181,662	-	568,353	15,963,918
Excess (deficiency) of revenues over (under) expenditures	169,242	(75,374)	(15,900)	(1,125,636)	-	13,003	(1,034,665)
Other financing sources (uses):							
Proceeds from bond issuance	-	-	-	25,200,000	-	-	25,200,000
Premium on bonds issued	-	-	-	3,009,847	-	-	3,009,847
Proceeds from capital leases	101,023	-	-	-	-	-	101,023
Transfer from other funds	-	60,000	-	-	679,880	-	739,880
Transfer to other funds	(660,000)	-	(79,880)	-	-	-	(739,880)
Total other financing sources (uses)	(558,977)	60,000	(79,880)	28,209,847	679,880	-	28,310,870
Net change in fund balances	(389,735)	(15,374)	(95,780)	27,084,211	679,880	13,003	27,276,205
Fund balances, beginning of year	1,085,485	3,335	95,780	-	720,339	224,489	2,129,428
Fund balances (deficits), end of year	\$ 695,750	(12,039)	-	27,084,211	1,400,219	237,492	29,405,633

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2018

Net change in fund balances--total governmental funds (from Statement 4)	\$	27,276,205
<p>Amounts reported for governmental activities in the statement of activities (Statement 2) are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,154,970) exceeded depreciation expense (\$837,185) in the current period.</p>		
		317,785
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the change in accrued interest.</p>		
		7,723
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds. This is the decrease in net pension liability and the change in related deferred inflows and outflows of resources.</p>		
		57,572
<p>Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which bond proceeds (\$25,200,000), premiums received (\$3,009,847), and lease proceeds (\$101,023) exceeded bond (\$816,455) and lease (\$157,550) repayments.</p>		
		(27,336,865)
Change in net position of governmental activities (see Statement 2)		\$ 322,420

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Budgetary Basis - General Fund
For the year ended June 30, 2018

	General Fund			Variance with final budget positive (negative)
	Budgeted amounts		Actual	
	Original	Final		
Revenues:				
Local assessments	\$ 12,203,181	12,203,181	12,203,181	-
Intergovernmental	539,297	539,297	571,519	32,222
Charges for services	227,606	227,606	311,574	83,968
Interest earned	2,000	2,000	7,258	5,258
Other revenues	75,000	75,000	91,695	16,695
Total revenues	13,047,084	13,047,084	13,185,227	138,143
Expenditures:				
Current:				
Administration	1,150,300	1,179,474	1,179,107	367
Instruction	5,293,142	5,161,996	5,027,507	134,489
Other instruction	114,490	114,490	114,490	-
Student and staff support	997,437	1,011,350	998,482	12,868
Special education	2,000,305	2,088,364	2,077,040	11,324
Operation and maintenance of plant	1,745,831	1,745,831	1,502,185	243,646
Transportation	709,029	709,029	695,971	13,058
Undistributed	65,000	65,000	-	65,000
Debt service	1,229,550	1,229,550	1,229,438	112
Total expenditures	13,305,084	13,305,084	12,824,220	480,864
Excess (deficiency) of revenues over (under) expenditures	(258,000)	(258,000)	361,007	619,007
Other financing sources (uses):				
Budgeted use of fund balance	318,000	318,000	-	(318,000)
Transfer to Capital Reserve Fund	-	-	(600,000)	(600,000)
Transfer to School Lunch Fund	(60,000)	(60,000)	(60,000)	-
Total other financing sources (uses)	258,000	258,000	(660,000)	(918,000)
Net change in fund balance - budgetary basis	-	-	(298,993)	(298,993)
Reconciliation to GAAP basis:				
Change in accrued teacher summer salaries and accrued hourly payroll			(90,742)	
Net change in fund balance - GAAP basis			(389,735)	
Fund balance, beginning of year			1,085,485	
Fund balance, end of year			\$ 695,750	

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

		Agency funds
ASSETS		
Cash and cash equivalents	\$	51,193
Total assets		51,193
LIABILITIES		
Amounts held for student groups		51,193
Total liabilities	\$	51,193

See accompanying notes to basic financial statements.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements

THE REPORTING ENTITY

Maine School Administrative District No. 28 (District) is located in Knox County in the central coastal region of Maine. The District was organized in 1964 and provides elementary education for its member towns of Camden and Rockport.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Maine School Administrative District No. 28 conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies:

A. Basis of Presentation

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

1. Government-wide Financial Statements:

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

2. Fund Financial Statements:

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

B. Fund Accounting

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

1. Governmental Funds:

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

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

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

Capital Projects Fund - Capital Projects Fund is used to account for financial resources segregated for the acquisition or construction of major capital facilities. Such resources are derived principally from proceeds of general obligation bond issues.

