

Federal Compliance Audit

Regional School Unit No. 13

June 30, 2016



Proven Expertise and Integrity

REGIONAL SCHOOL UNIT NO. 13

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JUNE 30, 2016

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Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT

Board of Directors
Regional School Unit No. 13
Rockland, Maine

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 13, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 13'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.

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 of material misstatement.

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

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 13 as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 49 through 51 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 Regional School Unit No. 13's basic financial statements. The Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements and capital asset schedules 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 Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Schedule of Departmental Operations – General Fund, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards 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, combining and individual nonmajor fund financial statements, capital asset schedules 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 February 6, 2017, on our consideration of Regional School Unit No. 13'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 Regional School Unit No. 13's internal control over financial reporting and compliance.

RHR Smith & Company

Buxton, Maine
February 6, 2017

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

(UNAUDITED)

The following management's discussion and analysis of Regional School Unit No. 13's financial performance provides an overview of the Unit's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the Unit's financial statements.

Financial Statement Overview

Regional School Unit No. 13's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule and pension information, and other supplementary information which includes combining and other schedules.

Basic Financial Statements

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

Government-Wide Financial Statements

The government-wide financial statements provide a broad view of the Unit's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Unit's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the Unit's activities. The type of activity presented for the Unit is:

- *Governmental activities* – The activities in this section are mostly supported by support from the Units and intergovernmental revenues (federal and state grants). All of the Unit's basic services are reported in governmental activities, which include instruction, special education, student and staff support, administration, operations and maintenance and transportation.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Unit, like other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Unit can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds: All of the basic services provided by the Unit are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Unit's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Unit.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Unit presents two columns in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The Unit's major governmental fund is the general fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Unit legally adopted a budget. The Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

Fiduciary Funds: These funds are used to account for resources held for the benefit of parties outside the Unit. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Unit's own programs. The accounting used for fiduciary funds are much like that of proprietary funds. They use the accrual basis of accounting.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and the Fund Financial Statements. The Notes to Financial Statements can be found following the Statement of Fiduciary Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule – Budgetary Basis – Budget and Actual – General Fund, a Schedule of Proportionate Share of the Net Pension Liability and a Schedule of Contributions.

Other Supplementary Information

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds, capital asset activity and other detailed budgetary information for the general fund.

Government-Wide Financial Analysis

Our analysis below focuses on the net position, and changes in net position of the Unit's governmental activities. The Unit's total net position for governmental activities increased by \$797,148 from \$12,790,012 to a balance of \$13,587,160 at year end.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling

legislation, or other legal requirements - for the governmental activities increased to a deficit balance of \$1,005,457 at the end of the fiscal year.

Table 1
Regional School Unit No. 13
Net Position
June 30,

	2016	2015 (Restated)
Assets:		
Current Assets	\$ 4,451,813	\$ 4,128,823
Capital Assets	14,996,179	15,641,580
Total Assets	19,447,992	19,770,403
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	817,059	760,309
Total Deferred Outflows of Resources	817,059	760,309
Liabilities:		
Current Liabilities	3,745,209	3,588,418
Long-term Debt Outstanding	2,624,392	3,834,549
Total Liabilities	6,369,601	7,422,967
Deferred Inflows of Resources:		
Prepaid Meals	5,629	-
Deferred Inflows Related to Pensions	302,661	317,733
Total Deferred Inflows of Resources	308,290	317,733
Net Position:		
Net Investment in Capital Assets	12,342,182	12,366,995
Restricted : Special Revenue Funds	173,142	81,400
Capital Projects Funds	-	18,815
Permanent Funds	2,077,293	2,104,694
Unrestricted (Deficit)	(1,005,457)	(1,781,892)
Total Net Position	\$ 13,587,160	\$ 12,790,012

Table 2
Regional School Unit No. 13
Change in Net Position
For The Years Ended June 30,

	<u>2016</u>	<u>2015</u>
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 1,109,726	\$ 52,839
Operating grants & contributions	4,780,136	4,942,533
<i>General Revenues:</i>		
Support from towns	20,869,760	23,603,358
Grants & contributions not restricted to specific programs	3,202,333	3,294,276
Miscellaneous	228,279	579,937
Total Revenues	<u>30,190,234</u>	<u>32,472,943</u>
Expenses:		
Instruction	10,435,647	10,756,593
Special education	4,288,193	4,109,377
Career & technical	836,685	951,336
Other instructional	530,810	495,907
Student & staff support	2,309,933	2,477,864
System administration	554,407	427,894
School administration	1,293,815	1,436,183
Transportation	1,102,468	1,292,885
Facilities	2,915,534	3,234,436
Interest on long-term debt	68,716	135,693
Change in accrued compensated absences	(140,843)	80,827
State of Maine on-behalf payments	2,144,825	2,556,920
Program expenses	3,052,896	3,428,563
Total Expenses	<u>29,393,086</u>	<u>31,384,478</u>
Change in Net Position	797,148	1,088,465
Net Position - July 1, Restated	<u>12,790,012</u>	<u>11,701,547</u>
Net Position - June 30	<u>\$ 13,587,160</u>	<u>\$ 12,790,012</u>

Revenues and Expenses

Revenues for the Unit's governmental activities decreased by 7.03%, while total expenses decreased by 6.35%. Most of the Unit's revenues and expenses were consistent with the previous year with minor increases or decreases.

Financial Analysis of the Unit's Fund Statements

Governmental funds: The financial reporting focus of the Unit's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information may be useful in assessing the Unit's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year, and the net resources available for spending.

Table 3
Regional School Unit No. 13
Fund Balances - Governmental Funds
June 30,

	2016	2015 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 31,634	\$ 68,783
Unassigned	(307,623)	(1,006,455)
Total Major Funds	\$ (275,989)	\$ (937,672)
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 26,955	\$ 22,226
Restricted	173,142	81,400
Committed	95,214	50,554
Assigned	3,306	3,388
Unassigned	(7,952)	(22,226)
Capital Projects Funds:		
Restricted	-	18,815
Unassigned	(104,212)	-
Permanent Funds:		
Restricted	2,077,293	2,104,694
Total Nonmajor Funds	\$ 2,263,746	\$ 2,258,851

The general fund total fund balance increased by \$661,683 from the prior fiscal year. The nonmajor fund balances increased by \$4,895 from the prior fiscal year.

Budgetary Highlights

There was no significant difference between the original and final budget for the general fund.

The general fund actual revenues were over budget by \$246,322. This was mainly the result of revenues received from St. George.

The general fund actual expenditures were under budget by \$790,361. All expenditure categories were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2016, the net book value of capital assets recorded by the Unit decreased by \$645,401 from the prior fiscal year. This decrease was due to capital additions of \$210,278 less current year depreciation expense of \$855,679.

Table 4
Regional School Unit No. 13
Capital Assets (Net of Depreciation)
June 30,

	<u>2016</u>	<u>2015</u>
Land	\$ 211,479	\$ 211,479
Art work	67,000	67,000
Land improvements	253,646	294,593
Buildings	12,687,428	13,134,820
Machinery & equipment	1,149,809	1,397,127
Vehicles	<u>626,817</u>	<u>536,561</u>
Total	<u>\$ 14,996,179</u>	<u>\$ 15,641,580</u>

Debt

At June 30, 2016, the Unit had an obligation to pay \$2.06 million in bonds outstanding versus \$2.6 million last year. Other obligations include capital leases payable, accrued sick and vacation time and net pension liability. Refer to Note 5 of Notes to Financial Statements for more detailed information.

Currently Known Facts, Decisions, or Conditions

Economic Factors and Next Year's Budgets and Rates

The FY 2017 budget could be impacted by reductions in state subsidy as a result of reduced state revenue projections. Curtailments in the state's biennial budget may serve to increase required local contributions and/or reductions in Unit spending.

Contacting the Unit's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Unit's finances and to show the Unit's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Unit's Finance Department at 28 Lincoln Street, Rockland, Maine 04841.

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,477,865
Investments	1,944,717
Accounts receivable (net of allowance for uncollectibles)	16,519
Due from other governments	954,123
Inventory	26,955
Prepaid items	31,634
Total current assets	<u>4,451,813</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	278,479
Depreciable assets, net of accumulated depreciation	14,717,700
Total noncurrent assets	<u>14,996,179</u>
TOTAL ASSETS	<u>19,447,992</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	817,059
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>817,059</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 20,265,051</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 383,664
Accrued payroll and benefits	2,035,194
Other payables	39,559
Due to other governments	10
Current portion of long-term obligations	1,286,782
Total current liabilities	<u>3,745,209</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	1,524,250
Capital leases payable	387,382
Net pension liability	712,760
Total noncurrent liabilities	<u>2,624,392</u>
TOTAL LIABILITIES	<u>6,369,601</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid meals	5,629
Deferred inflows related to pensions	302,661
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>308,290</u>
NET POSITION	
Net investment in capital assets	12,342,182
Restricted: Special revenue funds	173,142
Permanent funds	2,077,293
Unrestricted (deficit)	(1,005,457)
TOTAL NET POSITION	<u>13,587,160</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 20,265,051</u>

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

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Total Governmental Activities
Governmental activities:					
Instruction	\$ 10,435,647	\$ 688,274	\$ -	\$ -	\$ (9,747,373)
Special education	4,288,193	214,190	-	-	(4,074,003)
Career & technical	836,685	-	-	-	(836,685)
Other instructional	530,810	17,190	-	-	(513,620)
Student & staff support	2,309,933	-	-	-	(2,309,933)
System administration	554,407	-	-	-	(554,407)
School administration	1,293,815	-	-	-	(1,293,815)
Transportation	1,102,468	9,098	-	-	(1,093,370)
Facilities	2,915,534	-	142,337	-	(2,773,197)
Interest on long-term debt	68,716	-	-	-	(68,716)
Change in accrued compensated absences	(140,843)	-	-	-	140,843
State of Maine on-behalf payments	2,144,825	-	2,144,825	-	-
Program expenses	3,052,896	180,974	2,492,974	-	(378,948)
Total government	<u>\$ 29,393,086</u>	<u>\$ 1,109,726</u>	<u>\$ 4,780,136</u>	<u>\$ -</u>	<u>(23,503,224)</u>

