



Proven Expertise and Integrity

January 20, 2015

Board of Directors
Regional School Unit No. 13
28 Lincoln Street
Rockland, ME 04841

MANAGEMENT LETTER

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional School Unit (RSU) No. 13 as of and for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the RSU's internal control. We did so to determine our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for expressing our opinion on the effectiveness of the Regional School Unit No. 13's internal control over financial reporting or compliance.

During our audit we became aware of several matters referred to as "management letter comments" that offer opportunities for strengthening internal control and improving operating efficiencies of Regional School Unit No. 13. The following pages summarize our comments and suggestions on those matters.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

These matters do not modify our opinion on the financial statements for the year ended June 30, 2014, where we expressed an unmodified opinion on our independent auditors' report dated December 4, 2014.

General:

Fund Balance Policies:

As a result of recent audits, and with discussion with the RSU's management on desired carryover or fund balance, we recommend that the RSU develop a fund balance policy to meet the everyday needs of the RSU. The policy should consist of a general fund balance policy which will include what the RSU would maintain as a minimum, optimum and maximum unassigned fund balance, and then assigned and committed fund balance policies which would take into consideration all aspects of RSU reserves including but not limited to, capital (by District), debt service, special ordinances, special request of the community, and other designations to meet the everyday and long-term needs of the RSU. Management should also consider the existing statutory law under Title 20-A when establishing this policy.

Subsequent to fiscal year end, the RSU addressed many financial shortfalls within its FY 2014 budget through utilization of budget transfers compliant with Title 20-A, §1485 of the Maine State Statutes, as amended. Through these Board actions, the RSU has used excess general fund balance to fully offset school lunch deficits of \$497,811 through June 30, 2014, its most significant shortfall. However, addressing these budget shortfalls continues to inhibit the RSU's progress of setting aside amounts to fund teacher summer salaries and benefits. The Board adopted a policy in FY 2013 to reserve an annual amount contingent on the RSU's carry over balance.

Credit Card / Open Charge Account Usage:

While performing our test work for the above mentioned year end, it appears that the RSU requires the use of a purchase order to initiate purchases made on behalf-of the RSU. However, it appeared that several open charge account purchases were missing purchase orders. One cash disbursement on the RSU's credit card was supported with a "sticky note" signed by an employee. In another instance, the amount of the charge to the RSU credit card was higher than the purchase order was issued for. Further, sales tax was paid on another purchase.

If these practices are continued, the protection and integrity of RSU's financial information is put at risk and the possibility of inappropriate purchases rises. Generally Accepted Accounting Principles require that there be oversight regarding expenditures made for specific purposes to ensure that proper support and documentation for the expenditures exist. Further, as a governmental agency, the RSU is exempt from taxation. Therefore, we recommend that the administrator(s) over credit card and/or open charge accounts review the current policies and procedures and where necessary revise and/or develop and implement policies to improve internal controls and mitigate these risks.

Management's Response:

Subsequent to FY14 Audit, the RSU has eliminated Credit Cards and opened a single card in the name of the Superintendent for incidental purchases. Purchases, whether by purchase order, check or credit all follow the RSU's requisition procedure.

General:

I-9s

We noted during the above mentioned year audited, that while performing our payroll test, certain selected I-9s were not available for our review and the dates of hire could not be confirmed. In addition, several form I-9s were not signed by the RSU. Federal law requires I-9s be kept on file for all employees. Further, all I-9 forms should be certified by the RSU and kept in a file separate from employee personnel files, as Form I-9s are not considered confidential and may be subject to regulatory inspection. In addition, we recommend that periodic reviews of individual personnel files are completed and updated by management to ensure compliance with state and federal law.

Subsequent to year end, we are aware that the RSU is working to ensure that all I-9s meet state and federal compliance.

Old Outstanding Checks:

While performing our audits for the above mentioned and previous year, we noted the RSU is carrying many old outstanding checks, some dating back to 2009. The RSU should review all outstanding checks greater than 120 days old for accuracy and reissuance. The RSU should also consider sending these checks to the State of Maine's Unclaimed Property Division so that the State may locate the vendors. Outstanding checks should be monitored regularly to ensure they are clearing in a timely manner. This will improve internal controls at the RSU and will assist the RSU in preventing fraud. The RSU should also ensure that their checks are imprinted with an appropriate void option.

Management's Response:

Subsequent to year end, the RSU is establishing a procedure to first, verify that outstanding checks listed are real, and then to void and forward the amounts to the State of Maine Unclaimed Property. Currently, there is a question as to the accuracy of the list of check mentioned.

Special Revenue Funds:

School Lunch - Deficit Fund Balance:

As a result of recent audits, we noted that the school lunch fund balance deficit continues to increase, despite annual budget appropriations from the RSU's general fund. This fund should be reconciled to \$0 every year and at the beginning of the fiscal year (July 1), RSU lunch fiscal reporting starts over. The deficit balance approximated \$498,000 at June 30, 2014. In addition to this deficit, we question the authority the RSU had in paying expenditures over its legally budgeted cost center of \$120,000 for the year.

We recommend the RSU initiate a detailed review of school lunch finances for accuracy and make procedural and fiscal changes to future budgets accordingly. Furthermore, we recommend that the RSU Board/Finance Committee be provided monthly revenue and expenditure reports, including a balance sheet for the school lunch program.

Special Revenue Funds:

School Lunch - Deficit Fund Balance (Continued):

Subsequent to fiscal year end, the RSU has used excess general fund balance to fully offset school lunch deficits of \$497,811 through June 30, 2014 (refer to *Fund Balance Policies* above). We are also aware that due to personnel changes occurring after July 1, 2014, the RSU Board/Finance Committee is provided monthly revenue and expenditure reports, including a balance sheet for the school lunch program.

General Fund & Special Revenue Funds:

Posting Errors:

We noted during the above mentioned and previous years audited that the RSU posted expenditures to closed grant funds. In addition, numerous adjusting entries were made late in the fiscal year to correct previous posting errors that had to be reversed a second time. Furthermore, we noted that in 2014 health insurance premiums for the month of May 2014 had not been paid and were not included within accounts payable balances. The result left the RSU with a material underreporting of expenditures in the FY 2014 general fund. A key component to accurate financial records is completing accounting entries correctly. We recommend the RSU implement procedures to ensure accounting entries are performed timely and reviewed independently for accuracy prior to and after posting.

We are aware that due to personnel changes occurring after July 1, 2014, the RSU has made significant progress in limiting posting errors by implementing procedural changes as well as training its staff on targeted modules of the RSU's fiscal software, which has assisted in the prevention of future posting error occurrences.

Grant Management and Reimbursement of Program Expenditures:

It should be noted while performing the audit for the above mentioned year end, we noted that certain federally funded programs were not monitored for the following adequate funding or timely reimbursement of expenditures. Reconciliation of certain federal funding was difficult and had not been completed at the time of audit. Further, it appears that the RSU should strengthen their review and approval of expenditures of federal grants in the following areas:

- Allowable Activities/Costs:
 - **School Nutrition** - 10 out of 21 expenditures were not reviewed and approved by the federal grant manager. Expenditures that did not belong to food service were recorded as food service expenditures.
 - **Local Entitlement** - 9 out of 19 expenditures were not reviewed and approved by the federal grant manager.

Also, federal payroll testing items revealed that personnel activity reports (PAR) should have been dated after the service was rendered to certify time spent on federal cost objectives. All employees paid in part or in whole with federal funds should complete either a PAR or semi-annual certification. There were three instances of employees who were salary contracted employees that did not complete a semi-annual certification or a PAR. It should also be known that we do not consider these material matters to federal programs at this time.

General Fund & Special Revenue Funds:

Grant Management and Reimbursement of Program Expenditures (Continued):

As has been past practice, the RSU had signed agreements with various federal agencies to reimburse the RSU for allowable incurred costs. However, a large portion of these costs were not reimbursed in a timely manner due to inconsistent application of internal controls and processes. Current practice is on an informal or casual basis. We recommend that the RSU apply for grant reimbursement on a more frequent basis to improve cash flow and to reduce the risk of misappropriation of funds. In addition, we recommend that RSU management establish a formal grant management policy. This policy should include periodic reporting of activity including financial reporting. Also, the RSU should establish a written travel policy, and policies and procedures for checking the disbarred and suspended parties. Furthermore, the RSU needs to strengthen their equipment management to meet state and federal requirements. Once completed, these policies should then be given to the Board of Directors for approval.

Subsequent to year end and staffing changes at the RSU, we are aware that the RSU has taken steps to ensure federal awards are monitored monthly for adequate funding, timely reimbursement of expenditures and compliance with all state and federal regulations. In addition, the RSU has invested in a Grant Management module to allow for accurate and timely monitoring of grants that work on different fiscal years.

Permanent Funds - Scholarships

While the RSU does have a formal policy regarding the process for applying and administration of scholarship funds, it appears that the RSU lacks formal monitoring and financial reporting of all scholarship funds. Current monitoring practice is on an informal or casual basis. We recommend RSU management revise its current scholarship policy. This policy should include formal Board approval prior to any scholarships being accepted in the RSU's name as well as periodic reporting of activity including financial reporting. In addition, 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. Therefore we further recommend that the RSU initiate a review of all scholarship funds for donor restrictions on principal and make fund balance designations based on review findings.

Management's Response:

The RSU has, subsequent to FY14, begun to integrate all scholarship accounts into their accounting software with a quarterly reconciliation.

Fiduciary Funds – Student Activity Accounts:

While performing the audit for the above mentioned year end, the following observations were made:

- **Rockland District Middle School** – paid or reimbursed sales tax, missing invoices, missing or insufficient invoice approvals, paid or reimbursed invoices from a prior period
- **St. George School** - paid or reimbursed sales tax, missing several invoices
- **South School** – paid or reimbursed sales tax, approval form completed after the purchase was made, insufficient supporting document(s)
- **Oceanside West** - paid or reimbursed sales tax, approval form completed after the purchase was made, insufficient supporting document(s), missing itemized receipts
- **Oceanside East** - paid or reimbursed sales tax, approval form completed after the purchase was made, missing invoices, check made payable to “cash”
- **Thomaston Grammar School** – paid or reimbursed sales tax, approval form completed after the purchase was made, insufficient supporting document(s), missing itemized receipts, missing signature on a check, authorized account signer signed their own disbursement check
- **Lura Libby / Cushing School** – paid or reimbursed sales tax, approval form completed after the purchase was made, insufficient supporting document(s)
- **Owls Head School** – paid or reimbursed sales tax, approval form completed after the purchase was made, insufficient supporting document(s) and/or approval
- **Gilford Butler School** – paid or reimbursed sales tax, missing or insufficient supporting document(s)

Generally Accepted Accounting Principles require that there be oversight regarding expenditures made for specific purposes to ensure that proper support and documentation for the expenditures exist. We recommend that the administrator(s) over cash disbursements review the current policies and procedures and where necessary revise and/or develop and implement policies to improve internal controls.

