

Audited Financial Statements and
Other Financial Information

Acton School Department

June 30, 2018



Proven Expertise and Integrity

ACTON SCHOOL DEPARTMENT

CONTENTS

JUNE 30, 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1 - 3
<u>BASIC FINANCIAL STATEMENTS</u>	
FUND FINANCIAL STATEMENTS	
STATEMENT A - BALANCE SHEET - GOVERNMENTAL FUNDS	4
STATEMENT B - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	5
STATEMENT C - STATEMENT OF NET POSITION - FIDUCIARY FUNDS	6
NOTES TO FINANCIAL STATEMENTS	7 - 18
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION	19
SCHEDULE 1 - BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS - BUDGET AND ACTUAL - GENERAL FUND	20
<u>OTHER SUPPLEMENTARY INFORMATION</u>	
OTHER SUPPLEMENTARY INFORMATION DESCRIPTION	21
SCHEDULE A - SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND	22 - 23
SCHEDULE B - COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS	24
SCHEDULE C - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS	25
SPECIAL REVENUE FUNDS DESCRIPTION	26
SCHEDULE D - COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS	27

SCHEDULE E - COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS	28
---	----

OTHER REPORTS

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS	29
--	----

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA SUBMITTED TO THE MEDMS FINANCIAL SYSTEM	30
---	----



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Acton School Committee
Acton School Department
Acton, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Acton School Department, a department of the Town of Acton, Maine as of and for the year ended June 30, 2018, and the related notes to the 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.

Auditors' 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.

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

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 each major fund and the aggregate remaining fund information of the Acton School Department as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of Notes to Financial Statements, the financial statements of the Acton School Department are intended to present the financial position and the changes in financial position of only that portion of each major fund, and the aggregate remaining fund information of the Town of Acton, Maine that is attributable to the transactions of the Acton School Department. They do not purport to, and do not present fairly the financial position of the Town of Acton, Maine as of June 30, 2018 and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 20 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.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Acton School Department's basic financial statements. The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related 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 Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements 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 the Acton School Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Acton School Department's internal control over financial reporting and compliance.



Buxton, Maine
October 11, 2018

ACTON SCHOOL DEPARTMENT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 142,738	\$ -	\$ 142,738
Due from Town	1,671,231	-	1,671,231
Due from other governments	17,645	-	17,645
Inventory	3,179	-	3,179
Due from other funds	4,500	-	4,500
TOTAL ASSETS	<u>\$ 1,839,293</u>	<u>\$ -</u>	<u>\$ 1,839,293</u>
LIABILITIES			
Accounts payable	64,293	\$ -	\$ 64,293
Accrued expenses	251,553	-	251,553
Accrued compensated absences	111,138	-	111,138
Due to other funds	-	4,500	4,500
TOTAL LIABILITIES	<u>426,984</u>	<u>4,500</u>	<u>431,484</u>
FUND BALANCES (DEFICITS)			
Nonspendable - inventory	3,179	-	3,179
Restricted	-	-	-
Committed	-	-	-
Assigned	420,451	-	420,451
Unassigned	988,679	(4,500)	984,179
TOTAL FUND BALANCES (DEFICITS)	<u>1,412,309</u>	<u>(4,500)</u>	<u>1,407,809</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 1,839,293</u>	<u>\$ -</u>	<u>\$ 1,839,293</u>

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 20188

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Local Support from Town	\$ 4,877,940	\$ -	\$ 4,877,940
Intergovernmental Revenues	461,516	196,808	658,324
Charges for Services	27,743	-	27,743
Other	3,605	-	3,605
TOTAL REVENUES	5,370,804	196,808	5,567,612
EXPENDITURES			
Current:			
Regular Instruction	2,621,031	-	2,621,031
Special Education	841,235	-	841,235
Other Instruction	38,644	-	38,644
Student and Staff Support	509,022	-	509,022
System Administration	195,435	-	195,435
School Administration	116,547	-	116,547
Transportation	275,726	-	275,726
Facilities Maintenance	452,124	-	452,124
All Other Expenditures	125,038	-	125,038
State of Maine On-behalf Payments	172,224	-	172,224
Program Expenditures	-	201,308	201,308
TOTAL EXPENDITURES	5,347,026	201,308	5,548,334
NET CHANGE IN FUND BALANCES	23,778	(4,500)	19,278
FUND BALANCES - JULY 1	1,388,531	-	1,388,531
FUND BALANCES - JUNE 30	\$ 1,412,309	\$ (4,500)	\$ 1,407,809