STATEMENT B (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(23,503,224)</u>
General revenues:	
Support from towns	20,869,760
Grants and contributions not restricted to specific programs	3,202,333
Miscellaneous	228,279
Total general revenues	<u>24,300,372</u>
Change in net position	797,148
NET POSITION - JULY 1, RESTATED	<u>12,790,012</u>
NET POSITION - JUNE 30	<u><u>\$ 13,587,160</u></u>

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

STATEMENT C

REGIONAL SCHOOL UNIT NO. 13

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,345,289	\$ 132,576	\$ 1,477,865
Investments	-	1,944,717	1,944,717
Accounts receivable (net of allowance for uncollectibles)	-	16,519	16,519
Due from other governments	292,702	661,421	954,123
Inventory	-	26,955	26,955
Prepaid items	31,634	-	31,634
Due from other funds	668,942	243,167	912,109
TOTAL ASSETS	<u>\$ 2,338,567</u>	<u>\$ 3,025,355</u>	<u>\$ 5,363,922</u>
LIABILITIES			
Accounts payable	\$ 296,626	\$ 87,038	\$ 383,664
Accrued payroll and benefits	2,035,194	-	2,035,194
Other payables	39,559	-	39,559
Due to other governments	10	-	10
Due to other funds	243,167	668,942	912,109
TOTAL LIABILITIES	<u>2,614,556</u>	<u>755,980</u>	<u>3,370,536</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid meals	-	5,629	5,629
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>5,629</u>	<u>5,629</u>
FUND BALANCES (DEFICITS)			
Nonspendable	31,634	26,955	58,589
Restricted	-	2,250,435	2,250,435
Committed	-	95,214	95,214
Assigned	-	3,306	3,306
Unassigned	(307,623)	(112,164)	(419,787)
TOTAL FUND BALANCES (DEFICITS)	<u>(275,989)</u>	<u>2,263,746</u>	<u>1,987,757</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 2,338,567</u>	<u>\$ 3,025,355</u>	<u>\$ 5,363,922</u>

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

REGIONAL SCHOOL UNIT NO. 13

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

	Total Governmental Funds
Total Fund Balances	\$ 1,987,757
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, net of accumulated depreciation	14,996,179
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	817,059
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(2,063,500)
Capital leases payable	(590,497)
Accrued compensated absences	(465,994)
Net pension liability	(791,183)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(302,661)
Net position of governmental activities	\$ 13,587,160

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

STATEMENT E

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Support from towns	\$ 20,869,760	\$ -	\$ 20,869,760
Intergovernmental revenues	4,673,980	2,492,974	7,166,954
Charges for services	928,752	180,974	1,109,726
Miscellaneous	67,270	161,009	228,279
TOTAL REVENUES	<u>26,539,762</u>	<u>2,834,957</u>	<u>29,374,719</u>
EXPENDITURES			
Current:			
Instruction	9,951,268	-	9,951,268
Special education	4,291,235	-	4,291,235
Career & technical	836,685	-	836,685
Other instructional	530,810	-	530,810
Student & staff support	2,351,881	-	2,351,881
System administration	560,491	-	560,491
School administration	1,303,862	-	1,303,862
Transportation	1,164,447	-	1,164,447
Facilities	2,773,682	-	2,773,682
State of Maine on-behalf payments	1,471,647	-	1,471,647
Program expenses	-	3,044,219	3,044,219
Debt service:			
Principal	359,198	-	359,198
Interest	68,716	-	68,716
TOTAL EXPENDITURES	<u>25,663,922</u>	<u>3,044,219</u>	<u>28,708,141</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>875,840</u>	<u>(209,262)</u>	<u>666,578</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	43,843	258,000	301,843
Transfers (out)	(258,000)	(43,843)	(301,843)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(214,157)</u>	<u>214,157</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	661,683	4,895	666,578
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(937,672)</u>	<u>2,258,851</u>	<u>1,321,179</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (275,989)</u>	<u>\$ 2,263,746</u>	<u>\$ 1,987,757</u>

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

REGIONAL SCHOOL UNIT NO. 13

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, 2016

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 666,578</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	210,278
Depreciation expense	<u>(855,679)</u>
	<u>(645,401)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>56,750</u>
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position	<u>830,866</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position	<u>(210,278)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>15,072</u>
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued compensated absences	140,843
Net pension liability	<u>(57,282)</u>
	<u>83,561</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 797,148</u></u>

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

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2016

	<u>Agency Funds</u>	<u>Student Activities</u>
ASSETS		
Cash and cash equivalents	\$ 155,774	
Due from other governments		<u>10</u>
TOTAL ASSETS	<u>\$ 155,784</u>	
LIABILITIES		
Accounts payable	\$ 10	
Deposits held for others		<u>155,774</u>
TOTAL LIABILITIES	<u>\$ 155,784</u>	

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Unit was incorporated under the laws of the State of Maine as of July 1, 2009. The Unit was formed through the merger of Maine School Administrative District No. 5 and Maine School Administrative District No. 50. The Unit provides education services.

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

The Unit's combined financial statements include all accounts and all operations of the Unit. We have determined that the Unit has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

Implementation of New Accounting Standards

During the year ended June 30, 2016, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 72, "*Fair Value Measurement and Application*". The objective of the Statement is to expand comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will improve fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*". The objective of the Statement is to improve financial reporting by instituting a single framework for the presentation of information about pensions, thereby expanding the comparability of pension-related information reported by state and local governments. Management has determined that this Statement is not applicable.

Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*". The objective of this Statement is to identify-in the context of the current governmental financial reporting environment-the hierarchy of

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 79, “*Certain External Investment Pools and Pool Participants*”. This Statement establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

This Statement also establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. Management has determined the impact of this Statement is not material to the financial statements.

Government-Wide and Fund Financial Statements

The Unit’s basic financial statements include both government-wide (reporting the Unit as a whole) and fund financial statements (reporting the Unit’s major funds).

Both the government-wide and fund financial statements categorize primary activities as governmental. All activities of the Unit are categorized as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Unit's net position is reported in three parts – net investment in capital assets; restricted net position; and unrestricted net position. The Unit first utilizes restricted resources to finance qualifying activities.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit's functions (instruction, operations and maintenance, etc.). The functions are also supported by general government revenues (support from towns, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Unit does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Unit as an entity and the change in the Unit's net position resulting from the current year's activities.

Measurement Focus - Basic Financial Statements & Fund Financial Statements

The financial transactions of the Unit 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 Unit:

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 Unit:

Major Funds

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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.
- c. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- d. Permanent Funds are used to account for assets held by the Unit that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Unit or its citizenry. The Unit's policy for authorizing and spending investment income follows State statutes.

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 Unit programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Component units that are fiduciary in nature have been excluded from these financial statements.

The Unit'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 the governmental activity category. 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.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

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

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

Budget

The Unit's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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 Unit. Statement B is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The following is a reconciliation of the GAAP and budgetary fund balances for the Unit's General Fund.

Revenues per budgetary basis	\$25,111,958
Add: On-behalf payments	<u>1,471,647</u>
Total GAAP basis	<u>\$26,583,605</u>
Expenditures per budgetary basis	\$24,450,275
Add: On-behalf basis	<u>1,471,647</u>
Total GAAP basis	<u>\$25,921,922</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, the Unit has recorded a revenue and expenditure for Maine Public Employees Retirement contributions made by the State of Maine on-behalf of the Unit. 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 \$1,471,647. 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.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the first half of the year the Unit prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Unit was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Unit.
4. The Unit does not adopt budgets for Special Revenue Funds.

Deposits and Investments

The Unit'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 Unit's policy to value investments at fair value. None of the Unit's investments are reported at amortized cost. The Unit 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 Unit has no formal investment policy but instead follows the State of Maine Statutes.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

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

Prepaid Items

Certain insurance and other payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

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".

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2016.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals, and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Unit. The Unit has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

Long-term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in government-wide statements. The long-term debt consists primarily of bonds payable, capital leases payable, compensated absences and net pension liability.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

The Unit's policies regarding vacation and sick time do permit employees to accumulate earned but unused vacation and sick leave, as well as unused personal days converted to sick time. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

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 State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET 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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Unit or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

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 Unit 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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Unit. The inhabitants of the Unit through Unit meetings are the highest level of decision-making authority of the Unit. Commitments may be established, modified, or rescinded only through a Unit 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 Board of Directors.

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

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Unit has only one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Prepaid meals qualify for reporting in this category. This item is reported in both the statements of net position and governmental

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

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. While the Unit does utilize encumbrance accounting for its general fund, encumbrances outstanding at June 30, 2016 lapse and are reappropriated and/or reencumbered as part of the subsequent year's budget. The Unit had no material encumbrances outstanding at June 30, 2016.

Use of Estimates

During the preparation of the Unit'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 Unit'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 Unit funds.

Deposits:

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Unit will not be able to recover its deposits. The Unit does not have a policy covering custodial credit risk for deposits. However, the Unit maintains deposits in qualifying financial institutions that are a member of the FDIC or

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2016, the Unit's deposits and cash equivalents amounting to \$1,633,639 were comprised of bank deposits and cash equivalents of \$1,939,061. Of these bank deposits and cash equivalents, \$386,576 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$1,399,573 was collateralized with securities held by the financial institution in the Unit's name. The remaining deposits of \$152,912 were uncollateralized and uninsured.

