

Federal Compliance Audit

Regional School Unit No. 13

June 30, 2019



Proven Expertise & Integrity

REGIONAL SCHOOL UNIT NO. 13

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JUNE 30, 2019

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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, 2019 and the related notes to the financial statements, which collectively comprise the Regional School Unit No. 13's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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, 2019 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and OPEB information on pages 4 through 11 and 60 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Regional School Unit No. 13's basic financial statements. The Schedule of Departmental Operations - General Fund, combining and individual nonmajor fund financial statements and capital asset schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020, 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
March 31, 2020

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

(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, 2019. 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, pension and OPEB information and other supplementary information which includes combining and other schedules.

Basic Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

The Unit presents three 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 funds are the general fund and the school of our future 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 Net Position - Fiduciary Funds.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions - Pension, a Schedule of Proportionate Share of the Net OPEB Liability - SET Plan, a Schedule of Contributions - OPEB - SET Plan, a Schedule of Changes in Net OPEB Liability - MEABT Plan, Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan, Schedule of Contributions - OPEB - MEABT Plan and Notes to Required Supplementary Information.

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 decreased by \$1,473,566 from \$3,115,921 to a balance of \$1,642,355 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 decreased to a deficit balance of \$12,151,999 at the end of the fiscal year.

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

	2019	2018 (Restated)
Assets:		
Current Assets	\$ 6,518,473	\$ 17,462,916
Noncurrent Assets	40,927,147	37,595,494
Total Assets	<u>47,445,620</u>	<u>55,058,410</u>
Deferred Outflows of Resources:		
Deferred Outflows Related to Pensions	625,826	830,163
Deferred Outflows Related to OPEB	312,390	-
Total Deferred Outflows of Resources	<u>938,216</u>	<u>830,163</u>
Liabilities:		
Current Liabilities	7,267,012	12,479,001
Noncurrent Liabilities	39,083,756	40,006,011
Total Liabilities	<u>46,350,768</u>	<u>52,485,012</u>
Deferred Inflows of Resources:		
Deferred Meals Revenue	-	5,474
Deferred Inflows Related to Pensions	151,495	282,166
Deferred Inflows Related to OPEB	239,218	-
Total Deferred Inflows of Resources	<u>390,713</u>	<u>287,640</u>
Net Position:		
Net Investment in Capital Assets	8,209,404	4,080,513
Restricted: School of Our Future	3,155,914	6,809,065
Special Revenue Funds	63,020	57,128
Capital Projects Funds	207,761	320,741
Permanent Funds	2,158,255	2,088,567
Unrestricted (Deficit)	<u>(12,151,999)</u>	<u>(10,240,093)</u>
Total Net Position	<u><u>\$ 1,642,355</u></u>	<u><u>\$ 3,115,921</u></u>

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

	2019	2018
Revenues:		
<i>Program Revenues:</i>		
Charges for services	\$ 595,558	\$ 831,773
Operating grants and contributions	5,608,835	5,065,833
<i>General Revenues:</i>		
Support from towns	22,870,714	21,484,573
Grants and contributions not restricted to specific programs	4,345,169	3,999,834
Miscellaneous	544,921	390,659
Total Revenues	<u>33,965,197</u>	<u>31,772,672</u>
Expenses:		
Instruction	11,097,459	12,945,659
Special education	6,561,523	5,577,329
Career and technical	41,365	770,349
Other instructional	529,217	550,351
Student and staff support	2,685,498	2,746,035
System administration	669,418	569,426
School administration	1,542,268	1,500,721
Transportation	1,659,437	1,477,231
Facilities	3,344,733	3,478,114
Interest on long-term debt	970,440	438,398
Capital outlay	-	811,623
Change in accrued compensated absences	81,579	(196,419)
State of Maine on-behalf payments	3,041,665	2,540,057
Program expenses	3,214,161	3,310,206
Total Expenses	<u>35,438,763</u>	<u>36,519,080</u>
Change in Net Position	(1,473,566)	(4,746,408)
Net Position - July 1, Restated	<u>3,115,921</u>	<u>7,862,329</u>
Net Position - June 30	<u><u>\$ 1,642,355</u></u>	<u><u>\$ 3,115,921</u></u>

Revenues and Expenses

Revenues for the Unit's governmental activities increased by 6.90%, while total expenses decreased by 2.96%. Nearly all of the Unit's revenue categories increased with the exception of charges for services. The majority of the expenditure decrease incurred in the following categories: instruction, career and technical and capital outlay. Expenditures in special education, transportation and State of Maine on-behalf payments increased during the fiscal year.

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,

	<u>2019</u>	<u>2018</u> (Restated)
Major Funds:		
General Fund:		
Nonspendable	\$ 5,264	\$ 30,993
Unassigned	(4,015,550)	(2,050,008)
School of Our Future:		
Restricted	3,155,914	6,809,065
Total Major Funds	<u>\$ (854,372)</u>	<u>\$ 4,790,050</u>
Nonmajor Funds:		
Special Revenue Funds:		
Nonspendable	\$ 25,814	\$ 40,856
Restricted	63,020	57,128
Committed	16,659	44,370
Assigned	1,609	1,270
Unassigned	(229,048)	(115,919)
Capital Projects Funds:		
Restricted	207,761	320,741
Permanent Funds:		
Restricted	2,158,255	2,088,567
Total Nonmajor Funds	<u>\$ 2,244,070</u>	<u>\$ 2,437,013</u>

The general fund total fund balance decreased by \$1,991,271 from the prior fiscal year as a result of expenditures that exceeded revenues and net transfers in. The school of our future fund total fund balance decreased by \$3,653,151 as a result of capital outlay expenditures and a transfer out that exceeded interest income. The nonmajor fund total fund balances decreased by \$192,943 from the prior fiscal year due to expenditures that exceeded revenues and net transfers in.

Budgetary Highlights

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

The general fund actual revenues were below budget by \$276,719. This was the result of all revenue categories coming in under budget with the exception of transfers from other funds.

The general fund actual expenditures exceeded budget by \$1,214,552. The largest expenditures over budget were instruction, special education and facilities.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2019, the net book value of capital assets recorded by the Unit increased by \$3,761,653 from the prior fiscal year. This increase was due to capital additions of \$4,487,784 less current year depreciation expense of \$1,156,131. Additions consisted primarily of \$3,333,758 for the *School of Our Future* project.

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

	2019	2018 (Restated)
Land, artwork and construction in progress	\$ 21,713,383	\$ 17,349,490
Land improvements and buildings	9,214,153	9,369,031
Machinery, equipment and vehicles	9,999,611	10,446,973
Total	<u>\$ 40,927,147</u>	<u>\$ 37,165,494</u>

Debt

At June 30, 2019, the Unit had \$31,146,312 in bonds and notes from direct borrowings outstanding versus \$31,765,202 last year. Refer to Note 6 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 2020 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, 2019

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 2,733,437
Investments	2,029,331
Accounts receivable (net of allowance for uncollectibles)	1,089,936
Due from other governments	634,691
Inventory	25,814
Prepaid items	5,264
Total current assets	<u>6,518,473</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	21,713,383
Depreciable assets, net of accumulated depreciation	<u>19,213,764</u>
Total noncurrent assets	<u>40,927,147</u>
TOTAL ASSETS	<u>47,445,620</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	625,826
Deferred outflows related to OPEB	<u>312,390</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>938,216</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 48,383,836</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 2,306,849
Accrued payroll and benefits	2,821,926
Current portion of long-term obligations	<u>2,138,237</u>
Total current liabilities	<u>7,267,012</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Bonds payable	21,197,050
Bond premiums payable	1,571,431
Notes from direct borrowings payable	7,933,332
Accrued compensated absences	273,527
Net pension liability	743,637
Net OPEB liability	<u>7,364,779</u>
Total noncurrent liabilities	<u>39,083,756</u>
TOTAL LIABILITIES	<u>46,350,768</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	151,495
Deferred inflows related to OPEB	<u>239,218</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>390,713</u>
NET POSITION	
Net investment in capital assets	8,209,404
Restricted:	
School of our future	3,155,914
Special revenue funds	63,020
Capital projects funds	207,761
Permanent funds	2,158,255
Unrestricted (deficit)	<u>(12,151,999)</u>
TOTAL NET POSITION	<u>1,642,355</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$ 48,383,836</u></u>

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

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instruction	\$ 11,097,459	\$ 595,558	\$ -	\$ -	\$ (10,501,901)
Special education	6,561,523	-	-	-	(6,561,523)
Career and technical	41,365	-	-	-	(41,365)
Other instructional	529,217	-	-	-	(529,217)
Student and staff support	2,685,498	-	-	-	(2,685,498)
System administration	669,418	-	-	-	(669,418)
School administration	1,542,268	-	-	-	(1,542,268)
Transportation	1,659,437	-	-	-	(1,659,437)
Facilities	3,344,733	-	-	-	(3,344,733)
Interest on long-term debt	970,440	-	-	-	(970,440)
Change in accrued compensated absences	81,579	-	-	-	(81,579)
State of Maine on-behalf payments	3,041,665	-	3,041,665	-	-
Program expenses	3,214,161	-	2,567,170	-	(646,991)
Total government	<u>\$ 35,438,763</u>	<u>\$ 595,558</u>	<u>\$ 5,608,835</u>	<u>\$ -</u>	<u>(29,234,370)</u>

STATEMENT B (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(29,234,370)</u>
General revenues:	
Support from towns	22,870,714
Grants and contributions not restricted to specific programs	4,345,169
Miscellaneous	544,921
Total general revenues	<u>27,760,804</u>
Change in net position	(1,473,566)
NET POSITION - JULY 1, RESTATED	<u>3,115,921</u>
NET POSITION - JUNE 30	<u><u>\$ 1,642,355</u></u>

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

REGIONAL SCHOOL UNIT NO. 13

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	School of Our Future	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 990,192	\$ 1,596,348	\$ 146,897	\$ 2,733,437
Investments	-	-	2,029,331	2,029,331
Accounts receivable (net of allowance for uncollectibles)	918,653	-	171,283	1,089,936
Due from other governments	-	-	634,691	634,691
Inventory	-	-	25,814	25,814
Prepaid items	5,264	-	-	5,264
Due from other funds	746,291	2,239,180	213,003	3,198,474
TOTAL ASSETS	<u>\$ 2,660,400</u>	<u>\$ 3,835,528</u>	<u>\$ 3,221,019</u>	<u>\$ 9,716,947</u>
LIABILITIES				
Accounts payable	\$ 1,530,843	\$ 674,935	\$ 101,071	\$ 2,306,849
Accrued expenses	2,687,660	4,679	129,587	2,821,926
Due to other funds	2,452,183	-	746,291	3,198,474
TOTAL LIABILITIES	<u>6,670,686</u>	<u>679,614</u>	<u>976,949</u>	<u>8,327,249</u>
FUND BALANCES (DEFICITS)				
Nonspendable	5,264	-	25,814	31,078
Restricted	-	3,155,914	2,429,036	5,584,950
Committed	-	-	16,659	16,659
Assigned	-	-	1,609	1,609
Unassigned	(4,015,550)	-	(229,048)	(4,244,598)
TOTAL FUND BALANCES (DEFICITS)	<u>(4,010,286)</u>	<u>3,155,914</u>	<u>2,244,070</u>	<u>1,389,698</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 2,660,400</u>	<u>\$ 3,835,528</u>	<u>\$ 3,221,019</u>	<u>\$ 9,716,947</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, 2019

	Total Governmental Funds
Total Fund Balances	\$ 1,389,698
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	40,927,147
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	625,826
OPEB	312,390
Long-term obligations shown below, are not due and payable in the current period and therefore are not reported in the funds shown above:	
Bonds payable	(22,511,869)
Bond premiums payable	(1,660,605)
Notes from direct borrowings payable	(8,634,443)
Accrued compensated absences	(306,660)
Net pension liability	(743,637)
Net OPEB liability	(7,364,779)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds:	
Pension	(151,495)
OPEB	(239,218)
Net position of governmental activities	<u>\$ 1,642,355</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, 2019