We are aware that due to personnel changes occurring after July 1, 2014, the RSU has made significant progress in addressing many of the matters listed by implementing procedural changes as well as providing staff training on proper cash disbursement protocols. In addition, the RSU has invested in a module for tracking student activity accounts on the RSU’s fiscal software, which will further assist in the financial management of these accounts.

All Funds:

Naming of General Ledger Accounts:

While performing the audit for the above mentioned year end, we noted that the RSU uses a naming convention for general ledger accounts that made verification of account balances difficult and time consuming. Certain accounts had the same or similar names which exposed the RSU to multiple posting errors and misstatement of financial information. We recommend that the RSU initiate a review of its general ledger account names to make each name unique and easily identifiable using the State’s recommended chart of accounts for schools as a guide. Making these changes should improve accuracy of financial reporting at the RSU and facilitate financial reporting to the State department of Education.

All Funds:

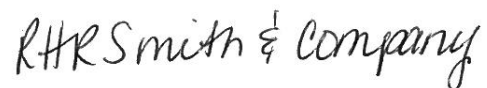
Naming of General Ledger Accounts (Continued):

Subsequent to fiscal year end, the RSU has initiated and completed a review of its general ledger account names to bring them in line with the State's recommended chart of accounts for schools thereby improving the accuracy of financial reporting at the RSU and facilitating financial reporting to the State Department of Education.

We would like to thank John, Pete and all of the staff at the RSU for their cooperation throughout this audit process.

If there are any questions regarding this letter, please do not hesitate to call.

Very Best,

A handwritten signature in cursive script that reads "RHR Smith & Company".

RHR Smith & Company, CPAs

Federal Compliance Audit

Regional School Unit No. 13

June 30, 2014



Proven Expertise and Integrity

REGIONAL SCHOOL UNIT NO. 13

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JUNE 30, 2014

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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, 2014, and the related notes to the financial statements, which collectively comprise the Unit's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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, 2014, 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 and budgetary comparison information on pages 4 through 11 and 39 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 combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual non-major fund financial statements 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, 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
December 8, 2014

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

(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, 2014. 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 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). Most of the Unit's basic services are reported in governmental activities, which include instruction, instructional support, administration, operations 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: Most 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 fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund 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.

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 \$502,034 to a balance of \$13,006,231 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 \$1,487,236 at the end of the fiscal year.

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

	<u>2014</u>	<u>2013</u> <u>(Restated)</u>
Assets:		
Current and Other Assets	\$ 4,027,452	\$ 3,879,700
Capital Assets	<u>15,967,358</u>	<u>15,963,122</u>
Total Assets	19,994,810	19,842,822
Liabilities:		
Current Liabilities	3,662,756	2,735,407
Long-term Debt Outstanding	<u>3,325,823</u>	<u>4,603,218</u>
Total Liabilities	6,988,579	7,338,625
Net Position:		
Net Investment in Capital Assets	12,136,573	11,531,360
Restricted : Special revenue funds	73,635	104,869
Capital project funds	26,764	435,661
Permanent funds	2,256,495	2,179,332
Unrestricted (deficit)	<u>(1,487,236)</u>	<u>(1,747,025)</u>
Total Net Position	<u>\$ 13,006,231</u>	<u>\$ 12,504,197</u>

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

	2014	2013 (Restated)
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 64,317	\$ 39,843
Operating grants & contributions	4,536,282	4,149,570
<i>General Revenues:</i>		
Support from towns	22,613,779	22,345,696
Grants & contributions not restricted to specific programs	3,432,155	3,204,903
Miscellaneous	735,237	538,479
Total Revenues	<u>31,381,770</u>	<u>30,278,491</u>
Expenses:		
Instruction	10,596,243	11,072,119
Special education	3,844,661	4,140,215
Career & technical	948,450	932,004
Other instructional	550,466	542,096
Student & staff support	2,555,723	2,557,774
System administration	859,308	580,776
School administration	1,524,689	1,486,956
Transportation	1,290,803	1,163,785
Facilities	3,096,440	3,600,289
Interest on long term debt	163,678	191,464
Change in accrued summer salaries/benefits	37,249	240,020
State of Maine on-behalf payments	1,699,913	1,863,163
Program expenses	3,712,113	3,300,902
Total Expenses	<u>30,879,736</u>	<u>31,671,563</u>
Change in Net Position	502,034	(1,393,072)
Net Position - July 1	<u>12,504,197</u>	<u>13,897,269</u>
Net Position - June 30	<u><u>\$ 13,006,231</u></u>	<u><u>\$ 12,504,197</u></u>

Revenues and Expenses

Revenues for the Unit's governmental activities increased by 3.64%, while total expenses decreased by 2.50%. 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,

	2014	2013 (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ -	\$ 116,466
Committed	-	938,000
Assigned	-	319,147
Unassigned	844,015	(166,403)
Total Major Funds	<u>\$ 844,015</u>	<u>\$ 1,207,210</u>
Nonmajor Funds:		
Special revenue funds:		
Nonspendable	\$ 8,359	\$ 11,419
Restricted	73,635	126,889
Committed	171,092	210,024
Assigned	1,610	49,404
Unassigned	(8,359)	(573,173)
Capital project funds:		
Restricted	26,764	435,661
Permanent funds:		
Restricted	2,256,495	2,179,332
Total Nonmajor Funds	<u>\$ 2,529,596</u>	<u>\$ 2,439,556</u>

The general fund total fund balance decreased by \$363,195 from the prior fiscal year. The non-major fund balances increased by \$90,040 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 \$125,443.

The general fund actual expenditures were under budget by \$449,362. All expenditure categories were under budget.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2014, the net book value of capital assets recorded by the Unit increased by \$4,236 from the prior fiscal year. The increase was due to current year additions of \$776,672 less depreciation of \$772,436.

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

	<u>2014</u>	<u>2013</u>
Land	\$ 211,479	\$ 211,479
Art work	67,000	67,000
Construction in progress	-	30,000
Land improvements	335,541	380,285
Buildings	13,534,988	13,412,595
Machinery & equipment	1,290,797	1,399,524
Vehicles	<u>527,553</u>	<u>462,239</u>
Total	<u>\$ 15,967,358</u>	<u>\$ 15,963,122</u>

Debt

At June 30, 2014, the Unit had an obligation to pay \$3.25 million in bonds outstanding versus \$3.84 million last year. Other obligations include capital leases payable and accrued sick and vacation time. 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 2015 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, 2014

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,664,032
Investments	2,110,441
Accounts receivable (net of allowance for uncollectibles)	130,944
Due from other governments	112,523
Inventory	8,359
Accrued interest	1,153
Total current assets	<u>4,027,452</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	278,479
Depreciable assets, net of accumulated depreciation	15,688,879
Total noncurrent assets	<u>15,967,358</u>
TOTAL ASSETS	<u><u>\$ 19,994,810</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 498,730
Accrued payroll and benefits	2,094,516
Other payables	140,477
Current portion of long-term obligations	929,033
Total current liabilities	<u>3,662,756</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	2,602,750
Capital leases payable	299,002
Accrued compensated absences	424,071
Total noncurrent liabilities	<u>3,325,823</u>
TOTAL LIABILITIES	<u>6,988,579</u>
NET POSITION	
Net Investment in capital assets	12,136,573
Restricted: Special revenue funds	73,635
Capital project funds	26,764
Permanent funds	2,256,495
Unrestricted (deficit)	(1,487,236)
TOTAL NET POSITION	<u>13,006,231</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 19,994,810</u></u>

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

STATEMENT B

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 10,596,243	\$ 64,317	\$ -	\$ -	\$ (10,531,926)
Special education	3,844,661	-	-	-	(3,844,661)
Career & technical	948,450	-	-	-	(948,450)
Other instructional	550,466	-	-	-	(550,466)
Student & staff support	2,555,723	-	-	-	(2,555,723)
System administration	859,308	-	-	-	(859,308)
School administration	1,524,689	-	-	-	(1,524,689)
Transportation	1,290,803	-	-	-	(1,290,803)
Facilities	3,096,440	-	-	-	(3,096,440)
Interest on long term debt	163,678	-	-	-	(163,678)
Change in accrued summer salaries/benefits	37,249	-	-	-	(37,249)
State of Maine on-behalf payments	1,699,913	-	1,699,913	-	-
Program expenses	3,712,113	-	2,836,369	-	(875,744)
Total government	<u>\$ 30,879,736</u>	<u>\$ 64,317</u>	<u>\$ 4,536,282</u>	<u>\$ -</u>	<u>\$ (26,279,137)</u>

STATEMENT B (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(26,279,137)</u>
General revenues:	
Support from towns	22,613,779
Grants and contributions not restricted to specific programs	3,432,155
Miscellaneous	<u>735,237</u>
Total general revenues	<u>26,781,171</u>
Change in net position	502,034
NET POSITION - JULY 1, RESTATED	<u>12,504,197</u>
NET POSITION - JUNE 30	<u><u>\$ 13,006,231</u></u>

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

REGIONAL SCHOOL UNIT NO. 13

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,497,111	\$ 166,921	\$ 1,664,032
Investments	-	2,110,441	2,110,441
Accounts receivable (net of allowance for uncollectibles)	125,788	5,156	130,944
Due from other governments	73,731	38,792	112,523
Inventory	-	8,359	8,359
Accrued interest	-	1,153	1,153
Due from other funds	34,025	247,856	281,881
TOTAL ASSETS	<u>\$ 1,730,655</u>	<u>\$ 2,578,678</u>	<u>\$ 4,309,333</u>
LIABILITIES			
Accounts payable	\$ 498,307	\$ 423	\$ 498,730
Accrued payroll and benefits	-	14,634	14,634
Other payables	140,477	-	140,477
Due to other funds	247,856	34,025	281,881
TOTAL LIABILITIES	<u>886,640</u>	<u>49,082</u>	<u>935,722</u>
FUND BALANCES			
Nonspendable	-	8,359	8,359
Restricted	-	2,356,894	2,356,894
Committed	-	171,092	171,092
Assigned	-	1,610	1,610
Unassigned	844,015	(8,359)	835,656
TOTAL FUND BALANCES	<u>844,015</u>	<u>2,529,596</u>	<u>3,373,611</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,730,655</u>	<u>\$ 2,578,678</u>	<u>\$ 4,309,333</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, 2014