Account Type	Bank Balance
Checking accounts	\$ 402,912
Repurchase agreements	1,399,573
Savings accounts	22,111
Cash and cash equivalents	114,465
	\$ 1,939,061

Investments:

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

At June 30, 2016, the Unit's certificates of deposit of \$141,444 were fully insured by federal depository insurance and thus not exposed to custodial credit risk. Of the Unit's remaining investments of \$1,803,273, \$1,043,494 were covered by the Securities Investor Protection Corporation (SIPC) and \$759,779 were uninsured and uncollateralized.

Investment Type	Fair Value	N/A	Less than 1 Year	1-5 Years	Over 5 Years
Debt securities:					
Corporate bonds	\$ 446,146	\$ -	\$ 130,778	\$ 289,168	\$ 26,200
Equity securities:					
Common stock - domestic	352,662	352,662	-	-	-
Mutual funds:					
Equities	344,955	344,955	-	-	-
Fixed income	659,510	659,510	-	-	-
Certificates of deposit	141,444	-	63,230	69,214	9,000
	\$ 1,944,717	\$ 1,357,127	\$ 194,008	\$ 358,382	\$ 35,200

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy

The Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Unit has the following recurring fair value measurements as June 30, 2016:

	June 30, 2016 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 446,146	\$ -	\$ 446,146	\$ -
Total debt securities	446,146	-	446,146	-
Equity securities:				
Common stock - domestic	352,662	352,662	-	-
Mutual funds - domestic and foreign	1,004,465	1,004,465	-	-
Total equity securities	1,357,127	1,357,127	-	-
Total investments by fair value level	1,803,273	\$ 1,357,127	\$ 446,146	\$ -
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	114,465			
Total cash equivalents measured at the NAV	114,465			
Total investments and cash equivalents measured at fair value	\$ 1,917,738			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Unit has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2016 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$141,444 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Unit 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 Unit does not have an investment policy on credit risk. Generally, the Unit invests

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2016 the Unit's investments in corporate bonds were rated AA+ (\$26,404), AA- (\$187,476), A (\$50,217), A- (\$80,496), BBB+ (\$50,978), BBB (\$50,575) by Standard & Poor's Rating Service. The Unit's holdings in mutual funds and negotiable certificates of deposit totaling \$1,145,909 were not rated.

Interest rate risk – is the risk that changes in interest rates will adversely affect the fair value of an investment. The Unit 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.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2016 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 668,942	\$ 243,167
Nonmajor Special Revenue Funds	243,167	597,776
Nonmajor Capital Projects Funds	-	71,166
	<u>\$ 912,109</u>	<u>\$ 912,109</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2016:

	Balance, 7/1/15	Additions	Deletions	Balance, 6/30/16
Non-depreciated assets:				
Land	\$ 211,479	\$ -	\$ -	\$ 211,479
Art work	67,000	-	-	67,000
	<u>278,479</u>	<u>-</u>	<u>-</u>	<u>278,479</u>
Depreciated assets:				
Land improvements	1,252,353	-	-	1,252,353
Buildings	21,947,172	-	-	21,947,172
Machinery and equipment	4,233,945	17,437	-	4,251,382
Vehicles	2,037,597	192,841	-	2,230,438
	<u>29,471,067</u>	<u>210,278</u>	<u>-</u>	<u>29,681,345</u>
Less: accumulated depreciation	<u>(14,107,966)</u>	<u>(855,679)</u>	<u>-</u>	<u>(14,963,645)</u>
	<u>15,363,101</u>	<u>(645,401)</u>	<u>-</u>	<u>14,717,700</u>
Net capital assets	<u>\$ 15,641,580</u>	<u>\$ (645,401)</u>	<u>\$ -</u>	<u>\$ 14,996,179</u>
<u>Current Year Depreciation:</u>				
Regular education				\$ 498,919
Maintenance and operations				211,206
Transportation				95,214
Administration				41,663
School lunch				<u>8,677</u>
Total depreciation expense				<u>\$ 855,679</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The General Fund of the Unit is used to pay for all long-term debt. A summary of long-term debt is as follows:

	Balance, 7/1/15	Additions	Reductions	Balance, 6/30/16	Due Within One Year
Bonds payable	\$ 2,602,750	\$ -	\$ (539,250)	\$ 2,063,500	\$ 539,250
Capital leases payable	671,835	210,278	(291,616)	590,497	203,115
Accrued compensated absences	606,837	-	(140,843)	465,994	465,994
Net pension liability	733,901	745,000	(687,718)	791,183	78,423
Totals	<u>\$ 4,615,323</u>	<u>\$ 955,278</u>	<u>\$ (1,659,427)</u>	<u>\$ 3,911,174</u>	<u>\$ 1,286,782</u>

The following is a summary of bonds outstanding as of June 30, 2016:

\$2,760,000, 1997 General Obligation bond due in annual principal installments of \$138,000 through November of 2017. The interest rate varies from 5.276% to 5.776% per annum.	\$ 276,000
\$2,225,000, 2002 General Obligation bond due in annual principal installments of \$111,250 through November of 2021. The interest rate varies from 3.048% to 5.423% per annum.	667,500
\$4,800,000, 1998 General Obligation bond due in annual principal installments of \$240,000 through November of 2018. The interest rate varies from 4.528% to 5.378% per annum.	720,000
\$500,000, 2013 General Obligation bond due in annual principal installments of \$50,000 through November of 2023. The interest rate varies from 0.600% to 2.380% per annum.	<u>400,000</u>
Total bonds payable	<u>\$ 2,063,500</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The annual principal and interest requirements to amortize the bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2017	\$ 539,250	\$ 80,944	\$ 620,194
2018	539,250	53,558	592,808
2019	401,250	31,973	433,223
2020	161,250	18,883	180,133
2021	161,250	13,171	174,421
2022-2026	261,250	8,666	269,916
	<u>\$ 2,063,500</u>	<u>\$ 207,195</u>	<u>\$ 2,270,695</u>

No interest costs were capitalized during the period. The amount of interest costs incurred and charged to expense for the year ended June 30, 2016 was \$110,654.

A summary of the outstanding capital leases payable is as follows:

The Unit leases computers, photocopiers, buses and vehicles under non-cancelable lease agreements. These leases have given rise to property rights and qualify as a capital lease for accounting purposes. Payment obligations for these capital leases have been satisfied as of year end.

The future minimum lease obligations of the remaining leases, and the net present value of these minimum lease payments for the next five years ending June 30, are as follows:

Year Ending June 30:	
2017	\$ 222,325
2018	167,905
2019	131,703
2020	109,415
2021	2,725
Total minimum lease payments	<u>634,073</u>
Less: amount representing interest	<u>(43,576)</u>
Present value of future minimum lease payments	<u>\$ 590,497</u>

REGIONAL SCHOOL UNIT NO. 13
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2016

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2016, the Unit had the following nonspendable fund balances:

General Fund:	
Prepaid Items	\$ 31,634
Nonmajor Special Revenue Funds (Schedule D)	<u>26,955</u>
	<u><u>\$ 58,589</u></u>

NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2016, the Unit had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule D)	\$ 173,142
Nonmajor Permanent Funds (Schedule H)	<u>2,077,293</u>
	<u><u>\$ 2,250,435</u></u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2016, the Unit had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule D)	<u><u>\$ 95,214</u></u>
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NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2016, the Unit had the following assigned fund balances:

Nonmajor Special Revenue Funds (Schedule D)	<u><u>\$ 3,306</u></u>
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NOTE 10 - DEFICIT FUND BALANCES

At June 30, 2016, the Unit had the following deficit fund balances:

General Fund	\$ 275,989
Nonmajor Capital Projects Funds:	
School of our Future	<u>104,212</u>
	<u><u>\$ 380,201</u></u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - RISK MANAGEMENT

The Unit 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 Unit carries commercial insurance or participates in a public entity and self-insured risk pool sponsored by the Maine School Management Association.

Based on the coverage provided by the insurance purchased, the Unit is not aware of any material actual or potential claim liabilities which should be recorded as of June 30, 2016. 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 12 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

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.

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

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 5.0%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Unit's teachers are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for teachers covered by this program was approximately \$12,450,008 for the year ended June 30, 2016. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 10.02% of the Unit'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 \$1,174,973 for the year ended June 30, 2016. Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.36%, which totaled \$418,320 for 2016. In addition, the Unit 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 10.57% of compensation and totaled \$76,499 the year ended June 30, 2016.

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

At June 30, 2016, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the Unit 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 Unit were as follows:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Unit's proportionate share of the net pension liability	\$ 791,183
State's proportionate share of the net pension liability associated with the Unit	<u>14,805,141</u>
Total	<u><u>\$ 15,596,324</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2015, the Unit's proportion was 0.058601%, which was a decrease of 0.067933% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Unit recognized net pension expense of \$658,638 and revenue of \$673,178 for support provided by the State of Maine. At June 30, 2016, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SET Plan	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,493
Changes of assumptions	21,800	-
Net difference between projected and actual earnings on pension plan investments	167,414	203,190
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,026	93,978
Contributions subsequent to the measurement date	<u>494,819</u>	<u>-</u>
Total	<u><u>\$ 817,059</u></u>	<u><u>\$ 302,661</u></u>

\$494,819 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan
Year ended June 30:	
2017	\$ 78,423
2018	(74,821)
2019	(25,876)
2020	41,853
2021	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2015 and 2014, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability (UAL) rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which dampens the swing in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2015 and June 30, 2014 are as follows:

Investment Rate of Return - For the State Employee and Teacher Plan, 7.125% per annum for the years ended June 30, 2015 and 2014, compounded annually.

Salary Increases, Merit and Inflation - State Employees, 3.50% to 10.50% per year; Teachers, 3.50% to 13.5% per year.

Mortality Rates - For active State employee members and non-disabled retirees of the State employee plan, the RP2000 Tables projected forward to 2015 using Scale AA are used; for active members and non-disabled retirees of the teachers' plan, the ages are set back two years; for all recipients of disability benefits, the Revenue Ruling 96-7 Disabled Mortality Table for Males and Females is used.