	General Fund	School of Our Future	Other Governmental Funds	Total Governmental Funds
REVENUES				
Support from towns	\$ 22,870,714	\$ -	\$ -	\$ 22,870,714
Intergovernmental revenues	6,039,246	-	2,567,170	8,606,416
Charges for services	595,558	-	-	595,558
Miscellaneous	16,840	110,607	417,474	544,921
TOTAL REVENUES	<u>29,522,358</u>	<u>110,607</u>	<u>2,984,644</u>	<u>32,617,609</u>
EXPENDITURES				
Current:				
Instruction	11,183,205	-	-	11,183,205
Special education	6,561,523	-	-	6,561,523
Career and technical	41,365	-	-	41,365
Other instructional	529,217	-	-	529,217
Student and staff support	2,685,498	-	-	2,685,498
System administration	669,418	-	-	669,418
School administration	1,508,586	-	-	1,508,586
Transportation	1,534,653	-	-	1,534,653
Facilities	3,127,472	-	-	3,127,472
State of Maine on-behalf payments	1,694,077	-	-	1,694,077
Program expenses	-	-	3,200,607	3,200,607
Capital outlay	-	3,333,758	234,980	3,568,738
Debt service:				
Principal	1,180,175	-	-	1,180,175
Interest	970,440	-	-	970,440
TOTAL EXPENDITURES	<u>31,685,629</u>	<u>3,333,758</u>	<u>3,435,587</u>	<u>38,454,974</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,163,271)</u>	<u>(3,223,151)</u>	<u>(450,943)</u>	<u>(5,837,365)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	430,000	-	258,240	688,240
Transfers (out)	(258,000)	(430,000)	(240)	(688,240)
TOTAL OTHER FINANCING SOURCES (USES)	<u>172,000</u>	<u>(430,000)</u>	<u>258,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(1,991,271)	(3,653,151)	(192,943)	(5,837,365)
FUND BALANCES (DEFICITS) - JULY 1, RESTATED	<u>(2,019,015)</u>	<u>6,809,065</u>	<u>2,437,013</u>	<u>7,227,063</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (4,010,286)</u>	<u>\$ 3,155,914</u>	<u>\$ 2,244,070</u>	<u>\$ 1,389,698</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, 2019

Net change in fund balances - total governmental funds (Statement E) \$ (5,837,365)

Amounts reported for governmental activities in the Statement of Activities
(Statement B) are different because:

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense allocated to those expenditures over
the life of the assets:

Capital asset acquisitions	4,487,784
Depreciation expense	<u>(1,156,131)</u>
	<u>3,331,653</u>

Deferred outflows of resources are a consumption of net position by the
government that are applicable to a future reporting period and therefore are
not reported in the funds:

Pension	(204,337)
OPEB	<u>312,390</u>
	<u>108,053</u>

Repayment of long-term debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term obligations in the Statement of
Net Position

1,641,001

Debt proceeds provide current financial resources to governmental funds, but
issuing debt increases long-term obligations in the Statement of Net Position

(1,022,111)

Deferred inflows of resources are an acquisition of net position by the
government that are applicable to a future reporting period and therefore are
not reported in the funds:

Pension	130,671
OPEB	<u>(239,218)</u>
	<u>(108,547)</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:

Bond premiums payable	89,174
Accrued compensated absences	(81,579)
Net pension liability	131,255
Net OPEB liability	<u>274,900</u>
	<u>413,750</u>

Change in net position of governmental activities (Statement B) \$ (1,473,566)

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

REGIONAL SCHOOL UNIT NO. 13

STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2019

	Agency Funds
	Student Activities
ASSETS	
Cash and cash equivalents	\$ 193,854
Due from other governments	440
TOTAL ASSETS	<u>\$ 194,294</u>
LIABILITIES	
Deposits held for others	<u>\$ 194,294</u>
TOTAL LIABILITIES	<u>\$ 194,294</u>

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Regional School Unit No. 13 was incorporated under the laws of the State of Maine. The Unit operates under a board of directors-superintendent form of government and provides the following services: instruction, special education, career and technical, other instructional, student and staff support, system administration, school administration, transportation, facilities and program expenses.

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

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

Implementation of New Accounting Standards

During the year ended June 30, 2019, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 83 "Certain Asset Retirement Obligations." This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation or acquiring a tangible capital asset that has an existing ARO. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 88 "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements." This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences and significant subjective acceleration clauses.

Government-Wide and Fund Financial Statements

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

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

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

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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 and Fund Financial Statements

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

1. Governmental Funds:

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

Major Funds

- a. The General Fund is the general operating fund of the Unit. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The School for Our Future Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Fiduciary Funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Unit programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds.

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

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

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of 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, 2019

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	\$ 28,258,281
Add: On-behalf payments	1,694,077
Total GAAP basis	<u><u>\$ 29,952,358</u></u>
Expenditures per budgetary basis	\$ 30,249,552
Add: On-behalf payments	1,694,077
Total GAAP basis	<u><u>\$ 31,943,629</u></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, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Receivables

Receivables include amounts due from governmental agencies. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$1,724,627 for the year ended June 30, 2019. The allowance for uncollectible accounts is estimated to be \$58,395 as of June 30, 2019.

Inventories

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

Prepaid Items

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Transactions Between Funds

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

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. 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.

Estimated useful lives are as follows:

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

Long-term Obligations

The accounting treatment of long-term obligations 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.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consist of bonds payable, notes from direct borrowings payable, accrued compensated absences and net pension liability.

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the State Employee and Teacher (SET) Plan and additions to/deductions from the SET Plan's fiduciary net position have been determined on the same basis as they are reported by the SET Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OPEB

For purposes of measuring the Unit's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Maine Public Employees Retirement System OPEB Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, management received and relied on an actuarial report provided to them by the Maine Education Association Benefits Trust (MEABT), which determined the School's fiduciary net position as a single employer defined benefit plan based on information provided solely by MEABT to complete the actuarial report. Additions to/deductions from the MEABT OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEABT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Net Position

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

Fund Balance

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

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

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

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows related to pensions and deferred inflows related to OPEB qualify for reporting in this category. These items are reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

Program Revenues

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019 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, 2019.

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, 2019, the Unit's deposits and cash equivalents amounting to \$2,927,291 were comprised of bank deposits and cash equivalents of \$3,487,012. Of these bank deposits and cash equivalents, \$347,082 was insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$3,139,930 was collateralized with securities held by the financial institution in the Unit's name.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 438,716
Repurchase agreements	1,256,994
Money market accounts	1,596,348
Savings accounts	90,741
Cash and cash equivalents	104,213
	<u>\$ 3,487,012</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, 2019, the Unit's certificates of deposit of \$141,543 were fully insured by federal depository insurance and thus not exposed to custodial credit risk. Of the Unit's remaining investments of \$1,887,788, \$1,000,000 was covered by the Securities Investor Protection Corporation (SIPC), \$592,810 was collateralized with securities held by the financial institution in the Unit's name and \$294,978 was 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>
Debt securities:					
Corporate bonds	\$ 448,961	\$ -	\$ 68,687	\$ 380,274	\$ -
Equity securities:					
Common stock - domestic	413,014	413,014	-	-	-
Mutual funds:					
Equities	412,916	412,916	-	-	-
Fixed income	612,897	612,897	-	-	-
Certificates of deposit	141,543	-	41,911	90,632	9,000
	<u>\$ 2,029,331</u>	<u>\$ 1,438,827</u>	<u>\$ 110,598</u>	<u>\$ 470,906</u>	<u>\$ 9,000</u>

Fair Value Hierarchy

The Unit categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Unit has the following recurring fair value measurements as June 30, 2019:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

	June 30, 2019 Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)
<u>Investments by fair value level</u>				
Debt securities:				
Corporate bonds	\$ 448,961	\$ -	\$ 448,961	\$ -
Total debt securities	<u>448,961</u>	<u>-</u>	<u>448,961</u>	<u>-</u>
Equity securities:				
Common stock - domestic	413,014	413,014	-	-
Mutual funds - domestic and foreign	<u>1,025,813</u>	<u>1,025,813</u>	<u>-</u>	<u>-</u>
Total equity securities	<u>1,438,827</u>	<u>1,438,827</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	<u>1,887,788</u>	<u>\$ 1,438,827</u>	<u>\$ 448,961</u>	<u>\$ -</u>
<u>Cash equivalents measured at the net asset value (NAV)</u>				
Money market mutual funds	104,213			
Total cash equivalents measured at the NAV	<u>104,213</u>			
Total investments and cash equivalents measured at fair value	<u>\$ 1,992,001</u>			

Equity securities classified in Level I of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued from publicly reliable sources or using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Unit has no Level 3 investments. The fair value of money market mutual funds that are measured at NAV per share (or its equivalent) is calculated as of June 30, 2019 in a manner consistent with the Financial Accounting Standards Board's measurement principles for investment companies. Certificates of deposit held with local financial institutions for \$141,543 are excluded from the hierarchy as these investments are considered held to maturity and are therefore not measured at fair value.

Credit risk – Statutes for the State of Maine authorize the Unit to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Maine, corporate stocks and bonds within

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

statutory limits, financial institutions, mutual funds and repurchase agreements. The Unit does not have an investment policy on credit risk. Generally, the Unit invests excess funds in repurchase agreements, savings accounts and various insured certificates of deposit. Certain long-term trust funds are invested through a financial institution with trust powers in a mix of securities that comply with state and federal regulations to provide long-term growth and income. As of June 30, 2019, the Unit's investments in corporate bonds were rated AAA (\$258,356), AA+ (\$25,367), AA (\$25,023), AA- (\$25,301), A2 (\$25,464), BBB+ (\$38,432), BBB (\$25,631) and BB+ (\$25,387) by Standard & Poor's Rating Service.

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, 2019 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
General Fund	\$ 746,291	\$ 2,452,183
School of Our Future	2,239,180	-
Nonmajor Special Revenue Funds	69,644	746,291
Nonmajor Capital Projects Funds	140,243	-
Nonmajor Permanent Funds	3,116	-
	<u>\$ 3,198,474</u>	<u>\$ 3,198,474</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Deletions	Balance, 6/30/19
Non-depreciated assets:				
Land	\$ 139,140	\$ -	\$ -	\$ 139,140
Art work	20,000	-	-	20,000
Construction in progress	18,220,485	3,333,758	-	21,554,243
	<u>18,379,625</u>	<u>3,333,758</u>	<u>-</u>	<u>21,713,383</u>
Depreciated assets:				
Land improvements	795,276	-	-	795,276
Buildings	16,593,245	100,000	-	16,693,245
Machinery and equipment	12,504,226	677,906	-	13,182,132
Vehicles	2,460,458	376,120	-	2,836,578
	<u>32,353,205</u>	<u>1,154,026</u>	<u>-</u>	<u>33,507,231</u>
Less: accumulated depreciation	<u>(13,137,336)</u>	<u>(1,156,131)</u>	<u>-</u>	<u>(14,293,467)</u>
	<u>19,215,869</u>	<u>(2,105)</u>	<u>-</u>	<u>19,213,764</u>
Net capital assets	<u>\$ 37,595,494</u>	<u>\$ 3,331,653</u>	<u>\$ -</u>	<u>\$ 40,927,147</u>

Current Year Depreciation:

Regular education	\$ 766,850
Maintenance and operations	217,261
Transportation	124,784
Administration	33,682
School lunch	<u>13,554</u>
Total depreciation expense	<u>\$ 1,156,131</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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, 7/1/18 (Restated)	Additions	Reductions	Balance, 6/30/19	Due Within One Year
Bonds payable	\$ 23,411,688	\$ -	\$ (899,819)	\$ 22,511,869	\$ 1,314,819
Bond premiums payable	1,749,779	-	(89,174)	1,660,605	89,174
Notes from direct borrowings payable	8,353,514	1,022,111	(741,182)	8,634,443	701,111
	<u>\$ 33,514,981</u>	<u>\$ 1,022,111</u>	<u>\$ (1,730,175)</u>	<u>\$ 32,806,917</u>	<u>\$ 2,105,104</u>

The following is a summary of bonds outstanding as of June 30, 2019:

\$2,225,000, 2002 General Obligation bond due in annual principal installments of \$111,250 through November 2021. The fixed interest rate varies from 3.048% to 5.423% per annum.	\$ 333,750
\$500,000, 2013 General Obligation bond due in annual principal installments of \$50,000 through November 2023. The fixed interest rate varies from 0.600% to 2.380% per annum.	250,000
\$8,100,000, 2017 General Obligation Bond Series A with principal payments of \$405,000 due in April and October through October 2037. The fixed interest rate varies from 3% to 5% per annum.	7,695,000
\$13,125,000, 2017 General Obligation Bond Series B with principal payments ranging from \$655,000 to \$660,000 due in October through October 2038. The fixed interest rate varies from 3% to 5% per annum.	13,125,000
\$798,000, 2017 QZAB Bond with principal payments of \$53,200 due on September 15 through September 2032, the interest rate is fixed at 0% per annum.	744,800
\$403,688, 2017 SRRF Bond with a \$40,369 principal payment due in July through 2027. The interest rate is fixed at 0% per annum.	363,319
Total bonds payable	<u>\$ 22,511,869</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 - LONG-TERM DEBT (CONTINUED)

A summary of the outstanding notes from direct borrowings payable is as follows:

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

The annual principal and interest requirements to amortize the bonds and notes from direct borrowings payable are as follows:

Year Ending June 30,	Bonds Payable		Notes from Direct Borrowings Payable		Bond Premium Payable
	Principal	Interest	Principal	Interest	Principal
2020	\$ 1,314,819	\$ 837,392	\$ 701,111	\$ 269,077	\$ 89,174
2021	1,314,819	777,633	615,646	249,054	89,174
2022	1,314,819	717,713	583,409	231,982	89,174
2023	1,203,569	664,735	562,568	214,720	89,174
2024	2,823,568	615,184	476,361	199,019	89,174
2025-2029	5,727,475	2,281,994	2,159,008	814,603	445,870
2030-2034	5,512,800	1,205,143	2,441,340	459,056	445,870
2035-2039	3,300,000	373,931	1,095,000	49,500	322,995
	<u>\$ 22,511,869</u>	<u>\$ 7,473,725</u>	<u>\$ 8,634,443</u>	<u>\$ 2,487,011</u>	<u>\$ 1,660,605</u>

In 2017, the Unit issued a Series 2017C Qualified Zone Academy Bond totaling \$798,000. Annual principal payments on the bond are required to be deposited into a sinking fund held by First National Bank. The deposits and the interest earned on those deposits will be used to make the principal payment in September of 2032. The Unit is also required to pay its proportionate share of any investment losses incurred on the investment of sinking fund deposits resulting in insufficient funds to pay the bank bonds when due. As of June 30, 2019, the most recent financial information available, the balance in the sinking fund for the Regional School Unit No. 61 totaled \$53,599.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2019

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in other long-term obligations for the year ended June 30, 2019:

	Balance, 7/1/18 (Restated)	Additions	Reductions	Balance, 6/30/19	Due Within One Year
Accrued compensated absences	\$ 225,081	\$ 81,579	\$ -	\$ 306,660	\$ 33,133
Net pension liability	874,892	-	(131,255)	743,637	-
Net OPEB liability	7,639,679	325,715	(600,615)	7,364,779	-
Totals	<u>\$ 8,739,652</u>	<u>\$ 407,294</u>	<u>\$ (731,870)</u>	<u>\$ 8,415,076</u>	<u>\$ 33,133</u>

Please see Notes 7, 16 and 19 for detailed information on each of the other long-term obligations.

NOTE 7 - ACCRUED 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 obligations 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. As of June 30, 2019, the Unit's liability for compensated absences is \$306,660.

NOTE 8 - OPERATING LEASES

The Unit is committed under various noncancelable operating leases, primarily for equipment. Future minimum operating lease commitments for the years ending June 30, are as follows:

Year Ending June 30:	
<u>2020</u>	<u>\$ 19,421</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - NONSPENDABLE FUND BALANCES

At June 30, 2019, the Unit had the following nonspendable fund balances:

General Fund:	
Prepaid Items	\$ 5,264
Nonmajor Special Revenue Funds (Schedule D)	25,814
	<u>\$ 31,078</u>

NOTE 10 - RESTRICTED FUND BALANCES

At June 30, 2019, the Unit had the following restricted fund balances:

School of Our Future	\$ 3,155,914
Nonmajor Special Revenue Funds (Schedule D)	63,020
Nonmajor Permanent Funds (Schedule H)	2,158,255
	<u>\$ 5,584,950</u>

NOTE 11 - COMMITTED FUND BALANCE

At June 30, 2019, the Unit had the following committed fund balance:

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 16,659</u>
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NOTE 12 - ASSIGNED FUND BALANCE

At June 30, 2019, the Unit had the following assigned fund balance:

Nonmajor Special Revenue Funds (Schedule D)	<u>\$ 1,609</u>
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NOTE 13 - DEFICIT FUND BALANCES

At June 30, 2019, the Unit had the following deficit fund balances:

General Fund	\$ 4,010,286
Nonmajor Special Revenues Funds:	
Food Service	203,234
	<u>\$ 4,213,520</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 14 - OVERSPENT APPROPRIATIONS

The Unit had the following overspent appropriations at June 30, 2019:

Instruction (Article 1)	\$ 295,344
Special education (Article 2)	815,724
System administration (Article 6)	20,818
School administration (Article 7)	39,986
Transportation (Article 8)	69,653
Facilities (Article 9)	177,122
	<u>\$ 1,418,647</u>

NOTE 15 - 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, 2019. There were no significant reductions in insurance coverage from that of the prior year and amounts of settlements have not exceeded insurance coverage in the past three years.

NOTE 16 - DEFINED BENEFIT PENSION PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Benefits Provided

The Maine Public Employees Retirement System provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The System's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten year requirement was reduced by legislative action to five years for State employees and teachers). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62 or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. As of June 30, 2018 there were 236 employers, including the State of Maine, participating in the plan.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 2.4%.

Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. The Unit's teachers are required to contribute 7.65% of their compensation to the retirement system. The Unit's payroll for teachers covered by this program was approximately \$13,360,231 for the year ended June 30, 2019. Title 5 of the Maine Revised Statutes Annotated requires the State to contribute 11.08% of the Unit's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (UAL). Contributions paid by the State were approximately \$1,694,077 for the year ended June 30, 2019.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Title 5 of the Maine Revised Statutes Annotated also requires the Unit to contribute at an actuarially determined normal cost rate of 3.97%, which totaled \$556,337 for 2019. In addition, the Unit is required to contribute toward the UAL of the plan and pay a small percentage of payroll towards the administrative costs for federally funded teachers, which amounts to 11.68% of compensation and totaled \$76,402 the year ended June 30, 2019.

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

At June 30, 2019, the Unit reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Unit. The amount recognized by the Unit as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Unit were as follows:

Unit's proportionate share of the net pension liability	\$ 743,637
State's proportionate share of the net pension liability associated with the Unit	<u>14,079,360</u>
Total	<u>\$ 14,822,997</u>

The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Unit's proportion of the net pension liability was based on a projection of the Unit's long-term share of contributions to the pension plan relative to the projected contributions of all participating school Units and the State, actuarially determined. At June 30, 2018, the Unit's proportion was 0.055107%, which was a decrease of 0.00513% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Unit recognized net pension expense of \$1,047,603 and revenue of \$1,047,603 for support provided by the State of Maine. At June 30, 2019, the Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	SET Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,713	\$ -
Changes of assumptions	46,777	-
Net difference between projected and actual earnings on pension plan investments	-	96,674
Changes in proportion and differences between employer contributions and proportionate share of contributions	(1)	54,821
Contributions subsequent to the measurement date	556,337	-
Total	<u>\$ 625,826</u>	<u>\$ 151,495</u>

\$556,337 reported as deferred outflows of resources related to pensions resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SET Plan
Plan year ended June 30:	
2019	\$ 29,248
2020	(16,462)
2021	(68,821)
2022	(25,971)
2023	-
Thereafter	-

Actuarial Methods and Assumptions

The collective total pension liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Cost Method

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

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

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

Asset Valuation Method

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

Amortization

The net pension liability of the State Employee and Teacher Retirement Plan is amortized on a level percentage of payroll over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses and changes are amortized over ten-year periods beginning on the date as of which they occur.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2018 are as follows:

Investment Rate of Return - 6.75% per annum for the year ended June 30, 2018, compounded annually.

Salary Increases, Merit and Inflation - state employees, 2.75% to 8.75% per year; teachers, 2.75% to 14.50% per year.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Mortality Rates - For active members and non-disabled retirees the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.

Cost of Living Benefit Increases - 2.20% per annum for the year ended June 30, 2018.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2018 are summarized in the following table. Assets for the defined benefit plan are comingled for investment purposes.

Asset Class	SET Plan	
	Target Allocation	Long-term Expected Real Rate of Return
Public equities	30.0%	6.0%
US Government	7.5%	2.3%
Private equity	15.0%	7.6%
Real assets:		
Real estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural resources	5.0%	5.0%
Traditional credit	7.5%	3.0%
Alternative credit	5.0%	4.2%
Diversifiers	10.0%	5.9%

Discount Rate

The discount rate used to measure the collective total pension liability was 6.75% for 2018 for the State Employee and Teacher Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table shows how the collective net pension liability/(asset) as of June 30, 2018 would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate. The current rate is 6.75% for the State Employee and Teacher Plan.

	1% Decrease	Discount Rate	1% Increase
<u>SET Plan:</u>			
Discount rate	5.75%	6.75%	7.75%
Unit's proportionate share of the net pension liability	\$ 1,374,241	\$ 743,637	\$ 218,446

Changes in Net Pension Liability

Each employer's share of the collective net pension liability is equal to the collective net pension liability multiplied by the employer's proportionate share as of June 30, 2018 as shown in the schedules of employer and non-employer contributing entity allocations. Changes in net pension liability are recognized in pension expense for the year ended June 30, 2018 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience with regard to economic or demographic factors were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For 2018, this was three years for the SET Plan.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Differences between Projected and Actual Investment Earnings on Pension Plan Investments

Differences between projected and actual investment earnings were recognized in pension expense using a straight-line amortization method over a closed five-year period. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

Changes in Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The actuarial assumptions used for the year ended June 30, 2018 valuation were based on results of an actuarial experience study for the period of June 30, 2012 through June 30, 2015. Please refer to the Actuarial Methods and Assumptions section for information relating to changes of assumptions. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

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

Differences resulting from a change in proportionate share of contributions and differences between total employer contributions and the employer's proportionate share of contributions were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. Differences between total employer contributions and the employer's proportionate share of contributions may arise when an employer has a contribution requirement for an employer specific liability.

Pension Plan Fiduciary Net Position

Additional financial and actuarial information with respect to the Plan can be found in the MainePERS' 2018 Comprehensive Annual Financial Report available online at www.mainebers.org or by contacting the System at (207) 512-3100.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 - DEFERRED COMPENSATION PLAN

The Unit offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403. The plan, available to all Unit employees as part of a collective bargaining agreement, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency.

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

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

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE INSURANCE PLAN

MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

STATE EMPLOYEE AND TEACHER PLAN

Plan Description

All School teachers, plus other qualified educators, participate in the Maine Public Employees Retirement System's (MainePERS) State Employee and Teacher (SET) Plan. The teacher's program is a multi-employer cost-sharing plan with a special funding situation, established by the Maine State Legislature. The State of Maine is also a non-employer contributing entity in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school districts contribute the normal cost, calculated actuarially, for their teacher members. Title 5 of the Maine Revised Statutes Annotated assigns the authority to establish and amend benefit provisions to the State Legislature. As of June 30, 2018, there were 220 employers, including the State of Maine, participating in the plan. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial and actuarial information for the SET Plan. That report may be obtained online at www.mainebers.org or by contacting the System at (800) 451-9800.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 18 - OTHER POST EMPLOYMENT BENEFIT (OPEB) GROUP LIFE
INSURANCE PLAN (CONTINUED)

Benefits Provided

The Group Life Insurance Plan (the Plan) provides basic group life insurance benefits, during retirement, to retirees who participated in the Plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Contributions

Life insurance benefits are funded by contributions from members and employers. Premium rates are those determined by the MainePERS's Board of Trustees to be actuarially sufficient to pay anticipated claims. For Department's teachers, the premiums for retiree life insurance coverage are factored into the premiums paid for basic coverage while participants are active members. Premiums for basic life insurance coverage for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers. The State's contribution to the Plan for the year ended June 30, 2019 was approximately \$36,039.