	Total Governmental Funds
Total Fund Balances	\$ 3,373,611
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	15,967,358
Long-term liabilities shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Accrued summer salaries/benefits (Note 15)	(2,079,882)
Bonds payable	(3,247,500)
Capital leases payable	(481,346)
Accrued compensated absences	(526,010)
Net position of governmental activities	<u>\$ 13,006,231</u>

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, 2014

	General Fund	Other Governmental Funds	Totals Governmental Funds
REVENUES			
Support from towns	\$ 22,613,779	\$ -	\$ 22,613,779
Intergovernmental revenues	5,132,068	2,836,369	7,968,437
Charges for services	64,317	-	64,317
Miscellaneous	43,479	691,758	735,237
TOTAL REVENUES	<u>27,853,643</u>	<u>3,528,127</u>	<u>31,381,770</u>
EXPENDITURES			
Current:			
Instruction	10,356,050	-	10,356,050
Special education	3,844,661	-	3,844,661
Career & technical	948,450	-	948,450
Other instructional	550,466	-	550,466
Student & staff support	2,555,723	-	2,555,723
System administration	859,308	-	859,308
School administration	1,524,689	-	1,524,689
Transportation	1,363,487	-	1,363,487
Facilities	3,342,340	-	3,342,340
Change in accrued summer salaries/benefits	37,249	-	37,249
State of Maine on-behalf payments	1,699,913	-	1,699,913
Program expenses	-	3,814,161	3,814,161
Debt service:			
Principal	594,750	-	594,750
Interest	163,678	-	163,678
TOTAL EXPENDITURES	<u>27,840,764</u>	<u>3,814,161</u>	<u>31,654,925</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,879</u>	<u>(286,034)</u>	<u>(273,155)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	260,437	894,167	1,154,604
Operating transfers (out)	(636,511)	(518,093)	(1,154,604)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(376,074)</u>	<u>376,074</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(363,195)	90,040	(273,155)
FUND BALANCES, JULY 1 (RESTATED)	<u>1,207,210</u>	<u>2,439,556</u>	<u>3,646,766</u>
FUND BALANCES - JUNE 30	<u>\$ 844,015</u>	<u>\$ 2,529,596</u>	<u>\$ 3,373,611</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, 2014

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (273,155)</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 additions	776,672
Depreciation expense	<u>(772,436)</u>
	<u>4,236</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>863,191</u>
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets	<u>(160,275)</u>
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds:	
Accrued summer salaries/benefits	<u>37,249</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	<u>30,788</u>
Change in net position of governmental activities (Statement B)	<u><u>\$ 502,034</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, 2014

	<u>Agency Funds</u>
	<u>Student Activities</u>
ASSETS	
Cash and cash equivalents	<u>\$ 121,005</u>
TOTAL ASSETS	<u><u>\$ 121,005</u></u>
LIABILITIES	
Deposits held for others	<u>\$ 121,005</u>
TOTAL LIABILITIES	<u><u>\$ 121,005</u></u>

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

REGIONAL SCHOOL UNIT NO. 13
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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 Statement No. 39.

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 column is (a) presented on a consolidated basis by column, and (b) are 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 - invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Unit first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Unit's functions (general government, public safety, etc.). The functions are also supported by general government revenues (property taxes, 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, liabilities, 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:

- 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.
- 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 Project 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Non-major funds by category are summarized into a single column, GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, liabilities, 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 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

In accordance with Governmental Accounting Standards Board Statement No. 24, *Accounting and Reporting for Certain Grants and Other Financial Assistance*, payments made by the State of Maine to the Maine State Retirement System for teachers and certain other school employees are reported as offsetting revenues and expenditures of the general fund.

Revenues per budgetary basis	\$ 26,414,167
Add: On-behalf payments	<u>1,699,913</u>
Total GAAP basis	<u>\$ 28,114,080</u>
Expenditures per budgetary basis	\$ 26,777,362
Add: On-behalf basis	<u>1,699,913</u>
Total GAAP basis	<u>\$ 28,477,275</u>

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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inventories

Inventories of supplies are considered to be expenditures at the time of purchase and are not included in the general fund balance sheet, with the exception of school lunch supplies and food on hand at the end of the year, valued at cost. The cost value is determined using the first-in, first-out (FIFO) method.

Interfund Receivables and Payables

Any residual balances outstanding between governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances". Interfund balances and transactions have been eliminated in the government-wide financial statements.

Transactions Between Funds

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

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2014.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 obligations to pay bonds payable, capital leases and compensated absences.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net position invested in capital assets, net of related debt 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 Town 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The Unit is in the process of updating a set of financial policies to guide the financial operation of the Unit. Included in the policies will be guidelines for accumulating and maintaining an operating position in certain budgeted governmental funds such that annual expenditures shall not exceed annual resources, including fund balances. Other funds shall be fully self-supporting to the extent that the fund balance or retained earnings of each fund shall be zero or greater.

Program Revenues

Program revenues include all directly related income items applicable to a particular program (grant income/expenses).

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 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, 2014.

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 NCUSIF as defined in Title 30-A, Section 5706 of the Maine Revised Statutes. At June 30, 2014, the Unit's deposits and cash equivalents amounting to \$1,785,037 were comprised of bank deposits and cash equivalents of \$2,109,074. Of these bank deposits and cash equivalents, \$483,099 was insured by federal depository insurance and consequently was not exposed to custodial credit risk. \$1,586,171 of bank deposits was collateralized with securities held by the financial institution in the Unit's name. Cash equivalents of \$39,804 were covered by the Securities Investor Protection Corporation (SIPC).

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 272,020
NOW accounts	124,086
Repurchase agreements	1,564,151
Savings accounts	33,170
Cash equivalents	115,647
	<u>\$ 2,109,074</u>

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, 2014, the Unit's certificates of deposit of \$276,449 were fully insured by federal depository insurance. Of the Unit's remaining investments of \$1,833,992, \$976,619 were covered by the Securities Investor Protection Corporation (SIPC) and \$857,373 were uninsured and uncollateralized.

<u>Investment Type</u>	<u>Fair Value</u>	<u>N/A</u>	<u>Less than 1 Year</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>
US gov't agency bonds	\$ 46,383	\$ -	\$ 25,406	\$ 20,977	\$ -
Corporate bonds	554,479	-	25,387	452,156	76,936
Stocks	5	5	-	-	-
Mutual funds - equity	376,841	376,841	-	-	-
Mutual funds - fixed income	856,284	856,284	-	-	-
Certificates of deposit	276,449	-	72,906	203,543	-
	<u>\$ 2,110,441</u>	<u>\$ 1,233,130</u>	<u>\$ 123,699</u>	<u>\$ 676,676</u>	<u>\$ 76,936</u>

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, 2014

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.

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, 2014 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 34,025	\$ 247,856
Non-major Special Revenue Funds	221,092	34,025
Non-major Capital Project Funds	26,764	-
	<u>\$ 281,881</u>	<u>\$ 281,881</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets at June 30, 2014:

	Balance, 7/1/13	Additions	Deletions	Balance, 6/30/14
Non-depreciated assets:				
Land	\$ 211,479	\$ -	\$ -	\$ 211,479
Art work	67,000	-	-	67,000
Construction in progress	30,000	-	(30,000)	-
	<u>308,479</u>	<u>-</u>	<u>(30,000)</u>	<u>278,479</u>
Depreciated assets:				
Land improvements	1,252,353	-	-	1,252,353
Buildings	21,350,860	550,907	-	21,901,767
Machinery & equipment	3,818,565	95,490	-	3,914,055
Vehicles	1,922,641	160,275	(149,571)	1,933,345
	<u>28,344,419</u>	<u>806,672</u>	<u>(149,571)</u>	<u>29,001,520</u>
Less: accumulated depreciation	<u>(12,689,776)</u>	<u>(772,436)</u>	<u>149,571</u>	<u>(13,312,641)</u>
	<u>15,654,643</u>	<u>34,236</u>	<u>-</u>	<u>15,688,879</u>
Net capital assets	<u>\$ 15,963,122</u>	<u>\$ 34,236</u>	<u>\$ (30,000)</u>	<u>\$ 15,967,358</u>

Current Year Depreciation

Regular education	\$ 484,415
Maintenance and operations	194,312
Transportation	87,591
School lunch	<u>6,118</u>
Total depreciation expense	<u>\$ 772,436</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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, 7/1/13	Additions	Reductions	Balance, 6/30/14	Due Within One Year
Bonds payable	\$ 3,842,250	\$ -	\$ (594,750)	\$ 3,247,500	\$ 644,750
Capital leases payable	589,512	160,275	(268,441)	481,346	182,344
Accrued compensated absences	556,798	-	(30,788)	526,010	101,939
Totals	<u>\$ 4,988,560</u>	<u>\$ 160,275</u>	<u>\$ (893,979)</u>	<u>\$ 4,254,856</u>	<u>\$ 929,033</u>

The following is a summary of bonds and notes outstanding as of June 30, 2014:

\$2,760,000, 1997 General Obligation bond due in annual principal installments of \$138,000 through November 2017. The interest rate varies from 5.276% to 5.776% per annum.	\$ 552,000
\$1,582,500, 1999 General Obligation bond due in annual principal installments of \$105,500 through November 2014. The interest rate varies from 4.039% to 5.239% per annum.	105,500
\$2,225,000, 2002 General Obligation bond due in annual principal installments of \$111,250 through November 2021. The interest rate varies from 3.048% to 5.423% per annum.	890,000
\$4,800,000, 1998 General Obligation bond due in annual principal installments of \$240,000 through November 2018. The interest rate varies from 4.528% to 5.378% per annum.	1,200,000
\$500,000, 2013 General Obligation bond due in annual principal installments of \$50,000 through November 2023. The interest rate varies from 0.600% to 2.380% per annum.	<u>500,000</u>
Total bonds payable	<u>\$ 3,247,500</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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	Totals
2015	\$ 644,750	\$ 135,693	\$ 780,443
2016	539,250	108,251	647,501
2017	539,250	80,944	620,194
2018	539,250	100,710	639,960
2019	401,250	11,344	412,594
2020-2024	583,750	12,003	595,753
	<u>\$ 3,247,500</u>	<u>\$ 448,945</u>	<u>\$ 3,696,445</u>