School Construction Fund - The School Construction Fund is used to account for financial resources segregated for the construction of the new middle school. Such resources are derived principally from proceeds of general obligation bond issues.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

2. Fiduciary Funds:

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

C. Measurement Focus

1. Government-wide Financial Statements:

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

2. Fund Financial Statements

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

D. Basis of Accounting

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

1. Revenues – Exchange and Non-exchange Transactions:

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

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

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

2. Expenses/Expenditures:

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

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

- E. Encumbrances** - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriations. All encumbrances lapse at year end except those which have been authorized to be carried forward.
- F. Interfund Transactions** - During the course of normal operations, the District has several transactions between funds including expenditures and transfers of resources to provide services. These transactions are reported as transfers. Transactions between funds which represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund loans receivable or payable.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- G. Inventories** - Food services inventories are valued at the lower of cost (first-in, first-out basis) or market. Inventories include the value of the U.S. Department of Agriculture commodities donated to the School Lunch Fund.
- H. Compensated Absences** - Under terms of union contracts and personnel administration policies, employees are granted vacation and sick time in varying amounts. Vacation time must be used by June 30th and unused sick time is only paid out to certain ed techs and secretaries who meet specific retirement criteria specified in the union contract.
- I. Use of Estimates** - Preparation of the District's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.
- J. Capital Assets** - Capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated acquisition cost as of the date received. The District maintains a capitalization threshold of \$7,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5-100 years
Furniture and Equipment	5-40 years
Vehicles	10-20 years

- K. Accrued Liabilities and Long-term Obligations** - All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, and reported as obligations of the governmental funds. The capital leases and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- L. Pensions** - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Public Employees Retirement System State Employee and Teacher Plan (SET Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
- M. Fund Balance** - Governmental Fund fund balance is reported in five classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which those funds can be spent. The five classifications of fund balance for the Governmental Funds are as follows:
- *Nonspendable* – resources which cannot be spent because they are either a) not in spendable form or; b) legally or contractually required to be maintained intact.
 - *Restricted* – resources with constraints placed on the use of resources which are either a) externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or; b) imposed by law through constitutional provisions or enabling legislation.
 - *Committed* – resources which are subject to limitations the government imposes on itself at its highest level of decision making authority, and that remain binding unless removed in the same manner.
 - *Assigned* – resources that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
 - *Unassigned* – resources which have not been assigned to other funds and that have not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

	<u>Restricted</u>	<u>Assigned</u>
General Fund:		
Subsequent budget	\$ -	318,000
Reserves	-	275,000
School Construction Fund	27,084,211	-
Capital Reserve Fund	-	1,400,219
Other Governmental Funds:		
Grants and other purposes	238,165	-
Totals	\$ 27,322,376	1,993,219

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information - A budget is formally adopted for the General Fund each year through the passage of articles through a District-wide referendum vote, and is prepared on a basis consistent with accounting principles generally accepted in the United States of America except for teachers' salaries and benefits and Maine Public Employees Retirement System on-behalf payments. The level of control (level at which expenditures may not exceed budget) is the warrant article. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year.

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

School Lunch Fund	\$12,039
HR Support	467
Volvo Challenge	206

These deficits will be funded by future operating revenues.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, or destruction of assets, errors and omissions, and natural disasters for which the District either carries commercial insurance or participates in a public entity risk pool. The District participates in a public entity risk pool sponsored by the Maine School Management Association (MSMA) for Workers' Compensation coverage. Based on the coverage provided by this pool, as well as coverage provided by commercial insurance purchased, the District is not aware of any material actual or potential claim liabilities which should be recorded at June 30, 2018.

DEPOSITS AND INVESTMENTS

A. Deposits

Custodial Credit Risk-District Deposits: Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of June 30, 2018, the District reported deposits of \$28,636,519 with a bank balance of \$28,641,871. Of the District's bank balance of \$28,641,871, \$250,000 was covered by FDIC. The remaining \$28,391,871 was collateralized by underlying securities held by the bank in the District's name.