OPEB Expense

For the year ended June 30, 2019, the Unit recognized net OPEB expense of \$34,074 and revenue of \$34,074 for support provided by the State of Maine.

At June 30, 2019, the Unit reported a liability for its proportionate share of the net OPEB liability that reflected a reduction for State OPEB support provided to the Unit. The total portion of the net OPEB liability that was associated with the Unit were as follows:

Unit's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	<u>373,413</u>
Total	<u>\$ 373,413</u>

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN

MAINE EDUCATION ASSOCIATION BENEFITS TRUST

Plan Description

The State of Maine and School retirees contribute to the Unit's OPEB Plan with the Maine Education Association Benefits Trust (MEABT), a single employer defined benefit plan. Contributions and membership in this Plan are voluntary and may be terminated at any time by the State, the Unit and/or the Unit retirees. MEABT is a fully funded, self-insured trust which provides benefits to education organizations and acts as the agent to the Unit concerning administration of this Plan. Title 24-A Chapter 81 of the Maine Revised Statutes Annotated authorizes the regulation of MEABT as a Multiple Employer Welfare Arrangement by the State of Maine Bureau of Insurance. Benefits and plans are designed and governed by MEABT participants and are administered by a number of third-party administrators contracted by MEABT. No assets are accumulated in a trust that meets the criterion of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. MEABT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by contacting MEABT at (888) 622-4418.

Benefits Provided

This Plan provides medical/prescription drug benefits during retirement to Medicare and non-Medicare retirees and their spouses with varying levels of benefits determined by voluntary plan selection by the retiree as well as applicable Medicare statutes and regulations. The employee must have participated in a plan for the 12 months prior to retirement and have 10 years (under age 50) or 5 years (age 50 or above) of continuous active service and enrollment in the health plan to be eligible for this Plan. The retiree who terminates coverage may elect to re-enroll in coverage if they participated in the health plan for 12 months prior to terminating coverage, as long as re-enrollment occurs within 5 years from coverage termination and as long as the retiree is not past age 62. The retiree must have maintained continuous health insurance coverage during the break in coverage with MEABT to be eligible for re-enrollment and is only eligible for re-enrollment once.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Active members	342
Retirees and spouses	<u>204</u>
Total	<u><u>546</u></u>

Cost Sharing Provisions/Contributions

Retirees are eligible for a State subsidy of 45% of the blended single premium for the retiree. The blended premium is determined by blending rates for active members and retired members, as determined by State law. The retiree contributes the remaining 55% of blended single premium and spouse must contribute 100% of the blended premium amount coverage elected.

Employee/Retiree Premium Amounts:

The following monthly premium amounts were reported on the individual data file. Actual plan election was reflected in expected retiree premium amounts.

<u>Pre-Medicare</u>	<u>Employee</u>	<u>Employee/ Spouse</u>	<u>Employee/ Child(ren)</u>	<u>Family</u>
Choice Plus	\$808.88	\$1,823.07	\$1,431.54	\$2,218.92
Standard \$200 Ded	\$873.49	\$1,968.91	\$1,546.06	\$2,396.44
Standard \$1,000 Ded	\$732.85	\$1,651.70	\$1,296.98	\$2,010.35
<u>Medicare</u>				
Medicare-Eligible Retirees	\$449.52	\$943.57	N/A	N/A

Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2019, the Unit reported a liability of \$7,364,779 for its total OPEB liability for this Plan. The total OPEB liability was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date. The Unit's total OPEB liability was based on the Entry Age Normal Actuarial Cost Method which does not reflect future changes in benefits, subsidies, penalties, taxes or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 (ACA) related legislation and regulations.

For the year ended June 30, 2019, the Unit recognized OPEB revenue of \$348,072. At June 30, 2019, the Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	MEABT	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 239,218
Contributions subsequent to the measurement date	312,390	-
Total	<u>\$ 312,390</u>	<u>\$ 239,218</u>

\$312,390 were reported as deferred outflows of resources related to OPEB resulting from Unit contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	MEABT
Plan year ended June 30:	
2019	\$ (59,804)
2020	(59,804)
2021	(59,804)
2022	(59,806)
2023	-
Thereafter	-

Discount Rate

The discount rate is the assumed interest rate used for converting projected dollar related values to a present value as of June 30, 2018. The discount rate determination is based on the high-quality AA/Aa or higher bond yields in effect for 20-year, tax-exempt general obligation municipal bonds using the Bond Buyer 20-Bond GO Index. The rate of 3.87% per annum for June 30, 2018 was based upon a measurement date of June 28, 2018. The sensitivity of total OPEB liability to changes in discount rate are as follows:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

	1% Decrease	Discount Rate	1% Increase
	2.87%	3.87%	4.87%
Total OPEB liability	\$ 8,477,986	\$ 7,364,779	\$ 6,459,785
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 8,477,986</u>	<u>\$ 7,364,779</u>	<u>\$ 6,459,785</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Healthcare Trend

The healthcare trend is the assumed dollar increase in dollar-related values in the future due to the increase in the cost of health care. The healthcare cost trend rate is the rate of change in per capita health claim costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design and technological developments. The sensitivity of total OPEB liability to changes in healthcare cost trend rates are as follows:

	1% Decrease	Healthcare Trend Rates	1% Increase
Total OPEB liability	\$ 6,417,287	\$ 7,364,779	\$ 8,525,686
Plan fiduciary net position	-	-	-
Net OPEB liability	<u>\$ 6,417,287</u>	<u>\$ 7,364,779</u>	<u>\$ 8,525,686</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%

Actuarial Methods and Assumptions

The total OPEB liability for the Plan was determined by an actuarial valuation as of June 30, 2018, using the following methods and assumptions applied to all periods included in the measurement:

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method is used to determine costs. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for this Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

Assumptions

Significant actuarial assumptions employed by the actuary for economic purposes are based on GASB 75 paragraph 36. Assumptions other than the discount rate are based on historical and future projections of long-term health care rates:

Discount Rate - 3.87% per annum.

Trend Assumptions:

Pre-Medicare - Initial trend of 5.55% applied in FYE 2018 grading over 15 years to 3.73% per annum.

Medicare - Initial trend of 3.72% applied in FYE 2018 grading over 15 years to 2.81% per annum.

Future plan changes - Assumes that the current Plan and cost-sharing structure remain in place for all future years.

Significant actuarial assumptions employed by the actuary for demographic purposes are the assumptions that were adopted by Maine Public Employees Retirement System State Employee and Teacher Retirement Program at June 30, 2018 and based on the experience study covering the period from June 30, 2012 through June 30, 2015. As of June 30, 2018, they are as follows:

Retirement Rates - Rates vary for plans based on age and service

Rates of Turnover - Rates vary for plans based on service

Disability Incidence - Rates vary for plans based on age

Retirement Contribution Increases - Assumed to increase at the same rate as incurred claims

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Family Enrollment Composition - It is assumed that 80% is married with an eligible spouse.

Age Difference of Spouses - Husbands are assumed to be 3 years older than wives.

Administrative expenses - Included in the per capita claims cost

Salary Increase Rate - 2.75% per year assumed using the level percentage of pay entry age method

Salaries - Were not available from the client and were assumed using the Teachers/Age Service Salary scatter from the State Retirement Agency. Based on the dates of hire assumed above and the participant's actual age, pay was assigned using the salary age service scatter.

Dates of Hire - Were not available from the client and were available from the State Retirement Agency. Dates of hire were assumed to be the midpoint of each service group. Those under 1 year of service, the date was assumed to be January 1, 2018 and all other groups were assumed to be hired on July 1 of each service midpoint.

Rate of Mortality:

Healthy Annuitants - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Healthy Employees - Based on 99% of the RP2014 Total Dataset Healthy Annuitant Mortality Table, respectively for males and females, using the RP2014 Total Dataset Healthy Annuitant Mortality Tables after the end of the Total Employee Mortality Table, both projected using the RPEC _2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Disabled Annuitants - Based on 108% and 105% of the RP2014 Total Dataset Disabled Annuitant Mortality Table, respectively for males and females, projected from the 2006 base rates using the RPEC_2015 model with an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in the year 2020.

Retiree Continuation Percentage:

Retirees currently in the Group Companion Plan (Medicare participants) are assumed to remain in the Group Companion Plan.

Retirees who are currently age 64 or over age 65 and enrolled in a Pre-Medicare plan are assumed to never be eligible for Medicare and are assumed to remain enrolled in the Pre-Medicare plan.

Retirees who are currently under age 64 and enrolled in a Pre-Medicare plan are assumed to be eligible for Medicare and are assumed to remain in the Pre-Medicare plan until age 64 and enroll in the Group Companion plan at age 65.

Spouses who are currently in the Pre-Medicare plan will follow the same assumptions as the retired member; if the member is never eligible for Medicare the spouse is not either.

Significant actuarial assumptions employed by the actuary for claims and expense purposes are the based on the actual community rated premiums of the entire group. As of June 30, 2018, they are as follows:

Monthly Per Capital Claims and Expense Cost - Claims are based on community rated premiums through June 30, 2018 and projects through 2019 and associate enrollment in the various options offered. Annual administrative and claims adjudication expenses are assumed to be included in the annual premiums.

Medical Plan Election - Employees are assumed to continue in their current medical plan for their entire career. 50% of retirees are assumed to switch from the Choice Plan to the Standard plan.

Medicare Eligibility - Assumed to be age 65, with the exception of retirees over age 65 who are not in the Group Companion Plan, all retirees under age 64 and current actives with a date of hire before 3/31/1986.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 19 - OTHER POST EMPLOYMENT BENEFIT (OPEB) MEDICAL PLAN
(CONTINUED)

Changes in Total OPEB Liability

Changes in total OPEB liability are recognized in OPEB expense for the year ended June 30, 2019 with the following exceptions:

Differences between Expected and Actual Experience

The difference between expected and actual experience are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2019, there were no differences between expected and actual experience.

Changes in Assumptions

Differences due to changes in assumptions about future economic, demographic or claim and expense factors or other inputs are recognized in OPEB expense over the average expected remaining service life of all active and inactive Plan members. As of July 1, 2017, this average was 8 years. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. The amortization period was six years for year ending June 30, 2018. For the fiscal year ended June 30, 2019, there were \$239,218 in changes in assumptions.

Differences between Projected and Actual Earnings on OPEB Plan Investments

Differences between projected and actual investment earnings are recognized in OPEB expense using a straight-line amortization method over a closed five-year period. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources.

OPEB Plan Fiduciary Net Position

Additional financial and actuarial information with respect to this Plan can be found at the Unit Office at 28 Lincoln Street, Rockland, Maine 04841.

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 20 - 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 numerous State and Federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Unit has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In the opinion of the Unit, there are no significant contingent liabilities relating to compliance with the rules and regulations; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

Regional School Unit No. 13 receives subsidy funding payments through the State of Maine. The State subsidy payment amount is adjusted quarterly for the School's share of MaineCare Seed, which is the required local share of MaineCare revenue that the State pays on behalf of the Unit and then recovers through the ED 279. Adjustments made by the State in the fiscal year of 2020 could include expenditures from the fiscal year of 2019 that would normally be accrued. The actual amount cannot be determined at this time. However, it is the position of the Regional School Unit No. 13 management that this practice is consistent with the formal recommendation of the Maine Department of Education to all Maine units concerning this matter.

NOTE 21 - RELATED PARTY TRANSACTIONS

An employee of the Regional School Unit No. 13 was hired to provide mowing services to the Unit. During fiscal year 2019, payments for these services totaled \$31,200.