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:	
2015	\$ 197,434
2016	197,434
2017	97,566
2018	17,701
2019	-
Total minimum lease payments	<u>\$ 510,135</u>
Less: amount representing interest	<u>(28,789)</u>
Present value of future minimum lease payments	<u>\$ 481,346</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - NONSPENDABLE FUND BALANCES

At June 30, 2014, the Unit had the following nonspendable fund balances:

Nonmajor Special Revenue Funds (Schedule C)	<u>\$ 8,359</u>
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NOTE 7 - RESTRICTED FUND BALANCES

At June 30, 2014, the Unit had the following restricted fund balances:

Nonmajor Special Revenue Funds (Schedule C)	\$ 73,635
Nonmajor Capital Project Funds (Schedule E)	26,764
Nonmajor Permanent Funds (Schedule G)	<u>2,256,495</u>
	<u>\$ 2,356,894</u>

NOTE 8 - COMMITTED FUND BALANCES

At June 30, 2014, the Unit had the following committed fund balances:

Nonmajor Special Revenue Funds (Schedule C)	<u>\$ 171,092</u>
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NOTE 9 - ASSIGNED FUND BALANCES

At June 30, 2014, the Unit had the following assigned fund balances:

Nonmajor Special Revenue Funds (Schedule C)	<u>\$ 1,610</u>
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NOTE 10 - 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, 2014. 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

A. Plan Description

All school teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (Maine PERS) teacher retirement program. The teacher's program is a cost-sharing plan with a special funding situation, established by the Maine State Legislature. The program requires that both employees and the Unit contribute, and provides retirement, disability and death benefits. Employees are eligible for normal retirement upon attaining the age of 60, provided they have 25 years of credible service. Employees are penalized 2.5% for each year of early retirement. The authority to establish and amend benefit provisions rests with the State Legislature. The funding status and progress for the teacher retirement program may be obtained by contacting the Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling (800) 451-9800.

B. Funding Policy

Program members are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for employees covered by this program was approximately \$12,591,945 for the year ended June 30, 2014. The State of Maine is required to contribute the employer contribution which amounts to 13.50% of compensation. Contributions paid by the State were approximately \$1,699,913 for the year ended June 30, 2014. The contribution required by the Unit is 2.65% and amounted to \$354,588 for 2014. The Unit's contributions to the plan for federally funded teachers for 2014, 2013, and 2012 were \$106,481, \$97,120 and \$86,198 respectively.

NOTE 12 - 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 12 - DEFERRED COMPENSATION PLAN (CONTINUED)

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 13 - OVERSPENT APPROPRIATIONS

The Unit had no overspent appropriations at June 30, 2014.

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 - ACCRUED SUMMER SALARIES/BENEFITS

The total amount of the accrual of \$2,079,882 has been recorded as a liability in the full accrual financial statements. If the full amount of this liability had been recorded in the modified accrual financial statements, the fund balance would have been decreased to a deficit balance of \$1,235,867.

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 2014, payments for these services totaled \$18,420.

NOTE 17 - RESTATEMENT

The beginning net position for the governmental activities has been restated as of July 1, 2013. This balance was restated to correct the accrued summer salaries and benefits balance. The governmental activities were restated by \$440,020.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 17 – RESTATEMENT (CONTINUED)

The fund balances for nonmajor special revenue funds have been restated as of July 1, 2013. These balances were restated to correctly reflect cash and cash equivalents for the Unit's Adult Education travel program. The fund balances were restated by \$22,020.

NOTE 18 - SUBSEQUENT EVENTS

Pursuant to a withdrawal agreement entered into between the Town of St. George and the School Unit, the Town of St. George will withdraw as a member municipality of the School Unit effective July 1, 2015. The financial impact to the School Unit is unknown at this time.

Required Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 13

BUDGETARY COMPARISON SCHEDULE – BUDGETARY BASIS
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary fund balance, July 1	\$ 1,207,210	\$ 1,207,210	\$ 1,207,210	\$ -
Resources (inflows):				
Support from towns	22,615,244	22,615,244	22,613,779	(1,465)
Intergovernmental revenues:				
State subsidy	3,423,481	3,423,481	3,386,287	(37,194)
State agency client	40,000	40,000	24,210	(15,790)
Medicaid	50,000	50,000	-	(50,000)
Other	23,999	23,999	21,658	(2,341)
Charges for services	39,000	39,000	64,317	25,317
Interest income	12,000	12,000	8,919	(3,081)
Miscellaneous revenues	85,000	85,000	34,560	(50,440)
Transfers from other funds	-	-	260,437	260,437
Amounts Available for Appropriation	<u>27,495,934</u>	<u>27,495,934</u>	<u>27,621,377</u>	<u>125,443</u>
Charges to appropriations (outflows):				
Instruction	10,680,019	10,469,518	10,356,050	113,468
Special education	4,234,415	4,024,415	3,844,661	179,754
Career & technical	948,040	948,540	948,450	90
Other instructional	631,480	601,480	550,466	51,014
Student & staff support	2,771,980	2,636,980	2,555,723	81,257
System administration	621,375	861,375	859,308	2,067
School administration	1,553,218	1,553,218	1,524,689	28,529
Transportation	1,367,678	1,367,679	1,363,487	4,192
Facilities	3,539,414	3,364,414	3,342,340	22,074
Debt service:				
Principal	594,750	594,750	594,750	-
Interest	164,355	164,355	163,678	677
Change in accrued summer salaries/benefits	-	-	37,249	(37,249)
Transfers to other funds	120,000	640,000	636,511	3,489
Total charges to appropriations	<u>27,226,724</u>	<u>27,226,724</u>	<u>26,777,362</u>	<u>449,362</u>
Budgetary fund balance, June 30	<u>\$ 269,210</u>	<u>\$ 269,210</u>	<u>\$ 844,015</u>	<u>\$ 574,805</u>
Utilization of assigned fund balance	<u>\$ 938,000</u>	<u>\$ 938,000</u>	<u>\$ -</u>	<u>\$ (938,000)</u>

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

Other Supplementary Information

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

- Schedule of Departmental Operations
- 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 Project Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project 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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Expenditures	Variance Positive (Negative)
INSTRUCTION (Article 1)				
Instruction	\$ 10,232,932	\$ 10,005,507	\$ 9,911,706	\$ 93,801
Contingency	65,063	-	-	-
Alternative education	333,022	333,022	314,063	18,959
English as a second language	49,002	49,002	52,831	(3,829)
Gifted and talented	-	81,987	77,450	4,537
Totals	<u>10,680,019</u>	<u>10,469,518</u>	<u>10,356,050</u>	<u>113,468</u>
SPECIAL EDUCATION (Article 2)				
Resource room	1,360,431	1,360,431	1,354,924	5,507
Life skills	694,829	694,829	553,718	141,111
Day treatment	1,012,186	1,012,186	1,019,451	(7,265)
Extended year program	14,416	14,416	18,366	(3,950)
Evaluator	186,869	186,869	203,778	(16,909)
Speech services	345,043	345,043	338,314	6,729
Other services	128,021	128,021	128,033	(12)
Hospital/homebound	12,085	12,085	469	11,616
Gifted and talented	81,987	-	-	-
Administration	398,548	270,535	227,608	42,927
Totals	<u>4,234,415</u>	<u>4,024,415</u>	<u>3,844,661</u>	<u>179,754</u>
CAREER AND TECHNICAL (Article 3)				
Career & technical education	<u>948,040</u>	<u>948,540</u>	<u>948,450</u>	<u>90</u>
Totals	<u>948,040</u>	<u>948,540</u>	<u>948,450</u>	<u>90</u>
OTHER INSTRUCTIONAL (Article 4)				
Student activities	95,406	95,406	77,484	17,922
Athletics	<u>536,074</u>	<u>506,074</u>	<u>472,982</u>	<u>33,092</u>
Totals	<u>631,480</u>	<u>601,480</u>	<u>550,466</u>	<u>51,014</u>

SCHEDULE 2 (CONTINUED)
REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Expenditures	Variance Positive (Negative)
STUDENT AND STAFF SUPPORT (Article 5)				
Guidance	\$ 687,800	\$ 657,800	\$ 650,470	\$ 7,330
Student 504 services	53,235	8,235	5,838	2,397
Instructional staff training	89,300	89,300	66,649	22,651
Library	425,523	400,523	387,421	13,102
Instructional technology	283,142	283,142	237,761	45,381
Technology administration	664,447	659,447	692,376	(32,929)
Health services	311,165	306,165	301,158	5,007
Improvement of instruction	226,764	201,764	192,355	9,409
Student assessment	30,604	30,604	21,695	8,909
Totals	<u>2,771,980</u>	<u>2,636,980</u>	<u>2,555,723</u>	<u>81,257</u>
SYSTEM ADMINISTRATION (Article 6)				
School board	84,291	264,291	272,196	(7,905)
Office of the superintendent	227,418	258,918	257,582	1,336
Business office	309,666	338,166	329,530	8,636
Totals	<u>621,375</u>	<u>861,375</u>	<u>859,308</u>	<u>2,067</u>
SCHOOL ADMINISTRATION (Article 7)				
School administration	<u>1,553,218</u>	<u>1,553,218</u>	<u>1,524,689</u>	<u>28,529</u>
Totals	<u>1,553,218</u>	<u>1,553,218</u>	<u>1,524,689</u>	<u>28,529</u>
TRANSPORTATION (Article 8)	<u>1,367,678</u>	<u>1,367,679</u>	<u>1,363,487</u>	<u>4,192</u>
FACILITIES (Article 9)				
Operations & maintenance - schools	1,678,908	1,611,408	1,593,086	18,322
Custodial services	1,107,094	1,107,094	1,073,406	33,688
Contingency	58,784	-	-	-
District maintenance	694,628	645,912	675,848	(29,936)
Totals	<u>3,539,414</u>	<u>3,364,414</u>	<u>3,342,340</u>	<u>22,074</u>