Deposits have been reported as follows:

Reported in governmental funds	\$ 28,585,326
Reported in fiduciary funds	<u>51,193</u>
Total deposits	<u>\$ 28,636,519</u>

B. Investments

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

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

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

	Fair <u>value</u>	Less than <u>1 year</u>	1-5 years	More than <u>5 years</u>
Repurchase agreements	\$ 2,354,704	2,354,704	-	-
Total investments	<u>\$ 2,354,704</u>	<u>2,354,704</u>	-	-

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

DEPOSITS AND INVESTMENTS, CONTINUED

Investments have been reported as follows:

Reported in governmental funds	\$ 2,354,704
Total investments	\$ 2,354,704

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

Custodial Credit Risk-District Investments: For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$2,354,704 investment in repurchase agreements, 100% was subject to custodial credit risk because it was collateralized by underlying securities held by the related bank, which were not in the District's name.

CAPITAL ASSETS

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

	Balance <u>06/30/17</u>	Increases	Decreases	Balance <u>06/30/18</u>
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	1,069,829	-	1,069,829
Total capital assets, not being depreciated	-	1,069,829	-	1,069,829
Capital assets, being depreciated:				
Buildings and improvements	21,935,723	26,745	-	21,962,468
Furniture and equipment	824,528	-	(17,881)	806,647
Vehicles	1,149,048	58,396	(109,516)	1,097,928
Total capital assets, being depreciated	23,909,299	85,141	(127,397)	23,867,043
Less accumulated depreciation:				
Buildings and improvements	(6,998,178)	(704,744)	-	(7,702,922)
Furniture and equipment	(561,659)	(59,881)	17,881	(603,659)
Vehicles	(724,532)	(72,560)	109,516	(687,576)
Total accumulated depreciation	(8,284,369)	(837,185)	127,397	(8,994,157)
Capital assets being depreciated, net	15,624,930	(752,044)	-	14,872,886
Governmental capital assets, net	\$ 15,624,930	317,785	-	15,942,715

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

CAPITAL ASSETS, CONTINUED

Depreciation expense was charged to governmental functions as follows:

Transportation	\$ 72,560
Operation and maintenance of plant	751,715
School lunch program	12,910
Total depreciation expense	\$ 837,185

INTERFUND BALANCES

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

	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	493,742
School Lunch Fund	-	49,620
School Construction Fund	-	681,647
Capital Reserve Fund	1,400,219	-
Other Governmental Funds	-	175,210
Total all funds	\$ 1,400,219	1,400,219

INTERFUND TRANSFERS

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

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ -	660,000
School Lunch Fund	60,000	-
Capital Projects Fund	-	79,880
Capital Reserve Fund	679,880	-
Total transfers	\$ 739,880	739,880

These transfers were to fund the School Lunch fund operating expenses and to set aside funds for major capital improvement projects.

SHORT-TERM DEBT

During the year, the District issued a bond anticipation note to finance activities related to the school construction project before long-term financing could be obtained. The note was drawn as needed up to \$6,000,000 and has an annual interest rate of 2.23%. Below is a summary of the current year transactions relating to this note:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Bond Anticipation Note	\$ -	550,001	-	550,001

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT

Long-term Debt - The following is a summary of long-term debt transactions of the District for the year ended June 30, 2018:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Bonds and notes payable	\$ 10,166,829	25,200,000	816,455	34,550,374	816,455
Bond premium	-	3,009,847	-	3,009,847	244,507
Capital leases	276,761	101,023	157,550	220,234	84,283
Net pension liability	268,161	-	103,501	164,660	-
Total long-term debt	\$ 10,711,751	28,310,870	1,077,506	37,945,115	1,145,245

General obligation bonds and notes payable at June 30, 2018 are comprised of the following individual issues:

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/18</u>
Bonds and notes payable:					
CRES Project	5/05/08	\$ 14,791,797	2.0% - 5.5%	11/1/2031	9,003,708
RES West Purchase	6/16/04	2,600,000	3.72%	5/31/2020	346,666
Middle School Construction	6/11/18	25,200,000	4.52%	5/1/2039	25,200,000
Total bonds and notes payable					\$ 34,550,374

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

	<u>Date of issue</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Maturity date</u>	<u>Balance 06/30/18</u>
Capital leases payable:					
Copiers	7/15/14	\$ 47,123	3.10%	8/15/18	9,733
Bus	8/6/15	85,540	2.87%	8/15/19	34,800
Two buses	10/26/16	169,968	2.56%	10/25/20	101,936
Computers	8/30/17	42,087	3.00%	9/15/19	27,678
Bus	3/26/18	58,936	5.05%	4/15/22	46,087
Total capital leases payable					\$ 220,234