NOTE 22 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS

Regional School Unit No. 13 is an income beneficiary of assets held by Maine Community Foundation (MCF) as a result of making reciprocal transfers of assets to MCF and specifying itself as the beneficiary. As such, Regional School Unit No. 13 receives distributions amounting to a percentage of the fair value of these assets each year. Regional School Unit No. 13 has granted variance power to MCF. The Board of Trustees of the MCF has the power to modify, consistently with State law, including seeking approval of the appropriate court or Attorney General, where applicable, any

REGIONAL SCHOOL UNIT NO. 13

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 22 - BENEFICIAL INTERESTS IN ASSETS HELD BY OTHERS (CONTINUED)

restriction or condition on the distribution of funds for any specified entities if, in the sole judgment of the Board (without the necessity of the approval of any participating trustee, custodian or agent), such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. Annual distributions from these assets have been reported as revenue.

The estimated fair market value of the beneficial interest in the assets, which approximate the present values of the expected future cash flows from the assets, are recognized in the statement of net position as investments. This amounted to \$50,485 for the year ended June 30, 2019.

NOTE 23 - RESTATEMENTS

The beginning fund balance of the School of Our Future fund and the net position for the governmental activities have been restated as of July 1, 2018. These balances were restated to correct the accrued expenses balance. The School of Our Future fund was restated by \$5,183,423 from \$1,625,642 to a balance of \$6,809,065.

The beginning net position of governmental activities has been restated as of July 1, 2018. This balance was restated to correct the capital asset balance by (\$3,315,093), to correct the notes from direct borrowings payable by \$1,089, to include the bond premiums payable of \$1,749,779 and for the restatement in the above paragraph.

The net position of the governmental activities has also been restated at July 1, 2018 to account for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other than Pensions - an amendment of GASB Statement No. 45, as amended (issued 06/04), and GASB Statement No. 57 (issued 12/09) for the Maine Education Association Benefits Trust OPEB Plan. The beginning net position was restated by (\$7,639,679).

The net position of governmental activities was restated by (\$2,380,176) from \$10,638,138 to \$3,115,921.

NOTE 24 - COMPARATIVE DATA/RECLASSIFICATIONS

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

Required Supplementary Information

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

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions - Pension
- Schedule of the Proportionate Share of the Net OPEB Liability - SET Plan
- Schedule of Contributions - OPEB - SET Plan
- Schedule of Changes in Net OPEB Liability - MEABT Plan
- Schedule of Changes in Net OPEB Liability and Related Ratios - MEABT Plan
- Schedule of Contributions - OPEB - MEABT Plan
- Notes to Required Supplementary Information

REGIONAL SCHOOL UNIT NO. 13

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Positive (Negative)
Budgetary Fund Balance (Deficit), July 1	\$ (2,019,015)	\$ (2,019,015)	\$ (2,019,015)	\$ -
Resources (inflows):				
Support from towns	22,870,714	22,870,714	22,870,714	-
Intergovernmental revenues:				
State subsidy	4,315,286	4,315,286	4,315,286	-
State agency client	12,500	12,500	-	(12,500)
Other	82,304	82,304	29,883	(52,421)
Charges for services	804,696	804,696	595,558	(209,138)
Interest income	16,500	16,500	13,959	(2,541)
Miscellaneous revenues	3,000	3,000	2,881	(119)
Transfers from other funds	430,000	430,000	430,000	-
Amounts Available for Appropriation	<u>26,515,985</u>	<u>26,515,985</u>	<u>26,239,266</u>	<u>(276,719)</u>
Charges to Appropriations (outflows):				
Instruction	10,887,861	10,887,861	11,183,205	(295,344)
Special education	5,745,799	5,745,799	6,561,523	(815,724)
Career and technical	41,375	41,375	41,365	10
Other instructional	579,600	579,600	529,217	50,383
Student and staff support	2,839,200	2,839,200	2,685,498	153,702
System administration	648,600	648,600	669,418	(20,818)
School administration	1,468,600	1,468,600	1,508,586	(39,986)
Transportation	1,465,000	1,465,000	1,534,653	(69,653)
Facilities	2,950,350	2,950,350	3,127,472	(177,122)
Debt service:				
Principal	1,180,175	1,180,175	1,180,175	-
Interest	970,440	970,440	970,440	-
Transfers to other funds	258,000	258,000	258,000	-
Total Charges to Appropriations	<u>29,035,000</u>	<u>29,035,000</u>	<u>30,249,552</u>	<u>(1,214,552)</u>
Budgetary Fund Balance (Deficit), June 30	<u>\$ (2,519,015)</u>	<u>\$ (2,519,015)</u>	<u>\$ (4,010,286)</u>	<u>\$ (1,491,271)</u>
Utilization of unassigned fund balance	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ (500,000)</u>

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

REGIONAL SCHOOL UNIT NO. 13

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

	2019	2018	2017	2016	2015
<u>SET Plan:</u>					
Unit's proportion of the net pension liability (asset)	0.06%	0.06%	0.06%	0.06%	0.07%
Unit's proportionate share of the net pension liability (asset)	\$ 743,637	\$ 874,892	\$ 1,085,224	\$ 791,183	\$ 733,901
State's proportionate share of the net pension liability (asset) associated with the Unit	14,079,360	13,900,890	17,650,138	14,805,141	12,155,484
Total	<u>\$ 14,822,997</u>	<u>\$ 14,775,782</u>	<u>\$ 18,735,362</u>	<u>\$ 15,596,324</u>	<u>\$ 12,889,385</u>
Unit's covered payroll	\$ 12,821,306	\$ 12,314,117	\$ 12,450,008	\$ 13,198,919	\$ 13,380,695
Unit's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	5.80%	7.10%	8.72%	5.99%	5.48%
Plan fiduciary net position as a percentage of the total pension liability	85.17%	80.78%	76.21%	81.18%	83.91%

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

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CONTRIBUTIONS - PENSION
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>SET Plan:</u>						
Contractually required contribution	\$ 556,337	\$ 536,246	\$ 487,809	\$ 494,860	\$ 443,714	\$ 461,070
Contributions in relation to the contractually required contribution	<u>(556,337)</u>	<u>(536,246)</u>	<u>(487,809)</u>	<u>(494,860)</u>	<u>(443,714)</u>	<u>(461,070)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unit's covered payroll	\$ 13,360,231	\$ 12,821,306	\$ 12,314,117	\$ 12,450,008	\$ 13,198,919	\$ 13,380,695
Contributions as a percentage of covered payroll	4.16%	4.18%	3.96%	3.97%	3.36%	3.45%

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

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - SET PLAN
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
<u>SET Life Insurance:</u>		
Proportion of the net OPEB liability	0.00%	0.00%
Unit's proportionate share of the net OPEB liability	\$ -	\$ -
State's proportionate share of the net OPEB liability associated with the Unit	373,413	348,217
Total	<u>\$ 373,413</u>	<u>\$ 348,217</u>
Covered payroll	\$ 12,821,306	\$ 12,314,117
Proportionate share of the net OPEB liability as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	48.04%	47.29%

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CONTRIBUTIONS - OPEB - SET PLAN
LAST 10 FISCAL YEARS*

	2019	2018	2017
<u>SET Life Insurance:</u>			
Contractually required contribution	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,360,231	\$ 12,821,306	\$ 12,314,117
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%

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

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CHANGES IN NET OPEB LIABILITY - MEABT PLAN
FOR THE YEAR ENDED JUNE 30, 2019

Increase (Decrease)

	Net OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 7/1/17 (Reporting July 1, 2018)	\$ 7,639,679	\$ -	\$ 7,639,679
Changes for the year:			
Service cost	55,576	-	55,576
Interest	270,139	-	270,139
Changes of benefits	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	(299,022)	-	(299,022)
Contributions - employer	-	301,593	(301,593)
Contributions - member	-	-	-
Net investment income	-	-	-
Benefit payments	(301,593)	(301,593)	-
Administrative expense	-	-	-
Net changes	(274,900)	-	(274,900)
Balances at 6/30/18 (Reporting June 30, 2019)	<u>\$ 7,364,779</u>	<u>\$ -</u>	<u>\$ 7,364,779</u>

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - MEABT PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>
<u>Total OPEB liability</u>	
Service cost (BOY)	\$ 55,576
Interest (includes interest on service cost)	270,139
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(299,022)
Benefit payments, including refunds of member contributions	<u>(301,593)</u>
Net change in total OPEB liability	\$ (274,900)
 Total OPEB liability - beginning	 \$ 7,639,679
Total OPEB liability - ending	\$ 7,364,779
 <u>Plan fiduciary net position</u>	
Contributions - employer	301,593
Contributions - member	-
Net investment income	-
Benefit payments, including refunds of member contributions	(301,593)
Administrative expense	-
Net change in fiduciary net position	<u>-</u>
 Plan fiduciary net position - beginning	 \$ -
Plan fiduciary net position - ending	<u><u>\$ -</u></u>
 Net OPEB liability - ending	 <u><u>\$ 7,364,779</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 -
 Covered payroll	 \$ 15,956,675
Net OPEB liability as a percentage of covered payroll	46.2%

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

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF CONTRIBUTIONS - OPEB - MEABT PLAN
LAST TEN FISCAL YEARS*

	<u>2019</u>
<u>MEABT:</u>	
Employer contributions	\$ 301,593
Benefit payments	<u>(301,593)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered payroll	\$ 15,956,675
Contributions as a percentage of covered payroll	0.00%

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

REGIONAL SCHOOL UNIT NO. 13

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of Assumptions

For the Pension SET Plan, the discount rate was reduced from 6.875% to 6.75%.

The discount rate for the OPEB SET Plan was reduced from 6.875% to 6.75%.

The funding method for the OPEB MEABT Plan was changed from Projected Unit Credit funding to Entry Age Normal funding method.

Other Supplementary Information

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

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

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
INSTRUCTION (Article 1)				
Regular instruction - elementary	\$ 7,401,546	\$ 7,401,546	\$ 7,461,414	\$ (59,868)
Regular instruction - secondary	2,682,416	2,682,416	2,962,026	(279,610)
Alternative education	309,700	309,700	245,741	63,959
English as a second language	176,763	176,763	198,685	(21,922)
Gifted and talented	291,535	291,535	271,461	20,074
Field trips - elementary	19,826	19,826	21,637	(1,811)
Field trips - secondary	6,075	6,075	22,241	(16,166)
Totals	10,887,861	10,887,861	11,183,205	(295,344)
SPECIAL EDUCATION (Article 2)				
Resource room	1,374,715	1,374,715	1,502,212	(127,497)
Self contained class - life skills	573,107	573,107	655,054	(81,947)
Self contained class - behavior	2,104,428	2,104,428	2,410,751	(306,323)
Social worker	386,205	386,205	361,742	24,463
Psychological services	185,875	185,875	240,566	(54,691)
Speech services	360,609	360,609	445,806	(85,197)
Physical therapist	95,186	95,186	95,239	(53)
Occupational therapy	205,666	205,666	210,110	(4,444)
Other services	-	-	1,472	(1,472)
Hospital/homebound	5,850	5,850	3,031	2,819
Summer school	4,000	4,000	75,896	(71,896)
Health services	71,831	71,831	72,474	(643)
Administration	378,327	378,327	487,170	(108,843)
Totals	5,745,799	5,745,799	6,561,523	(815,724)
CAREER AND TECHNICAL (Article 3)				
Career and technical education	41,375	41,375	41,365	10
Totals	41,375	41,375	41,365	10
OTHER INSTRUCTIONAL (Article 4)				
Summer school	46,950	46,950	6,554	40,396
Co-curricular	45,525	45,525	36,448	9,077
Extra curricular/athletics	487,125	487,125	486,215	910
Totals	579,600	579,600	529,217	50,383