SCHEDULE 2 (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2014

	Original Budget	Final Budget	Expenditures	Variance Positive (Negative)
DEBT SERVICE				
Principal	594,750	594,750	594,750	-
Interest	164,355	164,355	163,678	677
Totals	<u>759,105</u>	<u>759,105</u>	<u>758,428</u>	<u>677</u>
CHANGE IN ACCRUED SUMMER SALARIES/BENEFITS	<u>-</u>	<u>-</u>	<u>37,249</u>	<u>(37,249)</u>
TRANSFERS TO OTHER FUNDS				
Food service transfer	120,000	640,000	617,810	22,190
Special revenue transfers	-	-	18,701	(18,701)
Totals	<u>120,000</u>	<u>640,000</u>	<u>636,511</u>	<u>3,489</u>
TOTAL EXPENDITURES	<u>\$ 27,226,724</u>	<u>\$ 27,226,724</u>	<u>\$ 26,777,362</u>	<u>\$ 449,362</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 22,020	\$ -	\$ 144,901	\$ 166,921
Investments	-	-	2,110,441	2,110,441
Accounts receivable (net of allowance for uncollectibles)	5,156	-	-	5,156
Due from other governments	38,792	-	-	38,792
Inventory	8,359	-	-	8,359
Accrued interest	-	-	1,153	1,153
Due from other funds	221,092	26,764	-	247,856
TOTAL ASSETS	<u>\$ 295,419</u>	<u>\$ 26,764</u>	<u>\$ 2,256,495</u>	<u>\$ 2,578,678</u>
LIABILITIES				
Accounts payable	\$ 423	\$ -	\$ -	\$ 423
Accrued payroll	14,634	-	-	14,634
Due to other funds	34,025	-	-	34,025
TOTAL LIABILITIES	<u>49,082</u>	<u>-</u>	<u>-</u>	<u>49,082</u>
FUND BALANCES				
Nonspendable	8,359	-	-	8,359
Restricted	73,635	26,764	2,256,495	2,356,894
Committed	171,092	-	-	171,092
Assigned	1,610	-	-	1,610
Unassigned	(8,359)	-	-	(8,359)
TOTAL FUND BALANCES	<u>246,337</u>	<u>26,764</u>	<u>2,256,495</u>	<u>2,529,596</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 295,419</u>	<u>\$ 26,764</u>	<u>\$ 2,256,495</u>	<u>\$ 2,578,678</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, 2014

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 2,836,369	\$ -	\$ -	\$ 2,836,369
Other	528,534	-	163,224	691,758
TOTAL REVENUES	<u>3,364,903</u>	<u>-</u>	<u>163,224</u>	<u>3,528,127</u>
EXPENDITURES				
Program expenses	3,284,864	443,236	86,061	3,814,161
TOTAL EXPENDITURES	<u>3,284,864</u>	<u>443,236</u>	<u>86,061</u>	<u>3,814,161</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>80,039</u>	<u>(443,236)</u>	<u>77,163</u>	<u>(286,034)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	859,828	34,339	-	894,167
Operating transfers (out)	(518,093)	-	-	(518,093)
TOTAL OTHER FINANCING SOURCES (USES)	<u>341,735</u>	<u>34,339</u>	<u>-</u>	<u>376,074</u>
NET CHANGE IN FUND BALANCES	421,774	(408,897)	77,163	90,040
FUND BALANCES, JULY 1 (RESTATED)	<u>(175,437)</u>	<u>435,661</u>	<u>2,179,332</u>	<u>2,439,556</u>
FUND BALANCES - JUNE 30	<u>\$ 246,337</u>	<u>\$ 26,764</u>	<u>\$ 2,256,495</u>	<u>\$ 2,529,596</u>

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

Special Revenue Funds Description

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.

SCHEDULE C

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Lowes Grant	Walmart Grant	Fast Track	Mid-Coast Reading Recovery	Donations Equipment	Maine State Prison Tech Grant - Adult Ed	Before School Supervision
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	287	271	2,046	-	-	-	6,466
TOTAL ASSETS	<u>\$ 287</u>	<u>\$ 271</u>	<u>\$ 2,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,466</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	287	271	-	-	-	-	-
Committed	-	-	2,046	-	-	-	6,466
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>287</u>	<u>271</u>	<u>2,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,466</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 287</u>	<u>\$ 271</u>	<u>\$ 2,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,466</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Laptop Damage	Dunkin Donuts Grant	Stephen & Tabitha King	GREF	Insurance Settlement	TGS After School Program - Adult Ed	College Transitions Book Sale - Adult Ed
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	38,226	-	4,097	257	-	-	-
TOTAL ASSETS	<u>\$ 38,226</u>	<u>\$ -</u>	<u>\$ 4,097</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-
Committed	38,226	-	4,097	257	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>38,226</u>	<u>-</u>	<u>4,097</u>	<u>257</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 38,226</u>	<u>\$ -</u>	<u>\$ 4,097</u>	<u>\$ 257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE C (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	MEFLI - Adult Ed	Anomino - Adult Ed	Gref-Rolling on the River Grant	FMC Science Grant	Active Schools Acceleration Project	Common Good Venture Grant - Adult Ed	DHHS After School Program - Adult Ed
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	5,156	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	-	-	13,260	1,610	1,242	-
TOTAL ASSETS	<u>\$ 5,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,260</u>	<u>\$ 1,610</u>	<u>\$ 1,242</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	1,931	-	-	-	-	-	-
TOTAL LIABILITIES	<u>1,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	3,225	-	-	13,260	-	1,242	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	1,610	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>3,225</u>	<u>-</u>	<u>-</u>	<u>13,260</u>	<u>1,610</u>	<u>1,242</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,260</u>	<u>\$ 1,610</u>	<u>\$ 1,242</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Tobacco Free Grant	DOE Tyler Tech Support Grant	College Transitions - Adult Ed	Dental Health	Transitions Grant Proficiency Based	Lonza Grant	Title IA Disadvantage
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	11,247	1,423	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,247</u>	<u>\$ 1,423</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	-	-	-	-	11,247	1,423	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,247</u>	<u>1,423</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,247</u>	<u>\$ 1,423</u>	<u>\$ -</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Title IA Program Improvement	Local Entitlement	Local Entitlement Pre School	21st Century Grant - Adult Ed	Travel Program - Adult Ed	Title VI Rural Low Income
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 22,020	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Due from other funds	-	-	7,568	-	-	10,429
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,568</u>	<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 10,429</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	7,568	-	22,020	10,429
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>7,568</u>	<u>-</u>	<u>22,020</u>	<u>10,429</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,568</u>	<u>\$ -</u>	<u>\$ 22,020</u>	<u>\$ 10,429</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Title IIA	Registrations - Adult Ed	Community Connections - Adult Ed	Target Field Trip Grant	Food Service	Les Richards Scholarship	AEFLA - Adult Ed
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	38,792	-	-
Inventory	-	-	-	-	8,359	-	-
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,151</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 423	\$ -	\$ -
Accrued payroll	-	-	-	-	14,634	-	-
Due to other funds	-	-	-	-	32,094	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,151</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	8,359	-	-
Restricted	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(8,359)	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,151</u>	<u>\$ -</u>	<u>\$ -</u>

SCHEDULE C (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2014

	Education Jobs Fund	Adult Education	Lura Libby After School Program	Taylor/ Knight Foundation	Donations Henry & Norma Zeike	Fuel Stabilization Fund	Totals
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,020
Accounts receivable (net of allowance for uncollectibles)		-	-	-	-	-	5,156
Due from other governments	-	-	-	-	-	-	38,792
Inventory	-	-	-	-	-	-	8,359
Due from other funds	-	2,663	-	-	20,000	100,000	221,092
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 2,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 100,000</u>	<u>\$ 295,419</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423
Accrued payroll	-	-	-	-	-	-	14,634
Due to other funds	-	-	-	-	-	-	34,025
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,082</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	8,359
Restricted	-	2,663	-	-	-	-	73,635
Committed	-	-	-	-	20,000	100,000	171,092
Assigned	-	-	-	-	-	-	1,610
Unassigned	-	-	-	-	-	-	(8,359)
TOTAL FUND BALANCES	<u>-</u>	<u>2,663</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>100,000</u>	<u>246,337</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 2,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 100,000</u>	<u>\$ 295,419</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, 2014

	Lowes Grant	Walmart Grant	Fast Track	Mid-Coast Reading Recovery	Donations Equipment	Maine State Prison Tech Grant - Adult Ed	Before School Supervision
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	700	8,071	-	-	-	16,712
TOTAL REVENUES	-	700	8,071	-	-	-	16,712
EXPENDITURES							
Program expenses	191	429	6,025	-	-	-	10,933
TOTAL EXPENDITURES	191	429	6,025	-	-	-	10,933
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(191)	271	2,046	-	-	-	5,779
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	265	-	225	-
Operating transfers (out)	-	-	-	-	(986)	-	(1,242)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	265	(986)	225	(1,242)
NET CHANGE IN FUND BALANCES	(191)	271	2,046	265	(986)	225	4,537
FUND BALANCES, JULY 1 (RESTATED)	478	-	-	(265)	986	(225)	1,929
FUND BALANCES, JUNE 30	\$ 287	\$ 271	\$ 2,046	\$ -	\$ -	\$ -	\$ 6,466

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, 2014

	Laptop Damage	Dunkin Donuts Grant	Stephen & Tabitha King	GREF	Insurance Settlement	TGS After School Program - Adult Ed	College Transitions Book Sale - Adult Ed
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	56,461	-	1,200	8,150	-	-	-
TOTAL REVENUES	56,461	-	1,200	8,150	-	-	-
EXPENDITURES							
Program expenses	24,522	150	1,846	11,083	-	1,785	-
TOTAL EXPENDITURES	24,522	150	1,846	11,083	-	1,785	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	31,939	(150)	(646)	(2,933)	-	(1,785)	-
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	1,799	29	-	-	-	252
Operating transfers (out)	(35,235)	-	-	-	(4,817)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(35,235)	1,799	29	-	(4,817)	-	252
NET CHANGE IN FUND BALANCES	(3,296)	1,649	(617)	(2,933)	(4,817)	(1,785)	252
FUND BALANCES, JULY 1 (RESTATED)	41,522	(1,649)	4,714	3,190	4,817	1,785	(252)
FUND BALANCES, JUNE 30	\$ 38,226	\$ -	\$ 4,097	\$ 257	\$ -	\$ -	\$ -