Cost of Living Benefit Increases - 2.55% per annum for State Employees and Teachers.

The long-term expected rate of return on pension plan assets 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 class of assets. 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 June 30, 2015 are summarized in the following table:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
US equities	20%	5.2%
Non-US equities	20%	5.5%
Private equity	10%	7.6%
Real assets:		
Real estate	10%	3.7%
Infrastructure	10%	4.0%
Hard assets	5%	4.8%
Fixed income	25%	0.7%

Discount Rate

The discount rate used to measure the collective total pension liability was 7.125% for 2015 and 2014 for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions 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 to current plan members. 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.

The following table shows how the collective net pension liability/(asset) as of June 30, 2015 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 7.125% for the State Employee and Teacher Plan.

	1% Decrease	Discount Rate	1% Increase
SET Plan: Discount rate	6.125%	7.125%	8.125%
Employer's proportionate share of the net pension liability	\$ 1,385,174	\$ 791,183	\$ 296,457

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 12 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

Changes in net pension liability are recognized in pension expense for the year ended June 30, 2015 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. For 2015 and 2014, this was 3 years for the State Employee and Teacher Plan.

Differences between Projected and Actual Investment Earnings

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. There were no changes in assumptions for the State Employee and Teacher Plan.

Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2015 Comprehensive Annual Financial Report available online at www.mainePers.org or by contacting the System at (207) 512-3100.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13 - DEFERRED COMPENSATION PLAN

The Unit offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all Unit employees as part of a collective bargaining agreement, permits them to defer a portion of their salary until future years. 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 Unit's management that the Unit 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 14 - CONTINGENCIES / COMMITMENTS

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 Unit's financial position.

The Unit participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Unit'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.

NOTE 15 - EXPENDITURES OVER APPROPRIATIONS

At June 30, 2016, the Unit had no overspent appropriations.

NOTE 16 - RELATED PARTY TRANSACTIONS

An employee of the Regional School Unit No. 13 was hired to provide mowing services to the Unit. During fiscal year 2016, payments for these services totaled \$33,096.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 17 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

Regional School Unit No. 13 is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making reciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, Regional School Unit No. 13 receives distributions amounting to a percentage of the fair value of these assets each year. Regional School Unit No. 13 has granted variance power to MCF. The Board of Trustees of the MCF has the power to modify, consistently with State law, including seeking approval of the appropriate court or Attorney General, where applicable, any restriction or condition on the distribution of funds for any specified entities if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian, or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interest in the assets, which approximate the present values of the expected future cash flows from the assets, are recognized in the statement of net position as investments. This amounted to \$43,489 for the year ended June 30, 2016.

NOTE 18 - RESTATEMENTS

The beginning fund balance of the general fund and the net position for the governmental activities have been restated as of July 1, 2015. These balances were restated to correct the health and dental liabilities balances. The general fund and the governmental activities were restated by (\$94,739).

The beginning fund balance of the general fund and the net position for the governmental activities have been restated as of July 1, 2015. These balances were restated to correct accrued payroll balances. The general fund and the governmental activities were restated by (\$216,807).

The beginning fund balance of the general fund and the net position for the governmental activities have been restated as of July 1, 2015. These balances were restated to correct the accounts payable balance. The general fund and the governmental activities were restated by \$15,238.

The beginning fund balance of the general fund has been restated as of July 1, 2015. This balance was restated to remove the current portion of accrued vacation balance. The general fund was restated by \$65,204.

The beginning fund balance of the permanent funds and the net position for the governmental activities have been restated as of July 1, 2015. These balances were restated to correct the balances in the Nicolas Stevens fund, Seekins fund and to

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 18 - RESTATEMENTS (CONTINUED)

reclassify the Class of 2006 fund as a fiduciary fund. The permanent funds and the governmental activities were restated by (\$7,130).

The net restatement to the general fund, permanent funds and governmental activities was (\$231,104), (\$7,130) and (\$303,438), respectively.

NOTE 19 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Unit's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

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
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions

REGIONAL SCHOOL UNIT NO. 13

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
 BUDGET AND ACTUAL – GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ (937,672)	\$ (937,672)	\$ (937,672)	\$ -
Resources (inflows):				
Support from towns	20,869,760	20,869,760	20,869,760	-
Intergovernmental revenues:				
State subsidy	2,918,551	2,918,551	2,911,618	(6,933)
State agency client	-	-	31,697	31,697
St. George reconciliation	-	-	212,374	212,374
Other	50,500	50,500	46,644	(3,856)
Charges for services	958,500	958,500	928,752	(29,748)
Interest income	8,325	8,325	11,609	3,284
Miscellaneous revenues	15,000	15,000	55,661	40,661
Transfers from other funds	45,000	45,000	43,843	(1,157)
Amounts Available for Appropriation	<u>23,927,964</u>	<u>23,927,964</u>	<u>24,174,286</u>	<u>246,322</u>
Charges to Appropriations (outflows):				
Instruction	9,973,800	9,973,800	9,951,268	22,532
Special education	4,253,874	4,291,235	4,291,235	-
Career & technical	836,685	836,685	836,685	-
Other instructional	556,046	556,046	530,810	25,236
Student & staff support	2,630,087	2,630,087	2,351,881	278,206
System administration	677,612	677,612	560,491	117,121
School administration	1,410,385	1,410,385	1,303,862	106,523
Transportation	1,265,956	1,265,956	1,164,447	101,509
Facilities	2,943,827	2,906,466	2,773,682	132,784
Debt service:				
Principal	359,198	359,198	359,198	-
Interest	75,166	75,166	68,716	6,450
Transfers to other funds	258,000	258,000	258,000	-
Total Charges to Appropriations	<u>25,240,636</u>	<u>25,240,636</u>	<u>24,450,275</u>	<u>790,361</u>
Budgetary Fund Balance, June 30	<u>\$ (1,312,672)</u>	<u>\$ (1,312,672)</u>	<u>\$ (275,989)</u>	<u>\$ 1,036,683</u>
Utilization of unassigned fund balance	<u>\$ 375,000</u>	<u>\$ 375,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>
<u>SET Plan:</u>		
Unit's proportion of the net pension liability (asset)	0.06%	0.07%
Unit's proportionate share of the net pension liability (asset)	\$ 791,183	\$ 733,901
State's proportionate share of the net pension liability (asset) associated with the Unit	<u>14,805,141</u>	<u>12,155,484</u>
Total	<u>\$ 15,596,324</u>	<u>\$ 12,889,385</u>
Unit's covered-employee payroll	\$ 12,450,008	\$ 13,198,919
Unit's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.35%	5.56%
Plan fiduciary net position as a percentage of the total pension liability	81.18%	83.91%

* The amounts presented for each fiscal year were determined as of June 30, and are for those years for which information is available.

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>SET Plan:</u>			
Contractually required contribution	\$ 494,819	\$ 443,714	\$ 461,070
Contributions in relation to the contractually required contribution	<u>(494,819)</u>	<u>(443,714)</u>	<u>(461,070)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered-employee payroll	\$ 12,450,008	\$ 13,198,919	\$ 13,380,695
Contributions as a percentage of covered- employee payroll	3.97%	3.36%	3.45%

* The amounts presented for each fiscal year are for those years for which information is available.

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
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds
- Schedule of General Capital Assets by Function
- Schedule of Changes in General Capital Assets by Function

SCHEDULE A

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
INSTRUCTION (Article 1)				
Regular instruction - elementary	\$ 6,246,492	\$ 6,246,492	\$ 6,110,589	\$ 135,903
Regular instruction - secondary	3,069,416	3,069,416	3,225,055	(155,639)
Alternative education	372,574	372,574	349,704	22,870
English as a second language	84,657	84,657	83,941	716
Gifted and talented	171,414	171,414	137,614	33,800
Field trips - elementary	18,526	18,526	21,358	(2,832)
Field trips - secondary	10,721	10,721	23,007	(12,286)
Totals	<u>9,973,800</u>	<u>9,973,800</u>	<u>9,951,268</u>	<u>22,532</u>
SPECIAL EDUCATION (Article 2)				
Resource room	1,134,405	1,134,405	1,169,297	(34,892)
Self contained class	1,355,225	1,355,225	1,353,987	1,238
Life skills	570,714	570,714	576,422	(5,708)
Social worker	155,955	155,955	53,074	102,881
Evaluator	153,704	153,704	154,796	(1,092)
Speech services	358,527	358,527	370,147	(11,620)
Physical therapist	79,133	79,133	92,081	(12,948)
Occupational therapy	136,019	136,019	135,108	911
Hospital/homebound	10,444	10,444	41,665	(31,221)
Administration	299,748	337,109	344,658	(7,549)
Totals	<u>4,253,874</u>	<u>4,291,235</u>	<u>4,291,235</u>	<u>-</u>
CAREER AND TECHNICAL (Article 3)				
Career & technical education	<u>836,685</u>	<u>836,685</u>	<u>836,685</u>	<u>-</u>
Totals	<u>836,685</u>	<u>836,685</u>	<u>836,685</u>	<u>-</u>
OTHER INSTRUCTIONAL (Article 4)				
Summer school	-	-	17,704	(17,704)
Extra curricular/athletics	<u>556,046</u>	<u>556,046</u>	<u>513,106</u>	<u>42,940</u>
Totals	<u>556,046</u>	<u>556,046</u>	<u>530,810</u>	<u>25,236</u>