SCHEDULE A (CONTINUED)
REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
STUDENT AND STAFF SUPPORT (Article 5)				
Guidance	520,194	520,194	488,763	31,431
Other student support services	12,500	12,500	2,581	9,919
Library	350,948	350,948	353,689	(2,741)
Instructional technology	1,223,365	1,223,365	1,204,340	19,025
Health services	323,168	323,168	315,272	7,896
Improvement of instruction	119,772	119,772	144,247	(24,475)
Improvement of curriculum	127,800	127,800	-	127,800
Improvement of staff training	121,253	121,253	104,219	17,034
Social work	-	-	44,716	(44,716)
Student assessment	40,200	40,200	27,671	12,529
Totals	<u>2,839,200</u>	<u>2,839,200</u>	<u>2,685,498</u>	<u>153,702</u>
SYSTEM ADMINISTRATION (Article 6)				
School board	78,467	78,467	83,529	(5,062)
Office of the superintendent	235,087	235,087	234,522	565
Business office	335,046	335,046	351,367	(16,321)
Totals	<u>648,600</u>	<u>648,600</u>	<u>669,418</u>	<u>(20,818)</u>
SCHOOL ADMINISTRATION (Article 7)				
Cushing Community School	110,690	110,690	109,648	1,042
Gilford Butler School	-	-	7,727	(7,727)
Ash Point School	174,281	174,281	178,293	(4,012)
South School	322,716	322,716	340,558	(17,842)
Thomaston Grammar School	152,994	152,994	150,996	1,998
Oceanside Middle School	317,656	317,656	337,664	(20,008)
Oceanside High School	390,263	390,263	383,700	6,563
Totals	<u>1,468,600</u>	<u>1,468,600</u>	<u>1,508,586</u>	<u>(39,986)</u>
TRANSPORTATION (Article 8)	<u>1,465,000</u>	<u>1,465,000</u>	<u>1,534,653</u>	<u>(69,653)</u>

SCHEDULE A (CONTINUED)

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Final Budget	Actual Expenditures	Variance Positive (Negative)
FACILITIES (Article 9)				
Operations and maintenance	990,656	990,656	1,060,232	(69,576)
Care of buildings	909,088	909,088	998,787	(89,699)
Maintenance of buildings	438,093	438,093	454,351	(16,258)
Capital renewal and renovation	612,513	612,513	614,102	(1,589)
Totals	<u>2,950,350</u>	<u>2,950,350</u>	<u>3,127,472</u>	<u>(177,122)</u>
DEBT SERVICE (Article 10)				
Principal	1,180,175	1,180,175	1,180,175	-
Interest	970,440	970,440	970,440	-
Totals	<u>2,150,615</u>	<u>2,150,615</u>	<u>2,150,615</u>	<u>-</u>
TRANSFERS TO OTHER FUNDS (Article 11)				
Food service transfer	258,000	258,000	258,000	-
Totals	<u>258,000</u>	<u>258,000</u>	<u>258,000</u>	<u>-</u>
TOTAL DEPARTMENTAL OPERATIONS	<u>\$ 29,035,000</u>	<u>\$ 29,035,000</u>	<u>\$ 30,249,552</u>	<u>\$ (1,214,552)</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 21,089	\$ -	\$ 125,808	\$ 146,897
Investments	-	-	2,029,331	2,029,331
Accounts receivable (net of allowance for uncollectibles)	49,283	122,000	-	171,283
Due from other governments	634,691	-	-	634,691
Inventory	25,814	-	-	25,814
Due from other funds	69,644	140,243	3,116	213,003
TOTAL ASSETS	<u>\$ 800,521</u>	<u>\$ 262,243</u>	<u>\$ 2,158,255</u>	<u>\$ 3,221,019</u>
LIABILITIES				
Accounts payable	\$ 46,589	\$ 54,482	\$ -	\$ 101,071
Accrued expenses	129,587	-	-	129,587
Due to other funds	746,291	-	-	746,291
TOTAL LIABILITIES	<u>922,467</u>	<u>54,482</u>	<u>-</u>	<u>976,949</u>
FUND BALANCES (DEFICITS)				
Nonspendable	25,814	-	-	25,814
Restricted	63,020	207,761	2,158,255	2,429,036
Committed	16,659	-	-	16,659
Assigned	1,609	-	-	1,609
Unassigned	(229,048)	-	-	(229,048)
TOTAL FUND BALANCES (DEFICITS)	<u>(121,946)</u>	<u>207,761</u>	<u>2,158,255</u>	<u>2,244,070</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 800,521</u>	<u>\$ 262,243</u>	<u>\$ 2,158,255</u>	<u>\$ 3,221,019</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, 2019

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental revenue	\$ 2,445,170	\$ 122,000	\$ -	\$ 2,567,170
Investment income, net of unrealized gains/(losses)	-	-	112,062	112,062
Other	305,412	-	-	305,412
TOTAL REVENUES	<u>2,750,582</u>	<u>122,000</u>	<u>112,062</u>	<u>2,984,644</u>
EXPENDITURES				
Program expenses	3,158,233	-	42,374	3,200,607
Capital outlay	-	234,980	-	234,980
TOTAL EXPENDITURES	<u>3,158,233</u>	<u>234,980</u>	<u>42,374</u>	<u>3,435,587</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(407,651)</u>	<u>(112,980)</u>	<u>69,688</u>	<u>(450,943)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	258,240	-	-	258,240
Transfers (out)	(240)	-	-	(240)
TOTAL OTHER FINANCING SOURCES (USES)	<u>258,000</u>	<u>-</u>	<u>-</u>	<u>258,000</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	(149,651)	(112,980)	69,688	(192,943)
FUND BALANCES (DEFICITS) - JULY 1	<u>27,705</u>	<u>320,741</u>	<u>2,088,567</u>	<u>2,437,013</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ (121,946)</u>	<u>\$ 207,761</u>	<u>\$ 2,158,255</u>	<u>\$ 2,244,070</u>

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

Special Revenue Funds

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Adult Education	Insurance Claims	Restricted Grants Local	Fast Track	GREF	Worthington Grant
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 3,485	\$ -	\$ -	\$ 526
Accounts receivable (net of allowance for uncollectibles)	1,724	983	2,768	-	-	-
Due from other governments	-	-	-	-	18,052	-
Inventory	-	-	-	-	-	-
Due from other funds	16,094	4,370	25,028	788	-	4,105
TOTAL ASSETS	<u>\$ 17,818</u>	<u>\$ 5,353</u>	<u>\$ 31,281</u>	<u>\$ 788</u>	<u>\$ 18,052</u>	<u>\$ 4,631</u>
LIABILITIES						
Accounts payable	\$ 32	\$ -	\$ -	\$ -	\$ 115	\$ -
Accrued expenses	8,222	-	-	-	-	-
Due to other funds	-	-	-	-	17,937	-
TOTAL LIABILITIES	<u>8,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,052</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	9,564	-	31,281	-	-	4,631
Committed	-	5,353	-	788	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>9,564</u>	<u>5,353</u>	<u>31,281</u>	<u>788</u>	<u>-</u>	<u>4,631</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 17,818</u>	<u>\$ 5,353</u>	<u>\$ 31,281</u>	<u>\$ 788</u>	<u>\$ 18,052</u>	<u>\$ 4,631</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Anonimo	College Transition	Title IA Disadvantage	Title IVA	Pre-K Expansion Fund	IDEA-B
ASSETS						
Cash and cash equivalents	\$ -	\$ 6,788	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	-	-
Due from other governments	-	-	261,209	12,109	57,679	83,090
Inventory	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 6,788</u>	<u>\$ 261,209</u>	<u>\$ 12,109</u>	<u>\$ 57,679</u>	<u>\$ 83,090</u>
LIABILITIES						
Accounts payable	\$ -	\$ 140	\$ 1,997	\$ 1,196	\$ 50	\$ 26,003
Accrued expenses	-	-	121,365	-	-	-
Due to other funds	-	6,648	137,847	10,913	57,629	57,087
TOTAL LIABILITIES	<u>-</u>	<u>6,788</u>	<u>261,209</u>	<u>12,109</u>	<u>57,679</u>	<u>83,090</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ -</u>	<u>\$ 6,788</u>	<u>\$ 261,209</u>	<u>\$ 12,109</u>	<u>\$ 57,679</u>	<u>\$ 83,090</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	IDEA-B Pre School	21st Century Grant	Title VI Rural Low Income	Title IIA	Food Service	AEFLA
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable (net of allowance for uncollectibles)	-	-	-	-	43,686	-
Due from other governments	11,470	42,278	11,643	27,452	101,610	8,099
Inventory	-	-	-	-	25,814	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 11,470</u>	<u>\$ 42,278</u>	<u>\$ 11,643</u>	<u>\$ 27,452</u>	<u>\$ 171,110</u>	<u>\$ 8,099</u>
LIABILITIES						
Accounts payable	\$ -	\$ 11,839	\$ 2,113	\$ 183	\$ 2,921	\$ -
Accrued expenses	-	-	-	-	-	-
Due to other funds	11,470	30,439	9,530	27,269	371,423	8,099
TOTAL LIABILITIES	<u>11,470</u>	<u>42,278</u>	<u>11,643</u>	<u>27,452</u>	<u>374,344</u>	<u>8,099</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	25,814	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(229,048)	-
TOTAL FUND BALANCES (DEFICITS)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(203,234)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 11,470</u>	<u>\$ 42,278</u>	<u>\$ 11,643</u>	<u>\$ 27,452</u>	<u>\$ 171,110</u>	<u>\$ 8,099</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Maine Grants	Fuel Reserve	Before School Supervision	Adult Ed Enrichment	MCASS Fund	Adult Ed Checking	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,290	\$ 21,089
Accounts receivable (net of allowance for uncollectibles)	-	-	122	-	-	-	49,283
Due from other governments	-	-	-	-	-	-	634,691
Inventory	-	-	-	-	-	-	25,814
Due from other funds	202	-	10,396	6,026	1,609	1,026	69,644
TOTAL ASSETS	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 10,518</u>	<u>\$ 6,026</u>	<u>\$ 1,609</u>	<u>\$ 11,316</u>	<u>\$ 800,521</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,589
Accrued expenses	-	-	-	-	-	-	129,587
Due to other funds	-	-	-	-	-	-	746,291
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>922,467</u>
FUND BALANCES (DEFICITS)							
Nonspendable	-	-	-	-	-	-	25,814
Restricted	202	-	-	6,026	-	11,316	63,020
Committed	-	-	10,518	-	-	-	16,659
Assigned	-	-	-	-	1,609	-	1,609
Unassigned	-	-	-	-	-	-	(229,048)
TOTAL FUND BALANCES (DEFICITS)	<u>202</u>	<u>-</u>	<u>10,518</u>	<u>6,026</u>	<u>1,609</u>	<u>11,316</u>	<u>(121,946)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 202</u>	<u>\$ -</u>	<u>\$ 10,518</u>	<u>\$ 6,026</u>	<u>\$ 1,609</u>	<u>\$ 11,316</u>	<u>\$ 800,521</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, 2019

	Adult Education	Insurance Claims	Restricted Grants Local	Fast Track	GRES	Worthington Grant
REVENUES						
Intergovernmental revenue	\$ 184,937	\$ -	\$ -	\$ -	\$ -	\$ -
Other	-	23,174	46,471	1,430	18,052	-
TOTAL REVENUES	<u>184,937</u>	<u>23,174</u>	<u>46,471</u>	<u>1,430</u>	<u>18,052</u>	<u>-</u>
EXPENDITURES						
Program expenses	<u>204,803</u>	<u>17,821</u>	<u>27,206</u>	<u>1,430</u>	<u>18,052</u>	<u>3,197</u>
TOTAL EXPENDITURES	<u>204,803</u>	<u>17,821</u>	<u>27,206</u>	<u>1,430</u>	<u>18,052</u>	<u>3,197</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,866)</u>	<u>5,353</u>	<u>19,265</u>	<u>-</u>	<u>-</u>	<u>(3,197)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	<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>
NET CHANGE IN FUND BALANCES (DEFICITS)	(19,866)	5,353	19,265	-	-	(3,197)
FUND BALANCES (DEFICITS) - JULY 1	<u>29,430</u>	<u>-</u>	<u>12,016</u>	<u>788</u>	<u>-</u>	<u>7,828</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ 9,564</u>	<u>\$ 5,353</u>	<u>\$ 31,281</u>	<u>\$ 788</u>	<u>\$ -</u>	<u>\$ 4,631</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, 2019

	Anonimo	College Transition	Title IA Disadvantage	Title IVA	Pre-K Expansion Fund	IDEA-B
REVENUES						
Intergovernmental revenue	\$ -	\$ 29,633	\$ 831,682	\$ 58,774	\$ 190,168	\$ 462,922
Other	39,500	-	-	-	-	-
TOTAL REVENUES	<u>39,500</u>	<u>29,633</u>	<u>831,682</u>	<u>58,774</u>	<u>190,168</u>	<u>462,922</u>
EXPENDITURES						
Program expenses	39,500	29,633	831,682	58,774	190,168	462,922
TOTAL EXPENDITURES	<u>39,500</u>	<u>29,633</u>	<u>831,682</u>	<u>58,774</u>	<u>190,168</u>	<u>462,922</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	240	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	240	-	-	-	-	-
FUND BALANCES (DEFICITS) - JULY 1	<u>(240)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<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, 2019