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency Funds</u> Student Activities
ASSETS	
Cash and cash equivalents	\$ 12,251
TOTAL ASSETS	<u>\$ 12,251</u>
LIABILITIES	
Deposits held for others	\$ 12,251
TOTAL LIABILITIES	<u>\$ 12,251</u>

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 20188

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Acton School Department was incorporated under the laws of the State of Maine and operates as a department of the Town of Acton, Maine, the financial statements of which have been issued in a separate report for the year ended June 30, 2018. Therefore, the financial statements that follow present only the operations for the Department and are not intended to present fairly the financial position and results of operations of the Town of Acton, Maine in accordance with generally accepted accounting principles (GAAP). Certain disclosures relevant to both the Town of Acton, Maine and the Acton School Department have been omitted from these financial statements and have been disclosed in the Town's financial statements.

The Department's financial statements are prepared in accordance with generally accepted accounting principles. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Department are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Department:

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Department:

Major Fund:

- a. The General Fund is the general operating fund of the Department. It is used to account for all financial resources except those required to be accounted for in another fund.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonmajor Funds:

- b. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Department programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Department's fiduciary funds are presented in the fiduciary fund financial statements by type (agency). Since by definition these assets are being held for the benefit of a third-party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

Revenue Recognition

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 Acton School Department, available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Nonexchange transactions, in which Acton School Department receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenues from grants, entitlements, and donations are recognized in

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Acton School Department must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to Acton School Department on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt which has not matured are recognized when paid. Allocation of costs, such as depreciation, is not recognized in the governmental funds.

Budgetary Accounting

Acton School Department utilizes a formal budgetary accounting system to control revenues and expenditures accounted for in the General Fund. The budget is established in accordance with the various laws that govern Acton School Department operations. Annually, the Acton School Committee votes on the budget by the cost centers. The School Committee then submits its budget to the Acton Board of Selectmen for approval. The Acton Board of Selectmen approves the total budget and it then goes to the voters as part of the budget validation referendum process. Budgetary control at the appropriation account level resides with the Acton School Committee. During the year, the Acton School Committee may transfer up to 5% of one cost center to another cost center. The Acton School Department does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Department's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Department's policy to value investments at fair value. None of the Department's investments are reported at amortized cost. For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

less when purchased are considered to be a cash equivalent. The Department Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

The Acton School Department has no formal investment policy but instead follows the State of Maine Statutes.

Receivables

Receivables include amounts due from governmental agencies and the Town of Acton. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$17,645 for the year ended June 30, 2018. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2018.

Inventories

Inventories consist of expendable supplies held for consumption and are valued at cost which approximate market, using the first-in, first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). The general fund inventory consists of school lunch supplies and food on hand at the end of the year.

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transactions Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

Compensated Absences

The Department's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements of the Town. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2018, the Department's liability for compensated absences is \$101,803.

Fund Balance

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Department is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

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

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town of Acton. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Department. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Acton School Committee.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Department considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Department considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Department meeting vote has provided otherwise in its commitment or assignment actions.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

Encumbrance Accounting

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Department does not utilize encumbrance accounting for its general fund.

Use of Estimates

During the preparation of the Department's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The Department's investment policies, which follow state statutes, require that all investments be made considering the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Department funds.

ACTON SCHOOL DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Department will not be able to recover its deposits. The Department does not have a policy covering custodial credit risk for deposits. However, the Department maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2018, the Department's deposits of \$154,989 were comprised of bank deposits of \$191,439. All of these bank deposits were insured by federal depository insurance and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 24,386
Savings accounts	22,987
ICS accounts	144,066
	\$ 191,439

Investments:

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Department will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Department does not have a policy for custodial credit risk for investments.