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, 2014

	MEFLI - Adult Ed	Anomino - Adult Ed	Gref-Rolling on the River Grant	FMC Science Grant	Active Schools Acceleration Project	Common Good Venture Grant - Adult Ed	DHHS After School Program - Adult Ed
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -
Other	15,938	39,500	-	-	1,465	11,700	-
TOTAL REVENUES	15,938	39,500	-	15,000	1,465	11,700	-
EXPENDITURES							
Program expenses	18,673	39,505	-	1,740	5	35,388	716
TOTAL EXPENDITURES	18,673	39,505	-	1,740	5	35,388	716
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,735)	(5)	-	13,260	1,460	(23,688)	(716)
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	-	(259)	(776)	-	-	(486)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(259)	(776)	-	-	(486)	-
NET CHANGE IN FUND BALANCES	(2,735)	(264)	(776)	13,260	1,460	(24,174)	(716)
FUND BALANCES, JULY 1 (RESTATED)	5,960	264	776	-	150	25,416	716
FUND BALANCES, JUNE 30	\$ 3,225	\$ -	\$ -	\$ 13,260	\$ 1,610	\$ 1,242	\$ -

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, 2014

	Tobacco Free Grant	DOE Tyler Tech Support Grant	College Transitions - Adult Ed	Dental Health	Transitions Grant Proficiency Based	Lonza Grant	Title IA Disadvantage
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ 51,000	\$ -	\$ 11,247	\$ -	\$ 1,169,051
Other	-	-	-	246	-	4,000	-
TOTAL REVENUES	-	-	51,000	246	11,247	4,000	1,169,051
EXPENDITURES							
Program expenses	-	-	51,455	239	-	3,650	938,886
TOTAL EXPENDITURES	-	-	51,455	239	-	3,650	938,886
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(455)	7	11,247	350	230,165
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	91	-	-	-
Operating transfers (out)	(5,946)	(1,474)	-	-	-	(415)	(195,884)
TOTAL OTHER FINANCING SOURCES (USES)	(5,946)	(1,474)	-	91	-	(415)	(195,884)
NET CHANGE IN FUND BALANCES	(5,946)	(1,474)	(455)	98	11,247	(65)	34,281
FUND BALANCES, JULY 1 (RESTATED)	5,946	1,474	455	(98)	-	1,488	(34,281)
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ 11,247	\$ 1,423	\$ -

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, 2014

	Title IA Program Improvement	Local Entitlement	Local Entitlement Pre School	21st Century Grant - Adult Ed	Travel Program - Adult Ed	Title VI Rural Low Income
REVENUES						
Intergovernmental revenue	\$ -	\$ 596,144	\$ -	\$ -	\$ -	\$ 47,282
Other	-	-	-	1,498	58,921	-
TOTAL REVENUES	-	596,144	-	1,498	58,921	47,282
EXPENDITURES						
Program expenses	-	602,756	-	-	75,333	43,373
TOTAL EXPENDITURES	-	602,756	-	-	75,333	43,373
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(6,612)	-	1,498	(16,412)	3,909
OTHER FINANCING SOURCES (USES)						
Operating transfers in	93,236	69,501	-	776	29	25,313
Operating transfers (out)	-	-	-	(1,498)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	93,236	69,501	-	(722)	29	25,313
NET CHANGE IN FUND BALANCES	93,236	62,889	-	776	(16,383)	29,222
FUND BALANCES, JULY 1 (RESTATED)	(93,236)	(62,889)	7,568	(776)	38,403	(18,793)
FUND BALANCES, JUNE 30	\$ -	\$ -	\$ 7,568	\$ -	\$ 22,020	\$ 10,429

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, 2014

	<u>Title IIA</u>	<u>Registrations - Adult Ed</u>	<u>Community Connections - Adult Ed</u>	<u>Target Field Trip Grant</u>	<u>Food Service</u>	<u>Les Richards Scholarship</u>	<u>AEFLA - Adult Ed</u>
REVENUES							
Intergovernmental revenue	\$ 240,981	\$ -	\$ 5,500	\$ -	\$ 521,344	\$ -	\$ 48,771
Other	-	5,480	-	-	254,435	250	-
TOTAL REVENUES	<u>240,981</u>	<u>5,480</u>	<u>5,500</u>	<u>-</u>	<u>775,779</u>	<u>250</u>	<u>48,771</u>
EXPENDITURES							
Program expenses	98,263	5,249	6,165	-	1,074,442	-	49,242
TOTAL EXPENDITURES	<u>98,263</u>	<u>5,249</u>	<u>6,165</u>	<u>-</u>	<u>1,074,442</u>	<u>-</u>	<u>49,242</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>142,718</u>	<u>231</u>	<u>(665)</u>	<u>-</u>	<u>(298,663)</u>	<u>250</u>	<u>(471)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	617,810	479	48
Operating transfers (out)	(135,896)	(31,794)	(585)	(800)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(135,896)</u>	<u>(31,794)</u>	<u>(585)</u>	<u>(800)</u>	<u>617,810</u>	<u>479</u>	<u>48</u>
NET CHANGE IN FUND BALANCES	6,822	(31,563)	(1,250)	(800)	319,147	729	(423)
FUND BALANCES, JULY 1 (RESTATED)	<u>(6,822)</u>	<u>31,563</u>	<u>1,250</u>	<u>800</u>	<u>(319,147)</u>	<u>(729)</u>	<u>423</u>
FUND BALANCES, JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2014

	Education Jobs Fund	Adult Education	Lura Libby After School Program	Taylor/ Knight Foundation	Donations Henry & Norma Zeike	Fuel Stabilization Fund	Totals
REVENUES							
Intergovernmental revenue	\$ -	\$ 130,049	\$ -	\$ -	\$ -	\$ -	\$ 2,836,369
Other	-	-	22,037	1,770	20,000	-	528,534
TOTAL REVENUES	-	130,049	22,037	1,770	20,000	-	3,364,903
EXPENDITURES							
Program expenses		154,209	26,434	2,177	-	-	3,284,864
TOTAL EXPENDITURES	-	154,209	26,434	2,177	-	-	3,284,864
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(24,160)	(4,397)	(407)	20,000	-	80,039
OTHER FINANCING SOURCES (USES)							
Operating transfers in	16,902	31,794	1,242	37	-	-	859,828
Operating transfers (out)	-	-	-	-	-	(100,000)	(518,093)
TOTAL OTHER FINANCING SOURCES (USES)	16,902	31,794	1,242	37	-	(100,000)	341,735
NET CHANGE IN FUND BALANCES	16,902	7,634	(3,155)	(370)	20,000	(100,000)	421,774
FUND BALANCES, JULY 1 (RESTATED)	(16,902)	(4,971)	3,155	370	-	200,000	(175,437)
FUND BALANCES, JUNE 30	\$ -	\$ 2,663	\$ -	\$ -	\$ 20,000	\$ 100,000	\$ 246,337

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

Capital Project 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 PROJECT FUNDS
JUNE 30, 2014

	Capital Projects Fund	Totals
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Due from other funds	26,764	26,764
TOTAL ASSETS	<u>\$ 26,764</u>	<u>\$ 26,764</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	26,764	26,764
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>26,764</u>	<u>26,764</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,764</u>	<u>\$ 26,764</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 PROJECT FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	Capital Projects Fund	Totals
REVENUE		
Interest income	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES	<u>443,236</u>	<u>443,236</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(443,236)</u>	<u>(443,236)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	34,339	34,339
Operating transfers (out)	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>34,339</u>	<u>34,339</u>
NET CHANGE IN FUND BALANCES	(408,897)	(408,897)
FUND BALANCES - JULY 1	<u>435,661</u>	<u>435,661</u>
FUND BALANCES - JUNE 30	<u><u>\$ 26,764</u></u>	<u><u>\$ 26,764</u></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, 2014