SCHEDULE A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
STUDENT AND STAFF SUPPORT (Article 5)				
Guidance	\$ 565,533	\$ 565,533	\$ 526,092	\$ 39,441
Student 504 services	27,223	27,223	396	26,827
Instructional staff training	145,230	145,230	104,302	40,928
Library	298,470	298,470	254,696	43,774
Instructional technology	1,078,316	1,078,316	982,015	96,301
Health services	295,363	295,363	284,776	10,587
Improvement of instruction	192,042	192,042	181,664	10,378
Student assessment	27,910	27,910	17,940	9,970
Totals	<u>2,630,087</u>	<u>2,630,087</u>	<u>2,351,881</u>	<u>278,206</u>
SYSTEM ADMINISTRATION (Article 6)				
School board	110,972	110,972	69,381	41,591
Elections	-	-	5,313	(5,313)
Legal	5,000	5,000	-	5,000
Office of the superintendent	262,881	262,881	187,514	75,367
Business office	298,759	298,759	298,283	476
Totals	<u>677,612</u>	<u>677,612</u>	<u>560,491</u>	<u>117,121</u>
SCHOOL ADMINISTRATION (Article 7)				
Principal's office	1,410,385	1,410,385	1,303,862	106,523
Totals	<u>1,410,385</u>	<u>1,410,385</u>	<u>1,303,862</u>	<u>106,523</u>
TRANSPORTATION (Article 8)				
	<u>1,265,956</u>	<u>1,265,956</u>	<u>1,164,447</u>	<u>101,509</u>
FACILITIES (Article 9)				
Operations and maintenance	1,315,840	1,278,479	1,177,261	101,218
Custodians	957,322	957,322	944,446	12,876
Care of buildings	200,067	200,067	241,042	(40,975)
District maintenance	470,598	470,598	410,933	59,665
Totals	<u>2,943,827</u>	<u>2,906,466</u>	<u>2,773,682</u>	<u>132,784</u>

SCHEDULE A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
DEBT SERVICE (Article 10)				
Principal	359,198	359,198	359,198	-
Interest	75,166	75,166	68,716	6,450
Totals	<u>434,364</u>	<u>434,364</u>	<u>427,914</u>	<u>6,450</u>
TRANSFERS TO OTHER FUNDS (Article 11)				
Food service transfer	258,000	258,000	258,000	-
Totals	<u>258,000</u>	<u>258,000</u>	<u>258,000</u>	<u>-</u>
 TOTAL EXPENDITURES	 <u>\$ 25,240,636</u>	 <u>\$ 25,240,636</u>	 <u>\$ 24,450,275</u>	 <u>\$ 790,361</u>

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

SCHEDULE B

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 132,576	\$ 132,576
Investments	-	-	1,944,717	1,944,717
Accounts receivable (net of allowance for uncollectibles)	16,519	-	-	16,519
Due from other governments	661,421	-	-	661,421
Inventory	26,955	-	-	26,955
Due from other funds	243,167	-	-	243,167
TOTAL ASSETS	<u>\$ 948,062</u>	<u>\$ -</u>	<u>\$ 2,077,293</u>	<u>\$ 3,025,355</u>
LIABILITIES				
Accounts payable	\$ 53,992	\$ 33,046	\$ -	\$ 87,038
Due to other funds	597,776	71,166	-	668,942
TOTAL LIABILITIES	<u>651,768</u>	<u>104,212</u>	<u>-</u>	<u>755,980</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid meals	5,629	-	-	5,629
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,629</u>	<u>-</u>	<u>-</u>	<u>5,629</u>
FUND BALANCES (DEFICITS)				
Nonspendable	26,955	-	-	26,955
Restricted	173,142	-	2,077,293	2,250,435
Committed	95,214	-	-	95,214
Assigned	3,306	-	-	3,306
Unassigned	(7,952)	(104,212)	-	(112,164)
TOTAL FUND BALANCES (DEFICITS)	<u>290,665</u>	<u>(104,212)</u>	<u>2,077,293</u>	<u>2,263,746</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 948,062</u>	<u>\$ -</u>	<u>\$ 2,077,293</u>	<u>\$ 3,025,355</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 2,492,974	\$ -	\$ -	\$ 2,492,974
Charges for services	180,974	-	-	180,974
Investment income, net of unrealized gains/(losses)	-	-	(2,954)	(2,954)
Other	163,963	-	-	163,963
TOTAL REVENUES	<u>2,837,911</u>	<u>-</u>	<u>(2,954)</u>	<u>2,834,957</u>
EXPENDITURES				
Program expenses	2,896,745	123,027	24,447	3,044,219
TOTAL EXPENDITURES	<u>2,896,745</u>	<u>123,027</u>	<u>24,447</u>	<u>3,044,219</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(58,834)</u>	<u>(123,027)</u>	<u>(27,401)</u>	<u>(209,262)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	258,000	-	-	258,000
Transfers (out)	(43,843)	-	-	(43,843)
TOTAL OTHER FINANCING SOURCES (USES)	<u>214,157</u>	<u>-</u>	<u>-</u>	<u>214,157</u>
NET CHANGE IN FUND BALANCES	155,323	(123,027)	(27,401)	4,895
FUND BALANCES (DEFICITS), JULY 1, RESTATED	<u>135,342</u>	<u>18,815</u>	<u>2,104,694</u>	<u>2,258,851</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 290,665</u>	<u>\$ (104,212)</u>	<u>\$ 2,077,293</u>	<u>\$ 2,263,746</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.

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	<u>Adult Education</u>	<u>Laptop Damage</u>	<u>Restricted Grants Local</u>	<u>Fast Track</u>	<u>Active Schools Acceleration Project</u>	<u>Stephen & Tabitha King</u>
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	14,992	63,989	23,487	1,364	1,610	2,904
TOTAL ASSETS	<u>\$ 14,992</u>	<u>\$ 63,989</u>	<u>\$ 23,487</u>	<u>\$ 1,364</u>	<u>\$ 1,610</u>	<u>\$ 2,904</u>
LIABILITIES						
Accounts payable	\$ 201	\$ -	\$ 721	\$ -	\$ -	\$ 512
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>201</u>	<u>-</u>	<u>721</u>	<u>-</u>	<u>-</u>	<u>512</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid meals	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	14,791	-	22,766	-	-	-
Committed	-	63,989	-	1,364	-	2,392
Assigned	-	-	-	-	1,610	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>14,791</u>	<u>63,989</u>	<u>22,766</u>	<u>1,364</u>	<u>1,610</u>	<u>2,392</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 14,992</u>	<u>\$ 63,989</u>	<u>\$ 23,487</u>	<u>\$ 1,364</u>	<u>\$ 1,610</u>	<u>\$ 2,904</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	GREF	Worthington Grant	Anonimo	College Transition	Transitions Grant Proficiency Based	PEPG Development
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	3,802	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	-	2,000	-	500	19,385	654
TOTAL ASSETS	\$ 3,802	\$ 2,000	\$ -	\$ 500	\$ 19,385	\$ 654
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -
Due to other funds	3,407	-	-	-	-	-
TOTAL LIABILITIES	3,407	-	-	500	-	-
DEFERRED INFLOWS OF RESOURCES						
Prepaid meals	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	2,000	-	-	19,385	654
Committed	395	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	395	2,000	-	-	19,385	654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 3,802	\$ 2,000	\$ -	\$ 500	\$ 19,385	\$ 654

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	SOHP Oral Health	Title IA Disadvantage	Pre-K Expansion Fund	MaineCare Fund	IDEA-B	IDEA-B Pre School
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other governments	-	256,642	97,797	-	256,191	10,207
Inventory	-	-	-	-	-	-
Due from other funds	403	-	-	74,619	-	-
TOTAL ASSETS	\$ 403	\$ 256,642	\$ 97,797	\$ 74,619	\$ 256,191	\$ 10,207
LIABILITIES						
Accounts payable	\$ 403	\$ 534	\$ 9,820	\$ 714	\$ 33,016	\$ -
Due to other funds	-	256,108	70,772	-	223,175	10,207
TOTAL LIABILITIES	403	256,642	80,592	714	256,191	10,207
DEFERRED INFLOWS OF RESOURCES						
Prepaid meals	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	17,205	73,905	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	-	-	17,205	73,905	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 403	\$ 256,642	\$ 97,797	\$ 74,619	\$ 256,191	\$ 10,207

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Title VI Rural <u>Low Income</u>	<u>Title IIA</u>	Food Service <u>Service</u>	<u>AEFLA</u>	Fuel Reserve <u>Reserve</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	12,717	-	-
Due from other governments	-	14,720	25,864	-	-
Inventory	-	-	26,955	-	-
Due from other funds	-	4,515	-	-	20,624
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 19,235</u>	<u>\$ 65,536</u>	<u>\$ -</u>	<u>\$ 20,624</u>
LIABILITIES					
Accounts payable	\$ -	\$ 774	\$ 6,797	\$ -	\$ -
Due to other funds	-	-	34,107	-	-
TOTAL LIABILITIES	<u>-</u>	<u>774</u>	<u>40,904</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Prepaid meals	-	-	5,629	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>5,629</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	26,955	-	-
Restricted	-	18,461	-	-	-
Committed	-	-	-	-	20,624
Assigned	-	-	-	-	-
Unassigned	-	-	(7,952)	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>18,461</u>	<u>19,003</u>	<u>-</u>	<u>20,624</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 19,235</u>	<u>\$ 65,536</u>	<u>\$ -</u>	<u>\$ 20,624</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016