At June 30, 2018, the Department had \$0 in investments.

Credit risk - Statutes for the State of Maine authorize the Department to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Department does not have an investment policy on credit risk.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Department does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - BUDGETARY VS. GAAP BASIS OF ACCOUNTING

Revenues and expenditures as reported in the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund (Schedule 1) are reported on the basis budgeted by the Department. Statement B is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, the Department has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on-behalf of the Department. These amounts have not been budgeted in the General Fund and result in a difference in reporting on a budgetary basis of accounting versus reporting under generally accepted accounting principles of \$172,224. These amounts have been included as intergovernmental revenue and as education expenditures in the General Fund on Statement B (GAAP basis). There is no effect on the total fund balance at the end of the year.

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2018 consisted of the following individual fund receivables and payables:

	Receivables (Due from)	Payables (Due to)
General Fund	\$ 4,500	\$ -
Nonmajor Special Revenue Funds	-	4,500
	\$ 4,500	\$ 4,500

NOTE 5 - NONSPENDABLE FUND BALANCE

The Department had the following nonspendable fund balance at June 30, 2018:

General Fund:	
Inventory	\$ 3,179

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - ASSIGNED FUND BALANCES

The Department had the following assigned fund balances at June 30, 2018:

	Balance, 7/1/17	Appropriations	Additions	Reductions	Balance, 6/30/18
Assigned for Budget	\$ 170,000	\$ -	\$ -	\$ -	\$ 170,000
Reserves:					
Capital Reserve	50,000	-	-	(8,928)	41,072
Fuel Reserve	10,000	-	-	-	10,000
Tuition and Assistive Technology Reserve	150,000	-	-	-	150,000
Professional Reserve	10,000	-	-	-	10,000
Technology Reserve	10,000	-	-	-	10,000
Health Reserve	15,000	-	-	-	15,000
Capital Improvement Reserve	4,379	-	-	-	4,379
Matching Grant Reserve	10,000	-	-	-	10,000
	<u>\$ 429,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,928)</u>	<u>\$ 420,451</u>

During fiscal year ended June 30, 2018, assigned fund balances were utilized for equipment repairs and maintenance.

NOTE 7 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.maineopers.org or by contacting the System at (207) 512-3100.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs 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 (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 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. The System also provides disability and death benefits which are established by statute for State employee and teacher members. During the year ended June 30, 2018, the retirement system consisted of 236 participating employers.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.45%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. The Department's teachers are required to contribute 7.65% of their compensation to the retirement system. The Department's payroll for teachers covered by this program was approximately \$1,858,677 for the year ended June 30, 2018. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 10.02% of the Department's contractually required contributions, which 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 (UAL). Contributions paid by the State were approximately \$172,224 for the year ended June 30, 2018. Title 5 of the Maine Revised Statutes Annotated also requires the Department to contribute at an actuarially determined normal cost rate of 3.97%, which totaled \$76,205 for 2018.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

In addition, the Department is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 11.68% of compensation and totaled \$7,905 the year ended June 30, 2018.

NOTE 8 - DEFERRED COMPENSATION PLAN

The School Department offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all school employees, permits them to defer a portion of their salary until future years. There is no employer match by the School Department. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) to be held in a trust for the exclusive benefit of the participants and their beneficiaries.

It is the opinion of the School Department's management that the School Department has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

NOTE 9 - RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Department carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by Maine School Management Association.

Based on the coverage provided by the insurance purchased, the Department is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2018. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 10 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Department's financial position.