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

LONG-TERM DEBT, CONTINUED

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

Year ended June 30,	Capital leases			Bonds and notes		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 84,283	7,065	91,348	816,455	1,438,656	2,255,111
2020	76,837	4,476	81,313	2,076,455	1,545,206	3,621,661
2021	46,633	2,113	48,746	1,903,122	1,446,850	3,349,972
2022	12,481	626	13,107	1,903,122	1,348,724	3,251,846
2023	-	-	-	1,903,122	1,250,282	3,153,404
2024-2028	-	-	-	9,515,610	4,749,205	14,264,815
2029-2033	-	-	-	8,872,488	2,556,413	11,428,901
2034-2038	-	-	-	6,300,000	1,008,000	7,308,000
2039	-	-	-	1,260,000	50,400	1,310,400
Totals	\$ 220,234	14,280	234,514	34,550,374	15,393,736	49,944,110

All debt service requirements are paid by the General Fund.

The statutes of the State of Maine provide, in part, that the aggregate principal amount of bonds and notes issued by a School Administrative District for capital outlay purposes shall not exceed, at any one time outstanding, the limit of indebtedness of the sum of 10% of the total of the last preceding state valuation of the member municipalities, plus an amount set by the State Board of Education at the time of initial approval of the school construction project not to exceed 4% of the state valuation of the participating municipalities. At June 30, 2018, the District's direct debt of \$34,550,374 was within the minimum statutory limit of 10% of the two participating municipalities.

MAINE PUBLIC EMPLOYEES RETIREMENT PLAN

General Information about the Pension Plan

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT PLAN, CONTINUED

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

SET Plan - Maine statute requires the State to contribute a portion of the District's contractually required contributions. Employees are required to contribute 7.65% of their annual pay. The School District's contractually required contribution rate for the year ended June 30, 2018, was 15.05% of annual payroll of which 3.97% of payroll was required from the District and 11.08% was required from the State. Contributions to the pension plan from the District were \$241,626 for the year ended June 30, 2018.

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

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

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

District's proportionate share of the net pension liability	\$ 164,660
State's proportionate share of the net pension liability associated with the District	6,953,342
Total	\$ 7,118,002

At June 30, 2017, the District's proportion of the SET Plan was 0.0113%.

For the year ended June 30, 2018, the District recognized pension expense of \$858,416 and revenue of \$674,362 for support provided by the State for the SET Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT PLAN, CONTINUED

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,925	-
Changes of assumptions	-	2,571
Net difference between projected and actual earnings on pension plan investments	-	2,422
Changes in proportion and differences between District contributions and proportionate share of contributions	-	22,883
District contributions subsequent to the measurement date	241,626	-
Total	\$ 248,551	27,876

An amount of \$241,626 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ (6,377)
2020	(6,861)
2021	1,101
2022	(8,814)

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

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

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

MAINE PUBLIC EMPLOYEES RETIREMENT PLAN, CONTINUED

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

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

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

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

<u>SET Plan</u>	1% Decrease <u>(5.875%)</u>	Current Discount Rate <u>(6.875%)</u>	1% Increase <u>(7.875%)</u>
District's proportionate share of the net pension liability	\$288,929	\$164,660	\$62,058

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

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

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

Contributions - Premium rates are determined by the MPERS Board of Trustees to be actuarially sufficient to pay anticipated claims. The State of Maine is required to remit the total dollar amount of each year's annual required contribution. Contributions to the OPEB plan by the State of Maine on-behalf of the School District were \$10,380 for the year ended June 30, 2018. Employers and employees are not required to contribute to the OPEB plan.

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

At June 30, 2018, the School District reported no liability related to the plan. The State of Maine's proportionate share of the net OPEB liability associated with the School District was \$114,531 as of June 30, 2018. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on a projection of the School District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2017, the School District's proportion was 0.00%.

For the year ended June 30, 2018, the School District recognized OPEB expense of \$10,380 and also revenues of \$10,380 for support provided by the State. At June 30, 2018, the School District reported no deferred outflows of resources nor deferred inflows of resources related to the OPEB plan.