	Before School Supervision	Adult Ed Enrichment	MCASS Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	16,519
Due from other governments	-	-	-	661,421
Inventory	-	-	-	26,955
Due from other funds	6,450	3,975	1,696	243,167
TOTAL ASSETS	<u>\$ 6,450</u>	<u>\$ 3,975</u>	<u>\$ 1,696</u>	<u>\$ 948,062</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 53,992
Due to other funds	-	-	-	597,776
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>651,768</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid meals	-	-	-	5,629
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,629</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	26,955
Restricted	-	3,975	-	173,142
Committed	6,450	-	-	95,214
Assigned	-	-	1,696	3,306
Unassigned	-	-	-	(7,952)
TOTAL FUND BALANCES (DEFICITS)	<u>6,450</u>	<u>3,975</u>	<u>1,696</u>	<u>290,665</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	<u>\$ 6,450</u>	<u>\$ 3,975</u>	<u>\$ 1,696</u>	<u>\$ 948,062</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Adult Education	Laptop Damage	Restricted Grants Local	Fast Track	Active Schools Acceleration Project	Stephen & Tabitha King
REVENUES						
Intergovernmental revenue	\$ 134,881	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-	-
Other	-	69,354	21,015	5,420	-	3,500
TOTAL REVENUES	<u>134,881</u>	<u>69,354</u>	<u>21,015</u>	<u>5,420</u>	<u>-</u>	<u>3,500</u>
EXPENDITURES						
Program expenses	<u>122,978</u>	<u>16,526</u>	<u>7,520</u>	<u>5,386</u>	<u>-</u>	<u>3,480</u>
TOTAL EXPENDITURES	<u>122,978</u>	<u>16,526</u>	<u>7,520</u>	<u>5,386</u>	<u>-</u>	<u>3,480</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>11,903</u>	<u>52,828</u>	<u>13,495</u>	<u>34</u>	<u>-</u>	<u>20</u>
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>
NET CHANGE IN FUND BALANCES (DEFICITS)	11,903	52,828	13,495	34	-	20
FUND BALANCES (DEFICITS), JULY 1	<u>2,888</u>	<u>11,161</u>	<u>9,271</u>	<u>1,330</u>	<u>1,610</u>	<u>2,372</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 14,791</u>	<u>\$ 63,989</u>	<u>\$ 22,766</u>	<u>\$ 1,364</u>	<u>\$ 1,610</u>	<u>\$ 2,392</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	GREF	Worthington Grant	Anonimo	College Transition	Transitions Grant Proficiency Based	PEPG Development
REVENUES						
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 50,000	\$ 19,573	\$ 4,600
Charges for services	-	-	-	-	-	-
Other	6,802	2,000	39,500	-	-	-
TOTAL REVENUES	<u>6,802</u>	<u>2,000</u>	<u>39,500</u>	<u>50,000</u>	<u>19,573</u>	<u>4,600</u>
EXPENDITURES						
Program expenses	6,407	-	39,500	50,000	4,400	3,946
TOTAL EXPENDITURES	<u>6,407</u>	<u>-</u>	<u>39,500</u>	<u>50,000</u>	<u>4,400</u>	<u>3,946</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>395</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>15,173</u>	<u>654</u>
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>
NET CHANGE IN FUND BALANCES (DEFICITS)	395	2,000	-	-	15,173	654
FUND BALANCES (DEFICITS), JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,212</u>	<u>-</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 395</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,385</u>	<u>\$ 654</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	SOHP Oral Health	Title IA Disadvantage	Pre-K Expansion Fund	MaineCare Fund	IDEA-B	IDEA-B Pre School
REVENUES						
Intergovernmental revenue	\$ 388	\$ 690,657	\$ 361,148	\$ 83,369	\$ 423,334	\$ 10,207
Charges for services	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL REVENUES	<u>388</u>	<u>690,657</u>	<u>361,148</u>	<u>83,369</u>	<u>423,334</u>	<u>10,207</u>
EXPENDITURES						
Program expenses	<u>388</u>	<u>690,657</u>	<u>343,943</u>	<u>23,745</u>	<u>423,334</u>	<u>10,207</u>
TOTAL EXPENDITURES	<u>388</u>	<u>690,657</u>	<u>343,943</u>	<u>23,745</u>	<u>423,334</u>	<u>10,207</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>17,205</u>	<u>59,624</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	(43,843)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(43,843)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>17,205</u>	<u>15,781</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS), JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,124</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,205</u>	<u>\$ 73,905</u>	<u>\$ -</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Title VI Rural <u>Low Income</u>	<u>Title IIA</u>	Food Service <u>Service</u>	<u>AEFLA</u>	Fuel Reserve <u>Reserve</u>
REVENUES					
Intergovernmental revenue	\$ 33,188	\$ 115,822	\$ 521,421	\$ 36,761	\$ -
Charges for services	-	-	180,974	-	-
Other	-	-	-	-	-
TOTAL REVENUES	<u>33,188</u>	<u>115,822</u>	<u>702,395</u>	<u>36,761</u>	<u>-</u>
EXPENDITURES					
Program expenses	<u>36,527</u>	<u>97,361</u>	<u>941,392</u>	<u>36,761</u>	<u>6,718</u>
TOTAL EXPENDITURES	<u>36,527</u>	<u>97,361</u>	<u>941,392</u>	<u>36,761</u>	<u>6,718</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(3,339)</u>	<u>18,461</u>	<u>(238,997)</u>	<u>-</u>	<u>(6,718)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	258,000	-	-
Transfers (out)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>258,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(3,339)	18,461	19,003	-	(6,718)
FUND BALANCES (DEFICITS), JULY 1	<u>3,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,342</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ -</u>	<u>\$ 18,461</u>	<u>\$ 19,003</u>	<u>\$ -</u>	<u>\$ 20,624</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Before School Supervision	Adult Ed Enrichment	MCASS Fund	Total
REVENUES				
Intergovernmental revenue	\$ -	\$ 7,625	\$ -	\$ 2,492,974
Charges for services	-	-	-	180,974
Other	6,572	-	9,800	163,963
TOTAL REVENUES	<u>6,572</u>	<u>7,625</u>	<u>9,800</u>	<u>2,837,911</u>
EXPENDITURES				
Program expenses	8,471	8,416	8,682	2,896,745
TOTAL EXPENDITURES	<u>8,471</u>	<u>8,416</u>	<u>8,682</u>	<u>2,896,745</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,899)</u>	<u>(791)</u>	<u>1,118</u>	<u>(58,834)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	258,000
Transfers (out)	-	-	-	(43,843)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,157</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,899)	(791)	1,118	155,323
FUND BALANCES (DEFICITS), JULY 1	<u>8,349</u>	<u>4,766</u>	<u>578</u>	<u>135,342</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 6,450</u>	<u>\$ 3,975</u>	<u>\$ 1,696</u>	<u>\$ 290,665</u>

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

Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2016

	Capital Projects Fund	(4500) (4600) School of our Future	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ -
Due from other funds	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ -	\$ 33,046	\$ 33,046
Due to other funds	-	71,166	71,166
TOTAL LIABILITIES	<u>-</u>	<u>104,212</u>	<u>104,212</u>
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	(104,212)	(104,212)
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>(104,212)</u>	<u>(104,212)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Fund	(4500) (4600) School of our Future	Total
REVENUES			
Interest income	\$ -	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Program expenses	18,815	104,212	123,027
TOTAL EXPENDITURES	<u>18,815</u>	<u>104,212</u>	<u>123,027</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(18,815)</u>	<u>(104,212)</u>	<u>(123,027)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(18,815)	(104,212)	(123,027)
FUND BALANCES (DEFICITS) - JULY 1	<u>18,815</u>	<u>-</u>	<u>18,815</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ (104,212)</u>	<u>\$ (104,212)</u>

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

Permanent Funds

Permanent funds are used to account for assets held by Regional School Unit No. 13 that are legally restricted pursuant to Title 30-A, §5653 of the Maine State Statutes, as amended, and unless otherwise specified, only earnings, and not principal, may be used for purposes that benefit the Unit or its citizenry. These funds have been established for various purposes including the provision and/or maintenance of scholarships.

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Hermia Toothaker Trust	Taylor/ Knight Foundation	Donations Henry & Norma Zeike	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
ASSETS								
Cash and cash equivalents	\$ 5,921	\$ 1,103	\$ 401	\$ 9,004	\$ -	\$ 2,680	\$ 1,333	\$ 31,357
Investments	11,877	7,064	2,571	57,681	43,489	17,171	8,538	541,071
Due from other funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 17,798	\$ 8,167	\$ 2,972	\$ 66,685	\$ 43,489	\$ 19,851	\$ 9,871	\$ 572,428
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	-	-	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	17,798	8,167	2,972	66,685	43,489	19,851	9,871	572,428
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	17,798	8,167	2,972	66,685	43,489	19,851	9,871	572,428
TOTAL LIABILITIES AND FUND BALANCES	\$ 17,798	\$ 8,167	\$ 2,972	\$ 66,685	\$ 43,489	\$ 19,851	\$ 9,871	\$ 572,428