	IDEA-B Pre School	21st Century Grant	Title VI Rural Low Income	Title IIA	Food Service	AEFLA
REVENUES						
Intergovernmental revenue	\$ 11,470	\$ 42,278	\$ 29,124	\$ 104,013	\$ 475,580	\$ 24,589
Other	-	-	-	-	126,740	-
TOTAL REVENUES	<u>11,470</u>	<u>42,278</u>	<u>29,124</u>	<u>104,013</u>	<u>602,320</u>	<u>24,589</u>
EXPENDITURES						
Program expenses	<u>11,470</u>	<u>42,278</u>	<u>29,124</u>	<u>104,013</u>	<u>988,731</u>	<u>24,589</u>
TOTAL EXPENDITURES	<u>11,470</u>	<u>42,278</u>	<u>29,124</u>	<u>104,013</u>	<u>988,731</u>	<u>24,589</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(386,411)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	258,000	-
Transfers (out)	<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>258,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICITS)	-	-	-	-	(128,411)	-
FUND BALANCES (DEFICITS) - JULY 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,823)</u>	<u>-</u>
FUND BALANCES (DEFICITS) - JUNE 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (203,234)</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, 2019

	Maine Grants	Fuel Reserve	Before School Supervision	Adult Ed Enrichment	MCASS Fund	Adult Ed Checking	Total
REVENUES							
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,445,170
Other	-	-	13,394	5,922	9,245	21,484	305,412
TOTAL REVENUES	-	-	13,394	5,922	9,245	21,484	2,750,582
EXPENDITURES							
Program expenses	-	40,587	5,871	7,328	8,906	10,148	3,158,233
TOTAL EXPENDITURES	-	40,587	5,871	7,328	8,906	10,148	3,158,233
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(40,587)	7,523	(1,406)	339	11,336	(407,651)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	258,240
Transfers (out)	-	-	-	-	-	(240)	(240)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	(240)	258,000
NET CHANGE IN FUND BALANCES (DEFICITS)	-	(40,587)	7,523	(1,406)	339	11,096	(149,651)
FUND BALANCES (DEFICITS) - JULY 1	202	40,587	2,995	7,432	1,270	220	27,705
FUND BALANCES (DEFICITS) - JUNE 30	\$ 202	\$ -	\$ 10,518	\$ 6,026	\$ 1,609	\$ 11,316	\$ (121,946)

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

Capital Projects Funds

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

	Capital Projects Fund	Total
ASSETS		
Accounts receivable (net of allowance for uncollectibles)	\$ 122,000	\$ 122,000
Due from other funds	140,243	140,243
TOTAL ASSETS	<u>\$ 262,243</u>	<u>\$ 262,243</u>
LIABILITIES		
Accounts payable	<u>\$ 54,482</u>	<u>\$ 54,482</u>
TOTAL LIABILITIES	<u>54,482</u>	<u>54,482</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	207,761	207,761
Committed	-	-
Assigned	-	-
Unassigned	-	-
TOTAL FUND BALANCES	<u>207,761</u>	<u>207,761</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 262,243</u>	<u>\$ 262,243</u>

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

REGIONAL SCHOOL UNIT NO. 13

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Capital Projects Fund	Total
REVENUES		
Intergovernmental revenue	\$ 122,000	\$ 122,000
TOTAL REVENUES	<u>122,000</u>	<u>122,000</u>
EXPENDITURES		
Capital outlay	234,980	234,980
TOTAL EXPENDITURES	<u>234,980</u>	<u>234,980</u>
NET CHANGE IN FUND BALANCES	(112,980)	(112,980)
FUND BALANCES - JULY 1	<u>320,741</u>	<u>320,741</u>
FUND BALANCES - JUNE 30	<u><u>\$ 207,761</u></u>	<u><u>\$ 207,761</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, 2019

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Hermia Toothaker Trust	Donations Henry & Norma Zeike	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
ASSETS							
Cash and cash equivalents	\$ 241	\$ 893	\$ 440	\$ 7,073	\$ 1,951	\$ 1,134	\$ 35,402
Investments	11,988	7,536	3,713	59,651	16,455	9,560	597,982
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,229</u>	<u>\$ 8,429</u>	<u>\$ 4,153</u>	<u>\$ 66,724</u>	<u>\$ 18,406</u>	<u>\$ 10,694</u>	<u>\$ 633,384</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	12,229	8,429	4,153	66,724	18,406	10,694	633,384
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>12,229</u>	<u>8,429</u>	<u>4,153</u>	<u>66,724</u>	<u>18,406</u>	<u>10,694</u>	<u>633,384</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,229</u>	<u>\$ 8,429</u>	<u>\$ 4,153</u>	<u>\$ 66,724</u>	<u>\$ 18,406</u>	<u>\$ 10,694</u>	<u>\$ 633,384</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Worthington Scholarship	Alumni Scholarship	Pricilla Noddin Trust	Isidor Gordon Trust	Bontuit Scholarship	Miriam Pierce Scholarship	Ione Estes Scholarship
ASSETS							
Cash and cash equivalents	\$ 118	\$ 1,180	\$ 9,739	\$ 1,282	\$ 1,636	\$ 2,431	\$ 2,172
Investments	998	9,953	82,142	45,470	13,795	20,499	18,319
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,116</u>	<u>\$ 11,133</u>	<u>\$ 91,881</u>	<u>\$ 46,752</u>	<u>\$ 15,431</u>	<u>\$ 22,930</u>	<u>\$ 20,491</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	1,116	11,133	91,881	46,752	15,431	22,930	20,491
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>1,116</u>	<u>11,133</u>	<u>91,881</u>	<u>46,752</u>	<u>15,431</u>	<u>22,930</u>	<u>20,491</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,116</u>	<u>\$ 11,133</u>	<u>\$ 91,881</u>	<u>\$ 46,752</u>	<u>\$ 15,431</u>	<u>\$ 22,930</u>	<u>\$ 20,491</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Frederick & Claudette V Scholarship	Seekins Scholarship	Hunter Scholarship	Goss Ruggles Scholarship	Harjula Scholarship	Moran Scholarship	Gutoske Scholarship
ASSETS							
Cash and cash equivalents	\$ 565	\$ 3,551	\$ 1,786	\$ 11,228	\$ 260	\$ 208	\$ 61
Investments	4,768	188,378	94,736	595,692	13,815	11,042	3,227
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 5,333</u>	<u>\$ 191,929</u>	<u>\$ 96,522</u>	<u>\$ 606,920</u>	<u>\$ 14,075</u>	<u>\$ 11,250</u>	<u>\$ 3,288</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	5,333	191,929	96,522	606,920	14,075	11,250	3,288
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>5,333</u>	<u>191,929</u>	<u>96,522</u>	<u>606,920</u>	<u>14,075</u>	<u>11,250</u>	<u>3,288</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 5,333</u>	<u>\$ 191,929</u>	<u>\$ 96,522</u>	<u>\$ 606,920</u>	<u>\$ 14,075</u>	<u>\$ 11,250</u>	<u>\$ 3,288</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	<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	\$ 134	\$ 159	\$ 61	\$ 331	\$ 603	\$ 89	\$ 3
Investments	7,090	8,458	3,255	17,535	33,408	4,717	175
Due from other funds	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,224</u>	<u>\$ 8,617</u>	<u>\$ 3,316</u>	<u>\$ 17,866</u>	<u>\$ 34,011</u>	<u>\$ 4,806</u>	<u>\$ 178</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	7,224	8,617	3,316	17,866	34,011	4,806	178
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,224</u>	<u>8,617</u>	<u>3,316</u>	<u>17,866</u>	<u>34,011</u>	<u>4,806</u>	<u>178</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,224</u>	<u>\$ 8,617</u>	<u>\$ 3,316</u>	<u>\$ 17,866</u>	<u>\$ 34,011</u>	<u>\$ 4,806</u>	<u>\$ 178</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	Killeran Scholarship	Billy Hoch Scholarship	Mildred Merrill Trust	Dylan Meklin Memorial	Raymond Willis Dow Trust	William Holden Trust	Lindsey Memorial Scholarship
ASSETS							
Cash and cash equivalents	\$ 456	\$ -	\$ 1,412	\$ 12,303	\$ 1,510	\$ 152	\$ 579
Investments	24,198	6,070	11,907	-	12,688	1,285	9,000
Due from other funds	-	-	-	-	-	-	95
TOTAL ASSETS	<u>\$ 24,654</u>	<u>\$ 6,070</u>	<u>\$ 13,319</u>	<u>\$ 12,303</u>	<u>\$ 14,198</u>	<u>\$ 1,437</u>	<u>\$ 9,674</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Nonspendable	-	-	-	-	-	-	-
Restricted	24,654	6,070	13,319	12,303	14,198	1,437	9,674
Committed	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>24,654</u>	<u>6,070</u>	<u>13,319</u>	<u>12,303</u>	<u>14,198</u>	<u>1,437</u>	<u>9,674</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24,654</u>	<u>\$ 6,070</u>	<u>\$ 13,319</u>	<u>\$ 12,303</u>	<u>\$ 14,198</u>	<u>\$ 1,437</u>	<u>\$ 9,674</u>

REGIONAL SCHOOL UNIT NO. 13

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS
JUNE 30, 2019

	WM Stinson Jr. Memorial	Ciaravino School Fund	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Total
ASSETS					
Cash and cash equivalents	\$ 8,473	\$ -	\$ -	\$ 16,192	\$ 125,808
Investments	13,740	31,097	34,989	-	2,029,331
Due from other funds	3,021	-	-	-	3,116
TOTAL ASSETS	<u>\$ 25,234</u>	<u>\$ 31,097</u>	<u>\$ 34,989</u>	<u>\$ 16,192</u>	<u>\$ 2,158,255</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted	25,234	31,097	34,989	16,192	2,158,255
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	<u>25,234</u>	<u>31,097</u>	<u>34,989</u>	<u>16,192</u>	<u>2,158,255</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 25,234</u>	<u>\$ 31,097</u>	<u>\$ 34,989</u>	<u>\$ 16,192</u>	<u>\$ 2,158,255</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, 2019

	Nicholas Stevens Trust	Vincent Ciaravino Trust	Richard Warren Trust	Hermia Toothaker Trust	Donations Henry & Norma Zeike	Blaisdell/ Cuccinello Scholarship	Dorothy Smalley Scholarship
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 56	\$ 333	\$ 438	\$ 1,658	\$ 727	\$ 473	\$ 70,851
Other	250	-	193	-	-	370	-
TOTAL REVENUES	<u>306</u>	<u>333</u>	<u>631</u>	<u>1,658</u>	<u>727</u>	<u>843</u>	<u>70,851</u>
EXPENDITURES							
Program expenses	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492</u>	<u>-</u>	<u>22,237</u>
TOTAL EXPENDITURES	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492</u>	<u>-</u>	<u>22,237</u>
NET CHANGE IN FUND BALANCES	(3,694)	333	631	1,658	235	843	48,614
FUND BALANCES - JULY 1	<u>15,923</u>	<u>8,096</u>	<u>3,522</u>	<u>65,066</u>	<u>18,171</u>	<u>9,851</u>	<u>584,770</u>
FUND BALANCES - JUNE 30	<u>\$ 12,229</u>	<u>\$ 8,429</u>	<u>\$ 4,153</u>	<u>\$ 66,724</u>	<u>\$ 18,406</u>	<u>\$ 10,694</u>	<u>\$ 633,384</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, 2019