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

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

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

OTHER POSTEMPLOYMENT BENEFITS (OPEB), CONTINUED

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

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

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

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

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

NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. The District's net investment in capital assets was calculated as follows at June 30, 2018:

	<u>Governmental activities</u>
Capital assets	\$ 24,936,872
Accumulated depreciation	(8,994,157)
Bonds payable	(34,550,374)
Bond premium	(3,009,847)
Unspent bond proceeds	25,200,000
Capital leases payable	(220,234)
Total net investment in capital assets	\$ 3,362,260

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Basic Financial Statements, Continued

BUDGETARY ACCOUNTING

Through June 30, 2018, the District did not budget for expenditures for teacher summer salaries or accrued payroll on an accrual basis as required by generally accepted accounting principles (GAAP). The following is a reconciliation of the General Fund GAAP and budgetary fund balances.

Fund balance – June 30, 2018 - GAAP Basis (Statement 3)	\$ 695,750
<u>Teacher summer salaries and accrued hourly payroll</u>	<u>1,274,396</u>
<u>Fund balance - June 30, 2018 - budgetary basis</u>	<u>\$ 1,970,146</u>

The following is a reconciliation of the net change in fund balance, GAAP basis, and budgetary basis.

Net change in fund balance - budgetary basis (Statement 6)	\$ (298,993)
Reconciliation to budgetary basis:	
<u>Decrease in accrued teacher summer salaries and accrued hourly payroll</u>	<u>(90,742)</u>
<u>Net change in fund balance - GAAP basis (Statement 4)</u>	<u>\$ (389,735)</u>

Additionally, as required by generally accepted accounting principles (U.S. GAAP), the District has recorded a revenue and an expenditure for Maine Public Employees Retirement and life insurance contributions made by the State of Maine on behalf of the District. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting vs. reporting under accounting principles generally accepted in the United States of America of \$843,595. These amounts have been included as an intergovernmental revenue and an education expense/expenditure on Statement 2 and Statement 4 (GAAP basis). There is no effect on the net position/fund balance at the end of the year.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Required Supplementary Information

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

Last 10 Fiscal Years*

<u>SET Plan</u>	<u>2018**</u>	<u>2017**</u>	<u>2016**</u>	<u>2015**</u>
District's proportion of the net pension liability	0.0113%	0.0152%	0.0121%	0.0139%
District's proportionate share of the net pension liability	\$ 164,660	268,161	163,297	150,490
State's proportionate share of the net pension liability associated with the District	6,953,342	8,511,885	6,481,267	4,918,991
Total	\$ 7,118,002	8,780,046	6,644,564	5,069,481
District's covered payroll	\$ 5,924,974	5,834,998	5,631,745	5,258,155
District's proportionate share of the net pension liability as a percentage of its covered payroll	2.78%	4.60%	2.89%	2.86%
Plan fiduciary net position as a percentage of the total pension liability	80.78%	76.21%	81.18%	83.91%

* Only four years of information available.

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Required Supplementary Information, Continued

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

Last 10 Fiscal Years*

SET Plan	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 241,626	199,079	196,056	149,241	139,368
Contributions in relation to the contractually required contribution	(241,626)	(199,079)	(196,056)	(149,241)	(139,368)
Contribution deficiency (excess)	-	-	-	-	-
District's covered payroll	\$ 6,086,303	5,924,974	5,834,998	5,631,745	5,258,155
Contributions as a percentage of covered payroll	3.97%	3.36%	3.36%	2.65%	2.65%

* Only five years of information available.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Required Supplementary Information, Continued

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

Last 10 Fiscal Years*

	<u>2018</u>
District's proportion of the net OPEB liability	0.00%
District's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the District	114,531
Total	\$ 114,531
Plan fiduciary net position as a percentage of of the total OPEB liability	47.29%

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Notes to Required Supplementary Information

Changes of Benefit Terms (Pension) - None

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

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

Mortality rates:

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

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

Changes of Benefit Terms (OPEB) - None

Changes of Assumptions (OPEB) - None

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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

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

GENERAL FUND

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

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
General Fund
Comparative Balance Sheets
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	\$ 100	62,129
Investments	2,354,704	2,839,365
Accounts receivable	11,142	16,546
Due from other governments	154,274	19,785
Total assets	\$ 2,520,220	2,937,825
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accrued wages and benefits	1,274,396	1,183,654
Accounts payable	56,332	65,973
Interfund loans payable	493,742	602,713
Total liabilities	1,824,470	1,852,340
Fund balance:		
Assigned	593,000	918,000
Unassigned	102,750	167,485
Total fund balance	695,750	1,085,485
Total liabilities and fund balance	\$ 2,520,220	2,937,825