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Doris MacDougal Trust	Hermia Toothaker Trust	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
ASSETS							
Cash and cash equivalents	\$ 5,843	\$ 1,019	\$ 302	\$ 717	\$ 9,021	\$ 1,047	\$ 30,228
Investments	21,795	6,820	2,019	3,834	60,374	7,008	537,700
Accrued interest	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 27,638</u>	<u>\$ 7,839</u>	<u>\$ 2,321</u>	<u>\$ 4,551</u>	<u>\$ 69,395</u>	<u>\$ 8,055</u>	<u>\$ 567,928</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	27,638	7,839	2,321	4,551	69,395	8,055	567,928
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>27,638</u>	<u>7,839</u>	<u>2,321</u>	<u>4,551</u>	<u>69,395</u>	<u>8,055</u>	<u>567,928</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 27,638</u>	<u>\$ 7,839</u>	<u>\$ 2,321</u>	<u>\$ 4,551</u>	<u>\$ 69,395</u>	<u>\$ 8,055</u>	<u>\$ 567,928</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Worthington Scholarship	Alumni Scholarship	Pricilla Noddin Trust	Isidor Gordon Trust	Bontuit Scholarship	Miriam Pierce Scholarship	Ione Estes Scholarship
ASSETS							
Cash and cash equivalents	\$ 134	\$ 1,592	\$ 16,381	\$ 1,714	\$ 2,296	\$ 3,057	\$ 3,217
Investments	904	10,656	244,049	44,503	14,490	20,457	21,202
Accrued interest	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,038</u>	<u>\$ 12,248</u>	<u>\$ 260,430</u>	<u>\$ 46,217</u>	<u>\$ 16,786</u>	<u>\$ 23,514</u>	<u>\$ 24,419</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	1,038	12,248	260,430	46,217	16,786	23,514	24,419
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,038</u>	<u>12,248</u>	<u>260,430</u>	<u>46,217</u>	<u>16,786</u>	<u>23,514</u>	<u>24,419</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,038</u>	<u>\$ 12,248</u>	<u>\$ 260,430</u>	<u>\$ 46,217</u>	<u>\$ 16,786</u>	<u>\$ 23,514</u>	<u>\$ 24,419</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	Frederick & Claudette V Scholarship	Seekins Scholarship	Hunter Scholarship	Goss Ruggles Scholarship	Harjula Scholarship	Moran Scholarship	Gutoske Scholarship
ASSETS							
Cash and cash equivalents	\$ 705	\$ 4,043	\$ 1,032	\$ 15,149	\$ 355	\$ 283	\$ 198
Investments	4,254	232,556	88,308	556,911	13,482	12,041	2,553
Accrued interest	-	213	41	841	11	5	1
TOTAL ASSETS	<u>\$ 4,959</u>	<u>\$ 236,812</u>	<u>\$ 89,381</u>	<u>\$ 572,901</u>	<u>\$ 13,848</u>	<u>\$ 12,329</u>	<u>\$ 2,752</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	4,959	236,812	89,381	572,901	13,848	12,329	2,752
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>4,959</u>	<u>236,812</u>	<u>89,381</u>	<u>572,901</u>	<u>13,848</u>	<u>12,329</u>	<u>2,752</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,959</u>	<u>\$ 236,812</u>	<u>\$ 89,381</u>	<u>\$ 572,901</u>	<u>\$ 13,848</u>	<u>\$ 12,329</u>	<u>\$ 2,752</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	<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	\$ 167	\$ 166	\$ 138	\$ 454	\$ 437	\$ 318	\$ 172
Investments	6,352	7,055	2,641	17,853	29,989	3,708	-
Accrued interest	3	3	1	8	14	2	-
TOTAL ASSETS	<u>\$ 6,522</u>	<u>\$ 7,224</u>	<u>\$ 2,780</u>	<u>\$ 18,315</u>	<u>\$ 30,440</u>	<u>\$ 4,028</u>	<u>\$ 172</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	6,522	7,224	2,780	18,315	30,440	4,028	172
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,522</u>	<u>7,224</u>	<u>2,780</u>	<u>18,315</u>	<u>30,440</u>	<u>4,028</u>	<u>172</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,522</u>	<u>\$ 7,224</u>	<u>\$ 2,780</u>	<u>\$ 18,315</u>	<u>\$ 30,440</u>	<u>\$ 4,028</u>	<u>\$ 172</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	<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>
ASSETS							
Cash and cash equivalents	\$ 14	\$ 75	\$ 1,726	\$ 113	\$ 2,005	\$ 173	\$ 902
Investments	90	508	11,646	760	13,526	1,164	9,000
Accrued interest	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 104</u>	<u>\$ 583</u>	<u>\$ 13,372</u>	<u>\$ 873</u>	<u>\$ 15,531</u>	<u>\$ 1,337</u>	<u>\$ 9,902</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	104	583	13,372	873	15,531	1,337	9,902
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>104</u>	<u>583</u>	<u>13,372</u>	<u>873</u>	<u>15,531</u>	<u>1,337</u>	<u>9,902</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 104</u>	<u>\$ 583</u>	<u>\$ 13,372</u>	<u>\$ 873</u>	<u>\$ 15,531</u>	<u>\$ 1,337</u>	<u>\$ 9,902</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2014

	WM Stinson Jr. Memorial	Ciaravino School Fund	Class of 2006	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Killaran Scholarship	Billy Hoch Scholarship	Totals
ASSETS								
Cash and cash equivalents	\$ 12,934	\$ 1,466	\$ 73	\$ -	\$ 16,731	\$ 468	\$ 8,036	\$ 144,901
Investments	13,574	27,091	-	37,536	5	22,027	-	2,110,441
Accrued interest	-	-	-	-	-	10	-	1,153
TOTAL ASSETS	<u>\$ 26,508</u>	<u>\$ 28,557</u>	<u>\$ 73</u>	<u>\$ 37,536</u>	<u>\$ 16,736</u>	<u>\$ 22,505</u>	<u>\$ 8,036</u>	<u>\$ 2,256,495</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	26,508	28,557	73	37,536	16,736	22,505	8,036	2,256,495
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>26,508</u>	<u>28,557</u>	<u>73</u>	<u>37,536</u>	<u>16,736</u>	<u>22,505</u>	<u>8,036</u>	<u>2,256,495</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 26,508</u>	<u>\$ 28,557</u>	<u>\$ 73</u>	<u>\$ 37,536</u>	<u>\$ 16,736</u>	<u>\$ 22,505</u>	<u>\$ 8,036</u>	<u>\$ 2,256,495</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, 2014

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Doris MacDougal Trust	Hermia Toothaker Trust	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
REVENUES							
Investment income	\$ 94	\$ 125	\$ 37	\$ 72	\$ 1,117	\$ 130	\$ 13,448
Net gain (loss) on investments	-	(11)	(3)	(6)	(99)	(12)	4,648
Contributions	4,615	-	136	-	-	275	-
TOTAL REVENUES	<u>4,709</u>	<u>114</u>	<u>170</u>	<u>66</u>	<u>1,018</u>	<u>393</u>	<u>18,096</u>
EXPENDITURES	<u>3,100</u>	<u>59</u>	<u>17</u>	<u>1,035</u>	<u>1,533</u>	<u>562</u>	<u>25,603</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>1,609</u>	<u>55</u>	<u>153</u>	<u>(969)</u>	<u>(515)</u>	<u>(169)</u>	<u>(7,507)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating 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	1,609	55	153	(969)	(515)	(169)	(7,507)
FUND BALANCES - JULY 1	<u>26,029</u>	<u>7,784</u>	<u>2,168</u>	<u>5,520</u>	<u>69,910</u>	<u>8,224</u>	<u>575,435</u>
FUND BALANCES - JUNE 30	<u>\$ 27,638</u>	<u>\$ 7,839</u>	<u>\$ 2,321</u>	<u>\$ 4,551</u>	<u>\$ 69,395</u>	<u>\$ 8,055</u>	<u>\$ 567,928</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, 2014

	Worthington Scholarship	Alumni Scholarship	Pricilla Noddin Trust	Isidor Gordon Trust	Bontuit Scholarship	Miriam Pierce Scholarship	Ione Estes Scholarship
REVENUES							
Investment income	\$ 17	\$ 209	\$ 3,329	\$ 764	\$ 281	\$ 388	\$ 349
Net gain (loss) on investments	(1)	(18)	(194)	(18)	(25)	(35)	(39)
Contributions	-	-	-	4	-	-	29
TOTAL REVENUES	<u>16</u>	<u>191</u>	<u>3,135</u>	<u>750</u>	<u>256</u>	<u>353</u>	<u>339</u>
EXPENDITURES	<u>8</u>	<u>1,100</u>	<u>11,000</u>	<u>100</u>	<u>1,134</u>	<u>1,685</u>	<u>668</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>8</u>	<u>(909)</u>	<u>(7,865)</u>	<u>650</u>	<u>(878)</u>	<u>(1,332)</u>	<u>(329)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating 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	8	(909)	(7,865)	650	(878)	(1,332)	(329)
FUND BALANCES - JULY 1	<u>1,030</u>	<u>13,157</u>	<u>268,295</u>	<u>45,567</u>	<u>17,664</u>	<u>24,846</u>	<u>24,748</u>
FUND BALANCES - JUNE 30	<u>\$ 1,038</u>	<u>\$ 12,248</u>	<u>\$ 260,430</u>	<u>\$ 46,217</u>	<u>\$ 16,786</u>	<u>\$ 23,514</u>	<u>\$ 24,419</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, 2014

	Frederick & Claudette V Scholarship	Seekins Scholarship	Hunter Scholarship	Goss Ruggles Scholarship	Harjula Scholarship	Moran Scholarship	Gutoske Scholarship
REVENUES							
Investment income	\$ 86	\$ 6,048	\$ 2,680	\$ 20,733	\$ 353	\$ 361	\$ 82
Net gain (loss) on investments	(7)	833	6,159	50,455	(18)	1,243	285
Contributions	-	114	-	-	-	-	-
TOTAL REVENUES	<u>79</u>	<u>6,995</u>	<u>8,839</u>	<u>71,188</u>	<u>335</u>	<u>1,604</u>	<u>367</u>
EXPENDITURES	<u>541</u>	<u>6,185</u>	<u>2,685</u>	<u>20,823</u>	<u>354</u>	<u>362</u>	<u>82</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(462)</u>	<u>810</u>	<u>6,154</u>	<u>50,365</u>	<u>(19)</u>	<u>1,242</u>	<u>285</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating 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	(462)	810	6,154	50,365	(19)	1,242	285
FUND BALANCES - JULY 1	<u>5,421</u>	<u>236,002</u>	<u>83,227</u>	<u>522,536</u>	<u>13,867</u>	<u>11,087</u>	<u>2,467</u>
FUND BALANCES - JUNE 30	<u>\$ 4,959</u>	<u>\$ 236,812</u>	<u>\$ 89,381</u>	<u>\$ 572,901</u>	<u>\$ 13,848</u>	<u>\$ 12,329</u>	<u>\$ 2,752</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, 2014

	Brasier Scholarship	Magrogan Scholarship	Stone Scholarship	Griffith Scholarship	Carignan Scholarship	Daggett Trust	Crockett Trust
REVENUES							
Investment income	\$ 196	\$ 211	\$ 81	\$ 561	\$ 900	\$ 115	\$ -
Net gain (loss) on investments	430	731	283	911	2,580	399	(1)
Contributions	-	-	-	-	-	-	-
TOTAL REVENUES	<u>626</u>	<u>942</u>	<u>364</u>	<u>1,472</u>	<u>3,480</u>	<u>514</u>	<u>(1)</u>
EXPENDITURES	<u>196</u>	<u>211</u>	<u>81</u>	<u>562</u>	<u>902</u>	<u>116</u>	<u>-</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>430</u>	<u>731</u>	<u>283</u>	<u>910</u>	<u>2,578</u>	<u>398</u>	<u>(1)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	430	731	283	910	2,578	398	(1)
FUND BALANCES - JULY 1	<u>6,092</u>	<u>6,493</u>	<u>2,497</u>	<u>17,405</u>	<u>27,862</u>	<u>3,630</u>	<u>173</u>
FUND BALANCES - JUNE 30	<u>\$ 6,522</u>	<u>\$ 7,224</u>	<u>\$ 2,780</u>	<u>\$ 18,315</u>	<u>\$ 30,440</u>	<u>\$ 4,028</u>	<u>\$ 172</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, 2014