	Worthington Scholarship	Alumni Scholarship	Pricilla Noddin Trust	Isidor Gordon Trust	Bontuit Scholarship	Miriam Pierce Scholarship	Ione Estes Scholarship
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 44	\$ (399)	\$ (305)	\$ 312	\$ 117	\$ 907	\$ 319
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>44</u>	<u>(399)</u>	<u>(305)</u>	<u>312</u>	<u>117</u>	<u>907</u>	<u>319</u>
EXPENDITURES							
Program expenses	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	44	(399)	(305)	312	117	907	319
FUND BALANCES - JULY 1	<u>1,072</u>	<u>11,532</u>	<u>92,186</u>	<u>46,440</u>	<u>15,314</u>	<u>22,023</u>	<u>20,172</u>
FUND BALANCES - JUNE 30	<u>\$ 1,116</u>	<u>\$ 11,133</u>	<u>\$ 91,881</u>	<u>\$ 46,752</u>	<u>\$ 15,431</u>	<u>\$ 22,930</u>	<u>\$ 20,491</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, 2019

	Frederick & Claudette V Scholarship	Seekins Scholarship	Hunter Scholarship	Goss Ruggles Scholarship	Harjula Scholarship	Moran Scholarship	Gutoske Scholarship
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 211	\$ 10,456	\$ 2,945	\$ 21,618	\$ 470	\$ (303)	\$ 173
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>211</u>	<u>10,456</u>	<u>2,945</u>	<u>21,618</u>	<u>470</u>	<u>(303)</u>	<u>173</u>
EXPENDITURES							
Program expenses	-	13,342	(1,495)	6,832	(178)	(332)	22
TOTAL EXPENDITURES	<u>-</u>	<u>13,342</u>	<u>(1,495)</u>	<u>6,832</u>	<u>(178)</u>	<u>(332)</u>	<u>22</u>
NET CHANGE IN FUND BALANCES	211	(2,886)	4,440	14,786	648	29	151
FUND BALANCES - JULY 1	<u>5,122</u>	<u>194,815</u>	<u>92,082</u>	<u>592,134</u>	<u>13,427</u>	<u>11,221</u>	<u>3,137</u>
FUND BALANCES - JUNE 30	<u>\$ 5,333</u>	<u>\$ 191,929</u>	<u>\$ 96,522</u>	<u>\$ 606,920</u>	<u>\$ 14,075</u>	<u>\$ 11,250</u>	<u>\$ 3,288</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, 2019

	<u>Brasier Scholarship</u>	<u>Magrogan Scholarship</u>	<u>Stone Scholarship</u>	<u>Griffith Scholarship</u>	<u>Carignan Scholarship</u>	<u>Daggett Trust</u>	<u>Crockett Trust</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ 380	\$ (219)	\$ (85)	\$ (472)	\$ (869)	\$ (123)	\$ (5)
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>380</u>	<u>(219)</u>	<u>(85)</u>	<u>(472)</u>	<u>(869)</u>	<u>(123)</u>	<u>(5)</u>
EXPENDITURES							
Program expenses	<u>292</u>	<u>(616)</u>	<u>(237)</u>	<u>(806)</u>	<u>(2,433)</u>	<u>(344)</u>	<u>(13)</u>
TOTAL EXPENDITURES	<u>292</u>	<u>(616)</u>	<u>(237)</u>	<u>(806)</u>	<u>(2,433)</u>	<u>(344)</u>	<u>(13)</u>
NET CHANGE IN FUND BALANCES	88	397	152	334	1,564	221	8
FUND BALANCES - JULY 1	<u>7,136</u>	<u>8,220</u>	<u>3,164</u>	<u>17,532</u>	<u>32,447</u>	<u>4,585</u>	<u>170</u>
FUND BALANCES - JUNE 30	<u>\$ 7,224</u>	<u>\$ 8,617</u>	<u>\$ 3,316</u>	<u>\$ 17,866</u>	<u>\$ 34,011</u>	<u>\$ 4,806</u>	<u>\$ 178</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, 2019

	<u>Killeran Scholarship</u>	<u>Billy Hoch Scholarship</u>	<u>Mildred Merrill Trust</u>	<u>Dylan Meklin Memorial</u>	<u>Raymond Willis Dow Trust</u>	<u>William Holden Trust</u>	<u>Lindsey Memorial Scholarship</u>
REVENUES							
Investment income, net of unrealized gains/(losses)	\$ (661)	\$ 96	\$ 527	\$ 173	\$ 70	\$ 57	\$ 26
Other	-	-	-	-	-	-	-
TOTAL REVENUES	<u>(661)</u>	<u>96</u>	<u>527</u>	<u>173</u>	<u>70</u>	<u>57</u>	<u>26</u>
EXPENDITURES							
Program expenses	<u>(819)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>
TOTAL EXPENDITURES	<u>(819)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280</u>
NET CHANGE IN FUND BALANCES	158	(904)	527	173	70	57	(254)
FUND BALANCES - JULY 1	<u>24,496</u>	<u>6,974</u>	<u>12,792</u>	<u>12,130</u>	<u>14,128</u>	<u>1,380</u>	<u>9,928</u>
FUND BALANCES - JUNE 30	<u>\$ 24,654</u>	<u>\$ 6,070</u>	<u>\$ 13,319</u>	<u>\$ 12,303</u>	<u>\$ 14,198</u>	<u>\$ 1,437</u>	<u>\$ 9,674</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, 2019

	WM Stinson Jr. Memorial	Ciaravino School Fund	Barbara Nelson Coffin Scholarship	Joseph B. Pellacani Scholarship	Total
REVENUES					
Investment income, net of unrealized gains/(losses)	\$ 169	\$ 456	\$ 89	\$ 39	\$ 110,749
Other	-	-	500	-	1,313
TOTAL REVENUES	<u>169</u>	<u>456</u>	<u>589</u>	<u>39</u>	<u>112,062</u>
EXPENDITURES					
Program expenses	-	-	1,000	150	42,374
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>150</u>	<u>42,374</u>
NET CHANGE IN FUND BALANCES	169	456	(411)	(111)	69,688
FUND BALANCES - JULY 1	<u>25,065</u>	<u>30,641</u>	<u>35,400</u>	<u>16,303</u>	<u>2,088,567</u>
FUND BALANCES - JUNE 30	<u>\$ 25,234</u>	<u>\$ 31,097</u>	<u>\$ 34,989</u>	<u>\$ 16,192</u>	<u>\$ 2,158,255</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, 2019

	Land and Non-depreciable Assets	Buildings, Building Improvements and Land Improvements	Furniture, Fixtures, Equipment and Vehicles	Infrastructure	Total
Regular education	\$ 21,664,265	\$ 6,758,290	\$ 11,436,553	\$ -	\$ 39,859,108
Maintenance and operations	49,118	10,730,231	1,350,274	-	12,129,623
Transportation	-	-	2,740,841	-	2,740,841
Administration	-	-	285,512	-	285,512
School lunch program	-	-	205,530	-	205,530
Total General Capital Assets	21,713,383	17,488,521	16,018,710	-	55,220,614
Less: Accumulated Depreciation	-	(8,274,368)	(6,019,099)	-	(14,293,467)
Net General Capital Assets	<u>\$ 21,713,383</u>	<u>\$ 9,214,153</u>	<u>\$ 9,999,611</u>	<u>\$ -</u>	<u>\$ 40,927,147</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, 2019

	General Capital Assets 7/1/18 (Restated)	Additions	Deletions	General Capital Assets 6/30/19
Regular education	\$ 35,747,444	\$ 4,111,664	\$ -	\$ 39,859,108
Maintenance and operations	12,129,623	-	-	12,129,623
Transportation	2,364,721	376,120	-	2,740,841
Administration	285,512	-	-	285,512
School lunch program	205,530	-	-	205,530
Total General Capital Assets	50,732,830	4,487,784	-	55,220,614
Less: Accumulated Depreciation	(13,137,336)	(1,156,131)	-	(14,293,467)
Net General Capital Assets	<u>\$ 37,595,494</u>	<u>\$ 3,331,653</u>	<u>\$ -</u>	<u>\$ 40,927,147</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, 2019

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-through Grantor Number	Expenditures to Subrecipients	Federal Expenditures
U.S. Department of Agriculture Passed-through State of Maine - Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	3014	\$ -	\$ 124,956
National School Lunch Program	10.555	3022	-	331,416
Summer Food Service Program for Children	10.559	3016	-	18,899
Subtotal Child Nutrition Cluster			-	475,271
Fresh Fruit and Vegetable Program	10.582	3028	-	1,932
Total U.S. Department of Agriculture			-	477,203
U.S. Department of Education Passed-through State of Maine - Department of Education:				
Title I Grants to Local Educational Agencies	84.010	3107	-	886,186
Student Support and Academic Enrichment	84.424	3345	-	52,294
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3046	-	439,684
Special Education Preschool Grants	84.173	6247	-	7,607
Subtotal Special Education Cluster (IDEA)			-	447,291
Title VI - Rural Low Income	84.358	3305	-	18,710
Supporting Effective Instruction State Grants	84.367	3042	-	164,506
Preschool Development	84.419	7145	-	147,849
Total U.S. Department of Education			-	1,716,836
TOTAL FEDERAL ASSISTANCE			\$ -	\$ 2,194,039

REGIONAL SCHOOL UNIT NO. 13

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Regional School Unit No. 13 under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Regional School Unit No. 13, it is not intended to and does not present the financial position, changes in net position or cash flows of the Regional School Unit No. 13.

2. Summary of Significant Accounting Policies

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

3. Food Donation Program

The Regional School Unit No. 13 reports commodities consumed on the Schedule at the fair value (or entitlement value). The Government allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.



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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, 2019 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 April 1, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional School Unit No. 13's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Regional School Unit No. 13 in a separate letter dated April 1, 2020.

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
April 1, 2020



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

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

Report on Compliance for Each Major Federal Program

We have audited Regional School Unit No. 13's compliance with the types of compliance requirements described in the *OMB Circular Supplement* that could have a direct and material effect on each of Regional School Unit No. 13's major federal programs for the year ended June 30, 2019. Regional School Unit No. 13's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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, 2019.

Report on Internal Control Over Compliance

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

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

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

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

RHR Smith & Company

Buxton, Maine
April 1, 2020

REGIONAL SCHOOL UNIT NO. 13

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditor's Results

• *Financial Statements*

Type of auditor's report issued : Unmodified

Internal control over financial reporting:

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

• *Federal Awards*

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster (IDEA)

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

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

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings and Questioned Costs

None



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, 2019 and have issued our report thereon dated April 10, 2019. Our audit was made in accordance with auditing standards generally accepted in the United States of America and applicable state and federal laws relating to financial and compliance audits and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In connection with our audit, we reviewed the budgetary controls that are in place and have reviewed the annual financial report that was submitted to the Maine Department of Education for accuracy. In addition we have reviewed the Regional School Unit No. 13's compliance with applicable provisions of the Maine Finance Act as noted under MRSA Title 20A, section 6051 as we considered necessary in obtaining our understanding.

The results of our procedures indicate that with respect to the items tested, the Regional School Unit No. 13, complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Regional School Unit No. 13 was in noncompliance with or in violation of, those provisions.

Management has determined that adjustments were necessary to the fiscal books of the Regional School Unit No. 13 and have attached the following schedule as it relates to the reconciliation of audit adjustments to the initial annual financial data submitted to the Maine Education Financial System maintained at the Maine Department of Education.

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

RHR Smith & Company

Buxton, Maine
April 1, 2020

3 Old Orchard Road, Buxton, Maine 04093
Tel: (800) 300-7708 (207) 929-4606 Fax: (207) 929-4609
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REGIONAL SCHOOL UNIT NO. 13

RECONCILIATION OF AUDIT ADJUSTMENTS TO ANNUAL FINANCIAL DATA
SUBMITTED TO THE MAINE EDUCATION FINANCIAL SYSTEM
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund (1000)	Special Revenue Funds (2000)	Capital Projects Funds (4000)	Total
June 30 Balance per MEFS	\$ (4,010,286)	\$ (121,946)	\$ 3,363,675	\$ (768,557)
Revenue Adjustments:				
General Fund (1000)	-	-	-	-
Expenditure Adjustments:				
General Fund (1000) Transfer Out	-	-	-	-
Beginning balance variances	-	-	-	-
Rounding	-	-	-	-
Audited GAAP Basis Fund Balance June 30	<u>\$ (4,010,286)</u>	<u>\$ (121,946)</u>	<u>\$ 3,363,675</u>	<u>\$ (768,557)</u>