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis
For the year ended June 30, 2018

	2018		Variance positive (negative)
	Budget	Actual	
Revenues:			
Local assessments:			
Camden	\$ 6,761,782	6,761,782	-
Rockport	5,441,399	5,441,399	-
Total local assessments	12,203,181	12,203,181	-
Intergovernmental:			
State allocation	532,497	549,444	16,947
State agency clients	6,800	22,075	15,275
Total intergovernmental	539,297	571,519	32,222
Charges for services:			
Tuition	-	93,877	93,877
Transportation	227,606	217,697	(9,909)
Total charges for services	227,606	311,574	83,968
Investment income:			
General investment earnings	2,000	7,258	5,258
Total investment income	2,000	7,258	5,258
Other revenues:			
Rentals	75,000	73,367	(1,633)
Miscellaneous revenue	-	18,328	18,328
Total other revenues	75,000	91,695	16,695
Total revenues	13,047,084	13,185,227	138,143

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis, Continued

	2018		Variance positive (negative)
	Budget	Actual	
Expenditures:			
Current:			
Administration:			
School Board	\$ 104,102	104,102	-
Office of Superintendent	372,460	372,463	(3)
K-4 Principal Office	345,761	345,933	(172)
5-8 Principal Office	357,151	356,609	542
Total administration	1,179,474	1,179,107	367
Instruction:			
Instructional services K-4	2,616,178	2,502,010	114,168
Instruction services 5-8	2,386,876	2,381,403	5,473
ESL	72,349	78,801	(6,452)
Horizons Program	86,593	65,293	21,300
Total instruction	5,161,996	5,027,507	134,489
Other instruction:			
Summer School	9,588	11,583	(1,995)
K-4 Extra/Co-curricular	11,184	9,500	1,684
5-8 Extra/Co-curricular	93,718	93,407	311
Total other instruction	114,490	114,490	-
Student and staff support:			
Guidance K-4	151,883	149,417	2,466
Guidance 5-8	182,556	177,384	5,172
Health services	157,574	157,916	(342)
Curriculum development	73,163	71,379	1,784
Instructional training	11,900	11,900	-
Library K-4	106,015	104,375	1,640
Library 5-8	103,486	101,775	1,711
Technical services	214,573	214,573	-
Assessment	10,200	9,763	437
Total student and staff support	1,011,350	998,482	12,868
Special education:			
Instructional services	1,804,038	1,791,177	12,861
Administration	277,826	277,826	-
State agency client grant	6,500	8,037	(1,537)
Total special education	2,088,364	2,077,040	11,324
Operation and maintenance:			
K-4 operation and maintenance	685,612	696,853	(11,241)
5-8 operation and maintenance	1,060,219	805,332	254,887
Total operation and maintenance	1,745,831	1,502,185	243,646

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - Budgetary Basis, Continued

	2018		Variance positive (negative)
	Budget	Actual	
Expenditures, continued			
Current, continued:			
Transportation	\$ 709,029	695,971	13,058
Total transportation	709,029	695,971	13,058
Undistributed	65,000	-	65,000
Debt service	1,229,550	1,229,438	112
Total expenditures	13,305,084	12,824,220	480,864
Excess (deficiency) of revenues over (under) expenditures	(258,000)	361,007	619,007
Other financing sources (uses):			
Budgeted use of fund balance	318,000	-	(318,000)
Transfer to Capital Reserve Fund	-	(600,000)	(600,000)
Transfer to School Lunch	(60,000)	(60,000)	-
Total other financing sources (uses)	258,000	(660,000)	(918,000)
Net change in fund balance - budgetary basis	-	(298,993)	(298,993)
Reconciliation to GAAP basis:			
Change in accrued summer salaries		(90,742)	
Net change in fund balance		(389,735)	
Fund balance, beginning of year		1,085,485	
Fund balance, end of year	\$	695,750	

SCHOOL GRANT FUNDS AND OTHER PROGRAMS

School Grant Funds and Other Programs are special revenue funds which account for various grant programs administered by the District.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
School Grants and Other Programs
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2018