	<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	\$ 8	\$ 9	\$ 214	\$ 14	\$ 248	\$ 22	\$ 338
Net gain (loss) on investments	-	(1)	(19)	(1)	(22)	(2)	-
Contributions	-	-	-	-	-	-	-
TOTAL REVENUES	<u>8</u>	<u>8</u>	<u>195</u>	<u>13</u>	<u>226</u>	<u>20</u>	<u>338</u>
EXPENDITURES	<u>479</u>	<u>4</u>	<u>102</u>	<u>7</u>	<u>118</u>	<u>10</u>	<u>500</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(471)</u>	<u>4</u>	<u>93</u>	<u>6</u>	<u>108</u>	<u>10</u>	<u>(162)</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers in	-	-	-	-	-	-	-
Operating 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	<u>(471)</u>	<u>4</u>	<u>93</u>	<u>6</u>	<u>108</u>	<u>10</u>	<u>(162)</u>
FUND BALANCES - JULY 1	<u>575</u>	<u>579</u>	<u>13,279</u>	<u>867</u>	<u>15,423</u>	<u>1,327</u>	<u>10,064</u>
FUND BALANCES - JUNE 30	<u>\$ 104</u>	<u>\$ 583</u>	<u>\$ 13,372</u>	<u>\$ 873</u>	<u>\$ 15,531</u>	<u>\$ 1,337</u>	<u>\$ 9,902</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, 2014

	WM Stinson Jr. Memorial	Ciaravino School Fund	Class of 2006	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Killeran Scholarship	Billy Hoch Scholarship	Totals
REVENUES								
Investment income	\$ 75	\$ 692	\$ -	\$ 598	\$ 2	\$ 62	\$ 51	\$ 55,100
Net gain (loss) on investments	-	-	-	-	1	695	-	69,121
Contributions	2,020	-	-	-	-	21,810	10,000	39,003
TOTAL REVENUES	2,095	692	-	598	3	22,567	10,051	163,224
EXPENDITURES	1,000	-	-	1,000	60	62	2,015	86,061
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	1,095	692	-	(402)	(57)	22,505	8,036	77,163
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	1,095	692	-	(402)	(57)	22,505	8,036	77,163
FUND BALANCES - JULY 1	25,413	27,865	73	37,938	16,793	-	-	2,179,332
FUND BALANCES - JUNE 30	<u>\$ 26,508</u>	<u>\$ 28,557</u>	<u>\$ 73</u>	<u>\$ 37,536</u>	<u>\$ 16,736</u>	<u>\$ 22,505</u>	<u>\$ 8,036</u>	<u>\$ 2,256,495</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, 2014

	Land and Non-depreciable Assets	Buildings Buildings Improvments & Land Improvements	Furniture, Fixtures, Equipment & Vehicles	Infrastructure	Totals
Regular education	\$ 221,681	\$ 12,235,025	\$ 2,626,841	\$ -	\$ 15,083,547
Maintenance & operations	56,798	10,919,095	1,176,624	-	12,152,517
Transportation	-	-	1,826,410	-	1,826,410
Administration	-	-	25,795	-	25,795
School lunch program	-	-	191,730	-	191,730
Total General Capital Assets	278,479	23,154,120	5,847,400	-	29,279,999
Less: Accumulated Depreciation	-	(9,283,591)	(4,029,050)	-	(13,312,641)
Net General Capital Assets	<u>\$ 278,479</u>	<u>\$ 13,870,529</u>	<u>\$ 1,818,350</u>	<u>\$ -</u>	<u>\$ 15,967,358</u>

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, 2014

	General Capital Assets 7/1/13	Additions	Deletions	General Capital Assets 6/30/14
Regular education	\$ 14,907,362	\$ 206,185	\$ (30,000)	\$ 15,083,547
Maintenance & operations	11,712,305	440,212	-	12,152,517
Transportation	1,815,706	160,275	(149,571)	1,826,410
Administration	25,795	-	-	25,795
School lunch program	191,730	-	-	191,730
	<u>28,652,898</u>	<u>806,672</u>	<u>(179,571)</u>	<u>29,279,999</u>
Total General Capital Assets	28,652,898	806,672	(179,571)	29,279,999
Less: Accumulated Depreciation	<u>(12,689,776)</u>	<u>(772,436)</u>	<u>149,571</u>	<u>(13,312,641)</u>
Net General Capital Assets	<u>\$ 15,963,122</u>	<u>\$ 34,236</u>	<u>\$ (30,000)</u>	<u>\$ 15,967,358</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, 2014

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Pass Thru Grantor Number	Federal Expenditures
U.S. Department of Agriculture Passed through State of Maine - Department of Education:			
USDA Commodities Received	10.550	N/A	\$ 20,118
After School Snack Program	10.555	013-05A-3020-05	3,524
School Lunch	10.555	013-05A-3022-05	49,214
Section II Funds SNP	10.555	013-05A-3024-05	302,232
School Lunch-Performance Based Reimbursement	10.555	013-05A-3125-05	9,014
School Breakfast Program	10.556	013-05A-3014-05	106,793
Summer Food Service Program	10.559	013-05A-3016-05	14,657
Fresh Fruits & Veggies	10.582	013-05A-3028-05	41,298
Total Department of Agriculture			<u>546,850</u>
U.S. Department of Education Passed through State of Maine - Department of Education:			
Adult Education and Family Literacy Act	84.002	013-05A-6296-64	53,819
Title IA	84.010	013-05A-3107-13	1,049,770
Local Entitlement	84.027	013-05A-3046-12	602,756
Title VI - Rural Low Income	84.358	013-05A-3005-03	43,372
Title IIA - Teaching Quality	84.367	013-05A-3042-11	234,159
Total Department of Education			<u>1,983,876</u>
TOTAL FEDERAL ASSISTANCE			<u>\$ 2,530,726</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Regional School Unit No. 13. All federal financial assistance received is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. The following programs were tested as major programs as outlined in OMB Circular A-133.

- 1) Child Nutrition Cluster:
 - 10.550 – U. S. Commodities
 - 10.555 – After School Snack Program
 - 10.555 – School Lunch Program
 - 10.555 – Section II Funds SNP
 - 10.555 – School Lunch – Performance Based Reimbursement
 - 10.556 – School Breakfast Program
 - 10.559 – Summer Food Service Program
 - 10.582 – Fresh Fruits & Veggies
- 2) 84.027 – Local Entitlement



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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, 2014, 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 December 8, 2014.

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.

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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*.

We noted certain other matters that we reported to management of Regional School Unit No. 13 in a separate letter dated January 21, 2015.

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
December 8, 2014



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

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 A-133 Compliance 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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.

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, 2014.

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this communication is not suitable for any other purpose.

RHR Smith & Company

Buxton, Maine
December 8, 2014

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2014

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 section 510(a) of OMB Circular A-133? ☐yes ☒no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster:
10.550	U. S. Commodities
10.555	After School Snack Program
10.555	School Lunch Program
10.555	Section II Funds SNP
10.555	School Lunch – Performance Based Reimbursement
10.556	School Breakfast Program
10.559	Summer Food Service Program
10.582	Fresh Fruits & Veggies
84.027	Local Entitlement

Dollar threshold used to distinguish between type A and B: \$300,000

Auditee qualified as low-risk auditee? ☒yes ☐no

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – INTERNAL CONTROL
(CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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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, 2014 and have issued our report thereon dated December 8, 2014. 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 Unit for accuracy. In addition we have reviewed the Unit'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 Unit 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 Unit.

This report is intended solely for the information of the Board of Directors, management and the 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
December 8, 2014

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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, 2014

	General Fund (1000)	Special Revenue Funds (2000)	Capital Project Funds (4000)	Totals
June 30 balance per MEDMS Financial System	\$ (469,030)	\$ (171,148)	\$ 29,788	\$ (610,390)
Revenue Adjustments:				
Posted carryforward in fund balance	(938,000)	-	-	(938,000)
Posted transfer in fund balance	100,000	-	-	100,000
Other Adjustments:				
Transfers not recorded:				
Community Connections (0950)	-	(585)	-	(585)
Insurance Settlement (2000)	4,817	(4,817)	-	-
Donations Equipment (2020)	986	(986)	-	-
Maine State Prison Tech Grant (2030)	-	225	-	225
Fuel Stabilization Fund (2031)	100,000	(100,000)	-	-
Laptop Damage (2050)	896	(896)	-	-
Travel Program Adult Ed (2090)	(29)	22,049	-	22,020
College Transitions Book Sale (2120)	-	252	-	252
Midcoast Reading Recovery (2140)	-	265	-	265
Anomino (2160)	-	(259)	-	(259)
Gref - Rolling on the River Grant (2170)	776	(776)	-	-
Common Good Venture Grant (2190)	-	(486)	-	(486)
Partners in Prevention (2220)	1,474	-	-	1,474
Tobacco Free Grant (2210)	5,946	(5,946)	-	-
Dental Health (2270)	(91)	91	-	-
Lonza Grant (2290)	415	(415)	-	-
21st Century Grant (2630)	1,498	776	-	2,274
Target Field Trip Grant (2850)	800	(800)	-	-
Food Service (2930)	(497,810)	497,810	-	-
College Transitions Registrations (6150)	-	(232)	-	(232)
Les Richards Scholarship (9000)	-	479	-	479
Funds incorrect on MEDMS:				
Adult Ed (1500)	-	77	-	77
Walmart Grant (2001)	-	30	-	30
Before School Supervision (2019)	-	(1,070)	-	(1,070)
Stephen & Tabitha King (2070)	-	202	-	202
Gref - CCS Greenhouse (2080)	-	(238)	-	(238)
MEFLI (2199)	-	5,156	-	5,156
Title IA Disadvantaged (2300)	85,000	(53,816)	-	31,184
Local Entitlement (2470)	35,000	160,121	-	195,121
Title VI Rural Low Income (2670)	-	28,554	-	28,554
Title IIA (2700)	-	(120,772)	-	(120,772)
Food Service (2930)	-	(9,715)	-	(9,715)
AEFLA (2950)	-	1,774	-	1,774
Lura Libby After School Program (6000)	-	1,432	-	1,432
Audit adjustments to clean up accounts	(10,259)	-	(3,025)	(13,284)
Add back accrued payroll	2,079,882	-	-	2,079,882
Current year activity not posted	782,637	-	-	782,637
Restatement	(440,020)	-	-	(440,020)
Beginning balance variance	(653)	-	-	(653)
Unallocated variance	(220)	-	-	(220)
Rounding	-	1	1	2
Audited GAAP Basis Fund balance June 30	\$ 844,015	\$ 246,337	\$ 26,764	\$ 1,117,116