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	<u>Worthington Scholarship</u>	<u>Alumni Scholarship</u>	<u>Pricilla Noddin Trust</u>	<u>Isidor Gordon Trust</u>	<u>Bontuit Scholarship</u>	<u>Miriam Pierce Scholarship</u>	<u>Ione Estes Scholarship</u>
ASSETS							
Cash and cash equivalents	\$ 146	\$ 1,654	\$ 14,132	\$ 1,787	\$ 2,155	\$ 3,172	\$ 2,954
Investments	936	10,598	90,530	45,131	13,804	20,317	18,920
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,082</u>	<u>\$ 12,252</u>	<u>\$ 104,662</u>	<u>\$ 46,918</u>	<u>\$ 15,959</u>	<u>\$ 23,489</u>	<u>\$ 21,874</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,082	12,252	104,662	46,918	15,959	23,489	21,874
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,082</u>	<u>12,252</u>	<u>104,662</u>	<u>46,918</u>	<u>15,959</u>	<u>23,489</u>	<u>21,874</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,082</u>	<u>\$ 12,252</u>	<u>\$ 104,662</u>	<u>\$ 46,918</u>	<u>\$ 15,959</u>	<u>\$ 23,489</u>	<u>\$ 21,874</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	<u>Frederick & Claudette V Scholarship</u>	<u>Seekins Scholarship</u>	<u>Hunter Scholarship</u>	<u>Goss Ruggles Scholarship</u>	<u>Harjula Scholarship</u>	<u>Moran Scholarship</u>	<u>Gutoske Scholarship</u>
ASSETS							
Cash and cash equivalents	\$ 698	\$ 5,613	\$ 1,749	\$ 11,343	\$ 269	\$ 226	\$ 58
Investments	4,472	212,692	80,936	524,653	12,286	10,430	2,664
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 5,170</u>	<u>\$ 218,305</u>	<u>\$ 82,685</u>	<u>\$ 535,996</u>	<u>\$ 12,555</u>	<u>\$ 10,656</u>	<u>\$ 2,722</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,170	218,305	82,685	535,996	12,555	10,656	2,722
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,170</u>	<u>218,305</u>	<u>82,685</u>	<u>535,996</u>	<u>12,555</u>	<u>10,656</u>	<u>2,722</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,170</u>	<u>\$ 218,305</u>	<u>\$ 82,685</u>	<u>\$ 535,996</u>	<u>\$ 12,555</u>	<u>\$ 10,656</u>	<u>\$ 2,722</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	<u>Brasier Scholarship</u>	<u>Magrogan Scholarship</u>	<u>Stone Scholarship</u>	<u>Griffith Scholarship</u>	<u>Carignan Scholarship</u>	<u>Daggett Trust</u>	<u>Crockett Trust</u>
ASSETS							
Cash and cash equivalents	\$ 136	\$ 151	\$ 62	\$ 350	\$ 615	\$ 95	\$ 170
Investments	6,056	6,982	2,684	16,213	28,437	3,885	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,192</u>	<u>\$ 7,133</u>	<u>\$ 2,746</u>	<u>\$ 16,563</u>	<u>\$ 29,052</u>	<u>\$ 3,980</u>	<u>\$ 170</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	6,192	7,133	2,746	16,563	29,052	3,980	170
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,192</u>	<u>7,133</u>	<u>2,746</u>	<u>16,563</u>	<u>29,052</u>	<u>3,980</u>	<u>170</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,192</u>	<u>\$ 7,133</u>	<u>\$ 2,746</u>	<u>\$ 16,563</u>	<u>\$ 29,052</u>	<u>\$ 3,980</u>	<u>\$ 170</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	Class of 2004	Class of 2005	Mildred Merrill Trust	Class of 2007	Raymond Willis Dow Trust	William Holden Trust	Lindsey Memorial Scholarship
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ 1,743	\$ -	\$ 2,117	\$ 188	\$ 833
Investments	-	-	11,168	-	13,560	1,205	9,000
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,911</u>	<u>\$ -</u>	<u>\$ 15,677</u>	<u>\$ 1,393</u>	<u>\$ 9,833</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	12,911	-	15,677	1,393	9,833
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>12,911</u>	<u>-</u>	<u>15,677</u>	<u>1,393</u>	<u>9,833</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,911</u>	<u>\$ -</u>	<u>\$ 15,677</u>	<u>\$ 1,393</u>	<u>\$ 9,833</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
 JUNE 30, 2016

	WM Stinson Jr. Memorial	Ciaravino School Fund	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Killeran Scholarship	Billy Hoch Scholarship	Total
ASSETS							
Cash and cash equivalents	\$ 11,358	\$ -	\$ -	\$ 16,554	\$ 449	\$ -	\$ 132,576
Investments	13,645	29,748	36,221	5	20,809	7,268	1,944,717
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 25,003</u>	<u>\$ 29,748</u>	<u>\$ 36,221</u>	<u>\$ 16,559</u>	<u>\$ 21,258</u>	<u>\$ 7,268</u>	<u>\$ 2,077,293</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	25,003	29,748	36,221	16,559	21,258	7,268	2,077,293
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>25,003</u>	<u>29,748</u>	<u>36,221</u>	<u>16,559</u>	<u>21,258</u>	<u>7,268</u>	<u>2,077,293</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,003</u>	<u>\$ 29,748</u>	<u>\$ 36,221</u>	<u>\$ 16,559</u>	<u>\$ 21,258</u>	<u>\$ 7,268</u>	<u>\$ 2,077,293</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Hermia Toothaker Trust	Taylor/ Knight Foundation	Donations Henry & Norma Zeike	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
REVENUES								
Investment income, net of unrealized gains/(losses)	\$ 52	\$ 267	\$ 332	\$ 1,190	\$ (741)	\$ (344)	\$ 822	\$ 32,593
TOTAL REVENUES	<u>52</u>	<u>267</u>	<u>332</u>	<u>1,190</u>	<u>(741)</u>	<u>(344)</u>	<u>822</u>	<u>32,593</u>
EXPENDITURES								
Program expenses	-	66	21	2,019	1,875	155	40	1,117
TOTAL EXPENDITURES	<u>-</u>	<u>66</u>	<u>21</u>	<u>2,019</u>	<u>1,875</u>	<u>155</u>	<u>40</u>	<u>1,117</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>52</u>	<u>201</u>	<u>311</u>	<u>(829)</u>	<u>(2,616)</u>	<u>(499)</u>	<u>782</u>	<u>31,476</u>
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>	<u>-</u>
NET CHANGE IN FUND BALANCES	52	201	311	(829)	(2,616)	(499)	782	31,476
FUND BALANCES - JULY 1, RESTATED	<u>17,746</u>	<u>7,966</u>	<u>2,661</u>	<u>67,514</u>	<u>46,105</u>	<u>20,350</u>	<u>9,089</u>	<u>540,952</u>
FUND BALANCES - JUNE 30	<u>\$ 17,798</u>	<u>\$ 8,167</u>	<u>\$ 2,972</u>	<u>\$ 66,685</u>	<u>\$ 43,489</u>	<u>\$ 19,851</u>	<u>\$ 9,871</u>	<u>\$ 572,428</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Worthington Scholarship</u>	<u>Alumni Scholarship</u>	<u>Pricilla Noddin Trust</u>	<u>Isidor Gordon Trust</u>	<u>Bontuit Scholarship</u>	<u>Miriam Pierce Scholarship</u>	<u>Ione Estes Scholarship</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 35	\$ 385	\$ 450	\$ 753	\$ 25	\$ 768	\$ (278)
TOTAL REVENUES	<u>35</u>	<u>385</u>	<u>450</u>	<u>753</u>	<u>25</u>	<u>768</u>	<u>(278)</u>
EXPENDITURES							
Program expenses	8	579	10,847	601	123	178	673
TOTAL EXPENDITURES	<u>8</u>	<u>579</u>	<u>10,847</u>	<u>601</u>	<u>123</u>	<u>178</u>	<u>673</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>27</u>	<u>(194)</u>	<u>(10,397)</u>	<u>152</u>	<u>(98)</u>	<u>590</u>	<u>(951)</u>
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	27	(194)	(10,397)	152	(98)	590	(951)
FUND BALANCES - JULY 1, RESTATED	<u>1,055</u>	<u>12,446</u>	<u>115,059</u>	<u>46,766</u>	<u>16,057</u>	<u>22,899</u>	<u>22,825</u>
FUND BALANCES - JUNE 30	<u>\$ 1,082</u>	<u>\$ 12,252</u>	<u>\$ 104,662</u>	<u>\$ 46,918</u>	<u>\$ 15,959</u>	<u>\$ 23,489</u>	<u>\$ 21,874</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Frederick & Claudette V Scholarship</u>	<u>Seekins Scholarship</u>	<u>Hunter Scholarship</u>	<u>Goss Ruggles Scholarship</u>	<u>Harjula Scholarship</u>	<u>Moran Scholarship</u>	<u>Gutoske Scholarship</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 169	\$ (2,742)	\$ (4,600)	\$ (27,287)	\$ (798)	\$ (779)	\$ (63)
TOTAL REVENUES	<u>169</u>	<u>(2,742)</u>	<u>(4,600)</u>	<u>(27,287)</u>	<u>(798)</u>	<u>(779)</u>	<u>(63)</u>
EXPENDITURES							
Program expenses	39	1,191	291	1,896	45	38	10
TOTAL EXPENDITURES	<u>39</u>	<u>1,191</u>	<u>291</u>	<u>1,896</u>	<u>45</u>	<u>38</u>	<u>10</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>130</u>	<u>(3,933)</u>	<u>(4,891)</u>	<u>(29,183)</u>	<u>(843)</u>	<u>(817)</u>	<u>(73)</u>
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	130	(3,933)	(4,891)	(29,183)	(843)	(817)	(73)
FUND BALANCES - JULY 1, RESTATED	<u>5,040</u>	<u>222,238</u>	<u>87,576</u>	<u>565,179</u>	<u>13,398</u>	<u>11,473</u>	<u>2,795</u>
FUND BALANCES - JUNE 30	<u>\$ 5,170</u>	<u>\$ 218,305</u>	<u>\$ 82,685</u>	<u>\$ 535,996</u>	<u>\$ 12,555</u>	<u>\$ 10,656</u>	<u>\$ 2,722</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Brasier Scholarship</u>	<u>Magrogan Scholarship</u>	<u>Stone Scholarship</u>	<u>Griffith Scholarship</u>	<u>Carignan Scholarship</u>	<u>Daggett Trust</u>	<u>Crockett Trust</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (146)	\$ (167)	\$ (64)	\$ (915)	\$ (1,208)	\$ (94)	\$ (1)
TOTAL REVENUES	<u>(146)</u>	<u>(167)</u>	<u>(64)</u>	<u>(915)</u>	<u>(1,208)</u>	<u>(94)</u>	<u>(1)</u>
EXPENDITURES							
Program expenses	22	25	10	58	103	14	-
TOTAL EXPENDITURES	<u>22</u>	<u>25</u>	<u>10</u>	<u>58</u>	<u>103</u>	<u>14</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(168)</u>	<u>(192)</u>	<u>(74)</u>	<u>(973)</u>	<u>(1,311)</u>	<u>(108)</u>	<u>(1)</u>
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	(168)	(192)	(74)	(973)	(1,311)	(108)	(1)
FUND BALANCES - JULY 1, RESTATED	<u>6,360</u>	<u>7,325</u>	<u>2,820</u>	<u>17,536</u>	<u>30,363</u>	<u>4,088</u>	<u>171</u>
FUND BALANCES - JUNE 30	<u>\$ 6,192</u>	<u>\$ 7,133</u>	<u>\$ 2,746</u>	<u>\$ 16,563</u>	<u>\$ 29,052</u>	<u>\$ 3,980</u>	<u>\$ 170</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Class of 2004</u>	<u>Class of 2005</u>	<u>Mildred Merrill Trust</u>	<u>Class of 2007</u>	<u>Raymond Willis Dow Trust</u>	<u>William Holden Trust</u>	<u>Lindsey Memorial Scholarship</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 1	\$ (1)	\$ (75)	\$ 10	\$ 16	\$ 46	\$ 394
TOTAL REVENUES	<u>1</u>	<u>(1)</u>	<u>(75)</u>	<u>10</u>	<u>16</u>	<u>46</u>	<u>394</u>
EXPENDITURES							
Program expenses	107	591	602	897	121	11	-
TOTAL EXPENDITURES	<u>107</u>	<u>591</u>	<u>602</u>	<u>897</u>	<u>121</u>	<u>11</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(106)</u>	<u>(592)</u>	<u>(677)</u>	<u>(887)</u>	<u>(105)</u>	<u>35</u>	<u>394</u>
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	(106)	(592)	(677)	(887)	(105)	35	394
FUND BALANCES - JULY 1, RESTATED	<u>106</u>	<u>592</u>	<u>13,588</u>	<u>887</u>	<u>15,782</u>	<u>1,358</u>	<u>9,439</u>
FUND BALANCES - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,911</u>	<u>\$ -</u>	<u>\$ 15,677</u>	<u>\$ 1,393</u>	<u>\$ 9,833</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	WM Stinson Jr. Memorial	Ciaravino School Fund	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Killeran Scholarship	Billy Hoch Scholarship	Total
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 1,461	\$ 484	\$ (908)	\$ (88)	\$ (1,521)	\$ (387)	\$ (2,954)
TOTAL REVENUES	<u>1,461</u>	<u>484</u>	<u>(908)</u>	<u>(88)</u>	<u>(1,521)</u>	<u>(387)</u>	<u>(2,954)</u>
EXPENDITURES							
Program expenses	-	-	-	-	74	-	24,447
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>24,447</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,461</u>	<u>484</u>	<u>(908)</u>	<u>(88)</u>	<u>(1,595)</u>	<u>(387)</u>	<u>(27,401)</u>
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	1,461	484	(908)	(88)	(1,595)	(387)	(27,401)
FUND BALANCES - JULY 1, RESTATED	<u>23,542</u>	<u>29,264</u>	<u>37,129</u>	<u>16,647</u>	<u>22,853</u>	<u>7,655</u>	<u>2,104,694</u>
FUND BALANCES - JUNE 30	<u>\$ 25,003</u>	<u>\$ 29,748</u>	<u>\$ 36,221</u>	<u>\$ 16,559</u>	<u>\$ 21,258</u>	<u>\$ 7,268</u>	<u>\$ 2,077,293</u>