ACTON SCHOOL DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - CONTINGENCIES (CONTINUED)

The Department participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Department's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Government Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund

ACTON SCHOOL DEPARTMENT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,388,531	\$ 1,388,531	\$ 1,388,531	\$ -
Resources (Inflows):				
Local Assessments	4,877,940	4,877,940	4,877,940	-
Intergovernmental Revenues:				
State Subsidy	256,022	256,022	219,651	(36,371)
Federal Subsidy	55,000	55,000	69,348	14,348
Mainecare	-	-	293	293
Charges for services	21,000	21,000	27,743	6,743
Interest Income	-	-	1,054	1,054
Other	-	-	2,551	2,551
Amounts Available for Appropriation	<u>6,598,493</u>	<u>6,598,493</u>	<u>6,587,111</u>	<u>(11,382)</u>
Charges to Appropriations (Outflows):				
Regular Instruction	2,726,501	2,726,501	2,621,031	105,470
Special Education	940,484	940,484	841,235	99,249
Other Instruction	48,735	48,735	38,644	10,091
Student and Staff Support	536,529	536,529	509,022	27,507
System Administration	199,675	199,675	195,435	4,240
School Administration	122,095	122,095	116,547	5,548
Transportation	276,000	276,000	275,726	274
Facilities Maintenance	481,115	472,187	452,124	20,063
All Other Expenditures	137,756	137,756	125,038	12,718
Total Charges to Appropriations	<u>5,468,890</u>	<u>5,459,962</u>	<u>5,174,802</u>	<u>285,160</u>
Budgetary Fund Balance, June 30	<u>\$ 1,129,604</u>	<u>\$ 1,138,531</u>	<u>\$ 1,412,309</u>	<u>\$ 273,778</u>
Utilization of Assigned Fund Balance	<u>\$ 258,928</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ (250,000)</u>

See accompanying independent auditors' report and notes to financial statements.

Other Supplementary Information

Other supplementary information includes financial statements and schedules not required by the Government Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds

ACTON SCHOOL DEPARTMENT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
Regular Instruction (Article 2) -				
Salaries and benefits	\$ 1,729,029	\$ 1,729,029	\$ 1,624,546	\$ 104,483
Secondary instruction	927,266	927,266	946,689	(19,423)
Other	70,206	70,206	49,796	20,410
	<u>2,726,501</u>	<u>2,726,501</u>	<u>2,621,031</u>	<u>105,470</u>
Special Education (Article 3) -				
Salaries and benefits	521,542	521,542	479,677	41,865
Professional services	2,000	2,000	1,346	654
Tuition	156,500	156,500	126,383	30,117
Psychological services	25,000	25,000	7,755	17,245
Speech	51,000	51,000	39,700	11,300
Occupational therapy	38,000	38,000	22,235	15,765
Physical therapy	-	-	225	(225)
Transportation	83,500	83,500	105,985	(22,485)
Other	62,942	62,942	57,929	5,013
	<u>940,484</u>	<u>940,484</u>	<u>841,235</u>	<u>99,249</u>
Other Instruction (Article 5) -				
Extra-curricular	<u>48,735</u>	<u>48,735</u>	<u>38,644</u>	<u>10,091</u>
Student and Staff Support (Article 6) -				
Social worker	77,317	77,317	75,541	1,776
Nurse	88,659	88,659	88,086	573
Professionals	157,232	157,232	123,140	34,092
Librarians	67,519	67,519	66,079	1,440
Technology	145,802	145,802	156,176	(10,374)
	<u>536,529</u>	<u>536,529</u>	<u>509,022</u>	<u>27,507</u>
System Administration (Article 7) -				
School Board	17,972	17,972	26,015	(8,043)
Superintendent	74,947	74,947	72,192	2,755
Business staff	98,756	98,756	90,273	8,483
Insurance	8,000	8,000	6,955	1,045
	<u>199,675</u>	<u>199,675</u>	<u>195,435</u>	<u>4,240</u>

ACTON SCHOOL DEPARTMENT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
School Administration (Article 8) - Principals	122,095	122,095	116,547	5,548
Student Transportation (Article 9) - Transportation	276,000	276,000	275,726	274
Facilities Maintenance (Article 10) -				
Salaries and benefits	273,437	273,437	240,729	32,708
Professional services	16,500	16,500	14,764	1,736
Insurance	12,900	12,900	11,611	1,289
Utilities	87,000	87,000	71,201	15,799
Equipment, repairs and maintenance	54,928	46,000	78,219	(32,219)
Other	36,350	36,350	35,600	750
	<u>481,115</u>	<u>472,187</u>	<u>452,124</u>	<u>20,063</u>
All Other Expenditures (Article 12) - Nutrition	137,756	137,756	125,038	12,718
Total	<u>\$ 5,468,890</u>	<u>\$ 5,459,962</u>	<u>\$ 5,174,802</u>	<u>\$ 285,160</u>