	Fund balances (deficits) beginning of year	Program revenues		Program expenditures	Fund balances (deficits) end of year
		Federal	Other		
Federal and state programs (200):					
Title IA *	\$ (2)	167,192	-	167,190	-
Title IIA*	-	83,049	-	83,049	-
Local Entitlement *	-	206,467	-	206,467	-
Local Entitlement - Preschool	-	1,947	-	1,947	-
MaineCare	4,364	-	-	-	4,364
Proficiency Grant	752	-	-	752	-
PEPG Educator Effectiveness Grant	93	-	-	93	-
Total federal and state programs	5,207	458,655	-	459,498	4,364
Other programs (900):					
Bisbee Sport Fund	55,190	-	98,237	86,479	66,948
MBNA ADF Fund	62,857	-	827	2,425	61,259
R. Clark Bequest	51,841	-	511	-	52,352
Emily Hall Fund	43,060	-	419	496	42,983
HR Support	(2,259)	-	24,714	22,922	(467)
Influenza Grant	5,041	-	50	1,500	3,591
MLTI Insurance	3,153	-	3,111	-	6,264
Food Champs	302	-	3	-	305
Friends of MSAD 28	97	-	1	-	98
Volvo Challenge	-	-	-	206	(206)
Total other programs	219,282	-	127,873	114,028	233,127
Total	\$ 224,489	458,655	127,873	573,526	237,491

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

FIDUCIARY FUNDS

Fiduciary Funds account for assets held by the District in a trustee or agent capacity. These include Agency Funds. Agency Funds are custodial in nature and do not measure the results of operations.

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Fiduciary Funds
Combining Statement of Net Position
June 30, 2018 and 2017

	Rockport Elementary School Activity Funds	Middle School Activity Funds	Totals	
			2018	2017
ASSETS				
Cash and cash equivalents	\$ 8,556	42,637	51,193	50,283
Total assets	\$ 8,556	42,637	51,193	50,283
LIABILITIES				
Amounts held for student groups	8,556	42,637	51,193	50,283
Total liabilities	\$ 8,556	42,637	51,193	50,283

SCHEDULES

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Agency Fund - Rockport Elementary School Activity Funds
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Receipts	Disbursements	Balances (deficits) end of year
CRES Garden	\$ 1,512	802	1,992	322
Destination imagination	36	-	-	36
Grade 4	(177)	-	-	(177)
Interest	47	12	16	43
Kiln project	741	-	100	641
Miscellaneous	(51)	-	-	(51)
Nursing	33	261	45	249
PMAG	18	306	455	(131)
Postage	(64)	-	-	(64)
Principal account	5,761	5,196	7,001	3,956
School store	245	-	-	245
Schools that shine	1,125	-	139	986
Spectrum	40	-	26	14
Student council	62	-	32	30
Wellness	3,032	500	588	2,944
Bisbee	(1)	-	-	(1)
Library	1	869	880	(10)
Sunshine	(52)	-	-	(52)
Social work	261	-	61	200
4th Grade memory book	(624)	-	-	(624)
Totals	\$ 11,945	7,946	11,335	8,556

MAINE SCHOOL ADMINISTRATIVE DISTRICT NO. 28
Agency Fund - Camden-Rockport Middle School
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances
For the year ended June 30, 2018

	Balances (deficits) beginning of year	Receipts	Disbursements	Balances (deficits) end of year
5th grade	\$ 220	704	720	204
6th grade	286	-	350	(64)
7th grade	3,094	5,322	5,760	2,656
8th grade	(259)	9,197	9,518	(580)
Administration	1,533	2,818	3,504	847
Athletics	773	4,597	4,595	775
Band	2,033	2,757	2,375	2,415
Chorus	733	1,106	631	1,208
Intramurals	129	-	-	129
Japan exchange	4,283	61,763	59,165	6,881
Kieve	(1)	-	-	(1)
Library	531	63	19	575
MLTI Project	-	3,080	3,080	-
Musical	8,520	6,392	5,410	9,502
Nursing	357	-	41	316
Other	594	-	594	-
School Store Fund	298	-	-	298
Special Education	3	-	-	3
Stepping with the Stones Award	100	-	-	100
Student activities	4,443	7,973	6,225	6,191
Student council	817	269	361	725
Sunshine Fund	86	183	170	99
Sports Account	1,932	-	209	1,723
Theatrical	3,492	28	-	3,520
Wellness	2,738	1,143	1,196	2,685
Yearbook	1,603	4,246	3,419	2,430
Totals	\$ 38,338	111,641	107,342	42,637