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

General Capital Assets

General capital assets are those assets related to activities reported in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position.

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF GENERAL CAPITAL ASSETS BY FUNCTION
JUNE 30, 2016

	Land and Non-depreciable Assets	Buildings, Building Improvements & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Total
Regular education	\$ 221,681	\$ 12,235,025	\$ 2,651,917	\$ -	\$ 15,108,623
Maintenance and operations	56,798	10,964,500	1,201,061	-	12,222,359
Transportation	-	-	2,123,503	-	2,123,503
Administration	-	-	285,512	-	285,512
School lunch program	-	-	219,827	-	219,827
Total General Capital Assets	278,479	23,199,525	6,481,820	-	29,959,824
Less: Accumulated Depreciation	-	(10,258,451)	(4,705,194)	-	(14,963,645)
Net General Capital Assets	\$ 278,479	\$ 12,941,074	\$ 1,776,626	\$ -	\$ 14,996,179

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CHANGES IN GENERAL CAPITAL ASSETS BY FUNCTION
FOR THE YEAR ENDED JUNE 30, 2016

	General Capital Assets 7/1/15	Additions	Deletions	General Capital Assets 6/30/16
Regular education	\$ 15,108,623	\$ -	\$ -	\$ 15,108,623
Maintenance and operations	12,204,922	17,437	-	12,222,359
Transportation	1,930,662	192,841	-	2,123,503
Administration	285,512	-	-	285,512
School lunch program	219,827	-	-	219,827
Total General Capital Assets	29,749,546	210,278	-	29,959,824
Less: Accumulated Depreciation	<u>(14,107,966)</u>	<u>(855,679)</u>	<u>-</u>	<u>(14,963,645)</u>
Net General Capital Assets	<u>\$ 15,641,580</u>	<u>\$ (645,401)</u>	<u>\$ -</u>	<u>\$ 14,996,179</u>

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Exepnditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through State of Maine - Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.556	013-06A-3014-05	\$ -	\$ 121,278
School Lunch	10.555	013-06A-3022-05	-	361,462
Summer Food Service Program	10.559	013-06A-3016-05	-	28,764
Subtotal Child Nutrition Cluster			<u>-</u>	<u>511,504</u>
Food Distribution Cluster:				
Commodity Supplemental Food Program	10.565	N/A	-	42,387
Subtotal Food Distribution Cluster			<u>-</u>	<u>42,387</u>
Fresh Fruits & Veggies	10.582	013-06A-3028-05	-	28,842
Total U.S. Department of Agriculture			<u>-</u>	<u>582,733</u>
U.S. Department of Education				
Passed-through State of Maine - Department of Education:				
Adult Education and Family Literacy Act	84.002	013-06A-6296-64	-	36,761
Title IA	84.010	013-06A-3107-13	-	690,657
Special Education Cluster (IDEA):				
Local Entitlement	84.027	013-06A-3046-12	-	423,334
Local Entitlement - Part B Section 619	84.173	013-06A-6247-13	-	10,207
Subtotal Special Education Cluster (IDEA)			<u>-</u>	<u>433,541</u>
Title VI - Rural Low Income	84.358	013-06A-3005-03	-	36,527
Title IIA	84.367	013-06A-3042-11	-	97,361
Preschool Expansion	84.419B	013-7145	-	359,766
Total U.S. Department of Education			<u>-</u>	<u>1,654,613</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ -</u>	<u>\$ 2,237,346</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 13 under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 13, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Regional School Unit No. 13.

2. Summary of Significant Accounting Policies

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Regional School Unit No. 13 has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Regional School Unit No. 13
Rockland, Maine

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Regional School Unit No. 13 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Regional School Unit No. 13's basic financial statements, and have issued our report thereon dated February 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Regional School Unit No. 13's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Regional School Unit No. 13's internal control. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 13's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 13's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 6, 2017



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Regional School Unit No. 13
Rockland, Maine

Report on Compliance for Each Major Federal Program

We have audited Regional School Unit No. 13's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Regional School Unit No. 13's major federal programs for the year ended June 30, 2016. Regional School Unit No. 13's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Regional School Unit No. 13's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Regional School Unit No. 13's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Regional School Unit No. 13's compliance.

Opinion on Each Major Federal Program

In our opinion, Regional School Unit No. 13 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Regional School Unit No. 13 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Regional School Unit No. 13's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Regional School Unit No. 13's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
February 6, 2017

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no
- Noncompliance material to financial statements noted? yes no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes no

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027	Special Education Cluster (IDEA)
84.419B	Preschool Expansion

Dollar threshold used to distinguish between type A and B: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



Proven Expertise and Integrity

INDEPENDENT AUDITORS' REPORT ON STATE REQUIREMENTS

Board of Directors
Regional School Unit No. 13
Rockland, Maine

We have audited the financial statements of the Regional School Unit No. 13 for the year ended June 30, 2016 and have issued our report thereon dated February 6, 2017. 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 Regional School Unit No. 13'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 Regional School Unit No. 13, 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 Regional School Unit No. 13 was in noncompliance with, or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Regional School Unit No. 13 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial 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 Board of Directors, 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
February 6, 2017

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REGIONAL SCHOOL UNIT NO. 13

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
SUBMITTED TO THE MEDMS FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (4000)	Total
June 30 Balance per MEDMS Financial System	\$ 43,567	\$ 321,459	\$ -	\$ 365,026
Revenue Adjustments:				
Other Adjustments:				
Funds incorrect on MEDMS:				
General Fund (1000)	195,530	-	-	195,530
Restricted Grants Local (2020)	-	(59,948)	-	(59,948)
Fast Track (2030)	-	(716)	-	(716)
Stephen and Tabitha King (2070)	-	(1,725)	-	(1,725)
GREF (2080)	-	257	-	257
College Transition (2215)	-	(9)	-	(9)
Title IA Disadvantaged (2300)	-	(281)	-	(281)
Pre-K Expansion (2450)	-	15,778	-	15,778
MaineCare (2460)	-	10,741	-	10,741
Local Entitlement (2470)	-	(73)	-	(73)
Title VI Rural Low Income (2670)	-	(7,077)	-	(7,077)
Title IIA (2700)	-	18,456	-	18,456
Funds not reported on MEDMS:				
MCASS Fund	-	1,696	-	1,696
Schools of Our Future	-	-	(74,076)	(74,076)
OH/South Thomaston School	-	-	(30,136)	(30,136)
Restatement	(311,546)	-	-	(311,546)
Beginning balance variance	(200,392)	-	-	(200,392)
Audit adjustments	(3,148)	(7,895)	-	(11,043)
Rounding	-	2	-	2
Audited GAAP Basis Fund Balance June 30	<u>\$ (275,989)</u>	<u>\$ 290,665</u>	<u>\$ (104,212)</u>	<u>\$ (89,536)</u>