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Due to other funds	\$ 4,500	\$ 4,500
TOTAL LIABILITIES	<u>4,500</u>	<u>4,500</u>
FUND BALANCES (DEFICITS)		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	-	-
Unassigned	(4,500)	(4,500)
TOTAL FUND BALANCES (DEFICITS)	<u>(4,500)</u>	<u>(4,500)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>
REVENUES		
Intergovernmental revenues	\$ 196,808	\$ 196,808
TOTAL REVENUES	<u>196,808</u>	<u>196,808</u>
EXPENDITURES		
Other	201,308	201,308
TOTAL EXPENDITURES	<u>201,308</u>	<u>201,308</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(4,500)	(4,500)
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (4,500)</u>	<u>\$ (4,500)</u>

See accompanying independent auditors' report and notes to financial statements.

Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

ACTON SCHOOL DEPARTMENT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018

	Local Entitlement	Title IV	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES							
Accounts payable	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	4,500	-	4,500
TOTAL LIABILITIES	-	-	-	-	4,500	-	4,500
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(4,500)	-	(4,500)
TOTAL FUND BALANCES (DEFICITS)	-	-	-	-	(4,500)	-	(4,500)
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditors' report and notes to financial statements.

ACTON SCHOOL DEPARTMENT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Local Entitlement	Title IV	Title IA	Title IIA	Small Rural School	Local Entitlement Preschool	Total
REVENUES							
Intergovernmental revenues	\$ 114,334	\$ 3,655	\$ 52,859	\$ 9,299	\$ 15,687	\$ 974	\$ 196,808
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>114,334</u>	<u>3,655</u>	<u>52,859</u>	<u>9,299</u>	<u>15,687</u>	<u>974</u>	<u>196,808</u>
EXPENDITURES							
Other	114,334	3,655	52,859	9,299	20,187	974	201,308
TOTAL EXPENDITURES	<u>114,334</u>	<u>3,655</u>	<u>52,859</u>	<u>9,299</u>	<u>20,187</u>	<u>974</u>	<u>201,308</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(4,500)	-	(4,500)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(4,500)	-	(4,500)
FUND BALANCES (DEFICITS) - JULY 1	-	-	-	-	-	-	-
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ (4,500)</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Acton School Committee
Acton School Department
Acton, Maine

We have audited the financial statements of Acton School Department for the year ended June 30, 2018 and have issued our report thereon dated October 11, 2018. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place, and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition, we have reviewed the Acton School Department's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Acton School Department complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Acton School Department was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Acton School Department and have attached the following schedule as it relates to the reconciliation of audit adjustments to the updated annual financial data submitted to the MEDMS financial system maintained at the Maine Department of Education.

This report is intended solely for the information of the School Committee, management and the Maine Department of Education. This report is not intended to be and should not be used by anyone other than the specified parties.

RHR Smith & Company

Buxton, Maine
October 11, 2018

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
www.rhrsmith.com

ACTON SCHOOL DEPARTMENT

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
 SUBMITTED TO THE MEDMS FINANCIAL SYSTEM
 FOR THE YEAR ENDED JUNE 30, 2018

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (3000)	Total
June 30, 2018 Balance Per MEDMS Financial System	\$ 1,410,767	\$ (2,250)	\$ -	\$ 1,408,517
Revenue Adjustments:				
Accounts receivable at year end	1,542	-	-	1,542
Expenditure Adjustments:				
Software maintenance	-	(2,250)	-	(2,250)
Other Adjustments:				
	-	-	-	-
Audited GAAP Basis Fund Balance June 30, 2018	<u>\$ 1,412,309</u>	<u>\$ (4,500)</u>	<u>\$ -</u>	<u>\$ 1,407,809</u>